

**LANNER ELECTRONICS INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

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

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Independent Auditors' Review Report

To the Board of Directors of LANNER ELECTRONICS INC.:

Introduction

We have reviewed the accompanying consolidated balance sheets of LANNER ELECTRONICS INC. and its subsidiaries ("the Group") as of March 31, 2024 and 2023 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standards on Review No.2410 "Review of Financial Information Performed by the Independent Auditor of the Entity." A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements include the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$367,481 thousand and \$326,665 thousand, constituting 4% of the consolidated total assets as of March 31, 2024 and 2023; and the total liabilities amounting to \$44,814 thousand and \$70,049 thousand, constituting 1% and 2% of the consolidated total liabilities as of March 31, 2024 and 2023, respectively; as well as the total comprehensive income (loss) amounting to \$(1,854) thousand and \$19,872 thousand, constituting (1) % and 8% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2024 and 2023, respectively.

Except as stated in the preceding paragraph, investments accounted for using the equity method by the Group as of March 31, 2024 and 2023, amounting to \$1,694 thousand and \$893 thousand respectively, and the share of (loss) gain from affiliates and joint ventures accounted for using the equity method for the three months ended March 31, 2024 and 2023, were \$(2,966) thousand and \$153 thousand, respectively; such figures are based on the financial statements of the investees for the same period, which were not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our review and the review report by another auditor (please refer to Other Matters paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matters

We did not review the financial statements of LANNER ELECTRONICS USA, INC. (LANNER (USA)), a subsidiary of the Group. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for LANNER (USA) is based solely on the review report of another auditor. The financial statements of LANNER (USA) reflect the total assets amounting to \$864,709 thousand and \$1,042,948 thousand, constituting 9% and 12% of the consolidated total assets as of March 31, 2024 and 2023, as well as the total revenues amounting to \$495,747 thousand and \$578,039 thousand, constituting 30% and 26% of the consolidated total revenues for the three months ended March 31, 2024 and 2023, respectively.

The engagement partners on the reviews resulting in this independent auditors’ review report are Wu, Chung-Shun and Wang, Yung-Sheng.

KPMG

Taipei, Taiwan (Republic of China)
May 02, 2024

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

LANNER ELECTRONICS INC. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2024, December 31, 2023, and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		2024.3.31		2023.12.31		2023.3.31		Liabilities and Equity		2024.3.31		2023.12.31		2023.3.31	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
11xx	Current assets:							21xx	Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 2,400,908	26	3,179,621	35	3,345,298	39	2100	Short-term borrowings (notes 6(i) and 8)	\$ -	-	-	-	88,186	1
1110	Financial assets at fair value through profit or loss - current (note 6(b))	-	-	-	-	252	-	2321	Bonds payable, current portion (note 6(k))	-	-	-	-	894,910	10
1136	Financial assets at amortized cost - current (note 6(c))	2,141,605	23	1,137,000	12	-	-	2120	Financial liabilities at fair value through profit or loss - current (note 6(b))	12,146	-	11,653	-	11,556	-
1150	Notes receivable, net (note 6(d))	44,821	-	31,464	-	46,211	-	2130	Current contract liabilities (note 6(r))	265,745	3	257,385	3	325,405	4
1170	Accounts receivable, net (note 6(d))	868,292	10	1,146,780	13	1,067,597	13	2170	Accounts payable	1,106,658	12	1,192,817	13	1,016,418	12
1180	Accounts receivable - related parties, net (notes 6(d) and 7)	8,154	-	1,796	-	19,357	-	2219	Other payables (notes 6(s) and 7)	786,467	9	917,077	10	759,627	9
1200	Other receivables (note 6(e) and 7)	17,201	-	15,789	-	15,862	-	2230	Current tax liabilities	320,483	3	280,216	3	411,328	5
1220	Current income tax assets	21,054	-	19,584	-	1,532	-	2250	Provisions - current (note 6(j))	80,849	1	107,057	1	79,023	1
130x	Inventories (note 6(f))	2,112,253	23	2,025,124	22	2,561,258	29	2280	Current lease liabilities (notes 6(l) and 7)	35,960	-	39,420	1	39,011	-
1410	Prepayments	69,674	1	60,539	1	92,024	1	2399	Other current liabilities	206,960	2	177,678	2	209,993	2
1476	Other financial assets - current (note 8)	7,572	-	4,578	-	2,221	-		Total current liabilities	2,815,268	30	2,983,303	33	3,835,457	44
1479	Other current assets	79,147	1	70,900	1	104,918	1	25xx	Non-Current liabilities:						
	Total current assets	7,770,681	84	7,693,175	84	7,256,530	83	2560	Non-current income tax liabilities	86,403	1	104,918	1	-	-
15xx	Non-current assets							2570	Deferred income tax liabilities	256,846	3	256,846	3	246,960	3
1550	Investments accounted for under equity method	1,694	-	4,398	-	893	-	2580	Non-current lease liabilities (notes 6(l) and 7)	17,664	-	23,379	-	42,887	-
1600	Property, plant and equipment (notes 6(g) and 8)	1,208,894	13	1,224,623	13	1,259,215	14	2630	Long-term deferred revenue (note 6(r))	31,709	-	33,871	-	41,097	1
1755	Right-of-use assets (note 6(h))	53,550	1	62,735	1	81,826	1	2640	Net defined benefit liabilities	44,420	1	44,420	1	35,191	-
1840	Deferred income tax assets	134,698	2	133,749	2	130,225	2	2670	Other non-current liabilities	2,287	-	2,248	-	3,246	-
1915	Prepayments for equipment	9,989	-	2,486	-	10,106	-		Total non-current liabilities	439,329	5	465,682	5	369,381	4
1995	Other non-current assets (note 7)	16,967	-	16,246	-	16,812	-	2xxx	Total liabilities	3,254,597	35	3,448,985	38	4,204,838	48
	Total non-current assets	1,425,792	16	1,444,237	16	1,499,077	17	31xx	Equity attributable to owners of parent (notes (k), (o) and (p)):						
								3100	Common stock:						
								3110	Capital – common stock	1,453,423	16	1,453,423	16	1,180,424	13
								3140	Capital collected in advance	-	-	-	-	4,650	-
										1,453,423	16	1,453,423	16	1,185,074	13
								3200	Capital surplus	1,486,188	16	1,485,802	16	783,258	9
								3300	Retained earnings:						
								3310	Legal reserve	567,915	6	567,915	6	467,203	5
								3320	Special reserve	68,858	1	68,858	1	135,875	2
								3350	Unappropriated retained earnings	2,402,295	26	2,193,808	24	2,049,830	23
										3,039,068	33	2,830,581	31	2,652,908	30
								3400	Other equity:						
								3410	Financial statements translation differences for foreign operations	(36,803)	-	(81,379)	(1)	(71,210)	(1)
										5,941,876	65	5,688,427	62	4,550,030	51
								36xx	Non-controlling interests	-	-	-	-	739	1
								3xxx	Total equity	5,941,876	65	5,688,427	62	4,550,769	52
								2-3xxx	Total liabilities and equity	\$ 9,196,473	100	9,137,412	100	8,755,607	100
	Total assets	\$ 9,196,473	100	9,137,412	100	8,755,607	100								

(See accompanying notes to consolidated financial statements.)

