

SOLOMON Technology Corporation
Parent-only Financial Statements and Independent
Auditors' Report
2023 and 2022
(Stock Code 2359)

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SOLOMON Technology Corporation
2023 and 2022 Parent-only Financial Statements and Independent Auditors' Report
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Independent Auditors' Report

(2024) Letter Cai-Shen-Bao-Zi No. 23002313

To SOLOMON Technology Corporation:

Audit Opinions

We audited the parent-only balance sheets of SOLOMON Technology Corporation as of December 31, 2023 and 2022, its parent-only statements of comprehensive income, parent-only statements of changes in equity and parent-only statements of cash flows for the periods from January 1 to December 31, 2023 and 2022 and the notes to the parent-only financial statements (including the summary of material accounting policies).

In our opinion, based on our audit results and other independent auditors' reports (Please refer to Other Matters paragraphs), with respect to all material aspects, the foregoing parent-only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and thus provided a fair presentation of the parent-only financial positions of SOLOMON Technology Corporation on December 31, 2023 and 2022 and the parent-only financial performance and cash flows for the periods from January 1 to December 31, 2023 and 2022.

Basis for Audit Opinions

We conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards in the Republic of China. Our responsibilities under such standards are further described in the paragraph of "Responsibilities of CPAs for the Audit of Parent-only Financial Statements." As CPAs who are subject to independence requirements, we have, in accordance with the Standards of Professional Ethics for Certified Public Accountants of the Republic of China, remained independent from SOLOMON Technology Corporation and fulfilled all other responsibilities under the requirements. According to our audit results and other independent auditors' reports, we believe that we have acquired sufficient and appropriate audit evidence as the basis of our audit opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the parent-only financial statements of SOLOMON Technology Corporation for 2023. Such matters were addressed in the context of our audit of the parent-only financial statements as a whole and, in forming our opinions thereon, we have not provided any separate opinions on these matters.

The key audit matters for SOLOMON Technology Corporation's parent-only financial statements for 2023 are described as follows:

Impairment Assessment of Accounts Receivable

Matter description

Please refer to Notes 4 (8) and 4 (9) to the parent-only financial statements for the accounting policies for accounts receivable. Please refer to Note 5 (2) to the parent-only financial statements for the uncertainty of accounting estimates and assumptions for impairment on accounts receivable. Please refer to Note 6 (4) to the parent-only financial statements for the description of the accounts receivable account. SOLOMON Technology Corporation's accounts receivable and loss allowance as of December 31, 2023, were NT\$636,033 thousand and NT\$960 thousand, respectively.

SOLOMON Technology Corporation's assessment of impairment on accounts receivable is affected by many factors, such as customers' financial position, internal credit ratings, and historical

transaction records, which may affect the credit quality of customers, and the expected credit losses are assessed based on the assessment results. Considering that the aforementioned assessment often involves the subjective judgment of the management, and the influence of SOLOMON Technology Corporation's accounts receivable and its valuation amount on the financial statements is significant, we deem the impairment assessment of accounts receivable to be one of the key audit matters.

Responsive audit procedures

The responsive procedures that we implemented for the impairment assessment of accounts receivable are listed as follows:

1. Understanding the credit risk management procedures of SOLOMON Technology Corporation, including the management of customer credit limits and the assessment of expected credit losses; reviewing and testing the correctness of each aging interval; and recalculating the expected credit losses.
2. Understanding the reason for failure to collect material accounts receivable after the normal loan period expired or reviewing the subsequent collection of the accounts receivable to assess the recoverability of accounts receivable.

Valuation of Inventory

Matter description

Please refer to Note 4 (12) to the parent-only financial statements for the accounting policies for inventory valuation. Please refer to Note 5 (2) to the parent-only financial statements for the uncertainty of accounting estimates and assumptions for inventory valuation. Please refer to Note 6 (5) to the parent-only financial statements for the description of the inventory account. SOLOMON Technology Corporation's inventory and allowance for devaluation losses as of December 31, 2023, were NT\$1,438,349 thousand and NT\$20,298 thousand, respectively.

SOLOMON Technology Corporation is mainly engaged in the sale of generators, automatic parts and components and LCDs. SOLOMON Technology Corporation's inventory is measured at the lower of the cost or net realizable value. Due to the short life cycle of electronic products and fierce market competition, there is a higher risk of inventory devaluation and obsolescence. For the inventory whose age exceeds a certain period of time, the net realizable value is extrapolated based on the level of destocking. Considering that the amount of inventory is material with plenty of items and the net realizable value used for the valuation of obsolete inventory often involves the subjective judgment of the management, and that the situation also exists in SOLOMON Technology Corporation's subsidiaries (stated as investments accounted for using the equity method), we deem the valuation of SOLOMON Technology Corporation and its subsidiaries' inventory to be one of the key audit matters.

Responsive audit procedures

The responsive procedures that we implemented for inventory valuation are listed as follows:

1. Assessing SOLOMON Technology Corporation's accounting assumption policies for inventory devaluation losses and reviewing the consistency of the financial statements for the periods presented according to our understanding of its business and the industry that it is in.
2. Reviewing SOLOMON Technology Corporation's annual inventory plan and participating in its annual inventory to assess the effectiveness of the management's separation and control of obsolete inventory.
3. Verifying the appropriateness of the logic of the inventory aging reporting system used by the management for valuation to make sure the information in the financial statements was consistent with SOLOMON Technology Corporation's policies.
4. Verifying the amount that SOLOMON Technology Corporation used to determine if its inventory was obsolete and the net realizable value of its inventory, and recalculating the inventory devaluation losses to assess the reasonableness of the devaluation losses.

Other Matters – Reference to the Audits of Other CPAs

The financial statements of the investee companies accounted for using the equity method in the parent-only financial statements of SOLOMON Technology Corporation were audited by other CPAs instead of us. Therefore, our opinions expressed on the foregoing parent-only financial statements with respect to the amounts in the financial statements of such companies were based on the CPAs' reports. The investments in the aforesaid investee companies accounted for using the equity method as of December 31, 2023 and 2022, amounted to NT\$294,789 thousand and NT\$255,674 thousand, respectively, accounting for 3.9% and 3.8% of the total assets. The comprehensive (loss) profit recognized with respect to said companies for the periods from January 1 to December 31, 2023 and 2022, amounted to NT\$7,908 thousand and NT\$(42,235) thousand, respectively, accounting for 1.5% and (8.6%) of the total consolidated comprehensive income.

Responsibilities of the Management and Governance Unit for the Parent-only Financial Statements

The management was responsible for preparing the parent-only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintaining the necessary internal control related to preparation of the parent-only financial statements to ensure that the parent-only financial statements were free of material misstatements due to fraud or error.

In preparing the parent-only financial statements, the management was also responsible for evaluating SOLOMON Technology Corporation's going concern ability, disclosure of relevant matters and use of the going concern basis of accounting, unless the management intended to liquidate or cease the operations of SOLOMON Technology Corporation, or there were no other actual feasible solutions other than liquidation or cessation of operations.

The governance unit (including the Audit Committee) of SOLOMON Technology Corporation was responsible for supervising the financial reporting process.

Responsibilities of CPAs for the Audit of the Parent-only Financial Statements

The purpose of our audit of the parent-only financial statements was to obtain reasonable assurance about whether or not the parent-only financial statements were free of material misstatements due to fraud or error, with an audit report issued thereafter. Reasonable assurance means a high degree of assurance. However, there was no guarantee that any material misstatement contained in the parent-only financial statements could be discovered during the audit conducted in accordance with the auditing standards in the Republic of China. A misstatement may be due to fraud or error. A misstatement was deemed material if the individual or aggregate amount misstated was reasonably expected to affect the economic decisions made by the users of the parent-only financial statements.

We relied on our professional judgment and maintained our professional skepticism during the audit conducted pursuant to the auditing standards in the Republic of China. We also performed the following tasks:

1. Identifying and assessing the risk of misstatements in the parent-only financial statements due to fraud or error; designing and implementing appropriate measures in response to the assessed risk; and acquiring sufficient and appropriate audit evidence as the basis of our audit opinions. Since fraud may involve collusion, forgery, intentional omission, fraudulent statement or violation of internal control, the risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error.
2. Acquiring necessary understanding of the internal control related to the audit to design audit

procedures appropriate for the current circumstances, provided that the purpose of the foregoing was not to express opinions regarding the effectiveness of the internal control of SOLOMON Technology Corporation.

3. Assessing the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and relevant disclosures made by the management.
4. Drawing a conclusion about the appropriateness of the management's use of the going concern basis of accounting and whether or not there was material uncertainty in an event or circumstance which might cast significant doubt about the ability of SOLOMON Technology Corporation to remain as a going concern. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the audit report for the users of the parent-only financial statements to pay attention to the relevant disclosures therein or revise our audit opinions when any such disclosure was inappropriate. Our conclusion was based on the audit evidence obtained as of the date of this audit report. However, future events or circumstances could result in a situation where SOLOMON Technology Corporation is no longer able to remain as a going concern.
5. Assessing the overall presentation, structure and contents of the parent-only financial statements (including relevant notes) and whether or not the parent-only financial statements provided a fair presentation of the relevant transactions and events.
6. Acquiring sufficient and appropriate audit evidence of the financial information of SOLOMON Technology Corporation's investee companies to provide opinions regarding the parent-only financial statements. We are responsible for guidance, supervision and implementation in relation to SOLOMON Technology Corporation's audit cases and for the formation of audit opinions for the parent-only financial statements.

The matters for which we communicated with the governance unit include the planned scope and time of the audit and our material audit findings (including significant internal control deficiencies identified during the audit).

We also provided a declaration to the governance unit stating that as CPAs who are subject to independence requirements, we have complied with the independence requirements in the Standards of Professional Ethics for Certified Public Accountants of the Republic of China. We also communicated with the governance unit regarding all relationships and other matters (including relevant safeguard measures) which were deemed likely to affect the independence of CPAs.

The key audit matters in the audit of the parent-only financial statements of SOLOMON Technology Corporation for 2023 were determined by us from the matters regarding which we communicated with the governance unit. We shall specify such matters in the audit report, except where public disclosure of certain matters is prohibited by applicable laws or regulations or where, under very exceptional circumstances, we have decided not to communicate certain matters in the audit report due to the reasonable expectation that any negative effect arising from such communication would be greater than the public interest enhanced.

PricewaterhouseCoopers Taiwan

Liang Yi-Chang

CPA

Wen Ya-Fang

Financial Supervisory Commission

Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1070303009

Jin-Guan-Zheng-Shen-Zi No. 1100350706

March 11, 2024

SOLOMON Technology Corporation
Parent-only Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ Thousand

	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	6 (1)	\$ 248,550	3	\$ 575,243	9
1110	Financial assets measured at fair value through profit or loss – current	6 (2)	64,582	1	150,928	2
1136	Financial assets measured at amortized cost – current	6 (3)	95,333	1	-	-
1150	Net notes receivable	6 (4)	14,979	-	20,676	-
1170	Net accounts receivable	6 (4)	635,073	9	240,665	4
1180	Net accounts receivable – related party	7	963	-	5,013	-
1200	Other receivables		13,745	-	19,060	-
1210	Other receivables – related party	7	6,672	-	2,097	-
1220	Income tax assets in the current period		114	-	114	-
130X	Inventory	6 (5)	1,418,051	19	788,302	12
1410	Prepayments	6 (6)	67,183	1	144,534	2
11XX	Total current assets		<u>2,565,245</u>	<u>34</u>	<u>1,946,632</u>	<u>29</u>
	Non-current assets					
1510	Financial assets measured at fair value through profit or loss – non-current	6 (2)	31,760	-	35,593	-
1535	Financial assets measured at amortized cost – non-current	6 (3)	1,074,675	14	1,074,850	16
1550	Investments accounted for using the equity method	6 (7)	2,628,595	35	2,360,782	35
1600	Property, plant and equipment	6 (8) and 8	400,228	5	410,736	6
1755	Right-of-use assets	6 (9)	8,457	-	5,741	-
1760	Net investment property	6 (11) and 8	850,727	11	861,835	13
1780	Intangible assets		1,482	-	2,920	-
1840	Deferred income tax assets	6 (16)	8,240	-	9,416	-
1900	Other non-current assets	6 (12) (25)	50,477	1	54,201	1
15XX	Total non-current assets		<u>5,054,641</u>	<u>66</u>	<u>4,816,074</u>	<u>71</u>
1XXX	Total assets		<u>\$ 7,619,886</u>	<u>100</u>	<u>\$ 6,762,706</u>	<u>100</u>

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SOLOMON Technology Corporation
Parent-only Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ Thousand

Liabilities and equity	Note	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current liabilities					
2100 Short-term loans	6 (13)	\$ 608,000	8	\$ 964,000	14
2130 Contractual liabilities – current	6 (21)	774,867	10	468,805	7
2150 Notes payable		10,054	-	11,185	-
2170 Accounts payable	7	524,921	7	183,959	3
2200 Other payables	6 (14)	80,592	1	87,442	1
2220 Other payables – related party	7	300,000	4	-	-
2230 Income tax liabilities in the current period	6 (16)	35,491	1	3,774	-
2280 Lease liabilities – current	6 (9)	4,617	-	3,678	-
2300 Other current liabilities		17,757	-	41,755	1
21XX Total current liabilities		<u>2,356,299</u>	<u>31</u>	<u>1,764,598</u>	<u>26</u>
Non-current liabilities					
2570 Deferred income tax liabilities	6 (16)	28,150	-	79,278	1
2580 Lease liabilities – non-current	6 (9)	4,093	-	2,177	-
2600 Other non-current liabilities		8,054	-	7,943	-
25XX Total non-current liabilities		<u>40,297</u>	<u>-</u>	<u>89,398</u>	<u>1</u>
2XXX Total liabilities		<u>2,396,596</u>	<u>31</u>	<u>1,853,996</u>	<u>27</u>
Equity					
Share capital	6 (17)				
3110 Common share capital		1,714,711	23	1,714,711	25
Capital reserves	6 (18)				
3200 Capital reserves		262,149	3	215,138	4
Retained earnings	6 (19)				
3310 Legal reserves		463,352	6	417,135	6
3320 Special reserves		116,320	2	147,260	2
3350 Undistributed earnings		2,798,080	37	2,536,828	38
Other equity	6 (20)				
3400 Other equity		(125,280)	(2)	(116,320)	(2)
3500 Treasury stocks	6 (17)	(6,042)	-	(6,042)	-
3XXX Total equity		<u>5,223,290</u>	<u>69</u>	<u>4,908,710</u>	<u>73</u>
Material contingencies and unrecognized contractual commitments	9				
Material subsequent events	11				
3X2X Total liabilities and equity		<u>\$ 7,619,886</u>	<u>100</u>	<u>\$ 6,762,706</u>	<u>100</u>

The attached notes to the parent-only financial statements are part of the parent-only financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation
Parent-only Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand
(Earnings per share in NT\$)

	Item	Note	2023		2022	
			Amount	%	Amount	%
4000	Operating income	6 (21) and 7	\$ 2,555,512	100	\$ 3,157,169	100
5000	Operating costs	6 (5) (26) (27)	(2,011,966)	(79)	(2,610,462)	(83)
5950	Net gross operating profit		543,546	21	546,707	17
	Operating expenses	6 (26) (27) and 7				
6100	Marketing expenses		(258,032)	(10)	(257,593)	(8)
6200	Management expense		(101,917)	(4)	(97,002)	(3)
6300	R&D expense		(103,532)	(4)	(93,441)	(3)
6450	Expected credit impairment gain	6 (4) and 12 (2)	231	-	284	-
6000	Total operating expenses		(463,250)	(18)	(447,752)	(14)
6900	Operating profit		80,296	3	98,955	3
	Non-operating income and expenses					
7100	Interest income	6 (22)	100,359	4	88,968	3
7010	Other income	6 (23) and 7	112,576	5	79,448	3
7020	Other gains and losses	6 (24)	(22,362)	(1)	107,303	3
7050	Financial costs	6 (25)	(16,152)	(1)	(16,046)	(1)
7070	Share of profits/losses of subsidiaries, associates and joint ventures under the equity method	6 (7)	312,854	12	184,648	6
7000	Total non-operating income and expenses		487,275	19	444,321	14
7900	Pre-tax profit		567,571	22	543,276	17
7950	Income tax expense	6 (16)	(35,330)	(1)	(85,044)	(2)
8200	Net profit in the current period		\$ 532,241	21	\$ 458,232	15
	Other comprehensive income (net)					
	Items not reclassified as profit or loss					
8311	Remeasurement of defined benefit plan	6 (15)	\$ 1,864	-	\$ 3,829	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures under the equity method – items not reclassified as profit and loss		4	-	880	-
8349	Income tax related to items not reclassified	6 (16)	(373)	-	(766)	-
8310	Total amount of items not reclassified as profit or loss		1,495	-	3,943	-
	Items likely to be subsequently reclassified as profit or loss					
8361	Exchange differences on translation of financial statements of foreign operations	6 (20)	(8,960)	-	30,940	1
8360	Total amount of items likely to be subsequently reclassified as profit or loss		(8,960)	-	30,940	1
8500	Total comprehensive income in the current period		\$ 524,776	21	\$ 493,115	16
	Basic earnings per share	6 (28)				
9750	Basic earnings per share		\$ 3.11		\$ 2.67	
	Diluted earnings per share	6 (28)				
9850	Diluted earnings per share		\$ 3.10		\$ 2.67	

The attached notes to the parent-only financial statements are part of the parent-only financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation
Parent-only Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand

