

Stock Code : 6231



# **INSYDE SOFTWARE CORP. AND SUBSIDIARIES**

Consolidated Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2022 and 2023

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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.

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## **Independent Auditors' Report**

To the Board of Directors of INSYDE SOFTWARE CORP.:

### **Opinion**

We have audited the consolidated financial statements of INSYDE SOFTWARE CORP. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement 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 the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition: Refer to Note 4(m) “Revenue” and Note 6(l) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” to the financial statements for accounting policies and disclosure information.

Description of the key audit matter:

The Group's revenue recognition is mainly based on software and system firmware licensing, sales of source code and provision of software and system firmware engineering services. Operating revenue is the most critical factor in determining the performance of the consolidated financial statements and is highly concerned by users of financial statements. Therefore, revenue recognition is a key audit matter for our audit.

How the matter was addressed in our audit:

- Assessed and tested the Group's internal accounting controls surrounding sales revenue recognition which were designed and implemented to be effective.
- Selected samples of sales contracts, performed detailed testing of transactions, examined significant terms in the contracts, and verified internal and external information to support the authenticity of the transactions.
- Examined the balance of contract liabilities and tested whether the amortization period was appropriate, and checked the calculation of the amount to be transferred to sales revenues.
- Performed the substantive testing for the balance of trade receivables including confirmations and subsequent cash receipts, to ensure that the trade receivables and sales revenue were accurately recognized in the correct accounting period.

### **Other Matter**

INSYDE SOFTWARE CORP. has 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 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, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 Wu, Cheng-Yen and Chen, Chun-Kuang.

KPMG

Taipei, Taiwan (Republic of China)  
February 29, 2024

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its 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 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 auditors' report and consolidated financial statements, the Chinese version shall prevail.



## **Representation Letter**

The entities that are required to be included in the combined financial statements of INSYDE SOFTWARE CORP. 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 of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, INSYDE SOFTWARE CORP. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: INSYDE SOFTWARE CORP.

Chairman: Wang, Chih-Kao

Date: February 29, 2024

## INSYDE SOFTWARE CORP. AND SUBSIDIARIES



## Consolidated Balance Sheets

December 31, 2023 and 2022

(expressed in thousands of New Taiwan Dollar)

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	<b>Current assets:</b>				
1100	Cash and cash equivalents (note 4, 6(a) and 6(n))	\$ 882,050	65	\$ 1,016,537	75
1170	Trade receivables, net (note 4, 6(b), 6(k), 6(n) and 7)	182,883	14	162,955	12
1410	Prepayments	23,411	2	38,694	3
1470	Other current assets (note 4 and 8)	60,749	4	17,837	1
	Total current assets	1,149,093	85	1,236,023	91
	<b>Non-current assets:</b>				
1600	Property, plant and equipment (notes 4, 6(c) and 6(m))	24,734	2	34,743	2
1755	Right-of-use assets (note 4 and 6(d))	103,844	8	37,482	3
1780	Intangible assets (note 4 and 6(e))	41,657	3	30,628	2
1840	Deferred income tax assets (note 4 and 6(h))	21,842	1	12,421	1
1920	Refundable deposit (note 4 and 6(n))	13,167	1	13,216	1
	Total non-current assets	205,244	15	128,490	9
	<b>Total assets</b>	<b>\$ 1,354,337</b>	<b>100</b>	<b>\$ 1,364,513</b>	<b>100</b>
Code	Liabilities and equity				
	<b>Current liabilities:</b>				
2130	Current contract liabilities (note 6(k))	\$ 65,886	5	\$ 64,517	5
2200	Other payable (note 4, 6(g), 6(l), 6(n) and 7))	251,783	19	267,030	19
2355	Current lease liabilities (note 4, 6(f), 6(m) and 6(n))	46,236	3	27,691	2
2399	Other current liabilities-other	89	-	3,004	-
	Total current liabilities	363,994	27	362,242	26
	<b>Non-current liabilities:</b>				
2527	Non-current contract liabilities (note 6(k))	6,919	1	711	-
2551	Non-current defined benefit liabilities (note 4 and 6(g))	2,050	-	12,469	1
2570	Deferred income tax liabilities (note 4 and 6(h))	12,923	1	12,923	1
2613	Non-current lease liabilities (note 4, 6(f), 6(m) and 6(n))	59,577	4	12,441	1
	Total non-current liabilities	81,469	6	38,544	3
	Total liabilities	445,463	33	400,786	29
	Shares (note 6(i)) :				
3110	Ordinary shares	380,435	28	380,435	28
	Capital surplus (note 6(i)) :				
3211	Capital surplus-additional paid-in capital arising from ordinary share	48,769	4	48,769	4
3260	Capital surplus-changes in equity of associates and joint ventures accounted for using equity method	281	-	281	-
3280	Capital surplus-others	18,427	1	18,427	1
		67,477	5	67,477	5
	Retained earnings (note 6(i):				
3310	Legal reserve	205,644	15	177,006	13
3320	Special reserve	23,865	2	23,865	2
3351	Unappropriated retained earnings	231,356	17	314,783	23
		460,865	34	515,654	38
	Other equity:				
3490	Other equity-other	97	-	161	-
	Equity attributable to owners of parent	908,874	67	963,727	71
	Total equity	908,874	67	963,727	71
	<b>Total liabilities and equity</b>	<b>\$ 1,354,337</b>	<b>100</b>	<b>\$ 1,364,513</b>	<b>100</b>

(See accompanying notes to consolidated financial statements.)

## INSYDE SOFTWARE CORP. AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(expressed in thousands of New Taiwan Dollar, except earnings per share)

Code		2023		2022	
		Amount	%	Amount	%
4110	<b>Operating revenues (note 4, 6(k) and 7)</b>	\$ 1,342,462	100	\$ 1,406,573	100
5000	<b>Operating costs</b>	281,500	21	247,729	17
	<b>Gross profit from operations</b>	1,060,962	79	1,158,844	83
	<b>Operating expenses (notes 4, 6, 7 and 12):</b>				
6100	Selling expenses	118,381	9	115,512	8
6200	Administrative expenses	200,733	15	193,710	14
6300	Research and development expenses	526,959	39	514,656	37
		846,073	63	823,878	59
	<b>Net operating income</b>	214,889	16	334,966	24
	<b>Non-operating income and expenses (note 6(f), 6(m), and 6(n)):</b>				
7100	Interest income	20,876	1	9,640	-
7020	Other gains and losses, net	(4,728)	-	24,629	2
7050	Finance costs	(1,856)	-	(1,943)	-
	<b>Total non-operating income and expenses</b>	14,292	1	32,326	2
7900	<b>Profit before income tax</b>	229,181	17	367,292	26
7951	<b>Less: income tax expenses (note 4 and 6(h))</b>	44,296	3	83,595	6
	<b>Profit</b>	184,885	14	283,697	20
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss:</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	-	-	2,686	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<b>Components of other comprehensive income that may not be reclassified subsequently to profit or loss</b>	-	-	2,686	-
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation to foreign financial statements	(64)	-	24,027	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Components of other comprehensive income that may be reclassified subsequently to profit or loss</b>	(64)	-	24,027	2
8300	<b>Other comprehensive income, net of tax:</b>	(64)	-	26,713	2
8500	<b>Total comprehensive income</b>	<b>184,821</b>	<b>14</b>	<b>310,410</b>	<b>22</b>
	<b>Profit (loss) attributable to:</b>				
8610	Owners of parent	184,885	14	283,697	20
8620	Non-controlling interests	-	-	-	-
		<b>184,885</b>	<b>14</b>	<b>283,697</b>	<b>20</b>
	<b>Comprehensive income (loss) attributable to:</b>				
8710	Owners of parent	184,821	14	310,410	22
8720	Non-controlling interests	-	-	-	-
		<b>184,821</b>	<b>14</b>	<b>310,410</b>	<b>22</b>
	<b>Earnings per share (expressed in dollars)(note 6(j))</b>				
9750	<b>Basic earnings per share</b>		4.86		7.46
9850	<b>Diluted earnings per share</b>		4.83		7.32