LANNER ELECTRONICS INC. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(r) and 7)	\$ 1,657,611	100	2,206,539	100
5000	Operating costs (notes 6(f), (g), (h), (j), (l), (m), (p), (s) and 7)	1,087,593	66	1,471,708	67
5900	Gross profit	570,018	34	734,831	33
6000	Operating expenses (notes 6(d), (g), (h), (l), (m), (p), (s) and 7):				
6100	Selling expenses	139,985	8	142,553	6
6200	Administrative expenses	104,642	6	98,362	4
6300	Research and development expenses	147,535	9	159,299	8
6450	Expected credit losses (reversal gain)	(3,519)	-	(685)	-
	Total operating expenses	388,643	23	399,529	18
6900	Operating profit	181,375	11	335,302	15
7000	Non-operating income and expenses (notes 6(k), (l), (t) and 7):				
7100	Interest income	18,514	1	8,333	-
7010	Other income	5,234	-	5,875	-
7020	Other gains and losses	46,401	3	(14,499)	-
7050	Financial costs	(503)	-	(3,357)	-
7775	Share of profit (loss) of associates accounted for under equity method	(2,966)	-	153	-
	Total non-operating income and expenses	66,680	4	(3,495)	-
7900	Net income before tax	248,055	15	331,807	15
7950	Less: income tax expenses (note 6(n))	39,568	2	76,755	3
8000	Net income	208,487	13	255,052	12
8300	Other comprehensive income:				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	44,576	2	(2,365)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	44,576	2	(2,365)	-
8300	Other comprehensive income	44,576	2	(2,365)	-
8500	Total comprehensive income	\$ 253,063	15	252,687	12
8600	Net income(loss) attributable to:				
8610	Owners of parent	\$ 208,487	13	255,131	12
8620	Non-controlling interests	-	-	(79)	-
		\$ 208,487	13	255,052	12
8700	Total comprehensive income attributable to:				
8710	Owners of parent	\$ 253,063	15	252,779	12
8720	Non-controlling interests	-	-	(92)	-
		\$ 253,063	15	252,687	12
9750	Basic earnings per share (New Taiwan Dollars) (note 6(q))	\$ 1.43		2.04	
9850	Diluted earnings per share (New Taiwan Dollars) (note 6(q))	\$ 1.41		1.76	

(See accompanying notes to consolidated financial statements.)

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

LANNER ELECTRONICS INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							Financial statements translation differences for foreign operations	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Common stock	Capital collected in advance	Capital surplus	Retained earnings			Total retained earning				
				Legal reserve	Special reserve	Unappropriated retained earnings					
Balance at January 1, 2023	\$ 1,180,424	-	772,702	467,203	135,875	1,794,699	2,397,777	(68,858)	4,282,045	831	4,282,876
Net income (loss)	-	-	-	-	-	255,131	255,131	-	255,131	(79)	255,052
Other comprehensive income (loss)	-	-	-	-	-	-	-	(2,352)	(2,352)	(13)	(2,365)
Total comprehensive income (loss)	-	-	-	-	-	255,131	255,131	(2,352)	252,779	(92)	252,687
Share-based payment arrangements	-	-	652	-	-	-	-	-	652	-	652
Issuance of shares for exercise of employee stock options	-	4,650	9,904	-	-	-	-	-	14,554	-	14,554
Balance at March 31, 2023	\$ 1,180,424	4,650	783,258	467,203	135,875	2,049,830	2,652,908	(71,210)	4,550,030	739	4,550,769
Balance at January 1, 2024	\$ 1,453,423	-	1,485,802	567,915	68,858	2,193,808	2,830,581	(81,379)	5,688,427	-	5,688,427
Net income (loss)	-	-	-	-	-	208,487	208,487	-	208,487	-	208,487
Other comprehensive income (loss)	-	-	-	-	-	-	-	44,576	44,576	-	44,576
Total comprehensive income (loss)	-	-	-	-	-	208,487	208,487	44,576	253,063	-	253,063
Share-based payment arrangements	-	-	386	-	-	-	-	-	386	-	386
Balance at March 31, 2024	\$ 1,453,423	-	1,486,188	567,915	68,858	2,402,295	3,039,068	(36,803)	5,941,876	-	5,941,876

(See accompanying notes to consolidated financial statements.)

LANNER ELECTRONICS INC. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2024	2023
Cash flows from (used in) operating activities:		
Consolidated net income before tax	\$ 248,055	331,807
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	36,058	38,232
Expected credit losses (reversal gain)	(3,519)	(685)
Net gain on financial assets or liabilities at fair value through profit or loss	-	(252)
Interest expense	503	3,357
Interest income	(18,514)	(8,333)
Share-based payment transactions	386	652
Share of loss (profit) of associates accounted for using equity method	2,966	(153)
Loss (gain) on disposal of property, plant and equipment	32	-
Total adjustments to reconcile profit and loss	<u>17,912</u>	<u>32,818</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(13,357)	(12,250)
Accounts receivable	282,007	804,490
Accounts receivable due from related parties	(6,358)	(8,753)
Other receivables	(2,140)	(2,601)
Inventories	(87,129)	159,005
Prepayments	(9,135)	(26,255)
Other current assets	(8,247)	(8,212)
Total changes in operating assets, net	<u>155,641</u>	<u>905,424</u>
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	493	(104)
Contract liabilities	8,360	149,678
Accounts payable	(86,159)	(571,392)
Other payables	(130,107)	(205,894)
Provisions	(26,208)	3,545
Other current liabilities	28,620	23,313
Net defined benefit liabilities	-	(88)
Deferred revenue	(1,500)	(1,306)
Total changes in operating liabilities, net	<u>(206,501)</u>	<u>(602,248)</u>
Total changes in operating assets and liabilities, net	<u>(50,860)</u>	<u>303,176</u>
Total adjustments	<u>(32,948)</u>	<u>335,994</u>
Cash flow from operating activities	215,107	667,801
Interest income received	15,520	7,696
Interest paid	(503)	(2,201)
Income taxes paid	(19,286)	(46,338)
Net cash flows from operating activities	<u>210,838</u>	<u>626,958</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(1,004,605)	-
Proceeds from disposal of financial assets at amortized cost	-	50,000
Acquisition of property, plant and equipment	(1,518)	(2,968)
Decrease (increase) in refundable deposits	(1,185)	2,319
Decrease in other non-current assets	464	991
Increase in prepayments for equipment	(7,503)	(8,452)
Net cash flows from (used in) investing activities	<u>(1,014,347)</u>	<u>41,890</u>
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(12,595)	(12,788)
Increase in other non-current liabilities	39	-
Proceeds from exercise of employee stock options	-	14,554
Net cash flows from (used in) financing activities	<u>(12,556)</u>	<u>1,766</u>
Effect of exchange rate changes on cash and cash equivalents	<u>37,352</u>	<u>(2,481)</u>
Net increase (decrease) in cash and cash equivalents	<u>(78,713)</u>	<u>668,133</u>
Cash and cash equivalents at beginning of period	<u>3,179,621</u>	<u>2,677,165</u>
Cash and cash equivalents at end of period	<u>\$ 2,400,908</u>	<u>3,345,298</u>

(See accompanying notes to consolidated financial statements.)

LANNER ELECTRONICS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

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

(1) Company history

LANNER ELECTRONICS INC. (the Company) was incorporated on October 30, 1986, under the laws of the Republic of China (ROC). The Company and its subsidiaries (the Group) are mainly engaged in the manufacturing and trading of computer peripheral equipment, computer software design and development services, and related information processing trade business.

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

The consolidated financial statements were authorized for issue by the Board of Directors and issued on May 02, 2024.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

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

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

The standards and interpretations issued and amended by the International Accounting Standards Board (IASB) that have not yet been endorsed by the Financial Supervisory Commission (FSC) and may be relevant to the Group are as follows:

New standards, amendments and interpretations adopted	Major amendments	Effective date announced by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standards introduce three categories of income and expenses, two subtotals in the income statement, and a single note on management performance measures. These three amendments enhance guidance on how information should be disaggregated in financial statements, providing users with better and more consistent information, and will affect all companies. • More Structured Income Statement:	January 1, 2027

LANNER ELECTRONICS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Under the current standards, companies use different formats to present their operating results, making it difficult for investors to compare financial performance across companies. The new standards adopt a more structured income statement, introducing a newly defined "operating profit" subtotal and mandating that all income and expenses be classified into three new distinct categories based on the company's primary business activities.

- **Management Performance Measures (MPMs):** The new standards introduce a definition of MPMs and require companies to explain each measure in a single note in the financial statements, which includes explaining why the measure provides useful information, how it is calculated, and how it reconciles with amounts recognized under IFRS.
- **More Disaggregated Information:** The new standards include guidance on how companies should enhance the disaggregation of information in their financial statements, including guidance on whether information should be included in the primary financial statements or further disaggregated in the notes.

The Group is currently evaluating the impact of the aforementioned standards and interpretations on its financial position and operating results. The related impacts will be disclosed once the evaluation is completed.