	Note	Common share capital	Capital reserves	Legal reserves	Special reserves	Retained earnings		Exchange differences on translation of financial statements of foreign operations	Treasury stocks	Total
						Undistributed earnings				
<u>2022</u>										
Balance on January 1, 2022		\$ 1,714,711	\$ 215,138	\$ 397,012	\$ 133,468	\$ 2,262,892	(\$ 147,260)	(\$ 6,042)		\$ 4,569,919
Net profit in the current period		-	-	-	-	458,232	-	-		458,232
Other comprehensive income in the current period	6 (20)	-	-	-	-	3,943	30,940	-		34,883
Total comprehensive income in the current period		-	-	-	-	462,175	30,940	-		493,115
Allocation and distribution of earnings:	6 (19)									
Set aside as legal reserve		-	-	20,123	-	(20,123)	-	-		-
Set aside as special reserve		-	-	-	13,792	(13,792)	-	-		-
Cash dividends		-	-	-	-	(154,324)	-	-		(154,324)
Balance on December 31, 2022		\$ 1,714,711	\$ 215,138	\$ 417,135	\$ 147,260	\$ 2,536,828	(\$ 116,320)	(\$ 6,042)		\$ 4,908,710
<u>2023</u>										
Balance on January 1, 2023		\$ 1,714,711	\$ 215,138	\$ 417,135	\$ 147,260	\$ 2,536,828	(\$ 116,320)	(\$ 6,042)		\$ 4,908,710
Net profit in the current period		-	-	-	-	532,241	-	-		532,241
Other comprehensive income in the current period	6 (20)	-	-	-	-	1,495	(8,960)	-		(7,465)
Total comprehensive income in the current period		-	-	-	-	533,736	(8,960)	-		524,776
Allocation and distribution of earnings:	6 (19)									
Set aside as legal reserve		-	-	46,217	-	(46,217)	-	-		-
Reversed as special reserve		-	-	-	(30,940)	30,940	-	-		-
Cash dividends		-	-	-	-	(257,207)	-	-		(257,207)
Difference between the consideration and carrying amount of subsidiaries acquired6 (7) or disposed of		-	47,011	-	-	-	-	-		47,011
Balance on December 31, 2023		\$ 1,714,711	\$ 262,149	\$ 463,352	\$ 116,320	\$ 2,798,080	(\$ 125,280)	(\$ 6,042)		\$ 5,223,290

The attached notes to the parent-only financial statements are part of the parent-only financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation
Parent-only Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>Cash flows from operating activities</u>			
Pre-tax profit in the current period		\$ 567,571	\$ 543,276
Adjustment items			
Profits and expenses			
Depreciation expense (including investment property and right-of-use assets)	6 (8) (9) (11)	31,419	32,758
Amortization expense	6 (26)	2,007	1,889
Expected credit impairment gain	12 (2)	(231)	(284)
Net loss (gain) from financial assets and liabilities measured at fair value through profit or loss	6 (2) (24)	(7,394)	45,236
Interest expense	6 (25)	16,152	16,046
Interest income	6 (22)	(100,359)	(88,968)
Dividend income	6 (23)	(8,017)	(7,171)
Share of profits of subsidiaries, associates and joint ventures under the equity method	6 (7)	(312,854)	(184,648)
Gain from disposal of property, plant and equipment	6 (24)	-	(13)
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Financial assets and liabilities measured at fair value through profit or loss – current		97,573	(121,421)
Notes receivable		5,697	(11,885)
Accounts receivable	(394,177)	28,101
Net accounts receivable – related party		4,050	(2,890)
Other receivables		5,586	(13,074)
Inventory	(630,887)	(29,850)
Prepayments		77,811	3,970
Net changes in liabilities related to operating activities			
Contractual liabilities		306,062	277,528
Notes payable	(1,131)	10,429
Accounts payable		340,962	(46,117)
Other payables	(6,389)	13,382
Other current liabilities	(23,998)	14,672
Cash (outflow) inflow from operations	(30,547)	480,966
Interest received		100,088	88,760
Dividends received		8,017	7,171
Interest paid	(16,613)	(15,853)
Income tax paid	(53,937)	(5,051)
Net cash inflow from operating activities		<u>7,008</u>	<u>555,993</u>

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SOLOMON Technology Corporation
Parent-only Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousand

	<u>Note</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
<u>Cash flows from investing activities</u>			
Increase in financial assets measured at amortized cost		(\$ 95,158)	(\$ 106,050)
Decrease in financial assets measured at amortized cost		-	110,720
Cost of acquisition of investments accounted for using the equity method – subsidiaries	6 (7)	(64,038)	(93,581)
Proceeds from disposal of investments accounted for using the equity method – subsidiaries	6 (7)	19,569	-
Share payments returned on capital reduction in investee companies accounted for using the equity method	6 (7)	-	51,482
Cost of acquisition of property, plant, and equipment	6 (8)	(3,699)	(10,868)
Proceeds from disposal of property, plant and equipment		-	13
Decrease (increase) in deposits paid		5,128	(573)
Decrease (increase) in other receivables – related party		(4,575)	23,573
Cost of acquisition of intangible assets		(570)	(3,440)
Cash dividends received from investments accounted for using the equity method	6 (7)	127,533	127,258
Net cash (outflow) inflow from investing activities		(15,810)	98,534
<u>Cash flows from financing activities</u>			
Increase in other payables – related party	7 (2)	300,000	-
Repayment of short-term loans	6 (30)	(1,598,439)	(1,444,825)
Borrowing of short-term loans	6 (30)	1,242,439	1,101,561
Repayment of principal of lease liabilities	6 (9) (30)	(4,828)	(4,582)
Decrease in deposits received	6 (30)	111	531
Distribution of cash dividends	6 (19)	(257,207)	(154,324)
Net cash outflow from financing activities		(317,924)	(501,639)
Effect of exchange rate		33	663
Increase (decrease) in cash and cash equivalents in the current period		(326,693)	153,551
Opening balance of cash and cash equivalents		575,243	421,692
Closing balance of cash and cash equivalents		\$ 248,550	\$ 575,243

The attached notes to the parent-only financial statements are part of the parent-only financial statements and should be read in conjunction.

Chairman: Chen Cheng-Lung

General Manager: Chen Cheng-Lung

Chief Accountant: Huang Chien-Chi

SOLOMON Technology Corporation
Notes to the Parent-only Financial Statements
2023 and 2022

Unit: NT\$ Thousand
(Unless otherwise specified)

I. Company history

- (I) SOLOMON Technology Corporation (hereinafter referred to as the “Company”) was established in the Republic of China and commenced operation in May 1990. The Company was merged with its 100%-owned subsidiaries Mo Dao Investment Co., Ltd., Long Men Technology Corporation, and De Li Investment Co., Ltd. during 2007 and 2006. After the merger, the Company survived and Mo Dao Investment Co., Ltd., Long Men Technology Corporation, and De Li Investment Co., Ltd. were dissolved. The Company is mainly engaged in the sale, manufacturing, agency, and import of generators, semiconductors, electronic parts, and LCDs.
- (II) The Company’s stock was listed on Taiwan Stock Exchange Corporation in December 1996.

II. Approval date and procedures of the financial statements

The parent-only financial statements were approved for publication by the Board of Directors on March 11, 2024.

III. Application of new and amended standards and interpretations

- (I) Effect of adopting the newly promulgated or revised IFRSs endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the “FSC”)

The newly promulgated, amended and revised standards and interpretations of IFRSs endorsed and issued into effect by the FSC and applicable in 2023 are listed in the following table:

<u>New, revised or amended standards and interpretations</u>	<u>Effective date per IASB</u>
Amendments to IAS 1, “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8, “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12, “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12, "International Tax Reform—Pillar Two Model Rules"	May 23, 2023

As evaluated by the Company, the above standards and interpretations have no significant impact on the financial position and performance of the Company.

(II) Effect of not adopting the newly promulgated or revised IFRSs endorsed by the FSC

The newly promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC and applicable in 2024 are listed in the following table:

<u>New, revised or amended standards and interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1, "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7, "Supplier Finance Arrangements"	January 1, 2024

As evaluated by the Company, the above standards and interpretations have no significant impact on the financial position and performance of the Company.

(III) Effect of the IFRSs issued by the IASB but not yet endorsed by the FSC

The newly promulgated or revised standards and interpretations of the IFRSs issued by the IASB but not yet endorsed by the FSC are listed in the following table:

<u>New, revised or amended standards and interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17, "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 21, "Lack of Exchangeability"	January 1, 2025

As evaluated by the Company, the above standards and interpretations have no significant impact on the financial position and performance of the Company.

IV. Summary of material accounting policies

The main accounting policies used for preparing the parent-only financial statements are described as follows. Unless otherwise specified, such policies are consistently applicable to all reporting periods.

(I) Statement of compliance

The parent-only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. The parent-only financial statements were prepared on the basis of historical cost, except for the key items listed below:
 - (1) Financial assets and liabilities (including derivatives) measured at fair value through profit or loss, measured at fair value.
 - (2) Defined benefit assets recognized at the net amount calculated as pension fund assets less the present value of defined benefit obligations.
2. Preparing financial statements in accordance with the International Financial Reporting Standards, International Accounting Standards, interpretations and pronouncements of interpretation endorsed and issued into effect by the FSC (hereinafter collectively referred to as IFRSs) requires the use of some important accounting estimates. During the adoption of the Company's accounting policies, the management needs to rely on their judgment when it comes to items that require demanding judgments, or which are highly complex or involve material assumptions and estimates in parent-only financial statements. For details, please refer to the description in Note 5.

(III) Foreign currency translation

The parent-only financial statements use the Company's functional currency, "NT dollars," as the presentation currency.

1. Foreign currency transactions and balances
 - (1) Foreign currencies in foreign currency transactions are translated into the functional currency based on the spot exchange rate on the transaction or measurement date. The translation difference generated by the translation is recognized as profit or loss in the current period.
 - (2) Valuation adjustments are made to the balance of monetary foreign currency assets and liabilities based on the spot exchange rate on the balance sheet date. The translation difference generated by the adjustments is recognized as profit or loss in the current period.
 - (3) If the balance of non-monetary foreign currency assets and liabilities is measured at fair value through profit or loss, valuation adjustments are made based on the spot exchange rate on the balance sheet date. The exchange difference generated by the adjustments is recognized as profit or loss in the current period. If the balance is measured at fair value through other comprehensive income, valuation adjustments are made based on the spot exchange rate on the balance sheet date. The exchange difference generated by the adjustments is recognized as other comprehensive income in the current period. If the balance is not measured at fair value, it is measured at the historical exchange rate on the initial transaction date.
 - (4) All exchange differences are recognized as "other gains and losses" in the income statement based on the nature of transaction.

2. Translation of foreign operations

- (1) The business results and financial position of all the entities and associates whose functional currency and presentation currency are different are translated into the presentation currency using the following methods:
 - A. Assets and liabilities presented in each balance sheet are translated at the closing rate on the balance sheet date;
 - B. Profits and losses presented in each statement of comprehensive income are translated at the average exchange rate in the current period; and
 - C. All exchange differences generated from translation are recognized as other comprehensive income.
- (2) When a foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange difference recognized as other comprehensive income is re-attributed proportionally to the non-controlling interests of the foreign operation. However, when the Company retains partial interest in the former foreign subsidiary after losing control over it, such transactions should be accounted for as disposal of all interest in the foreign operation.

(IV) Criteria for classification of current and non-current assets and liabilities

1. Assets that match any of the following conditions shall be classified as current assets:

- (1) The asset is expected to be realized or is intended to be sold or depleted over normal business cycles.
- (2) The asset is held primarily for the purpose of trading.
- (3) The asset is expected to be realized within 12 months after the balance sheet date.
- (4) Cash or cash equivalents, excluding those that are restricted for being used for exchange or settlement of liabilities at least within 12 months after the balance sheet date.

The Company classifies all assets that do not match the above conditions as non-current.

2. Liabilities that match any of the following conditions shall be classified as current liabilities:

- (1) The liability is expected to be settled over normal business cycles.
- (2) The liability is held primarily for the purpose of trading.
- (3) The liability is expected to be due to be settled within 12 months after the balance sheet date.
- (4) The due date of the liability cannot be unconditionally extended for at least 12 months after the balance sheet date. The terms of the liability that may, at the option of the counterparty, result in settlement of the liability by issuance of equity instruments do not affect the classification of the liability.

The Company classifies all liabilities that do not match the above conditions as non-current.

(V) Cash equivalents

Cash equivalents refer to short-term investments with high liquidity that can be converted into specified amounts of cash at any time with little risk of value changes. Time deposits that fit into the aforesaid definition and are held for the purpose of meeting short-term operating cash commitments are classified as cash equivalents.

(VI) Financial assets measured at fair value through profit or loss

1. Financial assets measured at fair value through profit or loss refer to financial assets not measured at amortized cost or at fair value through other comprehensive income.
2. The Company uses settlement date accounting for financial assets measured at fair value through profit or loss in accordance with the trading practice.
3. The Company measures the financial assets at fair value at initial recognition and relevant transaction costs are recognized as profit or loss. The financial assets are subsequently measured at fair value and any gains or losses arising therefrom are recognized as profit or loss.
4. When the right to receive dividends is established, the Company recognizes the dividend income as profit or loss, provided that the economic benefits related to the dividends are likely to flow in and the amount of the dividends can be measured reliably.

(VII) Financial assets measured at amortized cost

1. Financial assets measured at amortized cost refer to financial assets that meet all the following conditions:
 - (1) The financial asset is held under an operating model with the purpose of receiving contractual cash flows.
 - (2) The contractual terms of the financial asset generate cash flows on a specific date that are solely payments of principal and interest.
2. The Company uses transaction date accounting for financial assets measured at amortized cost in accordance with the trading practice.
3. The Company measures the financial assets at fair value plus transaction costs at initial recognition and subsequently recognizes interest income using the effective interest method over the circulation period according to the amortization procedure as well as impairment losses. Derecognition gains or losses are then recognized as profit or loss.

(VIII) Accounts and notes receivable

1. Accounts and notes receivable refer to accounts and notes with the right to unconditionally receive the consideration for which goods or services are exchanged pursuant to contractual agreements.
2. They are short-term accounts and notes receivable without payment of interest. As the discount of the accounts and notes receivable does not have significant effect, the Company measures them at the initial invoice amount.

(IX) Impairment of financial assets

On each balance sheet, the Company measures the loss allowance for financial assets measured at amortized cost and accounts receivable containing significant financing components, whose credit risk is not significantly increased after initial recognition, at the amount of the 12-month expected credit losses in consideration of all reasonable and supportable information (including forward-looking information). If their credit risk is significantly increased after initial recognition, the loss allowance is measured at the amount of the expected credit losses throughout the lifetime. For accounts receivable that do not contain significant financing components, the loss allowance is measured at the amount of the expected credit losses throughout the lifetime.

(X) Derecognition of financial assets

When the Company's contractual rights to receive the cash flows from financial assets become invalid, the financial assets will be derecognized.

(XI) Lessor's lease transactions – operating leases

The lease income from operating leases less any incentive given to the lessee is amortized under the straight-line method over the lease term and recognized as profit or loss in the current period.

(XII) Inventory

Inventory is measured at the lower of cost or net realizable value, and its cost is determined using the moving average approach. The item-by-item method is adopted to determine the lower of cost or net realizable value. Net realizable value means the estimated selling price in the ordinary course of business less the estimated cost required for completion and the estimated cost necessary to make the sale.

(XIII) Investments accounted for using the equity method - subsidiaries

1. Subsidiaries refer to entities controlled by the Company. An entity is controlled by the Company when the Company is exposed and has rights to variable returns from its involvement in the entity and has the ability to affect the returns with its power over the entity.
2. Unrealized gains or losses arising from transactions between the Company and its subsidiaries have been eliminated. Necessary adjustments have been made to the accounting policies of the subsidiaries to keep them consistent with those of the Company.
3. The Company recognizes its share of profits or losses after the acquisition of subsidiaries as profit or loss in the current period and recognizes its share of other comprehensive income after the acquisition as other comprehensive income. If the Company's share of losses of a subsidiary equals or exceeds our interest in the subsidiary, the Company will continue to recognize losses in proportion to its shareholding.
4. Changes in the Company's shareholding in its subsidiaries that do not result in a loss of control (transactions with non-controlling interests) are treated as equity transactions, namely transactions with the owners. The difference between the adjusted amount of non-controlling interests and the fair value of considerations paid or received is directly recognized as equity.

5. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income in the current period presented in the parent-only financial statements shall be the same as the allocations of profits or losses attributable to owners of the parent company in the current period presented in the financial statements prepared on the basis of consolidation. Owners' equity in the parent-only financial statements shall also be the same as equity attributable to owners of the parent company in the financial statements prepared on the basis of consolidation.

(XIV) Property, plant and equipment

1. Property, plant and equipment are accounted for at the acquisition cost.
2. Subsequent costs are included in the carrying amount of the asset or recognized as an individual asset only when future economic benefits associated with the item are likely to flow in the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part shall be derecognized. All other maintenance expenses are recognized as profit or loss in the current period at the time of their occurrence.
3. The property, plant and equipment are subsequently measured under the cost model. Except for land that is not depreciated, all property, plant and equipment are depreciated using the straight-line method over the estimated useful life. If the property, plant and equipment comprise any significant components, they are depreciated individually.
4. The Company reviews the residual value, useful life and depreciation method of all assets at the end of each fiscal year. If the expected residual value and useful life are different from the previous estimates or there has been a significant change in the pattern in which the future economic benefits of the asset are expected to be consumed, such change shall be treated in accordance with the requirements on changes in accounting estimates in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" on the date of its occurrence.