## INSYDE SOFTWARE CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2023 and 2022

(expressed in thousands of New Taiwan Dollar)

	Share capital		Retained earnings				Other equity		Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements		
<b>Balance on January 1, 2022</b>	\$380,435	67,477	154,165	21,178	251,754	427,097	(23,866)	851,143	
Profit for the year ended December 31, 2022	-	-	-	-	283,697	283,697	-	283,697	
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	2,686	2,686	24,027	26,713	
Comprehensive income for the year ended December 31, 2022	-	-	-	-	286,383	286,383	24,027	310,410	
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	22,841	-	(22,841)	-	-	-	
Special reserve	-	-	-	2,687	(2,687)	-	-	-	
Cash dividends on ordinary shares	-	-	-	-	(197,826)	(197,826)	-	(197,826)	
<b>Balance on December 31, 2022</b>	<b>\$380,435</b>	<b>67,477</b>	<b>177,006</b>	<b>23,865</b>	<b>314,783</b>	<b>515,654</b>	<b>161</b>	<b>963,727</b>	
Profit for the year ended December 31, 2023	-	-	-	-	184,885	184,885	-	184,885	
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	-	(64)	(64)	
Comprehensive income for the year ended December 31, 2023	-	-	-	-	184,885	184,885	(64)	184,821	
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	28,638	-	(28,638)	-	-	-	
Cash dividends on ordinary shares	-	-	-	-	(239,674)	(239,674)	-	(239,674)	
<b>Balance on December 31, 2023</b>	<b>\$380,435</b>	<b>67,477</b>	<b>205,644</b>	<b>23,865</b>	<b>231,356</b>	<b>460,865</b>	<b>97</b>	<b>908,874</b>	

(See accompanying notes to consolidated financial statements.)

## INSYDE SOFTWARE CORP. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(expressed in thousands of New Taiwan Dollar)

	<u>2023</u>	<u>2022</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 229,181	\$ 367,292
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	61,493	59,269
Amortization expense	11,373	11,961
Interest expense	1,856	1,943
Interest revenue	(20,876)	(9,640)
Loss(gain) from disposal of property, plant and equipment	8	(94)
Loss on lease modification	-	228
Total adjustments to reconcile profit	<u>53,854</u>	<u>63,667</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Trade receivables	(19,928)	(22,177)
Prepayments	(3,951)	(1,875)
Other current assets	658	3,385
Contract liabilities	7,577	(11,968)
Other payable	(11,354)	19,621
Other current liabilities-other	(2,915)	2,238
Defined benefit liabilities	(10,419)	(641)
Total changes in operating assets and liabilities	<u>13,522</u>	<u>52,250</u>
Cash inflow generated from operations	242,703	419,542
Interest received	20,944	9,312
Income taxes paid	(101,066)	(94,301)
<b>Net cash flows from operating activities</b>	<u>162,581</u>	<u>334,553</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(5,572)	(12,544)
Proceeds from disposal of property, plant and equipment	15	98
Refundable deposit	49	(1,672)
Prepayments	(1,339)	(909)
Acquisition of intangible assets	(2,007)	(8,266)
<b>Net cash flows used in investing activities</b>	<u>(8,854)</u>	<u>(23,293)</u>
Payment of lease liabilities	(46,649)	(42,632)
Cash dividends paid	(239,674)	(197,826)
Interest paid	(1,856)	(1,942)
<b>Net cash flows from (used in) financing activities</b>	<u>(288,179)</u>	<u>(242,400)</u>
Effect of exchange rate changes on cash and cash equivalents	(35)	23,820
Net (decrease) increase in cash and cash equivalents	(134,487)	92,680
Cash and cash equivalents at beginning of period	1,016,537	923,857
Cash and cash equivalents at end of period	<u>\$ 882,050</u>	<u>\$ 1,016,537</u>

(See accompanying notes to Consolidated financial statements.)

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

## **INSYDE SOFTWARE CORP. AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements**

**For the years ended December 31, 2023 and 2022**

**(expressed in thousands of New Taiwan Dollar unless otherwise specified)**

#### **(1) Company history**

INSYDE SOFTWARE CORP. (the “Company”) was founded on September 18, 1998 under the approval of Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is 16F., No.120, Sec.2, Jianguo N. Rd., Zhongshan District, Taipei, Taiwan, R. O. C. The Company start its operating activities on September 30, 1998. The Company’s common shares were listed on the Taipei Exchange (TPEX) on January 23, 2003. The consolidated financial statements comprise the Company and subsidiaries (together referred to as the “Group” and individually as “Group entities”). The major business activities of the Group are the software and system firmware design and development, installation, and program modification. Please refer to note 4(c).

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

These consolidated financial statements were authorized for issue by the Board of Directors on February 29, 2024.

#### **(3) New standards, amendments and interpretations adopted**

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

The Group has initially adopted the (following) new amendments, which do not have a significant impact on its 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 amendment, 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 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”

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

The Group does not expect the (following) other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its 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 IAS21 “Lack of Exchangeability”

#### **(4) Summary of material accounting policies**

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 6(h).

(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 consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s

functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Description
			December 31, 2023	December 31, 2022	
The Company	Clean Slate Ltd.	Obtain foreign intellectual property and investment holding	100%	100%	Founded in November 1998. As of December 31, 2023, the value of authorized ordinary shares amounted to USD2,512 thousand.
Clean Slate Ltd.	Insyde Software Inc.	Sale of software and service rendered	100%	100%	Founded on December 15, 2006. As of December 31, 2023, the value of authorized ordinary shares is amount USD 1.
The Company	Insyded Software LTD.	Sale of software and service rendered	100%	100%	Founded on July 20, 2012. As of December 31, 2023, the value of authorized ordinary shares is amount in thousands of USD 3,500.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates 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.

(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.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When The Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When The Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, 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 period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (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. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, 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 which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Time deposits maturity with three months to one year which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes, and can be readily converted to fixed amount of cash with minimal risk of change in value, should be recognized as cash equivalents.

(g) Financial instruments

All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

(i) Financial assets

The Group major financial assets is amortized cost.

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 currency exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(ii) 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, amortized costs, trade receivables and notes receivable, other receivables, leases receivable, guarantee deposit paid and other financial assets).

Loss allowance for trade receivables 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 months 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.

At each reporting date, The Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 90 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;



- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when The Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, 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.

