Stock Code: 3564

# AEWIN Technologies Co., Ltd.

# Parent Company Only Financial Statements and Independent Auditors' Report

**For the year ended December 31, 2024 and 2023**

**Company Address: 32F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City**
**Telephone: (02) 2797-6866**

The independent auditors’ report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. The translation is not prepared by the independent auditor. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ report and financial statements, the Chinese version shall prevail.

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# Independent Auditors' Report

To the Board of Directors and Shareholders of AEWIN Technologies Co., Ltd.

**Audit Opinion**

We have audited the accompanying balance sheet as of December 31, 2024 and 2023 of AEWIN Technologies Co., Ltd., which comprise the statement of comprehensive income, statement of changes in equity, and statement of cash flow from January 1 to December 31, 2024 and 2023, as well as the notes to the parent company only financial statement (including the summary of significant accounting policies).

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, as well as the Company's financial performance and cash flows from January 1 to December 31 in 2023 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Audit Opinion**

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and other certified public accountants' audit reports, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. Key audit matters that we judge should be communicated in the audit reports are stated as follows:

Revenue Recognition

For details regarding the accounting policy for revenue recognition, please refer to Note IV (XIII) of the individual financial report. For an explanation of significant accounting items related to revenue, please refer to Note VI (XVI) of the parent company only financial statement.

Description of Key Audit Matters:

AEWIN Technologies Co., Ltd. engages in sales transactions with customers that involve various transaction conditions. It is crucial to determine the appropriate timing for revenue recognition based on the specific terms of each transaction, which adds a layer of complexity. As a result, the testing of revenue recognition becomes a key area of focus for the CPA when auditing the parent company only financial statements of AEWIN Technologies Co., Ltd.

The corresponding audit procedures:

Our main audit procedures for the above-mentioned key audit matters include understanding the primary types of revenue, contract terms, and transaction conditions, as well as assessing the accuracy of the timing of revenue recognition. We performed sampling tests on the sales and collection cycle, along with the related internal controls and transaction vouchers, to evaluate whether the timing of revenue recognition aligns with the transaction terms agreed upon with customers. Additionally, we conducted sampling tests on sales transactions both before and after the end of the annual reporting period to identify the point at which control of the goods is transferred to the customer, thereby satisfying the performance obligation and assessing the accuracy of the timing of revenue recognition.

**Responsibility of Management and Governance Units for Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statement that are free from material misstatement, whether due to fraud or error.

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

AEWIN Technologies Co., Ltd's governance unit (including the Audit Committee) is responsible for overseeing the financial reporting process.

**CPA's Responsibility for Auditing the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance regarding whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If the individual amounts or sums that the material misstatement involved may be reasonably expected to affect the financial decision making of users of the parent company only financial statements, such misstatement will be considered material.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

I. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

II. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

IV. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the AEWIN Technologies Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AEWIN Technologies Co., Ltd.'s to cease to continue as a going concern.

V. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the related notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

VI. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements of equity-method investees in order to express an opinion on the financial statements. We are responsible for directing, supervising, and performing the audit and for forming an opinion on the financial statements of AEWIN Technologies Co., Ltd.

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

We also provide the governance unit with a statement of independence from the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which is followed by those who are subject to the independence requirements of the firm to which we belong, and we communicate with the governance unit about all relationships and other matters (including relevant safeguards) that might be perceived as affecting the independence of the accountant.

From the matters communicated with the governance unit, we determine the key audit matters of the Company's parent company only financial statements for the year ended December 31, 2024. We describe these matters in our certified public accountants' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA:

| | | |
|---|---|---|
| Assurance Document Number Approved by Securities Authority | ： | Financial-Supervisory-Securities-Audit-1120333238<br>Financial-Supervisory-Securities-Six-0950103298 |

February 25, 2025

Notes to Reader

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

The independent auditors' review report and the accompanying 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 financial statements, the Chinese version shall prevail.