The useful life of different types of assets is as follows:

Premises and buildings	3-55 years
Machines/equipment	3-6 years
Office equipment	3-6 years
Other equipment	3-20 years

(XV) Lessee's lease transactions – right-of-use assets and lease liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date on which they become available for use by the Company. For short-term leases or leases of low-value underlying assets, the lease payments are recognized as expense using the straight-line method over the lease term.
2. As for lease liabilities, the unpaid lease payments are recognized at present value discounted at the incremental loan interest rate of the Company on the lease commencement date. Lease payments include fixed payments, less any receivable lease incentives.

The lease liabilities are subsequently measured at amortized cost using the interest method and interest expenses are amortized over the lease term. If changes in the lease term or lease payments do not result from contract revisions, the lease liabilities are re-assessed and a re-measurement is made to adjust right-of-use assets.

3. The right-of-use assets are recognized at cost (including the initially measured amount of the lease liabilities and any initial direct cost incurred) on the lease commencement date.

The right-of-use assets are subsequently measured under the cost model and are depreciated when the useful life of the right-of-use assets or the lease term expires, whichever is earlier. When reassessing the lease liabilities, any remeasurement of the lease liabilities is adjusted for the right-of-use assets.

4. For lease modifications that are changes in the lease scope, the lessee reduces the carrying amount of the right-of-use assets to reflect the partial or whole termination of the lease and recognizes the difference between the carrying amount and the remeasured amount of the lease liabilities as profit or loss.

(XVI) Investment property

Investment property is recognized at acquisition cost and subsequently measured under the cost model. Except for land, the investment property is depreciated using the straight-line method over an estimated useful life of 3-55 years.

(XVII) Intangible assets

Computer software is recognized at acquisition cost and amortized using the straight-line method over an estimated useful life of 1-3 years.

(XVIII) Impairment of non-financial assets

The Company estimates the recoverable amount of assets with signs of impairment on the balance sheet date. When the recoverable amount falls below the carrying value, an impairment loss is recognized. The recoverable amount is the higher of the fair value of an asset less the disposal cost and the value in use. When an asset impairment recognized in prior years may no longer exist or has decreased, the impairment loss is reversed, provided that the carrying amount of the asset increased after reversal of the impairment loss does not exceed the carrying amount of the asset less amortization or depreciation expense without recognition of the impairment loss.

(XIX) Loans

Loans refer to short-term borrowings from banks. At initial recognition, the Company measures the loans at fair value less transaction costs and subsequently uses the effective interest method to recognize interest expenses at the difference between the proceeds net of transaction costs and the redemption value as profit or loss over the circulation period according to the amortization procedure.

(XX) Accounts and notes payable

1. Accounts and notes payable refer to debts incurred due to the purchase of raw materials, goods, or services on credit terms and notes payable arising from operating and non-operating activities.

2. They are short-term accounts and notes payable without payment of interest. As the discount of the accounts and notes payable does not have significant effect, the Company measures them at the initial invoice amount.

(XXI) Derecognition of financial liabilities

The Company derecognizes financial liabilities when the obligations specified in contracts are fulfilled, canceled, or expired.

(XXII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at an undiscounted amount expected to be paid and recognized as expense when the related services are provided.

2. Pension

- (1) Defined contribution plan

Under the defined contribution plan, pension contributions that shall be made are recognized as pension cost in the current period on an accrual basis. Pre-paid contributions are recognized as assets to the extent that a cash refund or reduction in future payments is available.

- (2) Defined benefit plan

A. Under the defined benefit plan, net obligations are calculated based on the discounted future benefits earned by employees for services rendered during the current period or in the past and stated at the present value of the defined benefit obligations on the balance sheet date less the fair value of plan assets. The defined benefit obligations are calculated by an actuary using the projected unit credit method every year. The discount rate is the yield rate of government bonds that have the same currency and period under the defined benefit plan on the balance sheet date.

B. Remeasurements arising from the defined benefit plan are recognized as other comprehensive income and recorded in retained earnings in the period of their incurrence.

C. Expenses related to past service costs are immediately recognized as profit or loss.

3. Remuneration to employees and to directors

Remuneration to employees and to directors is recognized as expense and liabilities when it is subject to legal or constructive obligations and its amount can be estimated reasonably. Any difference between the amount of remuneration actually distributed to employees and to directors as resolved and the estimated amount is treated as an accounting estimate change. If employees' remuneration is distributed in shares, the closing price on the day before the date of the Board's resolution is used as a basis for calculating the number of shares to be distributed.

(XXIII) Income tax

1. Income tax expense includes current and deferred income taxes. Income taxes related to the items recognized as other comprehensive income or directly recognized as equity are recognized as comprehensive income or directly recognized as equity, respectively. The other income taxes are recognized as profit or loss.
2. The Company calculates the current income tax based on the tax rates and laws of countries where the Company operates or generates taxable income that have been enacted or substantively enacted by the balance sheet date. The management regularly assesses the reporting of income taxes in accordance with applicable income tax laws and regulations and estimates income tax liabilities based on tax payments expected to be made to the taxation authority, if applicable. The income tax imposed on undistributed earnings according to the Income Tax Act is recognized as income tax on undistributed earnings based on the actual distribution of earnings only after the earning distribution proposal is passed at the shareholders' meeting in the year following the year in which the earnings are generated.
3. Deferred income taxes are recognized at temporary difference between the carrying amounts of assets and liabilities on the parent-only balance sheet and their tax bases using the balance sheet approach. Temporary differences resulting from investments in subsidiaries are not recognized if the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to be applicable when the relevant deferred income tax assets are realized or deferred income tax liabilities are settled are adopted for the deferred income taxes.
4. Deferred income tax assets are recognized when it is probable that temporary differences will be available for offsetting future taxable income. Unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
5. When there is a legally enforceable right to offset the amounts of current income tax assets and liabilities recognized and an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously, the current income tax assets may be offset against the current income tax liabilities. When there is a legally enforceable right to offset the amounts of current income tax assets and liabilities and when deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities that intend to settle on a net basis or realize the assets and settle the liabilities simultaneously, the deferred income tax assets and liabilities may be offset against each other.

(XXIV) Share capital

1. Common shares are classified as equity. The incremental cost directly attributable to the issue of new shares and stock options is recognized as a debit item of the proceeds in equity, net of income taxes.
2. When repurchasing issued shares, the Company recognizes the considerations paid, including any directly attributable incremental cost, at the net amount after tax as a debit item of shareholders' equity. When reissuing the repurchased shares, the difference between the received considerations less any directly attributable incremental cost and income tax effects and the carrying value is recognized as an adjustment to shareholders' equity. In

addition, since January 1, 2002, the Company's shares held by its subsidiaries have been treated as treasury stocks.

(XXV) Distribution of dividends

Dividends distributed to the Company's shareholders are recognized in the financial statements when a resolution to distribute the dividends is adopted at a board meeting. Cash dividends distributed are recognized as liabilities. Stock dividends are recognized as stock dividends to be distributed after a resolution at a shareholders' meeting and are transferred to common shares on the share issuance date.

(XXVI) Recognition of income

1. Sale of goods

(1) Sales income is recognized when control over products is transferred to a customer. The customer has discretion regarding the sales channels and prices of the products and the Company has no unfulfilled performance obligations that may affect the customer's acceptance of the products. At the time the products are delivered to the designated location, the risk of the products being out of date and lost is already transferred to the customer. When the customer accepts the products pursuant to the sales contract or there is objective evidence demonstrating that all acceptance criteria have been met, the goods is deemed delivered.

(2) Accounts receivable are recognized when goods are delivered to a customer as the Company has had unconditional rights to contract proceeds since that time and may collect consideration from the customer after that time.

2. Costs of obtaining contracts with customers

Although it is expectable that the Company's incremental costs incurred for obtaining contracts with customers can be recovered, the costs are recognized as expense at the time of their incurrence since the relevant contract terms are shorter than one year.

(XXVII) Government subsidies

Government subsidies shall be recognized when it is reasonable to ensure that the business will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively. If the government subsidies in nature are used to offset the expenses incurred by the Company, they are recognized as profit or loss on a systematic basis in the period during which the relevant expenses are incurred.

V. Main sources of uncertainty of material accounting judgments, estimates and assumptions

When the Company prepared the parent-only financial statements, the management used their judgment to determine which accounting policies were to be adopted and made accounting estimates and assumptions based on reasonable expectations of future events and according to the situation on the balance sheet date. There might be differences between the material accounting estimates and assumptions and the actual results. Hence, historical experience and other factors would be taken into account to make continuous assessments and adjustments. Such estimates and assumptions led to a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the following fiscal year. The following is the description of the uncertainty of material accounting judgments, estimates and assumptions:

(I) Important judgments for accounting policies adopted:

None.

(II) Important accounting estimates and assumptions

1. Valuation of accounts receivable

In the process of assessing impairment on accounts receivable, the Group must use judgments and estimates to determine the future recoverability of accounts receivable. The future recoverability is subject to a number of factors that may affect customers' ability to pay, such as their financial position, internal credit ratings within the Group, and historical transaction records. When there is doubt about the recoverability of accounts receivable, the Group shall assess the possibility of recovery and make appropriate allowances for the accounts receivable separately. The impairment assessment is based on the reasonable expectation of future events according to the situation on the balance sheet date. However, the actual result may differ from the estimate, which may result in a significant change. Please refer to Note 6 (4) for the description of the estimated impairment on accounts receivable.

2. Valuation of inventory

Inventory shall be evaluated on the basis of the lower of cost or net realizable value. Hence, the Company must use judgments and estimates to determine the net realizable value of the inventory on the balance sheet date. As technology advances rapidly, the Company assesses the amount of inventory with normal wear and tear and obsolescence and without market sales value on the balance sheet date and writes down the cost of the inventory to the net realizable value. The valuation of inventory is mainly estimated according to the product demand within a certain period in the future; therefore, significant changes may occur. Please refer to Note 6 (5) for the description of inventory valuation.

VI. Description of major accounts

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Check deposits and demand deposits	\$ 96,485	\$ 213,496
Cash on hand and petty cash	75	75
Cash equivalents:		
Time deposits	151,990	361,672
	<u>\$ 248,550</u>	<u>\$ 575,243</u>

1. The Company deals with financial institutions with good credit ratings and has dealings with multiple financial institutions to spread credit risk. Thus, the possibility of defaults is expected to be extremely low.
2. The Company did not pledge the cash and cash equivalents as collateral.

(II) Financial assets measured at fair value through profit or loss

Item	December 31, 2023	December 31, 2022
Current items:		
Financial assets measured at fair value through profit or loss on a mandatory basis		
Listed/OTC stocks	\$ 62,123	\$ 77,920
Domestic and foreign funds	30,000	110,000
	92,123	187,920
Valuation adjustments	(27,541)	(36,992)
	<u>\$ 64,582</u>	<u>\$ 150,928</u>

Item	December 31, 2023	December 31, 2022
Non-current items:		
Financial assets measured at fair value through profit or loss on a mandatory basis		
Listed/OTC stocks	\$ 197,034	\$ 198,343
Non-listed/non-OTC stocks	48,000	48,000
	245,034	246,343
Valuation adjustments	(213,274)	(210,750)
	<u>\$ 31,760</u>	<u>\$ 35,593</u>

1. Details on financial assets measured at fair value through profit or loss recognized as (loss) profit are as follows:

	2023	2022
Financial assets measured at fair value through profit or loss on a mandatory basis		
Equity instruments	\$ 6,992	(\$ 13,140)
Beneficiary certificates	401	(32,096)
	<u>\$ 7,394</u>	<u>(\$ 45,236)</u>

2. The Company did not pledge the financial assets measured at fair value through profit or loss.

(III) Financial assets measured at amortized cost

Item	December 31, 2023	December 31, 2022
Current items:		
Time deposit with an initial maturity date over three months	\$ 95,333	\$ -
Non-current items:		
Common corporate bonds	<u>\$ 1,074,675</u>	<u>\$ 1,074,850</u>

1. Details on financial assets measured at amortized cost recognized as profit or loss are as follows:

	2023	2022
Interest income	\$ 87,154	\$ 84,232

2. The Company did not pledge the financial assets measured at amortized cost as collateral.
3. Without considering other credit enhancements, the carrying value can best represent the maximum amount of the Company's financial assets measured at amortized cost exposed to credit risk as of December 31, 2023 and 2022.
4. The Company invests in certificates of deposit with financial institutions with good credit ratings. Thus, the possibility of defaults is expected to be extremely low.
5. The common corporate bonds that the Company has invested in have provided stable interest payments, and the counterparty credit risk has not increased significantly.

(IV) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 14,979	\$ 20,676
Accounts receivable	\$ 636,033	\$ 241,856
Less: Loss allowance	(960)	(1,191)
	\$ 635,073	\$ 240,665

1. The Company's notes receivable were not overdue. Please refer to the description in Note 12 (2) for the aging analysis of accounts receivable based on the number of days overdue.
2. The balances of the accounts and notes receivable on December 31, 2023 and 2022, were derived from customer contracts. The amount of total receivables from customer contracts on January 1, 2022, was \$278,748, and the loss allowance was \$1,475.
3. The Company did not pledge the notes and accounts receivable as collateral.
4. Without considering other credit enhancements, the amount that can best represent the maximum amount of the Company's accounts receivable and notes receivable exposed to credit risk as of December 31, 2023 and 2022 was \$650,052 and \$261,341, respectively.
5. Please refer to Note 12 (2) for information on the credit risk of the accounts receivable.

(V) Inventory

	December 31, 2023		
	Cost	Allowance for devaluation loss	Carrying amount
Inventory of goods	\$ 1,438,349	(\$ 20,298)	\$ 1,418,051

	December 31, 2022		
	Cost	Allowance for devaluation loss	Carrying amount
Inventory of goods	\$ 807,973	(\$ 19,671)	\$ 788,302

The inventory-related expenses and losses recognized in the current period are as follows:

	2023	2022
Cost of sold inventory	\$ 2,011,339	\$ 2,605,565
Loss on inventory devaluation	627	4,897
	<u>\$ 2,011,966</u>	<u>\$ 2,610,462</u>

(VI) Prepayments

	December 31, 2023	December 31, 2022
Prepayment for purchase	\$ 33,128	\$ 117,745
Overpaid tax for offsetting future tax payable	29,483	24,798
Others	4,572	1,991
	<u>\$ 67,183</u>	<u>\$ 144,534</u>

(VII) Investments accounted for using the equity method

Subsidiary	December 31, 2023	December 31, 2022
Solomon Goldentek Display Corp.	\$ 1,218,957	\$ 1,252,153
Moredel Investment Corp.	555,092	308,039
Solomon Smartnet Corp.	263,050	257,521
Solomon Cayman International Corp.	216,506	201,432
Solomon Energy Technology Corporation	152,053	121,744
Solomon Data International Corporation	137,130	138,500
Cornucopia Innovation Corporation	44,085	40,032
Solomon Technology (USA) Corp.	13,534	11,913
Sheng-Peng Technology Corp.	8,099	5,801
Solomon Science Technology (VN) Co.,Ltd.	6,195	11,358
Solomon Robotics(THAI) Ltd.	5,238	5,719
Solomon Technology Japan Co., Ltd.	4,778	-
Total Profit	3,862	6,472
Solomon Wireless Technology Corp.	16	16
GD Investment Corp.	-	82
	<u>\$ 2,628,595</u>	<u>\$ 2,360,782</u>

1. Please refer to Note 4 (3) to the Company's consolidated financial statements for 2023 for information on the Company's subsidiaries.
2. The Company's Board of Directors resolved in March and September 2023 to increase the capital of its subsidiaries, Solomon Energy Technology Corporation and Solomon Technology (USA) Corp., with \$40,000 and \$19,194 in cash, respectively.
3. The Company's Board of Directors resolved in June 2023 to invest \$4,844 in cash to establish the subsidiary, Solomon Technology Japan Co., Ltd.
4. The Company applied to the court for the liquidation and winding up of its subsidiary, GD Investment Corp., in December 2022, and received a liquidating distribution of \$43 in January 2023.
5. In the fourth quarter of 2023, the Company sold 0.85% of its equity in its subsidiary, Solomon Data International, for \$19,526, and its shareholding was reduced to 29.60%. Please refer to Note 6 (29) for details.
6. The Company recognized investment gains of \$312,854 and \$184,648 with respect to investments accounted for using the equity method in 2023 and 2022, respectively, which were calculated based on the financial statements of investee companies for the same periods audited by CPAs. Changes in the account are as follows:

	2023	2022
January 1	\$ 2,360,782	\$ 2,230,218
Increase in investments accounted for using the equity method	64,038	93,581
Disposal of investments accounted for using the equity method	(19,569)	-
Share payments returned on capital reduction in investee companies accounted for using the equity method	- (51,482)
Share of gains or losses from investments accounted for using the equity method	312,854	184,648
Distribution of earnings accounted for using the equity method	(127,533)	(127,258)
Changes in capital reserves	47,011	-
Changes in other equity	(8,988)	31,075
December 31	<u>\$ 2,628,595</u>	<u>\$ 2,360,782</u>

7. The Company's subsidiary Moredel Investment Corp. held the Company's shares to ensure financial operations before the Company Act was amended on November 12, 2001, and recognized a gain (loss) on valuation of financial assets of \$1,306 and \$221 in 2023 and 2022, respectively. The Company treated the shares as treasury stocks pursuant to the financial accounting standards and did not recognize relevant profits and losses.