(iii) Financial liabilities and equity instruments

1) Classification of debt or equity instruments

Debt or equity instruments issued by the Group are classified as financial liabilities or equity instruments in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized based on amount of consideration received less the direct issuance cost.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition. A financial liability is classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. Financial liabilities, other than the ones classified as held-for-trading, are designated as at fair value through profit or loss at initial recognition under one of the following situations:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis;
- Performance of the financial liabilities is evaluated on a fair value basis;
- A hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes

therein, which take into account any interest expense, are recognized in profit or loss, under other gains and losses of non-operating income and expenses.

(iv) Other financial liabilities

At initial recognition, financial liabilities not classified as held-for-trading, or designated as at fair value through profit or loss, which comprise of loans and borrowings, and trade and other payables, are measured at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, under other gains and losses of non-operating income and expenses.

(v) Derecognition of financial liabilities

A financial liability is derecognized when its contractual obligation has been discharged or cancelled or expires.

(vi) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially 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 and included in statement of comprehensive income. When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

Embedded derivatives are separated from the host contract and accounted for separately when the economic characteristics and risk of the host contract and of the embedded derivatives are not closely related.

(i) Property, plant and equipment<sup>1</sup>.

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

The cost of a self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be

capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined on the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized in profit or loss account as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount and is allocated using the straight-line method over its useful life. The items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period is recognized in profit or loss. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the leasehold improvements and leased asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Fixtures and fittings            3~5 years
- 2) Leasehold improvements      1~3 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

(iv) Disposal

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

(j) Leases

(i) Identifying a lease

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.

(ii) As a lessee

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.

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:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) 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:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable

under a residual value guarantee; or

- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a extension or termination option; or
- 5) there is any lease modification

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 statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of computer machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (k) Intangible assets

##### (i) Research & Development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

- 1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- 2) Its intention to complete the intangible asset and use or sell it.
- 3) Its ability to use or sell the intangible asset.
- 4) How the intangible asset will generate probable future economic benefits.
- 5) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

6) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost, less accumulated amortization and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iv) Amortization

The amortizable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with all indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- |                      |              |
|----------------------|--------------|
| 1) Trademarks        | 10 years     |
| 2) Patents           | 7~15 years   |
| 3) Computer software | 1.5~10 years |

The residual value, the amortization period, and the amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates.

(l) Impairment of non-financial assets

The Group evaluates the impairment losses and estimates the recoverable amounts of the impaired assets on each reporting date in terms of inventories, deferred tax assets, assets arising from employee benefits and non-financial assets other than non-current assets held for sale. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group determines the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss is recognized immediately in profit or loss.

The Group assesses at the end of each reporting period whether there is any indication that an

impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of that asset.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use are tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units or group of units.

If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, the Group recognizes the impairment loss and the impairment loss is allocated to reduce the carrying amount of each asset in the unit.

Reversal of an impairment loss for goodwill is prohibited.

#### (m) Revenue

##### (i) Revenue from contracts with customers

##### 1) Software licenses and installation services

Licenses for software provide the customer with a right to use software and installation services owned by the Company, and the revenue is recognized in accordance with the agreement. Revenue is recognized based on the actual quantity of the software purchased or services are rendered with the completion of the contract, or in installments over the license period. The Company also provides software OEM and other technical services to customers. Revenue is recognized when services are rendered in accordance with the agreement and the amount is measurable. Related costs and expenses are also recognized in the current period.

Except for the above accounting policy, the following are effective on and after January 1, 2018:

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to the customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to the customer. Some contracts include multiple deliverables, such as the installation of software. In most cases, the installation is simple, does not include integrated services, and could be performed by other parties. It is therefore accounted for as a separate performance obligation. In this case, the transaction price is allocated to each performance obligation based on the stand-alone selling price. Where prices are not directly observable, they are

estimated based on the expected cost plus margin. Estimates of revenues, costs and extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in revenues are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to the management.

In case of fixed-price contracts, the customer pays the fixed amount based on the payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes the hourly fee, the revenue is recognized in the amount to which the Group has the right to issue invoices. Customers are invoiced on a monthly basis, and the consideration is payable when invoiced.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(n) 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

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the



Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities. If the benefits of a plan are improved, the pension cost incurred from the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss. Re-measurement of net defined benefit liability (asset) (including actuarial gains, losses and the return on plan asset and changes in the effect of the asset ceiling, excluding any amounts included in net interest) is recognized in other comprehensive income (loss). The effect of re-measurement of the defined benefit plan is charged to retained earnings.

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 comprises any resulting change in the fair value of plan assets and change in the present value of defined benefit obligation.

(iii) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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 pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(o) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(p) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax

rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.
- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
  - 1) levied by the same taxing authority; or
  - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and they shall be adjusted based on the probability that the related income tax benefit will be realized.

Income tax expense is directly recognized as an equity item or other comprehensive profit or loss item, and is measured at the provisional tax rate at the time of expected realization or settlement of the temporary differences between the carrying amount of the relevant assets and liabilities for financial reporting purposes and their tax basis.

The subsidiary, Clean Slate Ltd., was founded in the British Virgin Islands and is exempt from tax on its income under the Act.

Insyde Software Inc., a second-tier subsidiary, was founded in the United States and its income tax is assessed at the income tax rate set by the local government in the United States.

The subsidiary, Insyde Software LTD., was founded in mainland China, and its income tax expense is assessed at the tax rate prescribed by the local government in mainland China for pre-tax accounting income.

According to the laws of each country of incorporation, the income tax of the consolidated company shall be reported by each company, and the income tax expense of the Group that cannot be declared on a consolidated basis shall be the total amount of the company income tax of the Group preparing the consolidated financial statements.

(q) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(r) 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 about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash on hand	379	383
Demand deposits	14,392	18,854
Foreign currency deposits	347,200	322,034
Cash equivalents	520,079	675,266
<b>Total</b>	<b>882,050</b>	<b>1,016,537</b>

Time deposits maturity with three months to one year held for the purpose of meeting short-term cash commitments are classified as cash and cash equivalents because they can be converted to a fixed amount of cash at any time, and the risk of changes in value is minimal. Please refer to note 6(n) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Trade receivables

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Trade receivables from operating activities	183,461	163,533
Less: Loss allowance	(578)	(578)
<b>Net amount</b>	<b>182,883</b>	<b>162,955</b>

Please refer to note 6(n) for the marketing risk and credit risk of the Group.