**AEWIN Technologies Co., Ltd.**

**Balance Sheet**

**December 31, 2024 and 2023**

**Unit: NTD thousand**

| Code | Assets | 2024.12.31 Amount | % | 2023.12.31 Amount | % |
|---|---|---|---|---|---|
| | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (Note VI (I)) | $ 256,466 | 11 | 148,847 | 7 |
| 1110 | Financial assets measured at fair value through profit or loss - current (Note VI (II)) | 3,116 | - | 11,118 | 1 |
| 1136 | Financial assets measured at amortized cost - current (Notes VI (I) & VIII) | 210 | - | 209 | - |
| 1170 | Net of accounts receivable (Notes VI (IV) and (XVI)) | 159,854 | 7 | 76,200 | 3 |
| 1180 | Accounts receivable - related parties (Notes VI (IV), (XVI) and VII) | 373,223 | 16 | 373,919 | 18 |
| 1210 | Other receivables- related parties (Note VII) | 230,989 | 10 | 201,008 | 9 |
| 130X | Inventories (Note VI (V)) | 289,634 | 12 | 296,404 | 14 |
| 1470 | Other current assets | 18,917 | 1 | 17,321 | 1 |
| | **Total current assets** | 1,332,409 | 57 | 1,125,026 | 53 |
| | **Non-current assets:** | | | | |
| 1517 | Financial assets measured at fair value through other comprehensive income - non-current (Note VI (III)) | 740 | - | 745 | - |
| 1550 | Investment under the equity method (Note VI (VI)) | 102,771 | 5 | 114,593 | 5 |
| 1600 | Property, plant and equipment (Note VI (VII) VII & VIII) | 854,489 | 37 | 866,713 | 41 |
| 1780 | Intangible assets (Note VI (VIII)) | 3,954 | - | 3,900 | - |
| 1840 | Deferred income tax assets (Note VI (XIII)) | 22,882 | 1 | 22,757 | 1 |
| 1920 | Refundable deposits | 449 | - | 528 | - |
| 1975 | Net defined benefit assets (Note VI (XII)) | 7,009 | - | 1,943 | - |
| | **Total non-current assets** | 992,294 | 43 | 1,011,179 | 47 |
| | **Total assets** | **$ 2,324,703** | **100** | **2,136,205** | **100** |

| Code | Liabilities and equity | 2024.12.31 Amount | % | 2023.12.31 Amount | % |
|---|---|---|---|---|---|
| | **Current liabilities:** | | | | |
| 2100 | Short-term borrowings (Note VI (IX)) | $ - | - | 230,000 | 11 |
| 2120 | Financial liabilities measured at fair value through profit or loss - current (Note VI (II)) | 5,349 | - | 3,190 | - |
| 2130 | Contract liabilities - current (Note VI (XVI)) | 20,167 | 1 | 8,521 | - |
| 2170 | Accounts payable | 226,598 | 10 | 136,682 | 6 |
| 2180 | Accounts payable - related parties (Note VII) | 34,834 | 2 | 42,512 | 2 |
| 2200 | Other payables | 91,829 | 4 | 80,555 | 4 |
| 2220 | Other payables - related parties (Note VII) | 1,672 | - | 2,394 | - |
| 2230 | Current income tax liabilities | 14,257 | 1 | 13,213 | 1 |
| 2322 | Long-term borrowings - current portion (Notes VI (XI) & VIII) | 6,000 | - | - | - |
| 2300 | Other current liabilities | 2,775 | - | 2,929 | - |
| | **Total current liabilities** | 403,481 | 18 | 519,996 | 24 |
| | **Non-current liabilities:** | | | | |
| 2530 | corporate bonds payable (Note VI (X)) | 469,057 | 20 | - | - |
| 2540 | Long-term borrowings (Notes VI (XI) and VIII) | 44,000 | 2 | 350,000 | 16 |
| 2570 | Deferred income tax liabilities (Note VI (XIII)) | 7,054 | - | 10,182 | 1 |
| | **Total non-current liabilities** | 520,111 | 22 | 360,182 | 17 |
| | **Total liabilities** | 923,592 | 40 | 880,178 | 41 |
| | **Equity (Note VI (XIV)):** | | | | |
| 3110 | Share capital - ordinary shares | 591,231 | 25 | 591,231 | 28 |
| 3200 | Capital reserve | 548,760 | 24 | 445,936 | 21 |
| 3300 | Retained earnings | 251,129 | 11 | 215,209 | 10 |
| 3400 | Other equity | 9,991 | - | 3,651 | - |
| | **Total equity** | 1,401,111 | 60 | 1,256,027 | 59 |
| | **Total liabilities and equity** | **$ 2,324,703** | **100** | **2,136,205** | **100** |