(VIII) Property, plant and equipment

	Land	Premises and buildings	Machines/eq uipment	Office equipment	Others	Total
<u>January 1, 2023</u>						
Cost	\$ 261,234	\$ 201,153	\$ 60,767	\$ 13,683	\$ 20,266	\$ 557,103
Accumulated depreciation	-	(79,653)	(38,535)	(12,545)	(15,634)	(146,367)
	<u>\$ 261,234</u>	<u>\$ 121,500</u>	<u>\$ 22,232</u>	<u>\$ 1,138</u>	<u>\$ 4,632</u>	<u>\$ 410,736</u>
<u>2023</u>						
January 1	\$ 261,234	\$ 121,500	\$ 22,232	\$ 1,138	\$ 4,632	\$ 410,736
Addition	-	-	3,274	205	220	3,699
Reclassification	-	-	1,161	(23)	-	1,138
Depreciation expense	-	(3,575)	(9,599)	(594)	(1,577)	(15,345)
December 31	<u>\$ 261,234</u>	<u>\$ 117,925</u>	<u>\$ 17,068</u>	<u>\$ 726</u>	<u>\$ 3,275</u>	<u>\$ 400,228</u>
<u>December 31, 2023</u>						
Cost	\$ 261,234	\$ 201,153	\$ 65,202	\$ 13,859	\$ 20,486	\$ 561,934
Accumulated depreciation	-	(83,228)	(48,134)	(13,133)	(17,211)	(161,706)
	<u>\$ 261,234</u>	<u>\$ 117,925</u>	<u>\$ 17,068</u>	<u>\$ 726</u>	<u>\$ 3,275</u>	<u>\$ 400,228</u>
	Land	Premises and buildings	Machines/eq uipment	Office equipment	Others	Total
<u>January 1, 2022</u>						
Cost	\$ 261,234	\$ 201,153	\$ 51,364	\$ 15,454	\$ 19,730	\$ 548,935
Accumulated depreciation	-	(75,938)	(27,671)	(14,377)	(14,138)	(132,124)
	<u>\$ 261,234</u>	<u>\$ 125,215</u>	<u>\$ 23,693</u>	<u>\$ 1,077</u>	<u>\$ 5,592</u>	<u>\$ 416,811</u>
<u>2022</u>						
January 1	\$ 261,234	\$ 125,215	\$ 23,693	\$ 1,077	\$ 5,592	\$ 416,811
Addition	-	-	9,230	1,102	536	10,868
Reclassification	-	-	173	-	-	173
Disposal	-	-	-	(2,873)	-	(2,873)
Disposal - accumulated depreciation	-	-	-	2,873	-	2,873
Depreciation expense	-	(3,715)	(10,864)	(1,041)	(1,496)	(17,116)
December 31	<u>\$ 261,234</u>	<u>\$ 121,500</u>	<u>\$ 22,232</u>	<u>\$ 1,138</u>	<u>\$ 4,632</u>	<u>\$ 410,736</u>
<u>December 31, 2022</u>						
Cost	\$ 261,234	\$ 201,153	\$ 60,767	\$ 13,683	\$ 20,266	\$ 557,103
Accumulated depreciation	-	(79,653)	(38,535)	(12,545)	(15,634)	(146,367)
	<u>\$ 261,234</u>	<u>\$ 121,500</u>	<u>\$ 22,232</u>	<u>\$ 1,138</u>	<u>\$ 4,632</u>	<u>\$ 410,736</u>

1. Please refer to the description in Note 8 for information on the Company's provision of the property, plant and equipment as collateral.
2. There was no interest capitalization on the property, plant and equipment.

(IX) Lease transactions – lessee

1. The Company's leased assets include buildings and company vehicles and the leases often have a term of 2 to 4 years. The leases are individually negotiated and contain a variety of terms and conditions. The leased assets shall not be used as collateral for loans and are subject to no other limitations.
2. The business vehicles leased by the Company are leased for no more than 12 months, and some of the low-value assets leased are photocopiers.
3. Changes in the Company's right-of-use assets during January 1 to December 31, 2023 and 2022, are as follows:

	2023		
		Transportation equipment (company vehicles)	Total
	Premises		
January 1	\$ 5,176	\$ 565	\$ 5,741
Addition	2,849	4,833	7,682
Depreciation expense	(3,483)	(1,483)	(4,966)
December 31	<u>\$ 4,542</u>	<u>\$ 3,915</u>	<u>\$ 8,457</u>

	2022		
		Transportation equipment (company vehicles)	Total
	Premises		
January 1	\$ 2,757	\$ 1,725	\$ 4,482
Addition	5,777	-	5,777
Lease modification	(84)	-	(84)
Depreciation expense	(3,275)	(1,159)	(4,434)
December 31	<u>\$ 5,175</u>	<u>\$ 566</u>	<u>\$ 5,741</u>

4. Information on the profit or loss items related to leases is as follows:

	2023	2022
<u>Items that affect profit or loss in the current period</u>		
Interest expense on lease liabilities	<u>\$ 106</u>	<u>\$ 40</u>
Short-term lease expense	<u>\$ 5,522</u>	<u>\$ 5,045</u>
Low-value asset lease expense	<u>\$ 1,965</u>	<u>\$ 2,058</u>

5. The total cash outflow for leases of the Company in 2023 and 2022 was \$12,421 and \$11,725, respectively.

(X) Lease transactions – lessor

1. The Company's assets leased out are buildings and the leases often have a term of one to seven years. The leases are individually negotiated and contain a variety of terms and conditions. To secure the use of the assets leased out, the lessee is often prohibited from using the leased assets as collateral for loans or from providing them for use by others using any other methods.
2. The Company recognized \$57,554 and \$51,157 as rental income pursuant to operating leases in 2023 and 2022, respectively. There were no variable lease payments included.
3. The Company's rent received in advance as of December 31, 2023 and 2022, was \$12,096 and \$8,528, respectively, and stated as other current liabilities.
4. A maturity analysis of lease payments under the Company's operating leases is as follows:

	December 31, 2023	December 31, 2022
2023	\$ -	\$ 34,427
2024	49,926	21,289
2025	34,169	5,544
2026	12,463	-
	<u>\$ 96,558</u>	<u>\$ 61,260</u>

(XI) Investment property

	Land	Premises and buildings	Total
<u>January 1, 2023</u>			
Cost	\$ 546,336	\$ 585,258	\$ 1,131,594
Accumulated depreciation	-	(269,759)	(269,759)
	<u>\$ 546,336</u>	<u>\$ 315,499</u>	<u>\$ 861,835</u>
<u>2023</u>			
January 1	\$ 546,336	\$ 315,499	\$ 861,835
Depreciation expense	-	(11,108)	(11,108)
December 31	<u>\$ 546,336</u>	<u>\$ 304,391</u>	<u>\$ 850,727</u>
<u>December 31, 2023</u>			
Cost	\$ 546,336	\$ 585,258	\$ 1,131,594
Accumulated depreciation	-	(280,867)	(280,867)
	<u>\$ 546,336</u>	<u>\$ 304,391</u>	<u>\$ 850,727</u>

	Land	Premises and buildings	Total
<u>January 1, 2022</u>			
Cost	\$ 546,336	\$ 585,258	\$ 1,131,594
Accumulated depreciation	-	(258,551)	(258,551)
	<u>\$ 546,336</u>	<u>\$ 326,707</u>	<u>\$ 873,043</u>
<u>2022</u>			
January 1	\$ 546,336	\$ 326,707	\$ 873,043
Depreciation expense	-	(11,208)	(11,208)
December 31	<u>\$ 546,336</u>	<u>\$ 315,499</u>	<u>\$ 861,835</u>
<u>December 31, 2022</u>			
Cost	\$ 546,336	\$ 585,258	\$ 1,131,594
Accumulated depreciation	-	(269,759)	(269,759)
	<u>\$ 546,336</u>	<u>\$ 315,499</u>	<u>\$ 861,835</u>

1. Rental income and direct operating expenses on investment property:

	2023	2022
Rental income on investment property	<u>\$ 57,554</u>	<u>\$ 51,157</u>
Direct operating expenses incurred from investment property generating rental income in the current period	<u>\$ 16,145</u>	<u>\$ 11,764</u>
Direct operating expenses incurred from investment property not generating rental income in the current period	<u>\$ 1,741</u>	<u>\$ 5,906</u>

2. The fair value of the investment property held by the Company on December 31, 2023 and 2022, was \$1,705,756 and \$1,619,167, respectively, according to the valuation results provided by the independent valuation experts. The fair values were valued using the income approach and comparative approach and calculated with a certain weight taken into account, and are level 3 fair values. The key assumptions under the income approach are shown below:

	December 31, 2023	December 31, 2022
Income capitalization rate	1.79%~3.92%	1.55%~4.35%

3. Please refer to the description in Note 8 for information on the Company's provision of the investment property as collateral.

(XII) Other non-current assets

	December 31, 2023	December 31, 2022
Receivables on demand	\$ 22,577	\$ 22,593
Less: Loss allowance	(22,577)	(22,593)
Deposits paid	9,698	14,825
Net defined benefit assets	36,858	35,455
Others	3,921	3,921
	<u>\$ 50,477</u>	<u>\$ 54,201</u>

(XIII) Short-term loans

	December 31, 2023	December 31, 2022
Bank loans		
Secured loans	\$ 608,000	\$ 914,000
Credit loans	-	50,000
	<u>\$ 608,000</u>	<u>\$ 964,000</u>
Range of interest rates	1.75%~1.78%	1.36%~1.98%

For the collateral for the Company's short-term loans, please refer to Note 8.

(XIV) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$ 54,738	\$ 63,461
Service expense payable	805	2,151
Land value tax and house tax payable	3,369	3,433
Freight payable	562	1,601
Labor and health insurance expenses payable	3,945	3,733
Other payables	17,173	13,063
	<u>\$ 80,592</u>	<u>\$ 87,442</u>

(XV) Net defined benefit assets

1. Defined benefit plan

- (1) The Company has established a defined benefit pension plan in accordance with the "Labor Standards Act."

The plan is applicable to the length of service of all full-time employees calculated before the "Labor Pension Act" was implemented on July 1, 2005, and the length of service of employees who choose to stay in the pension scheme under the Labor Standards Act calculated after the implementation of the "Labor Pension Act." The pension paid to employees who meet the criteria for retirement is calculated based on their length of service and their average salary for the 6 months prior to their retirement.

Employees whose length of service is no more than 15 years (inclusive) will receive two base points for each year of service and employees whose length of service is more than 15 years will receive one base point for each additional year of service. The maximum number of accumulated base points is 45. The Company makes a pension contribution of 2% of the total salary on a monthly basis and deposits it into a special account with the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. In addition, before the end of each fiscal year, if the balance of the labor pension fund account referred to in the preceding paragraph is insufficient to pay the pension calculated above to employees expected to meet the criteria for retirement in the following fiscal year, the Company will make a full, one-off contribution by the end of March of the next fiscal year.

- (2) The Company applied to the Department of Labor, Taipei City Government for approval of a suspension of pension contributions from January 2022 to July 2024.
- (3) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 32,942	\$ 35,651
Fair value of plan assets	(69,800)	(71,106)
Net defined benefit assets	<u>(\$ 36,858)</u>	<u>(\$ 35,455)</u>

- (4) Changes in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
2023			
Balance on January 1	\$ 35,651	(\$ 71,106)	(\$ 35,455)
Service costs in the current period	922	-	922
Interest expense (income)	463	(924)	(461)
	<u>37,036</u>	<u>(72,030)</u>	<u>(34,994)</u>
Remeasurement:			
Return on plan assets (excluding any amount included in interest income or expense)	-	(377)	(377)
Effect of changes in financial assumptions	265	-	265
Experience adjustments	(1,752)	-	(1,752)
	<u>(1,487)</u>	<u>(377)</u>	<u>(1,864)</u>
Pension paid	(2,607)	2,607	-
Balance on December 31	<u>\$ 32,942</u>	<u>(\$ 69,800)</u>	<u>(\$ 36,858)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
2022			
Balance on January 1	\$ 40,088	(\$ 71,548)	(\$ 31,460)
Service costs in the current period	54	-	54
Interest expense (income)	281	(501)	(220)
	<u>40,423</u>	<u>(72,049)</u>	<u>(31,626)</u>
Remeasurement:			
Return on plan assets (excluding any amount included in interest income or expense)	-	(6,041)	(6,041)
Effect of changes in financial assumptions	(2,020)	-	(2,020)
Experience adjustments	4,232	-	4,232
	<u>2,212</u>	<u>(6,041)</u>	<u>(3,829)</u>
Pension paid	<u>(6,984)</u>	<u>6,984</u>	<u>-</u>
Balance on December 31	<u>\$ 35,651</u>	<u>(\$ 71,106)</u>	<u>(\$ 35,455)</u>

- (5) The Company's defined retirement benefit plan fund assets are entrusted by the Bank of Taiwan through contracted management according to the proportion and amount for contracted management items set forth in the annual investment/utilization plan of the fund and within the scope as defined in Article 6 of the Regulations for Management, Utilization and Supervision of the National Pension Insurance Fund (i.e. being deposited in domestic or foreign financial institutions, invested in domestic/foreign listed, OTC, or privately offered equity securities and in domestic/foreign real estate-related securitized products, etc.) The relevant utilization is supervised by the Labor Pension Fund Supervisory Committee. Regarding the utilization of the fund, the minimum earnings approved to be distributed every year shall not be less than the attainable earnings calculated based on the 2-year time deposit interest rates offered by local banks. Any deficit shall be made up for with the money from the national treasury upon the approval of the competent authority. As the Company has no right to participate in the utilization and management of the fund, the classification of the fair value of plan assets cannot be disclosed in accordance with Paragraph 142 of IAS 19. Please refer to the labor pension fund utilization report for each year published by the government for the fair value of all assets constituting the fund on December 31, 2023 and 2022.

- (6) A summary of pension-related actuarial assumptions is shown below:

	2023	2022
Discount rate	<u>1.20%</u>	<u>1.30%</u>
Future salary increase rate	<u>3.00%</u>	<u>3.00%</u>

The assumption of future mortality rates is made based on the 6th Taiwan Standard Ordinary Experience Mortality Table. The present value of defined benefit obligations that has been affected due to changes in the main adopted actuarial assumptions is analyzed as follows:

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2023				
Effect on the present value of defined benefit obligations	(\$ 654)	\$ 680	\$ 585	(\$ 566)

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2022				
Effect on the present value of defined benefit obligations	(\$ 787)	\$ 818	\$ 714	(\$ 691)

The above sensitivity analysis was conducted to analyze the effect of changes in a single assumption, with all other assumptions remaining unchanged. Changes in many assumptions could be correlated with each other in practice. The sensitivity analysis used the same method as that for calculating the net pension liabilities in the balance sheet.

The method and assumptions used for the sensitivity analysis in the current period are the same as those in the previous period.

- (7) The Company expects to pay a defined benefit plan contribution of \$0 in 2024.
- (8) As of December 31, 2023, the weighted average lifetime of the defined benefit plan was nine years. A maturity analysis of pension payments is as follows:

Less than 1 year	\$ 2,778
2-5 years	13,445
Over 5 years	<u>10,322</u>
	<u>\$ 26,545</u>

2. Defined contribution plan

Since July 1, 2005, the Company has had its defined contribution plan in place in accordance with the “Labor Pension Act.” The plan is applicable to employees who are of Taiwanese nationality. The Company deposits a labor pension distribution of 2% of the salary of the employees who choose to opt in to the labor pension scheme under the “Labor Pension Act” into their personal accounts with the Bureau of Labor Insurance every month. The pension is paid monthly or at once to the employees based on the amount of money in their personal pension accounts and the accumulated gains.

The pension cost recognized by the Company in accordance with the aforesaid pension plan in 2023 and 2022 was \$14,041 and \$13,149, respectively.