(c) Property, plant and equipment

		<b>Fixtures and fittings</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>Cost</b>	Balance on January 1, 2023	83,743	54,994	138,737
	Additions	5,285	287	5,572
	Disposal	(19,320)	-	(19,320)
	Effect of movements in exchange rates	(77)	(9)	(86)
	<b>Balance on December 31, 2023</b>	<b>69,631</b>	<b>55,272</b>	<b>124,903</b>
	Balance on January 1, 2022	76,008	52,792	128,800
	Additions	10,591	1,953	12,544
	Transfer in	963	88	1,051
	Disposal	(4,218)	-	(4,218)
	Effect of movements in exchange rates	399	161	560
	<b>Balance on December 31, 2022</b>	<b>83,743</b>	<b>54,994</b>	<b>138,737</b>

		<b>Fixtures and fittings</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>Accumulated depreciation</b>	Balance on January 1, 2023	53,851	50,143	103,994
	Depreciation	12,071	3,458	15,529
	Disposal	(19,297)	-	(19,297)
	Effect of movements in exchange rates	(49)	(8)	(57)
	<b>Balance on December 31, 2023</b>	<b>46,576</b>	<b>53,593</b>	<b>100,169</b>
	Balance on January 1, 2022	45,641	45,445	91,086
	Depreciation	12,176	4,658	16,834
	Disposal	(4,214)	-	(4,214)
	Effect of movements in exchange rates	248	40	288
	<b>Balance on December 31, 2022</b>	<b>53,851</b>	<b>50,143</b>	<b>103,994</b>
<b>Carrying amounts</b>	<b>Balance on December 31, 2023</b>	<b>23,055</b>	<b>1,679</b>	<b>24,734</b>
	<b>Balance on December 31, 2022</b>	<b>29,892</b>	<b>4,851</b>	<b>34,743</b>

(d) Right-of-use assets

	<b>January 1, 2023</b>	<b>Additions</b>	<b>Less</b>	<b>Effect of movements in exchange rates</b>	<b>December 31, 2023</b>
Cost	160,062	112,350	121,387	(185)	150,840
Accumulated depreciation	122,580	45,964	121,387	(161)	46,996
Carrying amounts	37,482	66,386	-	(24)	103,844

	<b>January 1, 2022</b>	<b>Additions</b>	<b>Less</b>	<b>Effect of movements in exchange rates</b>	<b>December 31, 2022</b>
Cost	153,550	5,651	1,092	1,953	160,062
Accumulated depreciation	80,521	42,435	864	488	122,580
Carrying amounts	73,029	(36,784)	228	1,465	37,482

(e) Intangible assets

		<b>Trademarks</b>	<b>Patents</b>	<b>Computer software—internally developed</b>	<b>Computer software—purchased</b>	<b>Total</b>
<b>Cost</b>	Balance on January 1, 2023	281	339,326	74,479	54,975	469,061
	Additions	-	159	-	1,848	2,007
	Transfer in	-	20,392	-	-	20,392

	Effect of movements in exchange rates	-	8	-	(23)	(15)
	<b>Balance on December 31, 2023</b>	<b>281</b>	<b>359,885</b>	<b>74,479</b>	<b>56,800</b>	<b>491,445</b>
	Balance on January 1, 2022	281	334,584	74,479	45,373	454,717
	Additions	-	60	-	8,206	8,266
	Transfer in	-	205	-	1,439	1,644
	Transfer out	-	-	-	(153)	(153)
	Effect of movements in exchange rates	-	4,477	-	110	4,587
	<b>Balance on December 31, 2022</b>	<b>281</b>	<b>339,326</b>	<b>74,479</b>	<b>54,975</b>	<b>469,061</b>
<b>Accumulated amortization</b>	Balance on January 1, 2023	227	317,750	74,479	45,977	438,433
	Amortization	24	7,792	-	3,557	11,373
	Transfer	-	-	-	-	-
	Effect of movements in exchange rates	-	8	-	(26)	(18)
	<b>Balance on December 31, 2023</b>	<b>251</b>	<b>325,550</b>	<b>74,479</b>	<b>49,508</b>	<b>449,788</b>
	Balance on January 1, 2022	197	304,823	74,479	42,412	421,911
	Amortization	30	8,450	-	3,481	11,961
	Transfer out	-	-	-	(55)	(55)
	Effect of movements in exchange rates	-	4,477	-	139	4,616
	<b>Balance on December 31, 2022</b>	<b>227</b>	<b>317,750</b>	<b>74,479</b>	<b>45,977</b>	<b>438,433</b>
<b>Carrying amounts</b>	<b>Balance on December 31, 2023</b>	<b>30</b>	<b>34,335</b>	<b>-</b>	<b>7,292</b>	<b>41,657</b>
	<b>Balance on December 31, 2022</b>	<b>54</b>	<b>21,576</b>	<b>-</b>	<b>8,998</b>	<b>30,628</b>

<b>Consolidated statement of comprehensive income</b>		<b>2023</b>	<b>2022</b>
Operating expenses	The amortization of intangible assets	11,373	11,961
Operating expenses	Research and development expenses, related to internally developed intangible assets	526,959	514,656

(f) Lease liabilities

	December 31, 2023	December 31, 2022
Current lease liabilities	46,236	27,691
Non-current lease liabilities	59,577	12,441
<b>Total</b>	<b>105,813</b>	<b>40,132</b>

		2023	2022
Consolidated statement of comprehensive income	Interest expense	1,856	1,943
Consolidated statements of cash flows	Payment of lease liabilities	48,505	44,575

In 2023, the Group leases buildings for its office space, which are typically leased for a period of 1 to 5 years..

(g) Employee benefits

(i) Defined benefit plans

As of March 31, 2023, the Company applied for the settlement of the old pension plan in accordance with the Labor Standards Act and the Labor Pension Act. On April 20, 2023, the Company has received approval from the Ministry of Labor. And the Company paid \$18,141 from the Bank of Taiwan labor pension reserve account, and another \$10,142 from the Company's pension fund.

The Company no longer has any Taiwanese employees who meet the criteria for the defined benefit plan on December 31, 2023, and there is no actuarial need for pension liabilities in 2023.

The following information is for the defined benefit plans in 2022:

The reconciliation of the present value of the defined benefit obligation to the fair value of the plan asset is as follows:

	December 31, 2022
Present value of the defined benefit obligations	32,624
<b>Total</b>	<b>32,624</b>
Fair value of plan assets	(20,155)
Deficit (surplus) of plan assets	12,469
Net defined benefit liabilities	12,469

The Company makes the defined benefit plan contributions to the pension fund account of the Bank of Taiwan. Plans (covered by the Labor Standards Law) entitle the retired employees to receive retirement benefits based on years of service and the average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates the pension fund in accordance with the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund” , and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the pension fund, the minimum annual earnings from the distribution of the funds shall be no less than that calculated on the basis of the interest rate of the local bank's two-year time deposits.

	December 31, 2023	December 31, 2022
Bank of Taiwan labor pension reserve account	2,622	20,155

For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

	2022
Defined benefit obligations at January 1	33,706
Current service costs and interest cost	234
Remeasurements loss (gain):	
Actuarial loss (gain) arising from:	318
– Experience adjustments	
– Demographic assumptions	7
– Financial assumptions	(1,641)
Effect of curtailment or settlement	-
Benefits paid	-
<b>Defined benefit obligations at December 31</b>	<b>32,624</b>

3) Movements of defined benefit plan assets

	2022
Fair value of plan assets at January 1	17,909
Benefits paid	-
Expected return on plan assets	126
Contributions paid by the employer	750
Actuarial (loss) gain	1,370
<b>Fair value of plan assets at December 31</b>	<b>20,155</b>



4) Expenses recognized in profit or loss

	<b>2022</b>
Interest cost	234
Past service costs	-
Expected return on plan assets	(126)
Research and development expenses — Pension expense (income)	108
Actual return on plan assets	1,496

5) Remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income:

	<b>2022</b>
Cumulative amount on January 1	(15,557)
Recognized during the period	2,686
<b>Cumulative amount on December 31</b>	<b>(12,871)</b>

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<b>111.12.31</b>
Discount rate	1.25%
Future salary increase rate	3.00%

7) Sensitivity analysis

In determining the present value of the defined benefit obligation, the Company's management makes judgments and estimates in determining certain actuarial assumptions on the balance sheet date, which includes employee turnover rate and future salary changes. Changes in actuarial assumptions may have significant impact on the amount of defined benefit obligation.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Actuarial assumptions	Impact on the present value of defined benefit obligation	
		Increase by 0.25%	Increase by 0.25%
<b>December 31, 2022</b>	Discount rate	(707)	731
	Increase in future wage	717	(697)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for current and prior periods.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group shall apply the Taiwan Determination Pension Contribution Method to make the pension expenses, and the pension expenses have been allocated to the Labor Insurance Bureau. The foreign consolidated company shall make pension expenses in accordance with local laws and regulations.