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

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

LANNER ELECTRONICS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of material accounting policies

Except as described below, the summary of material accounting policies for these consolidated financial statements is the same as that for the 2023 consolidated financial statements. For related information, please refer to Note 4 of the 2023 consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Preparation Regulations") and International Accounting Standard 34 "Interim Financial Reporting," endorsed and made effective by the Financial Supervisory Commission (FSC). These consolidated financial statements do not include all the necessary disclosures required for a complete set of annual consolidated financial statements as prepared in accordance with the International Financial Reporting Standards, International Accounting Standards, interpretations, and interpretative bulletins endorsed and made effective by the FSC (hereinafter referred to as the "IFRSs endorsed by the FSC").

(b) Basis of consolidation

The principles used in the preparation of these consolidated financial statements are consistent with those used in the 2023 consolidated financial statements. For related information, please refer to Note 4(c) of the 2023 consolidated financial statements.

List of subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Scope of business	Percentage of ownership			Note
			2024.3.31	2023.12.31	2023.3.31	
The Company	LANNER ELECTRONICS USA, INC. (LANNER (USA))	Trading of computer peripheral products	100.00%	100.00%	100.00%	
The Company	LANNER ELECTRONICS (MAURITIUS) INC. (LANNER (MAURITIUS))	Investing	100.00%	100.00%	100.00%	
The Company	LANNER ELECTRONICS CANADA LTD. (LCA)	Trading of computer peripheral products	100.00%	100.00%	100.00%	Note 2
The Company	LANNER TECHNOLOGY JAPAN CO., LTD. (LANNER (JAPAN))	Trading of computer peripheral products	- %	- %	80.00%	Note 1
The Company	Whitebox Solutions Inc. (Whitebox)	Trading of computer peripheral products	100.00%	100.00%	100.00%	Note 2
The Company	LANNER EUROPE B.V. (LEU)	Trading of computer peripheral products	100.00%	100.00%	100.00%	Note 2
The Company	LannerTech Electronics Inc. (LannerTech)	Research and development	100.00%	100.00%	100.00%	Note 2

LANNER ELECTRONICS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

LANNER (MAURITIUS)	LANCOM HOLDING CO., LTD. (LANCOM)	Investing	100.00%	100.00%	100.00%	
LANCOM	L&S Lancom Platform Tech. Co., Ltd. (L&S)	Trading of computer peripheral products	100.00%	100.00%	100.00%	
LANCOM	Lanner Technology (Dongguan) Co., Ltd. (Lanner Technology)	Trading of computer peripheral products	100.00%	100.00%	100.00%	Note 2
L&S	Dongguan Lihua Haiwell Tech. Co., Ltd. (Haiwell)	Manufacture and trading of computer peripheral products	100.00%	100.00%	100.00%	

Note 1: LANNER TECHNOLOGY JAPAN CO., LTD. has been liquidated in November 2023.

Note 2: The financial reports of these non-significant subsidiaries have not been reviewed by auditors.

(c) Employee benefits

The defined benefit pension plan for the interim period is calculated using the pension cost rate determined by actuarial valuation as of the end of the previous financial year. This calculation is based on the period from the beginning of the year to the end of the interim period and is adjusted for significant market fluctuations, curtailments, settlements, or other significant one-time events occurring after the end of that financial year.

(d) Income tax

Income tax expense is measured by multiplying the pre-tax income for the interim reporting period by the best estimate of the effective annual tax rate as determined by management. The current income tax expense and deferred income tax expense for the period are allocated based on the proportion of the expected annual current and deferred income tax expenses.

Income tax expense recognized directly in equity or other comprehensive income requires measuring the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. This measurement is based on the applicable tax rates expected to be applied when these temporary differences are realized or settled.

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

In preparing these consolidated financial statements in accordance with IFRS 34 “Interim Financial Reporting” endorsed by FSC, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

When preparing the consolidated financial statements, unless otherwise stated, the significant judgments made by management in applying the accounting policies of the Group and the principal sources of estimation uncertainty are consistent with those disclosed in Note 5 of the 2023 annual consolidated financial statements.

LANNER ELECTRONICS INC. AND SUBSIDIARIES
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(6) Explanation of significant accounts

Except as described below, the explanations of significant accounting items in these consolidated financial statements do not differ significantly from those in the 2023 annual consolidated financial statements. For related information, please refer to Note 6 of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Cash on hand	\$ 678	468	246
Demand deposits	1,193,145	818,975	472,785
Checking deposits	10,468	22,056	5,583
Foreign currency deposits	646,617	1,098,425	519,815
Time deposits	<u>550,000</u>	<u>1,239,697</u>	<u>2,346,869</u>
Cash and cash equivalents per statements of cash flow	<u>\$ 2,400,908</u>	<u>3,179,621</u>	<u>3,345,298</u>

Please refer to note 6(u) for the credit risk and exchange rate risk of the financial assets and liabilities of the Group.

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

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Financial assets at fair value through profit or loss:			
Non-hedging derivative instruments			
Forward foreign exchange contracts	<u>\$ -</u>	<u>-</u>	<u>252</u>
Financial liabilities designated at fair value through profit or loss:			
Contingent consideration assumed in a business combination	<u>\$ 12,146</u>	<u>11,653</u>	<u>11,556</u>

Engaging in derivative financial instrument transactions is aimed at mitigating the foreign exchange risk exposure arising from the Group's operations. The details of derivative instruments held by the Group, which are not designated as hedging instruments and are therefore classified as financial assets at fair value through profit or loss and financial liabilities held for trading, are as follows:

LANNER ELECTRONICS INC. AND SUBSIDIARIES
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	2023.3.31		
	Contract amount (In Thousands)	Currency	Maturity date
Selling forward foreign exchange	USD 1,000/ TWD 30,709	USD/TWD	2023.04.06

As of March 31, 2024 and December 31, 2023, the Group did not have any financial assets measured at fair value through profit or loss. As of March 31, 2023, the Group did not have any financial assets measured at fair value through profit or loss that were pledged as collateral.

(c) Financial assets measured at amortized cost

	2024.3.31	2023.12.31	2023.3.31
Time deposits	\$ 2,141,605	1,137,000	-
Interest rate (%)	1.4-5.2	1.31~1.41	-
Maturity dates	2024.04~2024.09	2024.01~2024.05	-

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

The Group's financial assets measured at amortized cost had not pledged as collateral.

(d) Notes and accounts receivable

	2024.3.31	2023.12.31	2023.3.31
Notes receivable	\$ 44,821	31,464	46,211
Accounts receivable	895,648	1,177,082	1,097,544
Accounts receivable - related parties	8,154	1,796	19,357
Less: allowance for impairment	27,356	30,302	29,947
	\$ 921,267	1,180,040	1,133,165

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss for all notes and accounts receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics of ability to pay all due, as well as incorporated forward looking information. The expected credit losses of notes and accounts receivable in Asia (except China), America, and Europe was determined as follows:

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	2024.3.31		
	Gross carrying amount	Weighted- average ECL rate	Lifetime ECLs
Current	\$ 686,326	0%~0.16%	549
1 to 30 days past due	82,777	0%~2.81%	686
31 to 60 days past due	4,448	0.24%~15.97%	585
61 to 90 days past due	1,680	11.93%~100%	358
91 to 120 days past due	-	55.55%~100%	-
More than 121 days past due	7,749	100.00%	7,749
	\$ 782,980		9,927

	2023.12.31		
	Gross carrying amount	Weighted- average ECL rate	Lifetime ECLs
Current	\$ 848,464	0%~0.11%	472
1 to 30 days past due	65,045	0%~0.91%	365
31 to 60 days past due	679	0.24%~38.68%	31
61 to 90 days past due	450	21.08%~100%	95
91 to 120 days past due	198	43.75%~100%	139
More than 121 days past due	8,086	100%	8,086
	\$ 922,922		9,188

	2023.3.31		
	Gross carrying amount	Weighted- average ECL rate	Lifetime ECLs
Current	\$ 901,668	0%~3.57%	844
1 to 30 days past due	26,151	0%~14.04%	537
31 to 60 days past due	677	10.42%~56.07%	97
61 to 90 days past due	-	27.51%~100%	-
91 to 120 days past due	42	88.27%~100%	42
More than 121 days past due	7,284	100%	7,284
	\$ 935,822		8,804

The expected credit losses of notes and accounts receivable in China was determined as follows:

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	2024.3.31		
	Gross carrying amount	Weighted-average ECL rate	Lifetime ECLs
Current	\$ 131,443	0.08%~0.36%	339
1 to 30 days past due	5,507	0.22%~9.72%	347
31 to 60 days past due	11,285	0.82%~11.23%	1,216
61 to 90 days past due	543	8.33%~23.61%	118
91 to 120 days past due	711	22.46%~100%	181
121 to 150 days past due	582	100.00%	582
151 to 180 days past due	14	100.00%	14
More than 181 days past due	<u>15,558</u>	100.00%	<u>15,558</u>
	<u>\$ 165,643</u>		<u>18,355</u>
	2023.12.31		
	Gross carrying amount	Weighted-average ECL rate	Lifetime ECLs
Current	\$ 234,496	0.07%~0.3%	628
1 to 30 days past due	9,627	0.31%~2.26%	110
31 to 60 days past due	28,033	0.85%~3.14%	876
61 to 90 days past due	-	0.77%~18.05%	-
91 to 120 days past due	-	100%	-
121 to 150 days past due	-	100%	-
151 to 180 days past due	-	100%	-
More than 181 days past due	<u>15,264</u>	100%	<u>15,264</u>
	<u>\$ 287,420</u>		<u>16,878</u>
	2023.3.31		
	Gross carrying amount	Weighted-average ECL rate	Lifetime ECLs
Current	\$ 176,305	1%~2.76%	2,089
1 to 30 days past due	14,385	12.43%~40.79%	2,311
31 to 60 days past due	21,068	24.62%~100%	5,188
61 to 90 days past due	-	100%	-
91 to 120 days past due	-	100%	-
121 to 150 days past due	-	100%	-
151 to 180 days past due	-	100%	-
More than 181 days past due	<u>15,532</u>	100%	<u>15,532</u>
	<u>\$ 227,290</u>		<u>25,120</u>

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The movement in the allowance for notes and accounts receivable was as follows:

	For the three months ended	
	March 31,	
	2024	2023
Balance at beginning of the period	\$ 30,302	30,626
Impairment losses reversed	(3,519)	(685)
Foreign exchange losses (gains)	573	6
Balance at end of the period	\$ 27,356	29,947

The Group has not provided the notes and accounts receivable as collateral or factored them for cash. For other credit risk information, please refers to note 6(u).

(e) Other receivables

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Other receivables – related parties	\$ 29	-	29
Others	55,780	53,669	54,634
Less: Loss allowance	38,608	37,880	38,801
	\$ 17,201	15,789	15,862

The movement in the allowance for other receivables was as follows:

	For the three months ended	
	March 31,	
	2024	2023
Balance at beginning of period	\$ 37,880	38,630
Foreign exchange losses (gains)	728	171
Balance at end of period	\$ 38,608	38,801

For other credit risk information, please refers to note 6(u).

(f) Inventories

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Merchandise	\$ 3,251	4,104	1,998
Finished goods	1,094,974	882,022	1,264,267
Work in process	266,972	411,742	414,257
Raw material	747,056	727,256	880,736
	\$ 2,112,253	2,025,124	2,561,258

Inventories are measured at the lower of cost and net realizable value. Hence, the Group makes judgments and estimates in the net realizable value of inventory for financial statement. The rapid development on technology may significantly affect the market demand on electronic products, which can lead to product obsolescence, resulting in the cost of inventory to exceed its net realizable value. Valuation of the inventory is based according to the estimated future demand for its products. Hence, there is a possibility for the valuation to have a significant fluctuation.

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As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group's inventories had not pledged as collateral.

Apart from charging operating costs through the ordinary sale of inventories, other gains and losses directly recorded under operating costs were as follows:

	For the three months ended	
	March 31,	
	2024	2023
Loss on market value of inventory	\$ 9,996	7,361
Loss from scrapped inventory	52	-
Loss (gain) on physical count	(35)	-
Total	\$ 10,013	7,361

(g) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery	Other equipment	Total
Cost:					
Balance as of January 1, 2024	\$ 521,977	677,235	279,290	596,353	2,074,855
Additions	-	-	-	1,518	1,518
Disposals	-	-	(1,949)	(4,987)	(6,936)
Effect of changes in exchange rates	1,202	5,681	783	3,595	11,261
Balance as of March 31, 2024	\$ 523,179	682,916	278,124	596,479	2,080,698
Balance as of January 1, 2023	\$ 521,992	681,444	270,794	562,694	2,036,924
Additions	-	-	-	2,968	2,968
Disposals	-	-	(345)	(797)	(1,142)
Reclassification	-	-	-	592	592
Effect of changes in exchange rates	(253)	616	12	117	492
Balance as of March 31, 2023	\$ 521,739	682,060	270,461	565,574	2,039,834
Depreciation:					
Balance as of January 1, 2024	\$ -	213,246	153,805	483,181	850,232
Depreciation	-	5,784	6,066	12,110	23,960
Disposals	-	-	(1,930)	(4,974)	(6,904)
Effect of changes in exchange rates	-	1,760	510	2,246	4,516
Balance as of March 31, 2024	\$ -	220,790	158,451	492,563	871,804
Balance as of January 1, 2023	\$ -	192,980	131,774	430,930	755,684
Depreciation	-	6,782	6,321	13,035	26,138
Disposals	-	-	(345)	(797)	(1,142)
Effect of changes in exchange rates	-	(2)	(34)	(25)	(61)
Balance as of March 31, 2023	\$ -	199,760	137,716	443,143	780,619

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	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Total</u>
Carrying amounts:					
January 1, 2024	<u>\$ 521,977</u>	<u>463,989</u>	<u>125,485</u>	<u>113,172</u>	<u>1,224,623</u>
March 31, 2024	<u>\$ 523,179</u>	<u>462,126</u>	<u>119,673</u>	<u>103,916</u>	<u>1,208,894</u>
January 1, 2023	<u>\$ 521,992</u>	<u>488,464</u>	<u>139,020</u>	<u>131,764</u>	<u>1,281,240</u>
March 31, 2023	<u>\$ 521,739</u>	<u>482,300</u>	<u>132,745</u>	<u>122,431</u>	<u>1,259,215</u>

Please refer to note 8 for the information of the short-term pledged property, plant and equipment, as of March 31, 2023.

As of March 31, 2024 and December 31, 2023, the Group did not provide any collateral for long-term or short-term borrowings.

(h) Right-of-use assets

The Group's lease assets include buildings and transportation equipment. Information about leases, for which the Group is the lessee, is presented below:

	<u>Building</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024	\$ 148,424	5,767	154,191
Write-off	(2,060)	-	(2,060)
Lease modification	1,793	-	1,793
Effect of changes in foreign exchange rates	2,625	-	2,625
Balance at March 31, 2024	<u>\$ 150,782</u>	<u>5,767</u>	<u>156,549</u>
Balance at January 1, 2023	\$ 135,268	8,854	144,122
Additions	16,659	86	16,745
Write-off	(1,771)	(1,300)	(3,071)
Lease modification	-	(2,922)	(2,922)
Effect of changes in foreign exchange rates	126	-	126
Balance at March 31, 2023	<u>\$ 150,282</u>	<u>4,718</u>	<u>155,000</u>
Depreciation:			
Balance at January 1, 2024	\$ 88,142	3,314	91,456
Depreciation	11,573	525	12,098
Write-off	(2,060)	-	(2,060)
Effect of changes in foreign exchange rates	1,505	-	1,505
Balance at March 31, 2024	<u>\$ 99,160</u>	<u>3,839</u>	<u>102,999</u>
Balance at January 1, 2023	\$ 61,552	4,373	65,925
Depreciation	11,332	762	12,094
Write-off	(1,771)	(1,300)	(3,071)
Lease modification	-	(1,831)	(1,831)
Effect of changes in foreign exchange rates	57	-	57
Balance at March 31, 2023	<u>\$ 71,170</u>	<u>2,004</u>	<u>73,174</u>

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	<u>Building</u>	<u>Transportation equipment</u>	<u>Total</u>
Carrying value:			
January 1, 2024	\$ 60,282	2,453	62,735
March 31, 2024	\$ 51,622	1,928	53,550
January 1, 2023	\$ 73,716	4,481	78,197
March 31, 2023	\$ 79,112	2,714	81,826

The Group did not pledge any collateral on right-of-use assets.