(XVI) Income tax

1. Income tax expense

(1) The income tax expenses comprise the following:

	2023	2022
Income tax in the current period:		
Income tax incurred from income in the current period	\$ 54,949	\$ 577
Income tax levied on undistributed earnings	9,485	650
Underestimation of income tax in prior years	21,221	4,197
Total income tax in the current period	85,655	5,424
Deferred income tax:		
Initial generation and reversal of temporary differences	(50,325)	79,620
Income tax expense	\$ 35,330	\$ 85,044

(2) Income tax expenses related to other comprehensive income:

	2023	2022
Remeasurement of defined benefit obligations	\$ 373	\$ 766

2. The relationship between the income tax expenses and the accounting profit is as follows:

	2023	2022
Income tax on pre-tax profit calculated at the statutory tax rate	\$ 113,514	\$ 108,655
Income tax effect of adjustment items as per law	(4,648)	8,471
Investment gain with respect to unrecognized deferred income tax liabilities	(61,990)	(36,929)
Changes in the realizability assessment of deferred income tax liabilities	(42,252)	-
Underestimation of income tax in prior years	21,221	4,197
Income tax levied on undistributed earnings	9,485	650
Income tax expense	<u>\$ 35,330</u>	<u>\$ 85,044</u>

3. The amount of the deferred income tax assets or liabilities resulting from temporary differences is shown below:

	2023			
	January 1	Recognized as profit or loss	Recognized as other comprehensive income	December 31
- Deferred income tax assets:				
Loss allowance in excess of limit	\$ 4,134	\$ 46	\$ -	\$ 4,180
Unrealized inventory devaluation loss	3,933	127	-	4,060
Others	<u>1,349</u>	<u>(1,349)</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,416</u>	<u>(\$ 1,176)</u>	<u>\$ -</u>	<u>\$ 8,240</u>
- Deferred income tax liabilities:				
Unrealized exchange gain	(\$ 17,649)	\$ 2,777	\$ -	(\$ 14,872)
Book-tax difference from net defined benefit assets	(13,764)	1,440	(373)	(12,697)
Time lag between installation income and cost	(47,865)	47,865	-	-
Gain from overseas investments accounted for using the equity method	<u>-</u>	<u>(581)</u>	<u>-</u>	<u>(581)</u>
	<u>(\$ 79,278)</u>	<u>\$ 51,501</u>	<u>(\$ 373)</u>	<u>(\$ 28,150)</u>

	2022			
	January 1	Recognized as profit or loss	Recognized as other comprehensive income	December 31
- Deferred income tax assets:				
Loss allowance in excess of limit	\$ 4,077	\$ 57	\$ -	\$ 4,134
Unrealized inventory devaluation loss	3,246	687	-	3,933
Unrealized exchange loss	11,342	(11,342)	-	-
Others	4,857	(3,508)	-	1,349
	<u>\$ 23,522</u>	<u>(\$ 14,106)</u>	<u>\$ -</u>	<u>\$ 9,416</u>
- Deferred income tax liabilities:				
Unrealized exchange gain	\$ -	(\$ 17,649)		(\$ 17,649)
Book-tax difference from net defined benefit assets	(12,998)		(766)	(13,764)
Time lag between installation income and cost	-	(47,865)	-	(47,865)
	<u>(\$ 12,998)</u>	<u>(\$ 65,514)</u>	<u>(\$ 766)</u>	<u>(\$ 79,278)</u>

4. The Company did not recognize deferred income tax assets and deferred income tax liabilities with respect to taxable temporary differences related to investments in several subsidiaries. The amount of temporary differences with respect to unrecognized deferred income tax assets (liabilities) as of December 31, 2023 and 2022, was (\$133,242) and \$98,222.
5. The Company's profit-seeking enterprise income tax returns up to 2021 have been approved by the tax authority.

(XVII) Common share capital

1. As of both December 31, 2023 and 2022, the Company's authorized capital was \$5,000,000 (including employee stock warrants of \$560,000 and shares of convertible corporate bonds amounting to \$500,000), with 171,371 thousand outstanding shares (excluding treasury stocks) at a par value of NT\$10 per share. Payment for the issued shares of the Company has been received.
2. Treasury stocks
 - (1) The Company's consolidated subsidiary Moredel Investment Corp. held a total of 100 thousand shares in the Company to ensure financial operations before the Company Act was amended on November 12, 2001. The carrying value of the Company's treasury stocks on both December 31, 2023 and 2022, was \$6,042.
 - (2) According to the Securities and Exchange Act, treasury stocks held by the Company shall not be pledged or be entitled to any shareholder rights.

(XVIII) Capital reserves

1. Pursuant to the Company Act, the capital reserve generated from the income derived from the issuance of new shares at a premium and from the endowments received may not only be used to offset losses, but also be distributed to shareholders in new shares or cash in proportion to the shares initially held thereby if the Company has no accumulated losses. According to the relevant provisions in the Securities and Exchange Act, the total proportion of the above capital reserve used for capitalization is limited to 10% of the paid-in capital every year. The Company shall not use the capital reserve to offset capital losses, unless the surplus reserve is insufficient to offset such losses.
2. Details on and changes in the Company's capital reserve are shown in the following table:

2023						
	Trading of treasury stocks	Changes in ownership interests in subsidiaries	Difference between the consideration and the carrying value of subsidiaries acquired or disposed of	Consolidated excess	Others	Total
January 1	\$ 32,683	\$ 142,666	\$ -	\$ 9,473	\$ 30,316	\$ 215,138
Changes in interests in subsidiaries recognized according to shareholding	-	-	30,705	-	-	30,705
Difference between the consideration and the carrying value of subsidiaries disposed of	-	-	16,306	-	-	16,306
December 31	\$ 32,683	\$ 142,666	\$ 47,011	\$ 9,473	\$ 30,316	\$ 262,149

2022					
	Trading of treasury stocks	Changes in ownership interests in subsidiaries	Consolidated excess	Others	Total
January 1	\$ 32,683	\$ 142,666	\$ 9,473	\$ 30,316	\$ 215,138
Changes in the current period	-	-	-	-	-
December 31	\$ 32,683	\$ 142,666	\$ 9,473	\$ 30,316	\$ 215,138

(XIX) Retained earnings

1. According to the Articles of Incorporation, where the Company has earnings at the year-end closing in a fiscal year, 10% thereof shall be set aside as legal reserves as required by laws after they are used to pay taxes and offset accumulated losses. Provision for special reserves is then required pursuant to the Securities and Exchange Act and related administrative rules. The remaining earnings, if any, shall be added to the undistributed earnings carried from prior years as distributable earnings. The Board of Directors shall subsequently draw up a distribution proposal and submit the same to a shareholders' meeting for a resolution on the distribution of the earnings. The Board of Directors is authorized to adopt a resolution to distribute the abovementioned earnings, legal reserve, and capital reserve in cash at a meeting attended by more than two-thirds of directors with the consent of a majority of all attending directors and the distribution shall be reported at a shareholders' meeting. The distribution of the earnings, legal reserve, and capital reserve by issuing new shares is subject to a resolution adopted at a shareholders' meeting according to the preceding paragraph.

2. The legal reserve shall not be used unless it is used to offset the Company's losses and distributed to shareholders in new shares or cash in proportion to the shares initially held thereby. The legal reserve shall not be distributed in new shares or cash unless the portion distributed exceeds 25% of the paid-in capital.
3. The Company may distribute earnings only after recognizing special reserves based on the debit balance of equity items on the balance sheet in the current year as required by laws. When the debit balance of the equity items is reversed subsequently, the reversed amount may be included as distributable earnings.
4. The Company's 2022 and 2021 earning distribution proposals approved at the shareholders' meeting held on June 9, 2023, and June 8, 2022, respectively, are stated as follows:

	2022		2021	
	Amount	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)
Set aside as legal reserve	\$ 46,217		\$ 20,123	
(Reversed) Set aside as special reserve	(30,940)		13,792	
Cash dividends	257,207	\$ 1.50	154,324	\$ 0.90

5. The 2023 earning distribution proposal presented by the Board of Directors on March 11, 2024, is as follows:

	2023	
	Amount	Dividend per share (NT\$)
Legal reserves	\$ 53,374	
Set aside as special reserve	8,960	
Cash dividends	291,501	\$ 1.70

The 2023 earnings distribution proposal has not yet been approved by the shareholders' meeting as of the date of the audit report.

For the earnings distribution approved by the Board of Directors and resolved at the shareholders' meeting, please visit the Market Observation Post System.

(XX) Other equity items

	2023	2022
	Foreign currency translation	Foreign currency translation
January 1	(\$ 116,320)	(\$ 147,260)
Difference from foreign currency translation – the Company	(8,960)	30,940
December 31	(\$ 125,280)	(\$ 116,320)

(XXI) Operating income

	2023	2022
Income from contracts with customers	<u>\$ 2,555,512</u>	<u>\$ 3,157,169</u>

1. Sub-items of income from contracts with customers

The Company's income from goods and services transferred at a specific timing can be disaggregated by products into the following main segments:

2023	Taiwan				
	Electronic channel industry	Optoelectronic manufacturing industry	Electromechanical Business Group	Intelligent Business Group	Total
Income from contracts with customers	<u>\$ 77,043</u>	<u>\$ 163,549</u>	<u>\$ 1,302,105</u>	<u>\$ 1,012,815</u>	<u>\$ 2,555,512</u>
2022	Taiwan				
	Electronic channel industry	Optoelectronic manufacturing industry	Electromechanical Business Group	Intelligent Business Group	Total
Income from contracts with customers	<u>\$ 83,323</u>	<u>\$ 257,700</u>	<u>\$ 1,139,077</u>	<u>\$ 1,677,069</u>	<u>\$ 3,157,169</u>

2. The Company's recognized contractual liabilities related to the income from contracts with customers are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Electromechanical Business Group	\$ 751,499	\$ 451,193	\$ 179,237
Others	<u>23,368</u>	<u>17,612</u>	<u>12,040</u>
	<u>\$ 774,867</u>	<u>\$ 468,805</u>	<u>\$ 191,277</u>

(1) Material changes in contractual liabilities

The changes in the Group's contractual liabilities in 2022 were due to changes made by sales customers in response to demand changes in the industry or due to the timing of fulfilling obligations under individual contracts.

(2) The amount of the opening balance of the Company's contractual liabilities recognized as income in 2023 and 2022 was \$265,405 and \$141,230, respectively.

(XXII) Interest income

	2023	2022
Interest income from financial assets measured at amortized cost	\$ 87,154	\$ 84,232
Bank deposit interest	13,205	4,736
	<u>\$ 100,359</u>	<u>\$ 88,968</u>

(XXIII) Other income

	2023	2022
Rental income	\$ 57,554	\$ 51,157
Government subsidy income	37,921	15,443
Dividend income	8,017	7,171
Others	9,084	5,677
	<u>\$ 112,576</u>	<u>\$ 79,448</u>

(XXIV) Other gains and losses

	2023	2022
Net gain (loss) from financial assets and liabilities measured at fair value through profit or loss	\$ 7,394	(\$ 45,236)
Depreciation expense of investment property	(11,108)	(11,208)
Net (loss) gain from foreign currency exchange	(6,263)	177,209
Gain from disposal of property, plant and equipment	-	13
Others	(12,385)	(13,475)
	<u>(\$ 22,362)</u>	<u>\$ 107,303</u>

(XXV) Financial costs

	2023	2022
Interest expense		
– Bank loans	\$ 14,704	\$ 16,006
– Loaning of funds	1,342	-
– Leases	106	40
	<u>\$ 16,152</u>	<u>\$ 16,046</u>

(XXVI) Additional information on the nature of expense

	2023	2022
Employee benefit expenses	\$ 362,524	\$ 352,697
Depreciation expense (including right-of-use assets)	20,311	21,550
Service expense	19,267	21,456
Operating rent	7,487	7,103
Transportation expense	2,016	3,166
Amortization expense	2,007	1,889
Other expenses	49,638	39,891
	<u>\$ 463,250</u>	<u>\$ 447,752</u>

(XXVII) Employee benefit expenses

	2023	2022
Salary expense	\$ 292,955	\$ 290,464
Labor and health insurance expenses	27,019	25,534
Pension expense	14,502	12,983
Remuneration to directors	14,882	11,382
Other employment expenses	13,166	12,334
	<u>\$ 362,524</u>	<u>\$ 352,697</u>

1. According to the Articles of Incorporation, the Company shall subtract any accumulated losses from earnings in the year. A minimum amount of 1% of the remaining (if any) shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration to directors and supervisors.
2. In 2023 and 2022, the Company's estimated amount of remuneration to employees was \$5,851 and \$5,600, respectively, and the estimated amount of remuneration to directors was \$11,702 and \$11,202, respectively. The above amounts were stated as remuneration expense. The remuneration to employees and to directors in 2023 was estimated as 1% and 2%, respectively, of the earnings in the year. The amount actually distributed as resolved by the Board of Directors was \$5,851 and \$11,702, respectively. The remuneration to employees was distributed in cash.

There is consistency between the amounts of remuneration to employees and to directors for 2022 resolved by the Board of Directors and the amounts recognized in the financial statements for 2022.

Please visit the Market Observation Post System for information on the remuneration to employees and to directors resolved by the Board of Directors.

(XXVIII) Earnings per share

2023			
	Amount after tax	Weighted average outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit attributable to the common shareholders of the parent company in the current period	\$ 532,241	171,371	\$ 3.11
<u>Diluted earnings per share</u>			
Effect of dilutive potential common shares - remuneration to employees		185	
Net profit attributable to the common shareholders of the parent company in the current period plus the effect of potential common shares	\$ 532,241	171,556	\$ 3.10
2022			
	Amount after tax	Weighted average outstanding shares (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit attributable to the common shareholders of the parent company in the current period	\$ 458,232	171,371	\$ 2.67
<u>Diluted earnings per share</u>			
Effect of dilutive potential common shares - remuneration to employees		215	
Net profit attributable to the common shareholders of the parent company in the current period plus the effect of potential common shares	\$ 458,232	171,586	\$ 2.67

(XXIX) Transactions with non-controlling interests

Disposal of interests in subsidiaries (not resulting in loss of control)

1. In the fourth quarter of 2023, the Company sold 0.85% of its equity in its subsidiary, Solomon Data International, for a consideration of \$19,526. The transaction increased non-controlling interests by \$3,220 and the equity attributable to owners of the parent company by \$16,306.

2. The effect of changes in the interests in Solomon Data International in 2023 on the equity attributable to owners of the Company is as follows:

	2023
Cash	\$ 19,526
Increase in the carrying amount of non-controlling interests	(3,220)
Capital reserve - difference between the consideration and the carrying value of subsidiaries acquired or disposed of	\$ 16,306

(XXX) Changes in liabilities from financing activities

	Short-term loans	Lease liabilities	Deposits received	Total liabilities from financing activities
January 1, 2023	\$ 964,000	\$ 5,855	\$ 7,943	\$ 977,799
Changes in cash flows from financing activities	(356,000)	(4,828)	111	(360,717)
Interest expenses paid (Note)	-	(106)	-	(106)
Other non-cash changes	-	7,788	-	7,788
December 31, 2023	\$ 608,000	\$ 8,710	\$ 8,054	\$ 624,764

Note: Stated as cash flows from operating activities

	Short-term loans	Lease liabilities	Deposits received	Total liabilities from financing activities
January 1, 2022	\$ 1,307,264	\$ 4,660	\$ 7,412	\$ 1,319,336
Changes in cash flows from financing activities	(343,264)	(4,582)	531	(347,315)
Interest expenses paid (Note)	-	(40)	-	(40)
Other non-cash changes	-	5,817	-	5,818
December 31, 2022	\$ 964,000	\$ 5,855	\$ 7,943	\$ 977,799

Note: Stated as cash flows from operating activities

VII. Related party transactions

(I) Names of related parties and their relationship with the Company

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Yumon International Trade Shanghai Limited Corporation (Yumon International)	Subsidiary
Solomon Goldentek Display Corp. (Solomon Goldentek Display)	Subsidiary
Solomon Trading (Shenzhen) Ltd. (Solomon Shenzhen)	Subsidiary
Solomon Data International Corporation (Solomon Data International)	Subsidiary
Solomon Cayman International Corp. (Solomon Cayman)	Subsidiary
Cornucopia Innovation Corporation (Cornucopia Innovation)	Subsidiary
Moredel Investment Corp. (Moredel Investment)	Subsidiary
Solomon Energy Technology Corporation (Solomon Energy)	Subsidiary
Solomon Technology Japan Co., Ltd.	Subsidiary
Solomon Technology (USA) Corp.	Subsidiary

(II) Significant transactions with the related parties

1. Operating income

	<u>2023</u>	<u>2022</u>
Sale of goods:		
Subsidiary – Yumon International	\$ 315,832	\$ 432,746
Subsidiary	19,261	79,139
	<u>\$ 335,093</u>	<u>\$ 511,885</u>

Except for the transaction with the subsidiary Yumon International where the transaction price was negotiated by both parties and the payment was collected after subtracting the accounts payable resulting from commissioning the subsidiary to install generators based on its funding status, the transaction terms for all the above related party transactions were not significantly different from general transaction terms. The payment term for regular customers ranges from 90 to 120 days.

2. Purchase

	2023	2022
Purchase of goods:		
Subsidiary	\$ 21,141	\$ 25,275

The transaction price for the Company's purchases from related parties was negotiated by both parties. The payment terms were not significantly different from general transaction terms. The payment term for regular suppliers ranges from 30 to 90 days.

3. Payments receivable from related party

	December 31, 2023	December 31, 2022
Accounts receivable:		
Subsidiary – Yumon International	\$ -	\$ 708
Subsidiary	963	4,305
	\$ 963	\$ 5,013
Other receivables:		
Subsidiary - Solomon Energy	\$ 4,107	\$ 19
Subsidiary	2,565	2,078
	\$ 6,672	\$ 2,097

The Company has made advances, allocated expenses, and provided financing to meet the needs of the business activities of the Company's subsidiaries.

4. Payments payable to related party

	December 31, 2023	December 31, 2022
Accounts payable:		
Subsidiary - Solomon Energy	\$ 9,088	\$ -
Subsidiary	2,006	1,384
	\$ 11,094	\$ 1,384
Other payables:		
Subsidiary - Solomon Goldentek Display	\$ 300,000	\$ -

5. Other income

	2023	2022
(1) Rental income (stated as "other income"):		
Subsidiary	<u>\$ 8,615</u>	<u>\$ 8,402</u>

The Company leases out part of its office premise and plant to related parties with an O/A 60-day payment term.

	2023	2022
(2) Management fee income (stated as a debit item of "operating expenses")		
Subsidiary	<u>\$ 15,540</u>	<u>\$ 16,178</u>

The centralized office model is adopted for the Company's group management departments and the Company charges the above related parties a management fee in proportion to the departments' involvement in the management of each associate. The payment term is O/A 60 days.