The breakdown of the pension allocation of the Group was as follows:

	<b>2023</b>	<b>2022</b>
Selling expenses	1,322	1,271
Administrative expenses	4,124	3,581
Research and development expenses	28,935	26,109
<b>Total</b>	<b>34,381</b>	<b>30,961</b>

(iii) Short-term employee benefit liability - Employee benefit payable and compensated absences liability were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Employee benefit liability	30,115	49,773
Compensated absences payable	12,694	12,694
<b>Total</b>	<b>42,809</b>	<b>62,467</b>

(h) Income taxes

(i) Income taxes

The components of income tax in the years 2023 and 2022 were as follows:

	2023	2022
Current tax expense:		
Current period	61,092	86,197
Adjustment for prior periods	(7,375)	(2,662)
<b>Subtotal current tax expense</b>	<b>53,717</b>	<b>83,535</b>
Deferred tax expense:		
Origination and reversal of temporary differences	(9,421)	60
<b>Subtotal deferred tax expense</b>	<b>(9,421)</b>	<b>60</b>
<b>Total</b>	<b>44,296</b>	<b>83,595</b>

There was no recognized income tax expenses (income) under other comprehensive income for 2023 and 2022.

Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

	2023	2022
Profit excluding income tax	229,181	367,292
Income tax using the Company's domestic tax rate	45,836	73,458
Effect of tax rates in foreign jurisdiction	4,116	1,299
Tax withholdings on foreign-source income	1,243	4,185
Adjustment for prior periods	(7,375)	(2,662)
Additional tax on undistributed earnings	769	-
Other	(293)	7,315
<b>Total</b>	<b>44,296</b>	<b>83,595</b>

(i) Deferred tax assets and liabilities

1) Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax assets		Unrealized exchange loss (gain)	Allowance for doubtful receivables	Shares of (profit) loss of subsidiaries, associates and joint ventures accounted for using equity method, net	Total
2023	Balance at January 1	324	2	12,095	<b>12,421</b>
	Recognized in profit or loss	585	-	8,836	<b>9,421</b>
	<b>Balance at December 31</b>	<b>909</b>	<b>2</b>	<b>20,931</b>	<b>21,842</b>

<b>2022</b>	Balance at January 1	166	2	12,313	<b>12,481</b>
	Recognized in profit or loss	158	-	(218)	<b>(60)</b>
	<b>Balance at December 31</b>	<b>324</b>	<b>2</b>	<b>12,095</b>	<b>12,421</b>

Deferred Tax Liabilities	Period	Balance at January 1	Recognized in profit or loss	Balance at December 31
Shares of (profit) loss of subsidiaries, associates and joint ventures accounted for using equity method, net	<b>2023</b>	12,923	-	12,923
	<b>2022</b>	12,923	-	12,923

- 2) As of December 31, 2023, the information of the Group's tax losses which have not been recognized as deferred income tax assets by the Group is as follows:

Year of loss	Unused tax loss	Expiry date
2018	2,979	2023
2019	3,139	2024
2022	10,706	2027
2023(estimated)	52,333	2028

- 3) Unrecognized deferred tax liabilities for 2023 and 2022 were as follows:

Aggregate amount of temporary differences related to investments in subsidiaries	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	34,932	26,421
The Company is able to control the timing of the reversal of temporary differences associated with investments. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future, therefore, no deferred income tax liabilities have been recognized.		

(ii) Income tax rate:

- 1) For entities subject to the Income Tax Act of the Republic of China for the year 2023 and 2022, the tax rate applicable to the Group shall be 20%.
- 2) The federal tax rate applicable to U.S. subsidiaries is 21%, and the state tax rate is calculated according to the provisions of each state's tax system.
- 3) The applicable tax rate for mainland China subsidiaries is 25%.

- (iii) The Company's tax returns for the years through 2021 have been approved by the Taipei National Tax Administration.

(i) Capital and other equity

(i) Ordinary Shares

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
The value of authorized ordinary shares	\$600,000	\$600,000
The number of authorized ordinary shares (in thousands of shares)	60,000	60,000
The number of issued ordinary shares (in thousands)	38,044	38,044

The total amount of authorized share capital consists of common stock and preferred stock, with a par value of \$10 per share. All issued shares were paid up upon issuance.

(ii) Capital surplus

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Premium of common stock	48,769	48,769
Long-term investments	281	281
Other	18,427	18,427
<b>Total</b>	<b>67,477</b>	<b>67,477</b>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

For dividend distribution, the surplus dividend policy will be adopted based on the future operational planning, business development, capital expenditure budget and requirement of capital fund. Distribution of dividend may be made by cash dividend or by stock

dividend, provided that the percentage of cash dividend shall exceed 10% of total distributed dividend, and the plan of distribution shall be proposed by the Board of Directors and shall be implemented after the distribution plan is approved by Shareholder' Meetings. Shareholders of the Company dividend distribution, of which cash dividends shall not be lower than 10% of the total shareholders' dividends distributed for the same year.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current earnings and previous unappropriated earnings shall be set aside as a special reserve during earnings distribution. The amount to be set aside should equal the total amount of contra accounts that are accounted for as deductions to other equity interests. A portion of previous unappropriated earnings shall be set aside as a special reserve, which should not be distributed, to account for cumulative changes to other equity interests pertaining to prior periods. The special reserve shall be made available for appropriation when the net deductions of other equity interests are reversed in the subsequent periods.

3) Earnings distribution

Earnings distribution	2022	2021
Date of shareholders meeting	May 31, 2023	June 14, 2022
Amount per share	6.3	5.2
Dividends distributed to ordinary shareholders (Expressed in thousands of New Taiwan Dollar)	239,674	197,826

(j) Earnings per share

	2023	2022
Basic earnings per share:		
Profit of the Company for the year	184,885	283,697
Weighted average number of ordinary shares	38,044	38,044
<b>Weighted average number of ordinary shares</b>	<b>4.86</b>	<b>7.46</b>
Diluted earnings per share:		

Profit attributable to ordinary shareholders of the Company (diluted)	184,885	283,697
Weighted average number of ordinary shares (A)	38,044	38,044
Effect of dilutive potential ordinary shares – Effect of employee share bonus (B)	218	705
Weighted average number of ordinary shares (diluted) (A+B)	38,262	38,749
<b>Diluted earnings per share</b>	<b>4.83</b>	<b>7.32</b>

(k) Revenue from contracts with customers

(i) Details of revenue

The major business activities of the Group are the software design and development, installation, and program modification, and other professional information services, which is a standalone industry department. In 2023 and 2022, for the details of products and regional revenue, please refer to note 14(c) and 14(d).