**(Please refer to notes to parent company only financial statements)**

**Chairman: Tseng Wen-Hsing** **Managerial Officer: Lin Chang-An** **Accounting Supervisor: Li Yi-Mei**

## AEWIN Technologies Co., Ltd.
## Statement of Comprehensive Income
## January 1 to December 31, 2024 and 2023

**Unit: NTD thousand**

| Code | Item | 2024 Amount | 2024 % | 2023 Amount | 2023 % |
|---|---|---|---|---|---|
| 4000 | **Net operating revenue (Notes VI (XVI) & VII)** | $ 1,674,278 | 100 | 1,379,452 | 100 |
| 5000 | **Operating costs (Notes VI (V), (VII), (VIII), (XII), (XVII), VII and XII)** | (1,235,628) | (74) | (998,372) | (72) |
| | **Gross profit** | 438,650 | 26 | 381,080 | 28 |
| 5920 | Add: Net realized sales profit | 8,640 | 1 | 22,742 | 1 |
| | **Realized gross profit** | 447,290 | 27 | 403,822 | 29 |
| | **Operating expenses (Notes VI (IV), (VII), (VIII), (XII), (XVII), VII and XII):** | | | | |
| 6100 | Selling and marketing expenses | (104,346) | (6) | (104,209) | (7) |
| 6200 | Management expenses | (68,630) | (4) | (66,282) | (5) |
| 6300 | Research and development expenses | (175,065) | (11) | (140,834) | (10) |
| 6450 | Expected credit impairment losses | (65) | - | - | - |
| | **Total operating expenses** | (348,106) | (21) | (311,325) | (22) |
| | **Net operating income** | 99,184 | 6 | 92,497 | 7 |
| | **Non-operating income and expenses (Note VI (XVIII) and (VII)):** | | | | |
| 7100 | Interest income | 3,264 | - | 2,608 | - |
| 7010 | Other income | 4,246 | - | 3,792 | - |
| 7020 | Other gain and loss | (23) | - | (9,935) | - |
| 7050 | Finance costs | (12,369) | (1) | (12,386) | (1) |
| 7375 | Share of losses of subsidiaries accounted for under the equity method | (26,807) | (1) | (42,670) | (3) |
| | **Total non-operating income and expenses** | (31,689) | (2) | (58,591) | (4) |
| 7900 | **Profit before tax** | 67,495 | 4 | 33,906 | 3 |
| 7950 | **Less: Income tax expense (Note VI (XIII))** | (14,621) | (1) | (7,290) | (1) |
| 8200 | **Net income for the period** | 52,874 | 3 | 26,616 | 2 |
| | **Other comprehensive income (Note VI (XII) (XIII) and (XIV)):** | | | | |
| 8310 | **Items that will not be reclassified to profit or loss** | | | | |
| 8311 | Remeasurement of defined benefit plans | 4,674 | - | (319) | - |
| 8316 | Unrealized loss on investments in equity instruments measured at fair value through other comprehensive income | (5) | - | (45) | - |
| 8349 | Income tax related to items not reclassified | (935) | - | 63 | - |
| | | 3,734 | - | (301) | - |
| 8360 | **Items that may be subsequently reclassified to profit or loss** | | | | |
| 8361 | Exchange differences on translating the financial statements of foreign operations | 6,345 | 1 | (2,187) | - |
| 8399 | Income tax related to items that may be reclassified | - | - | - | - |
| | | 6,345 | 1 | (2,187) | - |
| | **Other comprehensive income for the current period** | 10,079 | 1 | (2,488) | - |
| 8500 | **Total comprehensive income (loss) for the period** | $ 62,953 | 4 | 24,128 | 2 |
| | **Earnings per share (Unit: In New Taiwan Dollars, Note VI (XV))** | | | | |
| 9750 | **Basic earnings per share** | $ | 0.89 | | 0.45 |
| 9850 | **Diluted earnings per share** | $ | 0.89 | | 0.45 |