6. Loaning of funds (stated as "other receivables" or "other payables")

(1) Loans to related parties (2022: None)

	2023				
	Maximum balance Date of occurrence	Amount	Closing balance	Intere st rate	Total interest income
Subsidiary - Solomon Energy	2023/11/10	<u>\$ 33,225</u>	<u>\$ 4,107</u>	4%	<u>\$ -</u>

(2) Loans from related parties (2022: None)

	2023				
	Maximum balance Date of occurrence	Amount	Closing balance	Interest rate	Total interest expense
Subsidiary - Solomon Goldentek Display	2023/9/19	<u>\$ 500,000</u>	<u>\$ 300,000</u>	1.753% (floating interest rate)	<u>\$ 1,342</u>

7. Participation in cash capital increase subscription

		2023	
	Item stated	Number of shares traded	Investment cost
Solomon Energy Technology Corporation	Investments accounted for using the equity method	4,000,000	\$ 40,000
Solomon Technology (USA) Corp.	Investments accounted for using the equity method	6,000	19,194
Solomon Technology Japan Co., Ltd.	Investments accounted for using the equity method	22,000	4,844
			<u>\$ 64,038</u>
		2022	
	Item stated	Number of shares traded	Investment cost
Solomon Energy Technology Corporation	Investments accounted for using the equity method	6,000,000	\$ 60,000
Solomon Technology (USA) Corp.	Investments accounted for using the equity method	6,000	16,569
Solomon Science Technology (VN) Co.,Ltd.	Investments accounted for using the equity method	-	11,912
Sheng-Peng Technology Corp.	Investments accounted for using the equity method	510,000	5,100
			<u>\$ 93,581</u>

8. Please refer to the description in Note 13 for the Company's provision of endorsements/guarantees for subsidiaries.

(III) Information on remuneration to key management

	2023	2022
Salaries and other short-term employee benefits	\$ 49,437	\$ 43,320
Post-employment benefits	597	507
	<u>\$ 50,034</u>	<u>\$ 43,827</u>

(IV) Pledged assets

Details on the Company's assets provided as collateral are shown below:

<u>Details on assets</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose of collateral</u>
Property, plant and equipment	\$ 360,120	\$ 385,818	Collateral for short-term loans
Investment property	866,127	855,019	Collateral for short-term loans
	<u>\$ 1,226,247</u>	<u>\$ 1,240,837</u>	

VIII. Material contingent liabilities and unrecognized contractual commitments

- (I) As of December 31, 2023, the Company's letter of credit issued but not yet used was \$101,790.
- (II) As of December 31, 2023, the Company's promissory notes issued as security for the performance of sales contracts amounted to \$81,216.

IX. Material losses from disasters

None.

X. Material subsequent events

Please refer to Note 6 (19) for the 2024 earnings distribution proposal.

XI. Others

(I) Capital management

The Company's capital management aims to ensure that the Group can operate as a going concern, maintain the best capital structure to reduce the cost of funds, and offer returns to shareholders. In order to maintain or adjust the capital structure, the Company may adjust dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debts.

(II) Financial instruments

1. Types of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss		
Financial assets measured at fair value through profit or loss	\$ 96,342	\$ 186,521
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 248,550	\$ 575,243
Financial assets measured at amortized cost	1,170,008	1,074,850
Notes receivable	14,979	20,676
Accounts receivable (including those from related parties)	636,036	245,678
Other receivables (including those from related parties)	20,417	21,157
Deposits paid (stated as “other non-current assets”)	9,698	14,825
	<u>\$ 2,099,688</u>	<u>\$ 1,952,429</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term loans	\$ 608,000	\$ 964,000
Notes payable	10,054	11,185
Accounts payable (including those to related parties)	524,921	183,959
Other payables (including those to related parties)	80,592	87,442
Deposits received (stated as “other non-current liabilities”)	8,054	7,943
	<u>\$ 1,231,621</u>	<u>\$ 1,254,529</u>
Lease liabilities	<u>\$ 8,710</u>	<u>\$ 5,855</u>

2. Risk management policy

- (1) The Company’s day-to-day operations are affected by multiple financial risks, including market risk (exchange rate risk and price risk), credit risk, and liquidity risk.
- (2) The Finance Department implements risk management in accordance with the policy approved by the Board of Directors. The Company’s Finance Department is responsible for identifying, assessing, and avoiding financial risks by closely cooperating with the Group’s operating units.

3. Nature and level of material financial risks

(1) Market risk

Exchange rate risk

- A. The Company operates transnationally and thus incurs exchange rate risk generated from transactions using functional currencies different from the one of the Company, which mainly are the US dollar and Chinese yuan. The relevant exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- B. As the business activities that the Company is engaged in involve several functional currencies (the functional currency of the Company is the NT dollar), there is an effect from exchange rate volatility on the Company. Information on foreign currency assets and liabilities with a material exchange rate volatility effect is shown below:

December 31, 2023			
	Foreign currency (thousand dollars)	Exchang e rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 59,329	30.71	\$ 1,669,745
EUR : NTD	907	33.98	30,828
<u>Investments accounted for using the equity method</u>			
USD : NTD	\$ 7,490	30.71	\$ 230,040
VND : NTD	5,162,643	0.001	6,195
THB : NTD	5,809	0.96	5,238
JPY : NTD	22,000	0.22	4,778
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 466	30.71	\$ 14,314
EUR : NTD	260	33.98	8,842
CNY : NTD	291	4.33	1,261
SGD : NTD	148	23.29	3,442

December 31, 2022			
	Foreign currency (thousand dollars)	Exchang e rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 53,893	30.71	\$ 1,655,112
EUR : NTD	1,377	32.72	45,068
<u>Investments accounted for using the equity method</u>			
USD : NTD	\$ 6,947	30.71	\$ 213,342
HKD : NTD	1,644	3.94	6,477
THB : NTD	6,397	0.96	6,141
VND : NTD	8,737,192	0.001	10,485
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 887	30.71	\$ 27,236
EUR : NTD	70	32.72	2,293
SGD : NTD	74	22.88	1,698
CNY : NTD	291	4.41	1,286

- C. As exchange rate volatility has a significant effect, all exchange gains (losses) (both realized and unrealized) recognized with respect to the monetary items of the Company in 2023 and 2022 were (\$6,263) and \$177,209, respectively.
- D. The sensitivity analysis of the Company's exchange rate risk focused on the effect of the appreciation or depreciation of relevant foreign currencies with respect to the main foreign currency monetary items on the financial reporting date on the Company's profit or loss. When there was a 1% appreciation or depreciation of the NT dollar against the aforesaid foreign currencies, the profit or loss increased or decreased by \$16,727及\$16,677 in 2023 and 2022, respectively, provided that all the other factors remained the same.

Price risk

- A. The Company's equity instruments exposed to price risk are financial assets measured at fair value through profit or loss. To manage the price risk from investments in equity instruments, the Company diversifies its portfolio based on the limit set by it.
- B. The Company mainly invests in equity instruments issued by domestic companies and open-end funds. The price of such equity instruments is affected due to the uncertainty of their future value. When the price of the equity instruments rose or dropped by 1% and all the other factors remained the same, the net profit after tax increased or decreased by \$963 and \$1,865 in 2023 and 2022, respectively, due to the gain or loss from equity instruments measured at fair value through profit or loss.

Cash flow and fair value interest rate risks

- A. The Company's interest rate risk mainly comes from short-term loans for purchasing materials issued at floating interest rates, exposing the Group to cash flow interest rate risk. As of December 31, 2023 and 2022, the Company's loans issued at floating interest rates were mainly denominated in NTD.
- B. When the loan interest rate rose or dropped by 1% and all other factors remained the same, the net profit after tax decreased or increased by \$4,864 and \$7,712 in 2023 and 2022, respectively.

(2) Credit risk

- A. The Company's credit risk is the risk of failure of a customer or a counterparty trading financial instruments with the Company to fulfill the contractual obligations, leading to the Company's financial loss. The risk is mainly generated from accounts receivable that cannot be collected from the counterparty according to the payment terms and from contractual cash flows classified as investments in debt instruments measured at amortized cost.
- B. According to the Company's explicitly defined internal loan policy, all operating entities of the Group must conduct management and credit risk analysis for every new customer before setting payment terms and proposing delivery terms and conditions. The customers' credit quality is assessed by taking into consideration their financial position, past experiences and other factors for internal risk control.
- C. The Company adopts the premises and assumptions provided by IFRS 9 as bases for determining if the credit risk of financial instruments increases significantly after initial recognition. When a contract payment is more than 90 days overdue over according to the agreed payment terms, the credit risk of financial assets is considered to have significantly increased after initial recognition.
- D. The Company adopts the premises and assumptions provided by IFRS 9. When a contract payment is more than 180 days overdue according to the agreed payment terms, a default is considered to have occurred.
- E. The credit impairment indicators used by the Company to identify investments in debt instruments are shown below:
 - (A) The issuer incurs significant financial difficulties or there is a significantly increased possibility that it will enter into bankruptcy or other financial reorganization;
 - (B) The issuer incurs financial difficulties resulting in the disappearance of the active market of the financial asset;
 - (C) The issuer defaults on or fails to pay the interest or principal;
 - (D) There are changes adverse to national and regional economic situations that are associated with the default of the issuer.
- F. The Company adopts the simplified approach to estimate expected credit losses for accounts receivable from customers by the characteristics of the customers based on a provision matrix.

- G. The Company takes into consideration the study reports of Taiwan Institute of Economic Research for future prospects when adjusting the loss rate derived from information during specific historical and current periods to estimate the loss allowance for accounts receivable. The provision matrix on December 31, 2023 and 2022, respectively, is as follows:

	Not overdue	30 days overdue	31-90 days overdue	91-180 days overdue	More than 181 days overdue	Total
<u>December 31, 2023</u>						
Expected loss rate	0.07%-0.19%	40.61%-85.57%	83.99%-100%	-	100%	
Total carrying value	\$ 635,667	\$ 144	\$ 222	\$ -	\$ -	\$ 636,033
Loss allowance	\$ 664	\$ 76	\$ 220	\$ -	\$ -	\$ 960
<u>December 31, 2022</u>						
Expected loss rate	0.15%-0.62%	66.27%-86.10%	-	100%	100%	
Total carrying value	\$ 239,778	\$ 2,040	\$ -	\$ 38	\$ -	\$ 241,856
Loss allowance	\$ 408	\$ 745	\$ -	\$ 38	\$ -	\$ 1,191

- H. The table about changes in the loss allowance for accounts receivable, for which the Company adopted the simplified approach, is as follows:

	2023	2022
January 1	\$ 1,191	\$ 1,475
Gain from recovery of impairment	(231)	(284)
December 31	\$ 960	\$ 1,191

(3) Liquidity risk

- A. Cash flow forecasting is carried out individually by each operating entity of the Company and the results are summarized by the Company's Finance Department. The Company's Finance Department monitors the forecasting of the Company's needs for current funds to ensure there are sufficient funds to meet the operating needs and maintains adequate unused committed lending facilities to prevent the Company from violating relevant lending limits or terms. Consideration is given to the Company's debt financing plans, compliance with debt terms, and achievement of internal target balance sheet financial ratios when making such forecasts.
- B. The Company groups non-derivative financial liabilities and derivative financial liabilities settled at net amount or total amount by relevant maturity dates. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. The undiscounted contractual cash flows of accounts payable, notes payable, and other payables are equivalent to their carrying values and will fall due within one year. The undiscounted contractual cash flows of the other financial liabilities are shown in detail below:

Non-derivative financial liabilities:

<u>December 31, 2023</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>Over 3 years</u>
Short-term loans	\$ 608,411	\$ -	\$ -	\$ -
Lease liabilities	4,721	3,738	417	-

Non-derivative financial liabilities:

<u>December 31, 2022</u>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>Over 3 years</u>
Short-term loans	\$ 964,872	\$ -	\$ -	\$ -
Lease liabilities	3,504	1,962	278	-

(III) Fair value information

1. The levels of the valuation technique adopted to measure the fair value of financial instruments and non-financial instruments are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities accessible to an entity on the measurement date (unadjusted). Active markets are ones where asset or liability transactions take place with sufficient frequency and volume for pricing information to be provided on an ongoing basis. All the fair values of the Company's investments in listed/OTC stocks fall under Level 1.

Level 2: Level 2 inputs are inputs other than the quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability. The Company's investments in bond instruments without active market fall under Level 2.

Level 3: Level 3 inputs are inputs that are unobservable to the asset or liability.

2. Please refer to the description in Note 6 (12) for information on the fair value of investment property measured at cost.
3. Financial instruments not measured at fair value

The carrying amounts of the Company's cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, deposits paid for other non-current assets, short-term loans, notes and accounts payable, other payables, and deposits received are reasonable approximations of their fair values.

4. The Company classifies the financial and non-financial instruments measured at fair value based on the nature, characteristics and risks of the assets and liabilities as well as the levels of the fair values. The relevant information is shown below:

- (1) The following is information on the Company's classification based on the nature of the assets and liabilities:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss				
Equity securities	<u>\$ 66,212</u>	<u>\$ -</u>	<u>\$ 30,130</u>	<u>\$ 96,342</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss				
Equity securities	<u>\$ 152,958</u>	<u>\$ -</u>	<u>\$ 33,563</u>	<u>\$ 186,521</u>

- (2) The methods and assumptions used by the Company to measure the fair value are as follows:

- A. The quoted market price used by the Company as fair value inputs (i.e. Level 1 inputs) is listed based on the characteristics of the instruments in the following:

	<u>Listed (OTC) stocks</u>	<u>Open-end funds</u>
Quoted market price	Closing price	Net value

- B. The fair value of all financial instruments, except for the aforementioned financial instruments in the active market, is acquired using the valuation technique or with reference to the quotation of the counterparty. When the valuation technique is used for acquisition of the fair value, the current fair value of other financial instruments with substantially similar conditions and characteristics, the cash flow discounting method, and other valuation techniques may be used as a reference, including the market information application model acquirable on the parent-only balance sheet date (e.g. TPEx yield curve and Reuters average interest rate quote of commercial paper).
- C. The valuation model is created based on the estimated approximation and the valuation technique may not be able to reflect all factors associated with the Company's financial and non-financial instruments. Therefore, estimates made using the valuation model are adjusted properly based on additional parameters, such as model risk or liquidity risk. According to the Company's fair value valuation model management policy and relevant control procedures, the management believes that valuation adjustments are appropriate and necessary for fair presentation of the fair value of financial and non-financial instruments in the parent-only balance sheet. Price information and parameters used in the valuation process are carefully assessed and adjusted based on the current market situation appropriately.

5. There was no transfer between Level 1 and Level 2 in 2023 and 2022.
6. Movements in Level 3 equity instruments in 2023 and 2022 are listed in the following table:

	2023	2022
January 1	\$ 33,563	\$ 28,537
Purchase in the current period	-	5,000
Profits recognized as profit or loss	(3,432)	26
December 31	<u>\$ 30,131</u>	<u>\$ 33,563</u>

7. There was no transfer-in/transfer-out to/from Level 3 in 2023 and 2022.
8. The Company's Finance Department is responsible for verifying the independent fair value of financial instruments in the process of valuation of Level 3 fair values to make valuation results close to the market situation based on information from independent sources and make sure that the information sources are independent, reliable and consistent with other resources and reflect executable prices. The Company also regularly adjusts the valuation model, conducts retrospective testing, updates inputs and data required for the valuation model, and makes any other necessary fair value adjustment to ensure reasonable valuation results.
9. The quantitative significant unobservable inputs of the valuation model used for Level 3 fair value measurements are analyzed and described as follows:

	Fair value on December 31, 2023	Valuation technique	Significant unobservable inputs	Relationship between the input and the fair value
Non-derivative equity instruments:				
Non-listed/non-OTC stocks	\$ 30,131	Comparable company method	PB multiplier, discount for lack of marketability	The higher the multipliers, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value.

	Fair value on December 31, 2022	Valuation technique	Significant unobservable inputs	Relationship between the input and the fair value
Non-derivative equity instruments:				
Non-listed/non-OTC stocks	\$ 33,563	Comparable company method	PB multiplier, discount for lack of marketability	The higher the multipliers, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value.

XII. Note disclosures

(I) Information of material transactions

1. Loaning of funds to others: Please refer to Table 1.
2. Making of endorsements/guarantees for others: Please refer to Table 2.
3. Securities held at end of period (excluding those controlled by investee subsidiaries, associates and joint ventures): Please refer to Table 3.
4. Aggregate purchases or sales of the same securities amounting to NT\$300 million or more than 20% of the paid-in capital: Please refer to Table 4.
5. Acquisition of property amounting to NT\$300 million or more than 20% of the paid-in capital: None.
6. Disposal of property amounting to NT\$300 million or more than 20% of the paid-in capital: None.
7. Purchases and sales with related parties amounting to NT\$100 million or more than 20% of the paid-in capital: Please refer to Table 5.
8. Accounts receivable from related parties amounting to NT\$100 million or more than 20% of the paid-in capital: Please refer to Table 6.
9. Transactions of derivative instruments: None.
10. Business relationship and important transactions between the parent company and subsidiaries and between the subsidiaries, and the amounts of such transactions: Please refer to Table 7.

(II) Information of investee companies

Information related to investee companies (excluding those in Mainland China), their place of registration, etc.: Please refer to Table 8.

(III) Information of investments in Mainland China

1. Basic information: Please refer to Table 9.
2. Material transactions occurring directly or indirectly through businesses in a third area and investee companies in Mainland China: Please refer to Tables 5, 6, 7.

(IV) Information of major shareholders

Please refer to Table 10.

XIII. Operating segment information

N/A.