(ii) Contract balances

	December 31, 2023	December 31, 2022 (January 1, 2023)	January 1, 2022
Trade receivables	183,461	163,533	141,356
Less: allowance for impairment	(578)	(578)	(578)
<b>Total</b>	<b>182,883</b>	<b>162,955</b>	<b>140,778</b>
Current contract liabilities	65,886	64,517	75,561
Non-current contract liabilities	6,919	711	1,635
Contract liabilities – Licensing service	72,805	65,228	77,196
Beginning balance	65,228	77,196	58,691

	2023	2022
The amount of revenue recognized was transferred from contractual liabilities in the respective years.	57,541	66,028

For details on trade receivables and allowance for impairment, please refer to note 6(n).

(l) Employee' and directors' and supervisors' remuneration

In accordance with the new Company Act of Article 231-1 was formulated in 2015 and the articles of incorporation was formulated in June 2016. The Company should contribute 10%~15% of the profit as employee remuneration and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

Operating expenses	2023	2022
Employees' remuneration	30,115	49,773
Directors' remuneration	6,023	9,955
<b>Total</b>	<b>36,138</b>	<b>59,728</b>

The estimated amounts mentioned above are based on the net profit before tax without the remunerations to employees and directors of each respective ending period, multiplied by the percentage of the compensation to employees and directors, which was approved by the management. The differences between the amounts estimated and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year.

(m) Non-operating income and expenses

(i) Interest income

	2022	2023
Interest income from bank deposits	20,876	9,640

(ii) Other gains and losses

	2022	2023
Foreign currency exchange gains (losses)	(5,385)	23,197
Gains on disposals of property, plant and equipment	8	94
Other	649	1,338
<b>Total</b>	<b>(4,728)</b>	<b>24,629</b>

(iii) Finance costs

	2023	2022
Interest expense (Lease liabilities)	1,856	1,943

(n) Financial instruments

(i) Financial risk management objectives

The Group manages the financial risks associated with its operating activities by controlling market risk (foreign currency risk), credit risk, and liquidity risk. In order to reduce the related financial risks, the Group strives to identify, evaluate and hedge market uncertainties, so as to minimize the potential adverse effects of market changes on the Group's financial performance.



(ii) Market risk (foreign currency risk)

The Group is mainly exposed to market risk from changes in foreign currency exchange rates, using certain derivative financial instruments to manage the related risk.

1) Foreign currency exchange rate risk

The Group's financial assets and liabilities exposed to significant foreign currency risk are as follows:

	December 31, 2023			December 31, 2022			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
Financial assets	Monetary items						
	USD	5,749	30.675	176,344	6,296	30.67	193,107
	JPY	12,073	0.2155	2,602	22,026	0.2311	5,090
	CNY	16,954	4.308	73,036	9,721	4.389	42,665
Financial liabilities	Monetary items						
	USD	-	-	-	24	30.67	736
	CNY	525	4,308	2,262	2,375	4.389	10,425
Financial assets and liabilities, net			249,720		229,701		

Since the Group has many kinds of functional currencies, the information of exchange gains (losses) on monetary items is disclosed by total amount.

	2023	2022
Foreign currency exchange gains (losses) – including realized and unrealized portions	(5,385)	23,197

Most of the Group's sales activities are denominated in foreign currencies. Consequently, the Group is exposed to foreign currency risk. To prevent the reduction in the value of foreign-currency assets and the fluctuation of future cash flows due to changes in foreign exchange rates, the Group enters into forward exchange contracts with financial institutions for the purpose of trading to hedge the exchange rate risk.

The use of such derivative financial instruments can help the Group to reduce, but cannot completely eliminate, the impact of changes in foreign currency exchange rates.

The maturity dates of the derivative financial instruments undertaken by the Group are less than six months and do not meet the conditions for hedging accounting.

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other payables that are denominated in foreign currency.

Regarding the sensitivity analysis of foreign currency exchange rate risk, the Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on foreign currency-denominated cash and cash equivalents, trade receivables and other payables.

As of December 31, 2023 and 2022, when all other factors remain unchanged, the sensitivity analysis of strengthening (weakening) of the NTD against the USD, JPY, and CNY was as following:

As of December 31, 2023 and 2022, financial assets and liabilities of monetary items – Sensitivity analysis		The NTD against the USD, JPY, and CNY	
		Strengthening 1%	Weakening 1%
Effect of net profit after tax	<b>2023</b>	(1,998)	1,998
	<b>2022</b>	(1,838)	1,838

(iii) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily from trade receivables (business related credit risk) and cash and cash equivalents (financial related credit risk).

1) Business related credit risk

In order to maintain the quality of trade receivables, the Group has established management procedures to the credit risk. To reflect the possibility of recovery of trade receivables in the financial report in a timely manner, the Group has specially formulated an assessment method for impairment of trade receivables. To reflect the possibility of recovery of trade receivables in a timely manner in the financial report, the Group has specially formulated an assessment method for impairment of trade receivables. The Group's customers are mainly from the high-tech industry. And to mitigate trade receivables credit risk, the Group constantly assesses the financial status of the customers, and regularly assesses the probability of collection of trade receivables, and requests collateral or guarantee from the counterparties when necessary, and the concentration of trade receivables is as follows.

		<b>December 31, 2023</b>	<b>December 31, 2022</b>
Trade receivables	% of balance	65%	62%
	Aggregated number of customers in the above ratio	8	8

The aging analyses of trade receivables was determined as follows:

	December 31, 2023		December 31, 2022	
	Gross carrying amount	Loss allowance provision	Gross carrying amount	Loss allowance provision
Current	148,843	-	128,199	-
1 to 90 days past due	31,719	-	33,404	-
Over 90 days past due	2,899	(578)	1,930	(578)
<b>Total</b>	<b>183,461</b>	<b>(578)</b>	<b>163,533</b>	<b>(578)</b>

The Group of allowance provisions were determined as follows:

	2023	2022
December 31 (equal to January 1)	578	578

As of December 31, 2023 and 2022, the allowance for losses is mainly due to the economic environment, where it is expected that several customers will not be able to repay their outstanding balances.

2) Financial credit risk

Cash and cash equivalents were controlled and measurement by the Group's finance segment. The Group's counterparty financial institutions are all banks with good credit ratings, and each bank has decentralized control over the balances of its deposits, so that the Group does not have any significant financial credit risk.

(iv) Liquidity risk management

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to maintain cash and cash equivalents for its operations.