(i) Short-term borrowings

	<u>2023.3.31</u>			
	<u>Currency</u>	<u>Interest rate (%)</u>	<u>Maturity Year</u>	<u>Amount</u>
Secured loans	RMB	3.2	2023	\$ 88,186

Please refer to note 6(u) for the disclosures on the Group's risk exposure to interest rates and liquidity risks.

As of March 31, 2024 and December 31, 2023 and March 31, 2023, the unused credit facilities of the Group's short-term borrowings amounted to \$1,568,446 thousand, \$1,608,757 thousand, and \$1,627,393 thousand, respectively.

The Group has mortgaged their assets as collateral of loans. Please refer to note 8.

(j) Provision-current

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Warranty provision	\$ 80,849	82,759	79,023
Onerous contracts	-	24,298	-
Total	\$ 80,849	107,057	79,023

From January 1, 2024, to March 31, 2024, apart from reversing onerous contracts amounting to \$24,298 thousand, there were no significant changes in liability provisions compared to the period from January 1, 2023, to March 31, 2023. For related information, please refer to Note 6(j) of the 2023 annual consolidated financial statements.

(k) Bonds payable

1. The information of unsecured convertible bonds issued by the Group was as follows:

	<u>2023.12.31</u>	<u>2023.3.31</u>
Total amount of convertible bonds upon issuance	\$ 900,000	900,000
Unamortized discount on bonds payable	-	5,090
Less: Accumulated converted balance due within a year	(900,000)	-
Ending balance of bonds payable	\$ -	-
Equity component - conversion options (recorded as capital surplus – share options)	\$ -	22,680

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	For the three months ended March 31, <u>2023</u> \$ 1,902
Interest expenses	<u><u>\$ 1,902</u></u>

2. From January 1, 2023, to March 31, 2023, there were no significant changes in the information and methods related to the issuance of convertible bonds by the Group. Additionally, all convertible bonds were fully converted on October 2, 2023. For further details, please refer to Note 6(k) of the 2023 annual consolidated financial statements.

(l) Lease liabilities

The Group's lease liabilities were as follow:

	2024.3.31	2023.12.31	2023.3.31
Current	<u>\$ 35,960</u>	<u>39,420</u>	<u>39,011</u>
Non-current	<u>\$ 17,664</u>	<u>23,379</u>	<u>42,887</u>

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2024	2023
Interest on lease liabilities	<u>\$ 503</u>	<u>744</u>
Expenses relating to short-term leases	<u>\$ 796</u>	<u>1,252</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 840</u>	<u>633</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the three months ended March 31,	
	2024	2023
Total cash outflow for leases	<u>\$ 14,734</u>	<u>15,417</u>

(m) Employee benefits

1. Defined benefit plans

Since there were no significant market fluctuations, curtailments, settlements, or other significant one-time events occurring after the end of the previous financial year, the Group measured and disclosed the pension costs for the interim period using the actuarial valuation determined for the years ended December 31, 2023, and December 31, 2022.

The details reported as expenses by the Group are as follows:

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	For the three months ended March 31,	
	2024	2023
Operating costs	\$ 98	96
Operating expenses	184	168
	\$ 282	264

2. Defined contribution plans

The Group's pension costs under the defined contribution method were as follows. Payment was made to the Bureau of the Labor Insurance and the local authorities of the consolidated overseas subsidiaries.

	For the three months ended March 31,	
	2024	2023
Operating costs	\$ 2,150	2,459
Operating expenses	7,928	7,537
	\$ 10,078	9,996

(n) Income tax

Income tax expense is measured by multiplying the net income before tax for the interim reporting period by management's best estimate of the effective annual tax rate expected for the full year.

The amounts of income tax expense were as follows:

	For the three months ended March 31,	
	2024	2023
Current tax expense		
Current period	\$ 39,568	76,755
Adjustment for prior periods	-	-
Income tax expense from continuing operations	\$ 39,568	76,755

The tax returns of the Company have been assessed by the tax authorities through 2021.

(o) Capital and other equity

Apart from the changes described below, there were no significant changes in capital and other equity of the Group from January 1 to March 31, 2024, and 2023. For related information, please refer to Note 6(o) of the 2023 annual consolidated financial statements.

1. Issue of common stock

From January 1, 2023 to March 31, 2023, the Company issued 465 thousand shares of common stocks as its employees exercised their stock option at \$31.3 per share. There were no instances of employees exercising stock options during the period from January 1 to March 31, 2024.

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For the years ended December 31, 2023, the Company's convertible bonds of \$900,000 thousand, were converted to 19,724 thousand shares of common stocks, at \$45.63 per share.

2. Capital surplus

The compositions of the Company's capital surplus are as follows:

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Share premium from issuance	\$ 1,446,824	1,446,824	722,637
Changes in equity of subsidiaries	17,539	17,539	17,539
Employee share options	11,246	10,860	10,902
Share options	-	-	22,680
Employee share options expired	<u>10,579</u>	<u>10,579</u>	<u>9,500</u>
	<u>\$ 1,486,188</u>	<u>1,485,802</u>	<u>783,258</u>

3. Retained earnings – Earnings distribution

In accordance with the Company's articles of incorporation that after-tax earnings from the current year shall first be used to pay income tax and offset against any prior year's deficit; Then 10% of the remaining balance shall be set aside as legal reserve. However, this requirement shall not apply when the legal reserve equals the authorized capital. Special reserve may be appropriated for operations or to meet regulations. After the distribution of dividends, the remaining earnings, if any, may be appropriated according to the proposal presented in the annual stockholders' meetings by the board of directors. Distribution plan shall be executed after a resolution by the shareholders' meeting. The Company authorizes the Distribution plan paid in cash shall be executed after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The amount of cash dividends on the appropriations of earning for 2023 and 2022 was approved during the board meeting on May 2, 2024 and May 4, 2023, respectively, and the amount of stock dividends on the appropriations of earning for 2022 was approved in the shareholders' meeting on June 21, 2023. The amounts of the dividends distributed to the shareholders were as follows:

	<u>2023</u>	<u>2022</u>
Dividends distributed to ordinary stockholders:		
Cash	\$ 620,930	474,030
Shares	<u>-</u>	<u>71,110</u>
Total	<u>\$ 620,930</u>	<u>545,140</u>

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(p) Share-based payment

On December 9, 2019, the Securities and Futures Bureau approved the Company's issuance of 3,000 units of Employee's Stock option; with each unit representing 1,000 shares of common stock, wherein a total of 3,000 thousand shares may be subscribed. The option holder is eligible, two years after issuance until five years maturity of issuance, to convert a certain percentage of options to common stocks at the price designated on the issuance date. Under such circumstances as changes in equity or distribution of cash dividends, the exercise price per share and the number of subscriptions per option are to be adjusted using a specific formula. However, the adjusted exercise price should not be lower than the par value. All options were granted on March 19, 2020 and their fair value on the grant date was priced using the Black Scholes option pricing model. The weighted-average data of each assumption were as follows:

Dividend rate	-
Expected volatility	25.78%
Risk-free interest rate	0.4750%
Expected life	5 years

The Company estimates the compensation to be \$22,105 thousand based on the above assumptions. The compensation will be amortized over three years. Under the fair value method, the compensation of the option were estimated to be \$386 thousand and \$652 thousand for the periods of January 1 to March 31 of 2024 and 2023. The additional paid-in capital also increased due to the stock option plan.

The outstanding stock option rights were as follows:

<u>Employee stock options in 2019</u>	For the three months ended March 31, 2024	
	<u>Units</u>	<u>Exercise price (NT\$)</u>
Outstanding balance as of January 1	1,266\$	28.40
Options granted	-	-
Options exercised	-	-
Options cancelled	-	-
Options expired	-	-
Outstanding balance as of December 31	<u>1,266</u>	28.40
Exercisable as of December 31	<u>1,266</u>	-
Exercisable shares per unit as of December 31	<u>1,000</u>	
Fair market value	<u>\$ 8.6</u>	

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Employee stock options in 2019	For the three months ended March 31, 2023	
	Units	Exercise price (NT\$)
Outstanding balance as of January 1	1,816\$	31.30
Options granted	-	-
Options exercised	465	31.30
Options cancelled	-	
Options expired	-	-
Outstanding balance as of December 31	1,351	31.30
Exercisable as of December 31	637	-
Exercisable shares per unit as of December 31	1,000	
Fair market value	\$ 8.6	

As of March 31, 2024 and 2023, the expected duration of the employee stock option issued in 2019 was 0.97 years and 1.97 years, respectively.