(The End)

SOLOMON Technology Corporation
Loaning Funds to Others
January 1 to December 31, 2022

Table 1

Unit: NT\$ Thousand
(Unless otherwise specified)

No. (Note 1)	Lending company	Borrowing company	Current account	Related party	Maximum amount in the current period	Closing balance	Actual drawdown amount	Range of interest rates	Nature of loaning of funds (Note 4)	Business transaction amount	Reasons for the need of short- term financing	Allowance set aside for bad debts	Collateral		Limit on loans to individual borrowers (Note 2)	Limit on total loans (Note 3)	Remarks
													Name	Value			
1	Moredel Investment	Solomon Energy	Other receivables	Y	4,000	-	-	1%	2	-	Working capital	-	-	-	128,895	257,789	

Note 1: Number column description:

(1) "0" is reserved for the issuer.

(2) Each investee company is numbered in sequential order starting from 1.

Note 2: According to the Company's lending procedure, the amount of loans to a single enterprise with short-term financing needs is limited to 40% of the Company's net worth. The amount of loans to companies having business dealings with the Company is limited to the higher of the amount of purchases and sales between both parties. The amounts of the subsidiaries' loans to a single enterprise and their total loans given for short-term financing needs shall not exceed 40% of the net worth of the Company (However, the amount of Dong Guan Goldentek's total loans given is limited to 80%).

Note 3: According to the Company's lending procedure, the amount of the Company's total loans given is limited to 80% of the net worth of the Company.

Note 4: The nature of loaning of funds is described as follows:

(1) Business relationships: 1.

(2) Needs for short-term financing: 2.

SOLOMON Technology Corporation
Endorsements/Guarantees for Others
January 1 to December 31, 2022

Table 2

Unit: NT\$ Thousand
(Unless otherwise specified)

No. (Note 1)	Endorser/ guarantor	Endorsee/guarantee		Limit on endorsements/ guarantees to a single enterprise (Note 3)	Maximum endorsement/ guarantee balance in the current period	Closing endorsement/ guarantee balance	Actual drawdown amount	Endorsement/ guarantee amount secured with property	Cumulative endorsement/ guarantee amount as a percentage of the net worth in the most recent financial statements	Maximum limit on endorsements/ guarantees (Note 3)	Endorsements/ guarantees made by the parent company for subsidiaries	Endorsements/ guarantees made by subsidiaries for the parent company	Endorsements/ guarantees made for the operations in Mainland China	Remarks
0	SOLOMON	Solomon Energy	2	\$ 981,742	\$ 157,000	\$ 157,000	\$ 37,900	\$ -	3.20	\$ 2,454,354	Y	N	N	

Note 1: Number column description:

- (1) "0" is reserved for the issuer.
- (2) Each investee company is numbered in sequential order starting from 1.

Note 2: The relationship between the endorser/guarantor and the endorsee/guarantee is classified under the following six categories. It is only necessary to mark the type:

- (1) Companies with business relationships.
- (2) Subsidiaries in which the Company holds more than 50% of the common stock equity.
- (3) Investee companies in which the parent company and its subsidiaries hold more than 50% of the common stock equity, calculated on a consolidated basis.
- (4) The parent company, directly or indirectly through a subsidiary, holding more than 50% of the common stock equity of the Company.
- (5) Companies in the same industry that are required to provide mutual guarantee pursuant to contracts for undertaking engineering projects.
- (6) Companies receiving endorsements/guarantees from the shareholders proportionally to their shareholding due to a joint venture relationship.

Note 3: According to the Company's endorsement/guarantee procedure, the amount of the Company's total endorsements/guarantees is limited to 50% of the net worth of the Company and the amount of endorsements/guarantees provided for the same company shall not exceed 20% of the guarantor's net worth.

SOLOMON Technology Corporation
Securities Held at End of Period (Excluding Those Controlled by Investee Subsidiaries, Associates and Joint Ventures)
December 31, 2022

Table 3

Unit: NTS Thousand
(Unless otherwise specified)

Holding company	Type and name of securities	Relationship with the securities issuer	Account	End of period				Remarks
				Number of shares/units	Carrying amount	Shareholding percentage	Fair value	
SOLOMON	Hua Nan Phoenix Money Market Fund	-	Financial assets measured at fair value through profit or loss – current	6,669,817	110,000	-	110,000	註
	Raydium	-	Financial assets measured at fair value through profit or loss – current	39,000	11,876	0.05%	11,876	"
	Evergreen	-	Financial assets measured at fair value through profit or loss – current	84,000	13,692	-	13,692	"
	Unimicon	-	Financial assets measured at fair value through profit or loss – current	128,000	15,360	0.01%	15,360	"
	IROC	-	Financial assets measured at fair value through profit or loss – non-current	70,745	2,030	0.27%	2,030	"
	Chenfeng	-	Financial assets measured at fair value through profit or loss – non-current	1,500,000	16,146	1.60%	16,146	"
	Sogotec Enterprise	-	Financial assets measured at fair value through profit or loss – non-current	852	-	-	-	"
	TAIWAN-CA	-	Financial assets measured at fair value through profit or loss – non-current	29,847	-	0.12%	-	"
	Tai-Ling Biotech	-	Financial assets measured at fair value through profit or loss – non-current	321,538	-	0.90%	-	"
	Taiwan Truewin Technology	-	Financial assets measured at fair value through profit or loss – non-current	200,000	12,417	0.66%	12,417	"
	Liwatt X	-	Financial assets measured at fair value through profit or loss – non-current	500,000	5,000	7.14%	5,000	"
	Lion Best Global Limited-Tranche A Notes	-	Financial assets measured at amortized cost – non-current	-	614,200	-	614,200	"
	Lion Best Global Limited-Tranche B Notes	-	Financial assets measured at amortized cost – non-current	-	460,650	-	460,650	"
Moredel Investment	SOLOMON	Parent company of the Company	Financial assets measured at fair value through profit or loss – current	100,432	2,621	0.06%	2,621	"
	Hwa Fong Rubber Ind.	-	Financial assets measured at fair value through profit or loss – current	1,327,556	19,249	0.48%	19,249	"
	Raydium	-	Financial assets measured at fair value through profit or loss – current	80,000	24,360	0.11%	24,360	"
	Integrated Solutions	-	Financial assets measured at fair value through profit or loss – non-current	1,522,659	23,418	4.03%	23,418	"
	Airbag Packing	-	Financial assets measured at fair value through profit or loss – non-current	400,000	3,085	1.60%	3,085	"
	Keystone Tech	-	Financial assets measured at fair value through profit or loss – non-current	200,000	-	2.22%	-	"
	Gintung Energy	-	Financial assets measured at fair value through profit or loss – non-current	57,141	-	0.15%	-	"
Solomon Cayman	Capital Investment Development Corp	-	Financial assets measured at fair value through profit or loss – non-current	330,000	10,134	0.77%	10,134	"
	Polar Tech.	-	Financial assets measured at fair value through profit or loss – non-current	190,000	-	18.21%	-	"
	UKNOWIKNOW HOLDINGS INC.	-	Financial assets measured at fair value through profit or loss – non-current	150,000	-	5.22%	-	"
Solomon Data	CENZ Automation	-	Financial assets measured at fair value through profit or loss – non-current	80,000	-	1.36%	-	"
International	Taiwan Truewin Technology	-	Financial assets measured at fair value through profit or loss – non-current	100,000	6,208	0.37%	6,208	"
	Cerulean Asset Management Venture Capital Limited Partnership	-	Financial assets measured at fair value through profit or loss – non-current	3,000	3,000	3.22%	3,000	"
	Meng-Lue Corporate Venture Fund Limited Partnership	-	Financial assets measured at fair value through profit or loss – non-current	1,875	1,875	2.08%	1,875	"
Solomon Goldentek	United Microelectronics Corporation	-	Financial assets measured at fair value through profit or loss – current	105,000	4,273	-	4,273	"
Display	Unimicon Technology Corp.	-	Financial assets measured at fair value through profit or loss – current	90,000	10,800	0.01%	10,800	"
	Giant Manufacturing Co., Ltd.	-	Financial assets measured at fair value through profit or loss – current	15,000	3,008	-	3,008	"
	CENZ Automation Co., Ltd.	-	Financial assets measured at fair value through profit or loss – non-current	250,000	85	4.25%	85	"
	Lion Best Global Limited-Tranche B Notes	-	Financial assets measured at amortized cost – non-current	-	307,100	-	307,100	"
	Meng-Lue Venture Capital Limited Partnership	-	Financial assets measured at fair value through profit or loss – non-current	3,750	3,750	4.17%	3,750	"
	Cerulean Asset Management Venture Capital Limited Partnership	-	Financial assets measured at fair value through profit or loss – non-current	4,500	4,500	4.82%	4,500	"
Solomon Smartnet	Raydium	-	Financial assets measured at fair value through profit or loss – current	22,000	10,471	0.03%	10,471	"
	United Microelectronics	-	Financial assets measured at fair value through profit or loss – current	40,000	1,628	-	1,628	"
Cornucopia Innovation	Weltrend	-	Financial assets measured at fair value through profit or loss – current	320,000	13,216	0.18%	13,216	"
	Meng-Lue Corporate Venture Fund Limited Partnership	-	Financial assets measured at fair value through profit or loss – non-current	1,875	1,875	2.08%	1,875	"

Note: Not pledged.

SOLOMON Technology Corporation
Purchases and Sales with Related Parties Amounting to NT\$100 Million or More Than 20% of the Paid-in Capital
January 1 to December 31, 2022

Table 4

Unit: NT\$ Thousand
(Unless otherwise specified)

			Transaction		Differences of transaction terms from those of regular transactions and reasons for such differences			Notes/accounts receivable (payable)		Percentage in total accounts/ notes receivable (payable)	Remarks
Purchasing (selling) company	Name of counterparty	Relationship	Purchase (sale)	Amount	Percentage in total purchases (sales)	Loan period	Unit price	Loan period	Balance		
SOLOMON	Yumon International	Parent-subsiary	(Sale)	(\$ 432,746)	(13)	Note 1	Agreed by both parties	Note 2	\$ 708	-	
Yumon International	SOLOMON	Parent-subsiary	Purchase	432,746	54	Note 1	Agreed by both parties	Note 2	(708)	-	
Solomon Goldentek Display	Dong Guan Goldentek	Parent-subsiary	Purchase	731,592	78	Note 3	Note 3	Note 3	(142,644)	(90)	
Solomon Goldentek Display	Dong Guan Goldentek	Parent-subsiary	Note 4	(278,524)	-	Note 4	Note 4	Note 4	-	-	
Dong Guan Goldentek	Solomon Goldentek Display	Parent-subsiary	(Sale)	(731,592)	(88)	Note 3	Note 3	Note 3	142,644	88	
Dong Guan Goldentek	Solomon Goldentek Display	Parent-subsiary	Note 4	278,524	-	Note 4	Note 4	Note 4	-	-	

Note 1: The payment was collected after being offset against the accounts receivable based on the funding status of Yumon International.

Note 2: The loan period for regular customers ranges from 90 to 120 days.

Note 3: The unit price was negotiated by both parties. The payment was made based on the funding status after being offset against the payment receivable for entrusted procurement. The payment term for regular suppliers ranges from about 60 to 90 days.

Note 4: It was an entrusted procurement transaction. The payment was collected after being offset against the accounts payable based on the funding status on a monthly basis.

SOLOMON Technology Corporation
Accounts Receivable from Related Parties Amounting to NT\$100 Million or More Than 20% of the Paid-in Capital
December 31, 2022

Table 5

Unit: NT\$ Thousand
(Unless otherwise specified)

Company from which payments accounted for are receivable	Name of counterparty	Relationship	Balance of payments receivable from the related party	Turnover	Overdue payments receivable from the related party		Subsequently recovered amount of payments receivable from the related party	Allowance set aside for bad debts
					Amount	Treatment		
Dong Guan Goldentek	Solomon Goldentek Display	Parent-subsidiary	\$ 142,644	3.83	-	Active collection	\$ 85,562	\$ -

SOLOMON Technology Corporation
Business Relationship and Important Transactions between the Parent Company and Subsidiaries and between the Subsidiaries, and the Amounts of Such Transactions
January 1 to December 31, 2022

Table 6

Unit: NT\$ Thousand
(Unless otherwise specified)

No. (Note 4)	Name of transacting party	Counterparty	Relationship with transacting party (Note 5)	Transaction			As a percentage of total consolidated operating income or assets (Note 5)
				Account	Amount	Transaction terms	
0	SOLOMON	Yumon International	1	Sale	\$ 432,746	Note 1	8%
0	SOLOMON	Solomon Goldentek Display	1	Sale	72,510	Note 2	1%
1	Solomon Goldentek Display	Dong Guan Goldentek	1	Purchase	731,592	Note 2	14%
1	Solomon Goldentek Display	Dong Guan Goldentek	1	Accounts payable	142,644	Note 2	2%
1	Solomon Goldentek Display	Dong Guan Goldentek	1	Other receivables	278,524	Note 3	3%

Note 1: After the payments receivable and payable were offset against each other, the payments were collected based on the funding status. The payment term for regular customers ranges from about 90-120 days.

Note 2: The payment term was 90-180 days after the payments receivable and payable were offset against each other.

Note 3: The business transactions between the parent company and its subsidiaries shall be indicated in the "No." column. This column shall be completed as follows:

(1) 0 is reserved for the parent company.

(2) Each subsidiary is numbered in sequential order starting from 1.

Note 4: The relationship with the transacting party is classified into the following three categories. It is only necessary to mark the type (It is not necessary to disclose the same transaction between the parent company and its subsidiaries or between the subsidiaries repeatedly. For example, if the parent company has disclosed a transaction with one of its subsidiaries, it is not required for the subsidiary to disclose the transaction again. If a subsidiary has disclosed a transaction with another subsidiary, it is not required for the latter to disclose the transaction again):

(1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Subsidiary to subsidiary.

Note 5: For asset or liability accounts, the transaction amount's percentage of total consolidated operating income or assets shall be calculated as the closing balance as a share of the total assets; for profit or loss accounts, the percentage shall be calculated as the accumulated amount as a share of the total consolidated operating income.

SOLOMON Technology Corporation
Information Related to Investee Companies (Excluding Those in Mainland China), Their Place of Registration, etc.
January 1 to December 31, 2022

Table 7

Unit: NTS Thousand
(Unless otherwise specified)

Name of investor company	Name of investee company	Place of registration	Principal business	Initial investment amount		Holding percentage at end of period			Gain or loss of investee company in the current period	Investment gain or loss recognized in the current period	Remarks
				End of current period	End of previous year	Number of shares	Percentage	Carrying amount			
SOLOMON	Solomon Cayman	Cayman Islands	Holding company	\$ 264,367	\$ 315,607	14,736,130	100.00	\$ 201,432	\$ 20,622	\$ 20,622	1
SOLOMON	Solomon Smartnet	Taiwan	IC CARD	200,000	200,000	20,000,000	100.00	257,521	27,185	27,185	1
SOLOMON	Solomon Goldentek Display	Taiwan	Manufacturing of LCDs	1,359,694	1,359,694	42,030,186	70.77	1,252,153	237,465	168,055	1
SOLOMON	Moredel Investment	Taiwan	Professional investment	457,384	457,384	28,460,900	100.00	308,039	11,758	11,537	1
SOLOMON	Solomon Wireless Technology	Taiwan	Communication products	599,665	599,665	96,407	96.41	16	-	-	1
SOLOMON	Solomon Data International	Taiwan	Manufacturing of LCD panels	58,339	58,339	6,507,676	30.45	138,500	41,992	12,862	1
SOLOMON	Total Profit	Samoa	Holding company	13,859	13,859	3,088,700	100.00	6,472	(1,456)	(1,456)	1
SOLOMON	GD Investment	Taiwan	Installation and sale of generators	434	434	43,400	100.00	82	(264)	(264)	1
SOLOMON	Cornucopia Innovation	Taiwan	Manufacturing of machines/equipment and electronic parts and components	65,000	65,000	6,100,000	35.06	40,032	(40,831)	(14,316)	1
SOLOMON	Solomon Science Technology(VN)	Vietnam	Supply and sale of intelligence technology	27,200	15,288	-	100.00	11,358	(4,143)	(4,143)	1
SOLOMON	Solomon Robotics(THAI) Ltd.	Thailand	Supply and sale of intelligence technology	8,209	8,209	2,488,000	100.00	5,719	(340)	(340)	1
SOLOMON	Solomon Technology (USA)	United States	Supply and sale of intelligence technology	54,074	37,505	12,500	100.00	11,913	(9,081)	(9,081)	1
SOLOMON	Fast Energy	Taiwan	Self-usage renewable energy generation equipment	-	300	-	-	-	(1)	(1)	1
SOLOMON	Solomon Energy	Taiwan	Import and export of electrical power-related products	180,000	120,000	18,000,000	100.00	121,744	(26,713)	(26,713)	1
SOLOMON	Sheng-Peng Technology	Taiwan	Import and export of electrical power-related products	5,100	-	510,000	51.00	5,801	1,061	701	1
Moredel Investment	Solomon Data International	Taiwan	Manufacturing of LCD panels	41,883	41,883	3,902,740	18.87	81,478	41,992	-	1 ∙ 3
Moredel Investment	Solomon Goldentek Display	Taiwan	Manufacturing of LCDs	62,233	62,233	5,500,000	9.26	166,798	237,465	-	1 ∙ 3
Moredel Investment	INGA NANO Technology	Taiwan	Installation of computer equipment and retail and wholesale of electronic materials	-	24,700	-	-	-	(393)	-	3 ∙ 4
Solomon Smartnet	Solomon Data International	Taiwan	Manufacturing of LCD panels	38,418	38,418	4,368,117	21.11	90,351	41,992	-	1 ∙ 3
Solomon Smartnet	Solomon Goldentek Display	Taiwan	Manufacturing of LCDs	62,233	62,233	5,610,000	9.26	166,798	237,465	-	1 ∙ 3
Solomon Cayman	Solomon Group	United States	Holding company	3,183	3,183	150,000	100.00	-	-	-	3 ∙ 4
Solomon Cayman	Soundtek Ltd.	Seychelles	Professional investment	22,041	23,764	-	30.00	-	-	-	3 ∙ 4
Solomon Cayman	Goldentek (B.V.I.)	British Virgin Islands	Sale of LCDs and modules	452	2,175	48,501	0.39	1,658	52,640	-	2 ∙ 3
Solomon Cayman	GD Power Ltd.	Seychelles	Holding company	-	25,586	-	-	-	-	-	2 ∙ 3
Solomon Energy	Solomon Energy (Singapore)	Singapore	Self-usage renewable energy generation equipment	14,752	10,644	700,000	100.00	88	(6,485)	-	2 ∙ 3
Solomon Data International	Cornucopia Innovation	Taiwan	Manufacturing of machines/equipment and electronic parts and components	25,268	25,300	2,300,000	13.22	20,037	(40,155)	-	1 ∙ 3
Solomon Data International	AggrEnergy	Taiwan	Energy technology service	24,532	-	23,502,128	18.21	28,896	23,963	-	1 ∙ 3
Solomon Data International	Ju Xin Energy	Taiwan	Energy technology service	36,000	-	3,600,000	5.00	35,976	(521)	-	1 ∙ 3
Solomon Goldentek Display Corp.	Goldentek Display System (BVI) Co., Ltd.	British Virgin Islands	Production and sale of LCDs and modules	423,146	863,143	12,387,686	99.61	423,535	52,640	-	2 ∙ 3
Solomon Goldentek Display Corp.	Futek Trading Co., Ltd.	British Virgin Islands	Entrepot trade	14,406	14,406	1,050,000	100.00	384	(8,081)	-	2 ∙ 3
Solomon Goldentek Display Corp.	Cornucopia Innovation Corporation	Taiwan	Manufacturing of machines/equipment and electronic parts and components	4,500	4,500	360,000	2.07	3,355	(35,068)	-	1 ∙ 3
Futek Trading Co.,Ltd.	Solomon Goldentek Display (Hong Kong) Corp.	Hong Kong	Entrepot trade	2,175	2,175	500,000	100.00	384	(8,081)	-	1 ∙ 3
Solomon Goldentek Display (Dong Guan) Ltd.	Goldentek Smart International Limited	Hong Kong	Production and sale of LCDs and modules and investment business	-	162,125	-	-	-	-	-	1 ∙ 3

Note 1: A subsidiary.