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

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years
December 31, 2023						
Non-derivative financial liabilities						
Other payables	251,783	251,783	188,075	63,708	-	-
Lease liabilities	105,813	108,936	25,140	23,009	41,701	19,086
<b>Total</b>	<b>357,596</b>	<b>360,719</b>	<b>213,215</b>	<b>86,717</b>	<b>41,701</b>	<b>19,086</b>
December 31, 2022						
Non-derivative financial liabilities						
Other payables	267,030	267,030	180,479	86,551	-	-
Lease liabilities	40,132	41,355	23,467	5,011	7,274	5,603
<b>Total</b>	<b>307,162</b>	<b>308,385</b>	<b>203,946</b>	<b>91,562</b>	<b>7,274</b>	<b>5,603</b>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts. Based on the current operating conditions, cash and cash equivalents are sufficient to cover the Group's financial liabilities.

(v) Fair value of financial instruments

1) Fair value and carrying amount

Except for financial liabilities designated as at fair value through profit or loss at the time of original recognition, which are measured at fair value, the carrying amounts of financial assets and financial liabilities measured at fair value through amortized cost in the consolidated financial statements approximate their fair values.

2) Valuation techniques and assumptions for financial instruments measured at fair value

The fair values of financial assets and liabilities are determined using the following techniques and assumptions:

- A. Financial instruments traded in active markets are based on quoted market prices.
- B. Forward exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates over the maturity period of the contracts..
- C. The fair value of other financial assets is determined by using the generally accepted evaluation model based on discounted cash flow analysis.

3) Fair value of levels

Fair value of levels was defined as follow:

- A. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- B. Level 2 fair value measurements are those derived from 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).
- C. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		Fair values			
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>December 31, 2023</b>					

<b>Financial assets</b>					
Cash and cash equivalents	882,050	-	-	-	-
Trade receivables	182,883	-	-	-	-
Other current assets	5,980	-	-	-	-
Refundable deposit	13,167	-	-	-	-
<b>Total</b>	<b>1,084,080</b>	-	-	-	-
<b>Financial liabilities</b>					
Other payable	251,783	-	-	-	-
Lease liabilities	105,813	-	-	-	-
<b>Total</b>	<b>357,596</b>	-	-	-	-
<b>December 31, 2022</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,016,537	-	-	-	-
Trade receivables	162,955	-	-	-	-
Other current assets	9,190	-	-	-	-
Refundable deposit	13,216	-	-	-	-
<b>Total</b>	<b>1,201,898</b>	-	-	-	-
<b>Financial liabilities</b>					
Other payable	267,030	-	-	-	-
Lease liabilities	40,132	-	-	-	-
<b>Total</b>	<b>307,162</b>	-	-	-	-

- 4) Valuation techniques for financial instruments not measured at fair value
- A. Financial assets measured at amortized cost (Held-to-maturity financial assets)  
If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by counterparties are adopted.
- B. Financial assets and financial liabilities measured at amortized cost (current investments in debt instrument without active market) and financial liabilities measured at amortized cost  
If there is quoted price generated by transactions, the recent transaction price and quoted price data are used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.
- 5) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

Financial instruments trade in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from the main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market. If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing institutions, or authorities and such price represents actual and frequent arm's-length market transactions, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in compliance with the conditions mentioned above, then the market is considered inactive. In general, wide bid-ask spreads, significant increase in bid-ask spreads or low trading volume are all indicators of an inactive market.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of the counterparties. Fair value measured using the valuation technique can be calculated by reference to the current fair value of other financial instruments with similar substantive terms and characteristics, by discounted cash flow techniques or by using other valuation techniques, including the application of models based on market information available at the date of the consolidated balance sheet.

B. Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation models that are generally accepted by market users. Forward exchange contracts are generally valued based on current forward exchange rates.

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

The Group's financial instruments that use Level 3 inputs to measure fair value include net trade receivables, other current financial assets, refundable deposits, notes payable and other payables.

The price of the financial assets and liabilities is based on the contract transaction or other routine business activities, whereby the price is agreed by both parties to the transaction, and the fair value has only a single significant unobservable input.

(o) Capital management

The Group is a highly labor-intensive industry, and has no tangible assets such as land, buildings and inventories that can be easily financed, except for cash and cash equivalents and intangible assets. Therefore, the Group mostly operates with its own funds and capital I, and the proportion of capital stock is maintained at approximately 70%.

The Group's capital management is to ensure that it has the necessary financial resources and operating plans to support the working capital, capital expenditures and dividend payments for the next twelve months.

**(7) Related-party transactions**

(a) Parent company and ultimate controlling company

The Company is both the parent company and the ultimate controlling party of the Group.

(b) Names and relationship with the Company

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

<b>Name of related party</b>	<b>Relationship with the Company</b>
Professional Computer Technology Limited	The director of board of the Company
Silicon Professional Tech. (China) Ltd.	The third-tier subsidiary of the Professional Computer Technology Limited
All board of directors, general manager, and deputy general manager	The main managements of the Group

(c) Significant transactions with related parties

- (i) The related parties provided the sales of agent, management service and payment were as follows:

	<b>Service, management, and commission</b>		<b>Other payables</b>	
	<b>2023</b>	<b>2023</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Associates – management :				
Professional Computer Technology Limited	-	20	-	-
Associates – commission :				
Professional Computer Technology Limited	34,960	35,236	13,997	12,017
Associates – other expenses :				

Silicon Professional Tech. (China) Ltd.	257	2,096	62	126
<b>Total</b>	<b>35,217</b>	<b>37,352</b>	<b>14,059</b>	<b>12,143</b>

The transactions with related parties were dealt with agreed payment terms and conditions.

(d) Key management personnel compensation:

The directors and key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	91,779	92,754
Post-employment benefits	11,076	324
<b>Total</b>	<b>102,855</b>	<b>93,078</b>

(8) Assets pledged as security

Assets pledged as security	Balance sheet	Liabilities secured by pledges	December 31, 2023	December 31, 2022
Time deposits	Other current assets	Forward exchange contracts	2,990	8,970
Time deposits	Other current assets	Deposits of import for Customs Administration	2,990	220
<b>Total</b>			<b>5,980</b>	<b>9,190</b>

(9) Significant Commitments and Contingencies: None.

(10) Losses due to major disasters: None.

(11) Subsequent events

As of November 9, 2023, the Board of Directors of the Company resolved a long-term equity capital increase, and it is expected that the capital increase in the subsidiary, Insyde Software LTD., will not exceed US 2,000 thousand. This capital increase was approved by the regulator in December 2023, and the full amount of the capital increase was remitted in the amount of US 2,000 thousand (approximately NT 61,790 thousand) on January 2, 2024.



## (12) Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	112年度				111年度			
	Selling expenses	Administrative expenses	Research and development expense	Total	Selling expenses	Administrative expenses	Research and development expense	Total
Employee benefits								
Salary	57,391	110,528	610,991	778,911	52,089	98,573	595,334	745,996
Labor and health insurance	4,855	12,707	50,628	68,190	3,632	12,554	42,200	58,386
Pension	1,322	4,124	28,972	34,418	1,271	3,581	26,217	31,069
Others	567	1,959	12,851	15,377	733	2,258	15,795	18,786
Depreciation	2,461	13,742	45,290	61,493	3,134	14,329	41,806	59,269
Amortization	30	3,069	8,274	11,373	-	4,280	7,681	11,961

If any of the research and development expense incurred is on a project basis, it will be transferred to operating costs based on the number of hours invested.