(q) Earnings per share

1. Basic earnings per share

	For the three months ended March 31,	
	2024	2023
Net income attributable to ordinary shareholders of the Company	\$ 208,487	255,131
Weighted-average number of ordinary shares	145,342	125,179
Basic earnings per share (in NTD)	\$ 1.43	2.04

2. Diluted earnings per share

	For the three months ended March 31,	
	2024	2023
Net income of the company	\$ 208,487	255,131
Effect of after tax interest expense of conversion bonds	-	1,521
Net income attributable to ordinary shareholders of the Company (diluted)	\$ 208,487	256,652
Weighted-average number of ordinary shares (basic)	145,342	125,179
Effect of dilutive potential ordinary shares		
Net income of the company		
Effect of employee stock bonus	1,892	2,082
Effect of employee stock option	932	949
Effect of conversion of convertible bonds	-	17,900
Weighted-average number of shares outstanding – diluted	148,166	146,110
Diluted EPS (New Taiwan dollars)	\$ 1.41	1.76

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For calculation of the dilutive effect of the stock option, the average market value is assessed based on the quoted market price while the Company's option is outstanding.

(r) Revenue from contracts with customers

1. Disaggregation of revenue

For the three months ended March 31, 2024			
	Sale of Network Communication and other related products	Others	Total
Primary geographical markets:			
America	\$ 670,765	19,513	690,278
Asia	797,729	3,016	800,745
Europe	161,775	2,731	164,506
Others	2,082	-	2,082
	\$ 1,632,351	25,260	1,657,611
Primary merchandises / services lines:			
Network communication apparatus	\$ 1,532,376	25,260	1,557,636
Others	99,975	-	99,975
	\$ 1,632,351	25,260	1,657,611
For the three months ended March 31, 2023			
	Sale of Network Communication and other related products	Others	Total
Primary geographical markets:			
America	\$ 999,446	25,058	1,024,504
Asia	528,491	6,815	535,306
Europe	641,696	1,346	643,042
Others	3,643	44	3,687
	\$ 2,173,276	33,263	2,206,539
Primary merchandises / services lines:			
Network communication apparatus	\$ 1,899,255	32,995	1,932,250
Others	274,021	268	274,289
	\$ 2,173,276	33,263	2,206,539

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Unearned revenue, net for the Group's amounted to \$(1,576) thousand and \$675 thousand for the periods of January 1 to March 31 of 2024 and 2023, respectively. As of March 31, 2024, December 31, 2023, and March 31, 2023, accumulated unearned revenue amounted to \$55,123 thousand, \$56,623 thousand, and \$58,065 thousand, respectively. Unearned revenue was booked due to identifiable services to be rendered.

2. Contract balance

	2024.3.31	2023.12.31	2023.3.31
Current contract liabilities	\$ 265,745	257,385	325,405

For details on accounts receivable and allowance for impairment, please refer to note 6(d). The amount of revenue recognized for the periods of January 1 to March 31 of 2024 and 2023 that was included in the contract liability balance at the beginning of the period was \$28,926 thousand and \$133,348 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the electronic components sales contracts, for which revenue is recognized when products are delivered to customers.

(s) Remuneration to employees and directors

According to the Articles of Incorporation, once the Company has annual profit, it should appropriate 10%~20% of the profit to its employees and 2% or less to its directors as remuneration. However, if the Company still has accumulated losses, provision shall first be made to compensate losses. The aforementioned recipients of employee remuneration, in the form of shares and cash, may include employees of the Company's controlling or subordinate companies who meet specific conditions.

For the periods of January 1 to March 31 of 2024 and 2023, the Company recognized its employee remuneration of \$39,635 thousand and \$42,482 thousand, respectively, and directors' remuneration of \$3,659 thousand and \$4,296 thousand, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. Related information would be available at the Market Observation Post System website.

For the years of 2023 and 2022, the Company recognized its employee remuneration of \$185,066 thousand and \$221,180 thousand, respectively, and directors' remuneration of \$17,083 thousand and \$17,694 thousand, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the resolutions in Board of directors for 2023 and 2022. Related information would be available at the Market

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Observation Post System website.

(t) Non-operating income and expenses

1. Interest income

The details of the Group's interest income were as follows:

	For the three months ended March 31,	
	2024	2023
Interest income from bank deposits	\$ 18,514	8,333

2. Other income

The details of the Group's other income were as follows:

	For the three months ended March 31,	
	2024	2023
Rent income	\$ 452	1,682
Other income	4,782	4,193
Total other income	\$ 5,234	5,875

3. Other gains and losses

The details of the Group's other gains and losses were as follows:

	For the three months ended March 31,	
	2024	2023
Losses on disposal of property, plant and equipment, net	\$ (32)	-
Gains (losses) on foreign exchange, net	46,433	(13,667)
Gains on financial assets (liabilities) at fair value through profit or loss, net	-	252
Other losses	-	(1,084)
Other gains and losses, net	\$ 46,401	(14,499)

4. Finance costs

The details of the Group's finance costs were as follows:

	For the three months ended March 31,	
	2024	2023
Interest expense	\$ 503	3,357

(u) Financial instruments

Apart from the changes described below, there were no significant changes in the Group's exposure to credit risk, liquidity risk, and market risk due to financial instruments. For related information, please refer to Note 6(u) of the 2023 annual consolidated financial statements.

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1. Credit risk

As of March 31, 2024, December 31, 2023, and March 31, 2023, the Group's concentration of credit risk to its largest customer accounted for 17%, 0.09%, and 8% of total accounts receivable, respectively. The concentration of credit risk to the other four largest customers accounted for 17%, 36%, and 24% of the total accounts receivable during the same period.

2. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
March 31, 2024						
Non-derivative financial liabilities						
Accounts payable	\$ 1,106,658	1,106,658	1,106,658	-	-	-
Other payables	786,467	786,467	786,467	-	-	-
Lease liabilities	53,624	54,790	36,964	12,561	5,265	-
Guarantee deposits received	2,287	2,287	-	-	-	2,287
Contingent consideration	12,146	12,146	12,146	-	-	-
	<u>\$ 1,961,182</u>	<u>1,962,348</u>	<u>1,942,235</u>	<u>12,561</u>	<u>5,265</u>	<u>2,287</u>

December 31, 2023						
Non-derivative financial liabilities						
Accounts payable	\$ 1,192,817	1,192,817	1,192,817	-	-	-
Other payables	917,077	917,077	917,077	-	-	-
Lease liabilities	62,799	65,418	41,379	17,867	6,172	-
Guarantee deposits received	2,248	2,248	-	-	-	2,248
Contingent consideration	11,653	11,653	11,653	-	-	-
	<u>\$ 2,186,594</u>	<u>2,189,213</u>	<u>2,162,926</u>	<u>17,867</u>	<u>6,172</u>	<u>2,248</u>

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
March 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 88,186	89,639	89,639	-	-	-
Accounts payable	1,016,418	1,016,418	1,016,418	-	-	-
Other payables	759,627	759,627	759,627	-	-	-
Bonds payable (including due within a year)	894,910	900,000	900,000	-	-	-
Lease liabilities	81,898	85,659	41,267	28,257	16,135	-
Guarantee deposits received	3,246	3,246	-	-	-	3,246
Contingent consideration	11,556	11,556	11,556	-	-	-
	<u>\$ 2,855,841</u>	<u>2,866,145</u>	<u>2,818,507</u>	<u>28,257</u>	<u>16,135</u>	<u>3,246</u>

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3. Currency risk

(1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
March 31, 2024			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD (note)	\$ 45,435	31.954	1,451,830
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD (note)	\$ 24,426	31.954	780,508
December 31, 2023			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD (note)	\$ 65,369	30.658	2,004,082
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD (note)	\$ 28,747	30.658	881,326
March 31, 2023			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD (note)	\$ 46,063	30.402	1,400,409
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD (note)	\$ 25,895	30.402	787,274

Note: Amounts are designated before consolidation.