Note 2: A sub-subsidiary.

Note 3: The investee company's profit or loss in the current period was recognized as that of the ultimate parent company.

Note 4: An investee company valued using the equity method.

SOLOMON Technology Corporation
Information of Investments in Mainland China – Basic Information
January 1 to December 31, 2022

Table 8

Unit: NT\$ Thousand
(Unless otherwise specified)

Name of investee company in Mainland China	Principal business	Paid-in capital	Method of investment (Note 1)	Accumulated amount of investments remitted from Taiwan at beginning of current period	Amount of investments remitted or recovered in the current period		Accumulated amount of investments remitted from Taiwan at end of current period	Gain or loss of investee company in the current period	The Company's shareholding in direct or indirect investments	Investment gain or loss recognized in the current period (Note 3)	Carrying amount of investments at end of period	Investment gain received as of the current period	Remarks
					Remitted	Recovered							
Solomon Goldentek Display (Dong Guan) Ltd.	Production and sale of new types of LCDs and modules	\$ 161,760	1	\$ 563,976	\$ -	\$459,085	\$ 104,891	\$ 23,283	99.61	\$ 23,192	\$ 423,489	\$ -	
Solomon Shenzhen	International trade	11,814	1	11,547	-	-	11,547	(1,456)	100.00	(1,456)	6,461	-	
Yumon International	International trade	208,828	1	65,956	-	-	65,956	20,337	100.00	20,337	179,768	-	
Zhuhai Wan Jia	Manufacturing and sale of magnetic materials	61,420	1	4,497	-	-	4,497	-	7.65	-	-	-	
Tien Yun Technology (Suzhou)	Microphones, LCD cables	9,213	2	-	-	-	-	-	30.00	-	-	-	Note 2

Note 1: Investment methods are classified into following two categories. It is only necessary to mark the type:

- (1) Investment in Mainland China companies through an investee company established in a third area.
- (2) Investment in Mainland China companies by investing in an existing company in a third area.
- (3) Investment in Mainland China companies through an existing investee company established in Mainland China.

Note 2: The subsidiary Solomon Cayman invested US\$90 thousand from its own funds in Soundtek Ltd. in Mainland China.

Note 3: The gain or loss was valued based on the financial statements for the same period audited by the parent company's CPA.

Note 4: Solomon Cayman, a 100% owned subsidiary of the Company, increased the capital of Yumon International with US\$800 thousand and US\$3,000 thousand from its own funds in 2011 and 2013, respectively.

Company name	Accumulated amount of investments remitted from Taiwan to Mainland China at end of current period	Amount of investments approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China as required by the Investment Commission, MOEA
SOLOMON Technology Corporation	\$ 614,867	\$ 912,070	\$ 3,197,134

Note 1: The data of Dong Guan Goldentek was reported by Solomon Goldentek Display. The listed figure includes the information of the company.

Note 2: The limit was calculated based on the Company's net equity value without consideration of the investments of Solomon Goldentek Display.

SOLOMON Technology Corporation
Information of Major Shareholders
December 31, 2022

Table 9

Name of major shareholders	Shares	
	Number of shares held	Shareholding percentage
Chen Cheng-Lung	15,733,057	9.17
Chen Lu Su-Yue	13,958,843	8.14
Chen Jan-Sun	9,481,377	5.52
Xin Li Investment Corp.	9,235,114	5.38

SOLOMON Technology Corporation
Statement of Cash and Cash Equivalents
December 31, 2023

Statement 1

Unit: NT\$ Thousand

Item	Summary	Amount	Remarks
Cash on hand and petty cash		\$ 75	
Check deposits		50,766	
Demand deposits			
- NTD deposits		7,005	
- Foreign currency deposits	USD 876 thousand, with a conversion rate of USD 1 to NTD 30.71	26,953	
	EUR 342 thousand, with a conversion rate of EUR 1 to NTD 33.98	11,610	
	JPY 14 thousand, with a conversion rate of JPY 1 to NTD 0.22	3	
	HKD 35 thousand, with a conversion rate of HKD 1 to NTD 3.93	138	
	CNY 2 thousand, with a conversion rate of CNY 1 to NTD 4.33	10	
	The deposits will mature in three months, with an interest rate of 5.25%-5.53%		
Time deposits		151,990	
		<u>\$ 248,550</u>	

SOLOMON Technology Corporation
Statement of Accounts Receivable
December 31, 2023

Statement 2

Unit: NT\$ Thousand

Name of customer	Summary	Amount	Remarks
A		\$ 244,169	
B		150,639	
C		57,290	
D		46,268	
Others			The balance for each customer did not exceed 5% of the total amount of the account
		137,667	
		636,033	
Less: Loss allowance		(960)	
		<u>\$ 635,073</u>	

SOLOMON Technology Corporation
Statement of Inventory
December 31, 2023

Statement 3

Unit: NT\$ Thousand

Item	Summary	Amount		Remarks
		Cost	Market price	
Inventory of goods		\$ 1,438,349	<u>\$ 1,440,350</u>	The net realizable value was used as the market price
Less: Allowance for devaluation loss		(<u>20,298</u>)		
		<u>\$ 1,418,051</u>		

SOLOMON Technology Corporation
Statement of Changes in Long-term Equity Investments under the Equity Method
January 1 to December 31, 2023

Statement 4

Unit: NT\$ Thousand

Name	Opening balance		Increase in the current period		Decrease in the current period		Closing balance			Net equity value		Provided as collateral or pledged
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding percentage	Amount	Unit price (NT\$)	Total price	
Solomon Cayman International Corp.	7,232,836	\$ 201,432	-	\$ 15,074	-	\$ -	7,232,836	100.00	\$ 216,506	\$ 29.93	\$ 216,506	None
Solomon Smartnet Corp.	20,000,000	257,521	-	14,303	-	(8,774)	20,000,000	100.00	263,050	13.15	263,050	"
Solomon Goldentek Display Corp.	42,871,029	1,252,153	-	52,546	-	(85,742)	42,871,029	70.77	1,218,957	28.43	1,218,957	"
Moredel Investment Corp.	28,460,900	308,039	-	243,064	-	3,989	28,460,900	100.00	555,092	19.50	555,092	"
Solomon Wireless Technology Corp.	96,407	16	-	-	-	-	96,407	96.41	16	0.17	16	"
Total Profit Holdings Ltd.	3,088,700	6,472	-	-	-	(2,610)	3,088,700	100.00	3,862	1.25	3,862	"
Solomon Data International Corporation	6,298,676	138,500	-	8,809	(176,000)	(10,179)	6,122,676	29.60	137,130	22.40	137,130	"
GD Investment Corp.	43,400	82	-	-	(43,400)	(82)	-	-	-	-	-	"
Cornucopia Innovation Corporation	6,100,000	40,032	-	-	-	4,053	6,100,000	35.06	44,085	7.23	44,085	"
Solomon Science Technology (VN) Co.,Ltd.	-	11,358	-	-	-	(5,163)	-	100.00	6,195	-	6,195	"
Solomon Robotics (THAI) Ltd.	2,488,000	5,719	-	-	-	(481)	2,488,000	100.00	5,238	2.11	5,238	"
Solomon Technology (USA) Corp.	12,500	11,913	6,000	19,194	-	(17,573)	18,500	100.00	13,534	731.57	13,534	"
Solomon Technology Japan Co., Ltd.	-	-	22,000	4,844	-	(66)	22,000	100.00	4,778	217.18	4,778	"
Solomon Energy Technology Corporation	18,000,000	121,744	4,000,000	40,000	-	(9,691)	22,000,000	100.00	152,053	6.91	152,053	"
Sheng-Peng Technology Corp.	510,000	<u>5,801</u>	-	<u>2,298</u>	-	<u>-</u>	510,000	51.00	<u>8,099</u>	15.88	8,099	"
		<u>\$ 2,360,782</u>		<u>\$ 400,132</u>		<u>(\$ 132,319)</u>			<u>\$ 2,628,595</u>			

SOLOMON Technology Corporation
Statement of Accounts Payable
December 31, 2023

Statement 5

Unit: NT\$ Thousand

Name of customer	Summary	Amount	Remarks
Non-related party			
A	\$ 31,330		
Others			
		482,497	The balance for each company did not exceed 5% of the total amount of the account
Subtotal		513,827	
Related party			
Solomon Energy Technology (Singapore) Pte. Ltd.	\$ 8,761		
Yumon International Trade Shanghai Limited Corporation		1,223	
Solomon Goldentek Display Corp.		778	
Others			
		332	The balance for each company did not exceed 5% of the total amount of the account
Subtotal		11,094	
	<u>\$ 524,921</u>		

SOLOMON Technology Corporation
Statement of Short-term Loans
December 31, 2023

Statement 6

Unit: NT\$ Thousand

Loan type	Description	Closing balance	Contract expiration date	Range of interest rates	Financing limit	Pledge or security
Secured loans	Taiwan Cooperative Bank	\$ 438,000	2024/03	1.78%	\$ 700,000	Security
"	Bank of Taiwan	170,000	2024/03	1.75%	1,000,000	"
Credit loans	Chang Hwa Bank	-	-	-	80,000	Credit
"	Taishin Bank	-	-	-	80,000	"
"	Hua Nan Bank	-	-	-	100,000	"
"	Mega Bank	-	-	-	80,000	"
		<u>\$ 608,000</u>			<u>\$ 2,040,000</u>	

SOLOMON Technology Corporation
Statement of Operating Income
January 1 to December 31, 2023

Statement 7

Unit: NT\$ Thousand

Item	Number (thousand)	Amount	Remarks
Total sales income			
Electronic parts, cathode-ray tubes and other electronic semiconductor products	31,688	\$ 326,694	
Engine generators and other equipment	1	1,302,105	
Automated equipment and electronic parts and components	156	931,147	
		2,559,946	
Income from maintenance and design services and other services		6,974	
Total operating income		2,566,920	
Less: Sales returns and discounts		(11,408)	
Net operating income		<u>\$ 2,555,512</u>	

SOLOMON Technology Corporation
Statement of Operating Costs
January 1 to December 31, 2023

Statement 8

Unit: NT\$ Thousand

Item	Amount
Opening inventory of goods	\$ 807,973
Plus: Purchase of goods in the current period	2,197,396
Less: Transferred to expense	(3,102)
Closing inventory of goods	(1,438,349)
Cost of sales	1,563,918
Plus: Installation cost and maintenance cost	446,689
Import expense	732
Cost of goods sold	2,011,339
Plus: Devaluation loss	627
Operating costs in the current period	<u>\$ 2,011,966</u>

Item	Summary	Amount	Remarks
Marketing expenses			
Salary expense		\$ 164,900	
Insurance expense		16,573	
Other expenses		76,559	The balance of each item did not exceed 5% of the total amount of the account
Subtotal		258,032	
Management expense			
Salary expense		\$ 75,050	
Service expense		6,875	
Insurance expense		5,820	
Other expenses		14,172	The balance of each item did not exceed 5% of the total amount of the account
Subtotal		101,917	
R&D expense			
Salary expense		\$ 64,544	
Depreciation expense		6,400	
Insurance expense		5,820	
Other expenses		26,768	The balance of each item did not exceed 5% of the total amount of the account
Subtotal		103,532	
Expected credit impairment gain		(231)	
		<u>\$ 463,250</u>	

SOLOMON Technology Corporation
Statement of Current Employee Benefits and Depreciation and Amortization Expenses by Function
January 1 to December 31, 2023

Statement 10

Unit: NT\$ Thousand

By nature	By function	2023				2022			
		Classified as operating costs	Classified as operating expenses	Total		Classified as operating costs	Classified as operating expenses	Total	
Employee benefit expenses									
Salary expense		\$ -	\$ 292,955	\$ 292,955		\$ -	\$ 290,464	\$ 290,464	
Labor and health insurance expenses		-	27,019	27,019		-	25,534	25,534	
Pension expense		-	14,501	14,501		-	12,983	12,983	
Remuneration to directors		-	14,882	14,882		-	11,382	11,382	
Other employee benefit expenses		-	13,166	13,166		-	12,334	12,334	
Depreciation expense		-	20,311	20,311		-	21,550	21,550	
Amortization expense		-	2,007	2,007		-	1,889	1,889	

Note 1: As of December 31, 2023 and 2022, the Company had 317 and 315 employees, respectively, and the number of non-employee directors was 4.

Note 2: The Company's average employee benefit expense in 2023 and 2022 was \$1,111 and \$1,098, respectively. The average employee salary expense in 2023 and 2022 was \$936 and \$935, respectively. The average employee salary expense in 2023 was adjusted by 0.10%.

Note 3: The Company's salary and remuneration policies (including those for the directors, supervisors, managerial officers, and employees).

(1) The Company's policy, standards and packages for payment of remuneration to the directors and supervisors, the procedures for determination of the remuneration, and the relevance to the operating performance and future risks:

A. The Board of Directors is authorized to determine the remuneration of the Company's directors and supervisors based on their individual participation in and contribution to the Company's operations and with reference to the general level in the industry at home and abroad.

B. According to the Articles of Incorporation, the Company shall subtract any accumulated losses from earnings in the year. A minimum amount of 1% of the remaining (if any) shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration to directors and supervisors. The distribution of the remuneration is subject to a resolution of the Board of Directors.

SOLOMON Technology Corporation
Statement of Current Employee Benefits and Depreciation and Amortization Expenses by Function (Continued)
January 1 to December 31, 2023

Statement 11

Unit: NT\$ Thousand

- (2) The Company's policy, standards and packages for payment of remuneration to the managerial officers, the procedures for determination of the remuneration, and the relevance to the operating performance and future risks:
 - A. The remuneration of the Company's managerial officers is determined based on their professional experience and length of service.
 - B. According to the Articles of Incorporation, the Company shall subtract any accumulated losses from earnings in the year. A minimum amount of 1% of the remaining (if any) shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration to directors and supervisors. The distribution of the remuneration is subject to a resolution of the Board of Directors.
- (3) The Company's policy, standards and packages for payment of remuneration to the employees, the procedures for determination of the remuneration, and the relevance to the operating performance and future risks:
 - A. The remuneration policy for the Company's employees uses their personal capability, contribution to the Company, and performance as the bases and the remuneration is positively correlated with the operating performance. In addition, the Company has controlled future risks well and there is a certain degree of correlation between the remuneration policy and the future risks. The overall salary and remuneration packages comprise three main elements, namely the base salary, bonuses and employee remuneration, and benefits. In accordance with the standards for payment of remuneration, the base salary is determined based on the competition for the position in the market and the Company's policies. The bonuses and employee remuneration paid are associated with the employee's or the department's achievement of goals or the Company's operating performance. The benefits shall be designed on the premise that laws and regulations are complied with and to meet the needs of the employees and allow them to enjoy the benefits together.
 - B. According to the Articles of Incorporation, the Company shall subtract any accumulated losses from earnings in the year. A minimum amount of 1% of the remaining (if any) shall be appropriated as remuneration to employees and a maximum amount of 2% shall be appropriated as remuneration to directors and supervisors. The distribution of the remuneration is subject to a resolution of the Board of Directors.