	The Group's number of employees	The Group's number of non-employee directors	Total
<b>December 31, 2023</b>	616	7	623
<b>December 31, 2022</b>	595	7	602

Seasonality of operation:

The operations of the Group are not affected by seasonality or cyclicity.

## (13) Other disclosures

### (a) Information on significant transactions

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

#### (i) Loans to other parties:

(In Thousands of New Taiwan Dollar)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	Indyde Software LTD.	Other receivable - related parties	Yes	45,750	2,670	43,080		Short loan	-	Operating	-	-	-	150,488	150,488	(Note1)

Note 1: In accordance with the Company's procedures for lending funds to others, the total amount of short-term financing and the limit for each individual shall not exceed 20% of the Company's net worth.

Note 2: The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates, and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes receivable/ Trade receivables (Notes payable/ Trade payables)		Note
			Purchase/ Sale	Amount	Purchase/ Sale	Amount	Purchase/ Sale	Amount	Ending balance	Percentage of total notes receivable/trade receivables (Notes payable/ Trade payables)	
The Company	Insyde Software Inc.	The second-tier subsidiaries of the Company	Sale	(86,100)	(7.8%)	Base on contract	-	Base on contract	7,979	0.62%	

Note: The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock: None.
- (ix) Trading in derivative instruments: Please refer to notes 6(o).
- (x) Business relationships and significant intercompany transactions:

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note2)	Intercompany transactions, 2023			
				Account name	Amount	Trading terms	% of the consolidated net revenue or total assets
0	The Company	Insyde Software Inc.	1	Sales revenue	86,100	Based on contract	6
0			1	Service expenses	2,401		-
0			1	Trade receivables	7,979		1
0			1	Other receivables	6,219		-
0			1	Other payables	215		-
0		Insyde Software LTD.	1	Service revenue	1,022		-
0			1	Commission expense	25,489		2
0			1	Other payables	2,262		-
0			1	Loan receivables	43,080		3
1			Insyde Software Inc.	Insyde Software LTD	3		Commission expense
1	3	Other payables			38	-	

Note 1: Company numbering as follows:

- (1) Parent company – 0
- (2) Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:

- (1) Parent company to subsidiary – 0
- (2) Subsidiary to parent company – 2
- (3) Subsidiary to subsidiary – 3

Note3: The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

(b) Information on investees:

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

(In Thousands of New Taiwan Dollar / In Thousands of US Dollar)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
The Company	Clean Slate Ltd.	BVI	Acquisition of foreign intellectual property rights and investments	USD2,512	USD2,512	2,512,000	100.00%	309,388	42,558	42,558	Subsidiaries of the Company
"	Insyde Software LTD.	China Shanghai	Sale of software and information services	USD3,500	USD3,500	-	100.00%	(15,302)	(52,326)	(52,326)	"
Clean Slate Ltd.	Insyde Software Inc.	State of Delaware USA	Sale of software and service rendered	USD 435	USD 435	1	100.00%	308,524	42,551	42,551	Second-tier subsidiaries of the Company

(c) Information on investment in Mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of capital surplus	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 (losses) of the investee	percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Insyde Software LTD.	Sale of software and service rendered	107,255	Note1	107,255	-	-	107,255	(52,326)	100%	(52,326)	(15,302)	-

Note1: The Company directly invests in China.

- (ii) Limitation on investment in Mainland China :

(In Thousands of New Taiwan Dollar / In Thousands of US Dollar)

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Investment
107,255 (USD 3,500 )	USD3,500	545,324 (Note1)

Note1: In accordance with the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" amended on August 29, 2008, the cumulative investment amount or investment proportion to China cannot be over the Company's net value of 60%.

(iii) Significant transactions :

The significant transactions between the Company and its investees in Mainland China, directly or indirectly, in 2023 (which have been eliminated in the preparation of the consolidated financial statements), are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Name of company / Shareholding	December 31, 2023	
	Shares	Percentage
Professional Computer Technology Limited	4,920,111	12.93%
Wang, Chih-Kao	2,150,511	5.65%

**(14) Segment information:**

(a) The major business activities of the Group are the software design and development, installation, and program modification, and other professional information services, which is a standalone industry department.

(b) Geographical information

	Taiwan	USA	China	Other	Adjustment and elimination	total
<b>For the years ended December 31, 2023</b>						
<b>Revenue:</b>						
Revenue from external customers	1,019,698	276,161	46,603	-	-	1,342,462
Intersegment revenues	87,122	2,401	26,082	-	(115,605)	-
Interest revenue	8,469	12,225	175	7	-	20,876
<b>Total revenue</b>	<b>1,115,289</b>	<b>290,787</b>	<b>72,860</b>	<b>7</b>	<b>(115,605)</b>	<b>1,363,338</b>
<b>Reportable segment profit or loss</b>	<b>184,885</b>	<b>42,551</b>	<b>(52,326)</b>	<b>42,558</b>	<b>(32,783)</b>	<b>184,885</b>
<b>For the years ended December 31, 2022</b>						
<b>Revenue:</b>						
Revenue from external customers	1,139,338	213,496	53,739	-	-	1,406,573
Intersegment revenues	53,679	3,009	34,961	-	(91,649)	-
Interest revenue	5,942	3,201	488	9	-	9,640
<b>Total revenue</b>	<b>1,198,959</b>	<b>219,706</b>	<b>89,188</b>	<b>9</b>	<b>(91,649)</b>	<b>1,416,213</b>
<b>Reportable segment profit or loss</b>	<b>283,697</b>	<b>35,702</b>	<b>(29,536)</b>	<b>35,711</b>	<b>(41,877)</b>	<b>283,697</b>
<b>Reportable segment assets:</b>						
<b>December 31, 2023</b>	<b>1,278,275</b>	<b>367,938</b>	<b>60,924</b>	<b>309,389</b>	<b>(662,189)</b>	<b>1,354,337</b>
<b>December 31, 2022</b>	<b>1,300,718</b>	<b>332,678</b>	<b>77,517</b>	<b>267,241</b>	<b>(613,641)</b>	<b>1,364,513</b>

(c) Regional sales information

The Group's classification of regional sales information is expressed based on the sales amount of salespersons in each region.

Regional	2023		2022	
	Amount	%	Amount	%
Taiwan	706,753	53	765,025	55
Chain	286,458	21	199,585	14
U.S.A	317,948	24	412,224	29
Other	31,303	2	29,739	2
<b>Total</b>	<b>1,342,462</b>	<b>100</b>	<b>1,406,573</b>	<b>100</b>

(d) Product information

Type of products	2023		2022	
	Amount	%	Amount	%
InsydeH2O..	1,225,155	91	1,309,643	93
Supervyse...	117,307	9	96,930	7
<b>Total</b>	<b>1,342,462</b>	<b>100</b>	<b>1,406,573</b>	<b>100</b>

(e) Major customers

Customers generation over 10% of total revenue for the years ended December 31, 2023 and 2022 were as follows:

Type of customers	2023		2022	
	Amount	%	Amount	%
Customer G	244,930	18	266,495	19
Customer D	154,227	11	155,465	11
Customer E	89,641	7	145,509	10
<b>Total</b>	<b>488,798</b>	<b>36</b>	<b>567,469</b>	<b>40</b>