(2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and accounts payable that are denominated in foreign currency. A 1 dollar appreciation (depreciation) of the NTD against the USD as of March 31, 2024 and 2023 would have increased or decreased the net income before tax by \$21,009 thousand and \$20,168 thousand, respectively. The analysis is performed on the same basis for both periods.

(3) Foreign exchange gain and loss on monetary item

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the periods of January 1 to March 31 of 2024 and 2023, foreign exchange gains (losses) (including realized and unrealized) amounted to \$46,433 thousand and \$(13,667) thousand, respectively.

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4. Interest rate analysis

For the interest rate exposure of the Consolidated Company's financial assets and liabilities, please refer to the notes on liquidity risk management.

The following sensitivity analysis is based on the risk exposure of the interest rate on derivative and non-derivative financial instruments on the reporting date. Regarding assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate increases or decreases by 1%, the Group's net income before tax will increase or decrease by \$11,331 thousand and \$8,131 thousand, respectively, for the periods of January 1 to March 31 of 2024 and 2023, with all other variable factors remain constant. This is mainly due to the Group's bank deposits, financial assets measured at amortized cost and borrowings in variable rates.

5. Information of fair value

(1) Categories and fair value of financial instruments

Except for the following, carrying amount of the Group's financial assets and liabilities are valued approximately to their fair value. No additional disclosure is required in accordance to the Regulations.

		2024.3.31			
		Fair value			
<u>Carrying amount</u>		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities at fair value through profit or loss					
Contingent consideration assumed in a business combination	\$ 12,146	-	-	12,146	12,146
		2023.12.31			
		Fair value			
<u>Carrying amount</u>		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities at fair value through profit or loss					
Contingent consideration assumed in a business combination	\$ 11,653	-	-	11,653	11,653

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	2023.3.31				
	<u>Carrying amount</u>	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ <u>252</u>	-	<u>252</u>	-	<u>252</u>
Financial liabilities at fair value through profit or loss					
Contingent consideration assumed in a business combination	\$ <u>11,556</u>	-	-	<u>11,556</u>	<u>11,556</u>
Financial liabilities measured at amortized cost					
Bonds payable	<u>894,910</u>	-	<u>894,910</u>	-	<u>894,910</u>
Total	<u>\$ 906,466</u>	<u>-</u>	<u>894,910</u>	<u>11,556</u>	<u>906,466</u>

(2) Valuation techniques for financial instruments measured at fair value

The financial instruments of the Group are evaluated by using the publicly-adopted valuation models. Open-ended funds are based on net assets value. Forward contracts are referred to the evaluation outcomes from financial institutions. The financial instrument in China is evaluated based on the market value. Contingent consideration assumed in a business combination is measured at fair value using discounted cash flow methodology and incorporates the probability of occurrence.

(v) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in Note 6(v) of the 2023 annual consolidated financial statements.

(w) Capital management

The Group's capital management objectives, policies, and procedures are consistent with those disclosed in the 2023 annual consolidated financial statements. Meanwhile, there have been no significant changes in the aggregated quantitative data related to items used for capital management compared to what was disclosed in the 2023 annual consolidated financial statements. For further information, please refer to Note 6(w) of the 2023 annual consolidated financial statements.

(x) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the periods of January 1 to March 31 of 2024 and 2023 were as follows:

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	2024.1.1	Cash flows	Non-cash changes		2024.3.31
			Foreign exchange movement	Others	
Lease liabilities	\$ 62,799	(12,595)	1,124	2,296	53,624
Guarantee deposits received	2,248	-	39	-	2,287
Total liabilities from financing activities	<u>\$ 65,047</u>	<u>(12,595)</u>	<u>1,163</u>	<u>2,296</u>	<u>55,911</u>

	2023.1.1	Cash flows	Non-cash changes			2023.3.31
			Foreign exchange movement	Amortization of discount	Others	
Short-term borrowings	\$ 87,796	-	390	-	-	88,186
Bonds payable	893,008	-	-	1,902	-	894,910
Lease liabilities	78,264	(12,788)	67	-	16,355	81,898
Guarantee deposits received	3,244	-	2	-	-	3,246
Total liabilities from financing activities	<u>\$ 1,062,312</u>	<u>(12,788)</u>	<u>459</u>	<u>1,902</u>	<u>16,355</u>	<u>1,068,240</u>

(y) Investment and financing activities of non-cash transactions

The Group's investing and financing activities which did not affect the current cash flow in the periods of January 1 to March 31 of 2024 and 2023 were as follows.

1. For right-of-use assets under leases, please refer to note 6(h).

(7) Related-party transactions

(a) Related-party and relationship with the Company

The Group has transactions with its related parties as follows:

Related-parties	Relationship with the Company
Wanmily Investment Development Ltd. (Wanmily)	Chairman of the Company also serves as a director of the related-party
Lanner electronics cultural and educational foundation (Lanner Foundation)	Substantive related party
LANNER KOREA INC.	Associate accounted for using equity method
Mr. Yang Chen-Wei	Key management of Consolidated Company

(b) Significant related party transactions

1. Operating revenue

The amounts of significant sales transactions between the Group and related parties were as follows:

	For the three months ended March 31,	
	2024	2023
Associates	<u>\$ 17,460</u>	<u>27,182</u>

The sales price with related parties is not significantly different from normal transactions. The credit terms were about 60 days net from date of invoice, which were no significantly different from the credit terms with other customers.

2. Purchases

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The amount of purchase transactions between the Group and related parties were as follows:

	For the three months ended March 31,	
	2024	2023
Associates	\$ -	4,442

There were no significant differences in purchase prices and payment terms between related parties and non-related suppliers.

3. Receivables from related parties

The details of the Group's receivables from related parties were as follow:

Account	Type of related parties	2024.3.31	2023.12.31	2023.3.31
Account receivable – related parties	Associates	\$ 8,154	1,796	19,357
Other receivable	Other related parties	29	-	29
		\$ 8,183	1,796	19,386

4. Payables to related parties

The Group's payables to related parties are detailed as follows:

Account	Type of related parties	2024.3.31	2023.12.31	2023.3.31
Other payable	Key management of Consolidated Company	\$ 55,065	54,926	55,026

5. Leases

(1) Lessee

Lease contracts for the period from June 2020 to May 2025 were signed with Wannily on April 2020. In accordance with the contract, the Group provided \$175 thousand as deposit and booked the same amount under other non-current assets. For the periods of January 1 to March 31 of 2024 and 2023, the Group recognized the amount of \$9,000 as interest expense. As of March 31, 2024, December 31, 2023, and March 31, 2023, the balance of lease liabilities amounted to \$1,500 thousand, \$1,821 thousand, and \$2,785 thousand, respectively.

In addition, the rental expenses incurred by the Group due to short-term lease were as follows:

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	For the three months ended March 31,	
	2024	2023
Key management of Consolidated Company	\$ 131	533
(2) Lessor		
	For the three months ended March 31,	
	2024	2023
Other related parties:		
Lanner Foundation	\$ 81	81

The amount of rent is based on neighboring rent, and the rental is collected monthly from other related parties.

6. Contribution

The Group agreed to contribute \$1,247 thousand to Lanner Foundation for the period of January 1 to March 31, 2023, recorded under operating expenses. There were no such contributions made during the period from January 1 to March 31, 2024.

(c) Key management personnel compensations

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2024	2023
Short-term employee benefits	\$ 36,295	30,730
Post-employment benefits	221	184
	\$ 36,516	30,914

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2024.3.31	2023.12.31	2023.3.31
Certificate of deposits (recorded under other financial assets – current)	Guarantee for customs	\$ 1,000	1,000	1,000
Property, plant and equipment:				
Building	Guarantee for short-term borrowings	-	-	174,991
		\$ 1,000	1,000	175,991

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(9) Commitments and contingencies

A litigation against the Group was filed by a customer that disputed the quality of the products for which the Group had already taken out product liability insurance. However, the Group has hired a lawyer to deal with the matter, so as to protect its interest. In addition, the Group submitted a counterclaim, demanding that the customer should pay the price specified in the contract. As of March 31, 2024, the result was pending.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

(a) The following is a summary statement of employee benefits, depreciation and amortization expensed by function:

By function	For the three months ended March 31,					
	2024			2023		
By nature	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	52,770	227,465	280,235	57,889	220,578	278,467
Labor and health insurance	5,793	17,676	23,469	6,948	16,917	23,865
Pension	2,248	8,112	10,360	2,555	7,705	10,260
Others	3,145	7,900	11,045	3,533	8,122	11,655
Depreciation	13,711	22,347	36,058	15,266	22,966	38,232
Amortization	-	-	-	-	-	-

(b) Seasonality of operations:

The Group's operations are not affected by seasonal or cyclical factors.