**(Please refer to notes to parent company only financial statements)**

**Chairman: Tseng Wen-Hsing Managerial Officer: Lin Chang-An Accounting Supervisor: Li Yi-Mei**

**AEWIN Technologies Co., Ltd.**
**Consolidated Statement of Changes in Equity**
**January 1 to December 31, 2024 and 2023**

**Unit: NTD thousand**

| | | | Retained earnings | | | Other equity items | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital - ordinary shares | Capital reserve | Statutory surplus reserve | Undistributed earnings | Total | Exchange differences on translating the financial statements of foreign operations | Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income | Total | Total equity |
| **Balance as of January 1, 2023** | $ 591,231 | 445,936 | 55,380 | 180,767 | 236,147 | 6,507 | (624) | 5,883 | 1,279,197 |
| Net income for the period | - | - | - | 26,616 | 26,616 | - | - | - | 26,616 |
| Other comprehensive income for the current period | - | - | - | (256) | (256) | (2,187) | (45) | (2,232) | (2,488) |
| Total comprehensive income (loss) for the period | - | - | - | 26,360 | 26,360 | (2,187) | (45) | (2,232) | 24,128 |
| Appropriation and distribution of earnings: | | | | | | | | | |
| Provision of statutory surplus reserve | - | - | 15,128 | (15,128) | - | - | - | - | - |
| Cash dividends for ordinary shares | - | - | - | (47,298) | (47,298) | - | - | - | (47,298) |
| **Balance as of December 31, 2023** | 591,231 | 445,936 | 70,508 | 144,701 | 215,209 | 4,320 | (669) | 3,651 | 1,256,027 |
| Net income for the period | - | - | - | 52,874 | 52,874 | - | - | - | 52,874 |
| Other comprehensive income for the current period | - | - | - | 3,739 | 3,739 | 6,345 | (5) | 6,340 | 10,079 |
| Total comprehensive income (loss) for the period | - | - | - | 56,613 | 56,613 | 6,345 | (5) | 6,340 | 62,953 |
| Appropriation and distribution of earnings: | | | | | | | | | |
| Provision of statutory surplus reserve | - | - | 2,636 | (2,636) | - | - | - | - | - |
| Cash dividends for ordinary shares | - | - | - | (20,693) | (20,693) | - | - | - | (20,693) |
| Recognition of Stock Options for Issued Convertible Corporate Bonds | - | 102,742 | - | - | - | - | - | - | 102,742 |
| Disposition of employee stock ownership trust inflows | - | 82 | - | - | - | - | - | - | 82 |
| **Balance as of December 31, 2024** | $ 591,231 | 548,760 | 73,144 | 177,985 | 251,129 | 10,665 | (674) | 9,991 | 1,401,111 |