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(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2024:

1. Loans to other parties: None
2. Guarantees and endorsements for other parties: None
3. Information regarding securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures): None
4. Information regarding purchase or sale of individual securities for the period, with accumulated amounts exceeding 300 million or 20% of the Company’s paid-in capital: None.
5. Information regarding acquisition of individual real estate with an amount exceeding 300 million or 20% of the Company’s paid-in capital: None.
6. Information regarding disposal of individual real estate with an amount exceeding 300 million or 20% of the Company’s paid-in capital: None.
7. Information regarding related-parties purchases and/or sales with amounts exceeding 100 million or 20% of the Company’s paid-in capital:

(Expressed in Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Relationship	Transaction details				The status and reason for deviation from arm’s-length transaction		Accounts/notes receivable (payable)		Remarks
			Purchase / (Sale)	Amount	Percentage of total purchase/ (sale)	Credit period	Unit price	Credit period	Balance	Percentage of total accounts /notes receivable (payable)	
The Company	LANNER (USA)	Subsidiary	(Sales)	(420,207)	(31) %	90 days	-	-	167,418	29%	-
LANNER (USA)	The Company	Subsidiary	Purchase	420,207	97 %	90 days	-	-	(167,418)	(94)%	-

Note 1: The transactions within the Group were eliminated in the consolidated financial statements

8. Information regarding receivables from related-parties with amounts exceeding 100 million or 20% of the Company’s paid-in capital:

(Expressed in Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Relationship	Balance of receivables from related party (note)	Turnover rate	Overdue		Accounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	LANNER (USA)	Subsidiary	167,418	7.06	-		135,362 (Until May 2, 2024)	-

Note: The transactions within the Group were eliminated in the consolidated financial statements.

9. Information regarding trading in derivative financial instruments: None.

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10. Significant transactions and business relationship between the parent company and its subsidiaries:

No.	Name of company	Name of counterparty	Relationship with the counterparty	Transaction details			
				Account name	Amount	Transaction term	Percentage of the total consolidated revenue or total assets
0	The Company	LANNER (USA)	1	Sales	420,207	No significant differences	25.35%
0	The Company	LANNER KOREA	1	Sales	17,460	No significant differences	1.05%
0	The Company	LCA	1	Sales	44,967	No significant differences	2.71%
0	The Company	LEU	1	Sales	22,243	No significant differences	1.34%
0	The Company	Haiwell	1	Sales	16,386	No significant differences	0.99%
0	The Company	LANNER (USA)	1	Accounts receivable	167,418	No significant differences	1.82%
0	The Company	LANNER KOREA	1	Accounts receivable	8,154	No significant differences	0.09%
0	The Company	LCA	1	Accounts receivable	56,326	No significant differences	0.61%
0	The Company	LEU	1	Accounts receivable	26,527	No significant differences	0.29%
0	The Company	Haiwell	1	Accounts receivable	3,209	No significant differences	0.03%
1	Haiwell	L&S	3	Sales	78,689	No significant differences	4.75%
1	Haiwell	L&S	3	Advance receipts	138,566	No significant differences	1.51%

Note 1: Company numbering is as follows

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

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) "1" represents downstream transactions
- (2) "2" represents upstream transactions.
- (3) "3" represents sidestream transactions

Note 3: The transactions within the Group were eliminated in the consolidated financial statements.

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(b) Information on investees:

The following are the information on investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China):

(Expressed in Thousands of New Taiwan Dollars)/Thousand shares

Name of investor	Name of investee	Location	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income	Remarks
				March 31, 2024	December 31, 2023	Shares	Percentage of Ownership	Book value			
The Company	LANNER ELECTRONICS USA, INC.	USA	Trading of computer peripheral equipment	248,819	248,819	7,850	100%	421,710	7,773	7,773	(Note 1)
The Company	LANNER ELECTRONICS (MAURITIUS) INC.	Mauritius	Investing	119,282	119,282	3,853	100%	926,149	4,464	4,464	(Note 1)
The Company	LANNER ELECTRONICS CANADA LTD.	Canada	Trading of computer peripheral equipment	153,926	153,926	5,105	100%	187,021	1,321	1,321	(Note 1)
The Company	Whitebox Solutions Inc.	Taiwan	Trading of computer peripheral equipment	7,500	7,500	750	100%	7,492	23	23	(Note 1)
The Company	LANNER EUROPE B.V.	Netherlands	Trading of computer peripheral equipment	91,724	91,724	2,780	100%	31,131	(2,902)	(2,902)	(Note 1)
The Company	LannerTech Electronics Inc.	Taiwan	Research and development	6,000	6,000	600	100%	108	(33)	(33)	(Note 1)
The Company	LANNER KOREA INC.	South Korea	Trading of computer peripheral equipment	820	820	7	35%	1,694	(8,473)	(2,966)	
LANNER ELECTRONICS (MAURITIUS) INC.	LANCOM HOLDING CO.,LTD.	Samoa	Investing	112,543	112,543	3,823	100%	947,019	4,464	4,464	(Note 1)

Note 1: Aforementioned amounts have been eliminated upon consolidation financial statement

(c) Information on investment in Mainland China:

1. The names of investees in Mainland China, the scope of businesses and products, and other information:

(Expressed in Thousands of New Taiwan Dollars)

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2024	Investment flow during current period		Cumulative investment (amount) from Taiwan as of March 31, 2024	Net income (losses) of investee	Direct/indirect percentage of Ownership	Investment income (losses) (Note 2)	Book value (Note 2)	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
L&S	Trading of computer peripheral equipment	118,388	(2)	110,274	-	-	110,274	4,412	100.00%	4,412 (2)	899,005 (2)	-
Haiwell	Manufacturing and trading of computer peripheral equipment	92,037	(3)	-	-	-	-	513	100.00%	4,793 (2)	82,834 (2)	-
Lanner Technology	Trading of computer peripheral equipment	22,099	(2)	-	-	-	-	(263)	100.00%	(263) (1)	16,048 (1)	-

Note 1: The method of investment is divided into the following three categories:

- (1) Direct investment in Mainland China
- (2) Indirectly investment in Mainland China through companies registered in a third region- Investing in Mainland China through LANCOM HOLDING CO., LTD
- (3) Other methods – Investing in Mainland China through L & S Lancom Platform Tech. Co., Ltd.

Note 2: In the income/(loss) from investments recognized for the period:

- (1) Income/(loss) is recognized using the equity method, based on unaudited quarterly financial statements prepared by the investee company.
- (2) The investment income (losses) were based on the quarterly financial statements audited by the auditor of the Company

Note 3: Aforementioned amounts have been eliminated upon consolidated financial statements

LANNER ELECTRONICS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2. Limitation on investment in Mainland China:

Company name	Accumulated investment amount remitted from Taiwan to Mainland China at the end of the period	Investment (amount) approved by Investment Commission, MOEA	Maximum investment amount set by Investment Commission, MOEA
The Company	110,274	391,185	- (Note)

Note 1: The Company was certified as an Operation Headquarters by the Industrial Development Bureau, Ministry of Economic Affairs, in approval letter No. 11020425720, and the certification is valid from July 20, 2021 to July 19, 2024. The Company has no limitation on investment in Mainland China during the abovementioned period

3. Significant transactions with investees in Mainland China:

Please refer to Note 13(a) 10.

(d) Major shareholders:

Shareholder's Name	Unit: Shares	
	Shareholding	Percentage
Delta Electronics, Inc.	26,893,540	18.50%
I-Wen Chou	10,823,754	7.44%

(14) Segment information

The Group is mainly engaged in the manufacturing and selling of Internet and communication equipment. Management reviews the Company's overall performance regularly to evaluate the performance of each segment and allocate its resources accordingly. As the production procedure is highly similar, the Group is identified as a sole operating segment.