**(Please refer to notes to parent company only financial statements)**

**Chairman: Tseng Wen-Hsing** **Managerial Officer: Lin Chang-An** **Accounting Supervisor: Li Yi-Mei**

**AEWIN Technologies Co., Ltd.**
**Statements of Cash Flows**
**January 1 to December 31, 2024 and 2023**

**Unit: NTD thousand**

| | 2024 | 2023 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| **Income before tax for the period** | $ 67,495 | 33,906 |
| **Adjustments:** | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation expenses | 26,523 | 25,423 |
| Amortization expenses | 2,186 | 2,392 |
| Expected credit impairment losses | 65 | - |
| Finance costs | 12,369 | 12,386 |
| Interest income | (3,264) | (2,608) |
| Share of losses of subsidiaries accounted for under the equity method | 26,807 | 42,670 |
| Realized sales profit | (8,640) | (22,742) |
| Total revenue, expense and loss items | 56,046 | 57,521 |
| Changes in assets/liabilities related to operating activities: | | |
| Net change in assets related to operating activities: | | |
| Financial assets required to be measured at fair value through profit or loss | 9,852 | (10,818) |
| Accounts receivable | (83,719) | 74,293 |
| Accounts receivable - related parties | 696 | 354,867 |
| Other receivables- related parties | (556) | (123) |
| Inventories | 6,770 | 94,027 |
| Other current assets | (1,596) | 596 |
| Net defined benefit assets | (392) | (392) |
| Total net changes in assets related to operating activities | (68,945) | 512,450 |
| Net change in liabilities related to operating activities: | | |
| Financial liabilities under trading | 2,159 | 311 |
| Contractual liabilities | 11,646 | (167) |
| Accounts payable | 89,916 | (5,630) |
| Accounts payable - related parties | (7,678) | (199,357) |
| Other payables | 11,200 | (28,295) |
| Other payables- related parties | (722) | (4,869) |
| Other current liabilities | (154) | 869 |
| Total net changes in liabilities related to operating activities | 106,367 | (237,138) |
| Total net changes in assets and liabilities related to operating activities | 37,422 | 275,312 |
| Total adjustments | 93,468 | 332,833 |
| Cash inflows from operating activities | 160,963 | 366,739 |
| Interest received | 3,263 | 2,608 |
| Income tax paid | (17,765) | (26,802) |
| **Net cash inflows from operating activities** | 146,461 | 342,545 |

**(Continued on the next page)**

**(Please refer to notes to parent company only financial statements)**
**Chairman: Tseng Wen-Hsing Managerial Officer: Lin Chang-An Accounting Supervisor: Li Yi-Mei**

## AEWIN Technologies Co., Ltd.
## Statements of Cash Flows (Continued from the previous page)
## January 1 to December 31, 2024 and 2023

**Unit: NTD thousand**

| | 2024 | 2023 |
|---|---|---|
| **Cash flows from investing activities:** | | |
| Acquisition of property, plant and equipment | (13,819) | (10,413) |
| (Increase) Decrease in refundable deposits | 79 | (99) |
| Other receivables- increase in related parties | (29,425) | (75,049) |
| Purchase of intangible assets | (2,240) | (150) |
| **Net cash outflows from investing activities** | (45,405) | (85,711) |
| **Cash flows from financing activities:** | | |
| Increase in short-term borrowings | 980,000 | 1,490,000 |
| Decrease in short-term borrowings | (1,210,000) | (1,700,000) |
| Issuance of corporate bonds | 566,323 | - |
| Long-term borrowings | - | 150,000 |
| Repayment of long-term borrowings | (300,000) | (150,000) |
| Cash dividend distribution | (20,693) | (47,298) |
| Disposition of employee stock ownership trust inflows | 82 | - |
| Interest paid | (9,149) | (12,609) |
| **Net cash inflows (outflows) from financing activities** | 6,563 | (269,907) |
| **Increase (Decrease) in cash and cash equivalents during the period** | 107,619 | (13,073) |
| **Cash and cash equivalents at beginning of period** | 148,847 | 161,920 |
| **Cash and cash equivalents at end of period** | **$ 256,466** | **148,847** |

**(Please refer to notes to parent company only financial statements)**

**Chairman: Tseng Wen-Hsing Managerial Officer: Lin Chang-An Accounting Supervisor: Li Yi-Mei**

**AEWIN Technologies Co., Ltd.**
**Notes to Parent Company Only Financial Statements**
**For the year ended December 31, 2024 and 2023**
**(The amount shall be dominated in thousands of NTD, unless otherwise specified)**

## I. Development History

On October 24, 2000, AEWIN Technologies Co., Ltd. (the "Company") was established under the approval from the Ministry of Economic Affairs, having the registered address of 32F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City. The Company primarily engage in the design, manufacture, and sale of network security-related products.

## II. Date and Procedures for Approval of Financial Statements

The parent company only financial statements were approved and issued by the Board of Directors on February 25, 2025.

## III. Application of Newly Issued and Revised Standards and Interpretations

(I) Effect of adopting new and amended standards and interpretations endorsed by the Financial Supervisory Commission

As of January 1, 2024, the Company began to apply the following newly revised International Financial Reporting Standards, which has not had a significant impact on the parent company only financial statements.

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

(II) Impact of International Financial Reporting Standards not yet adopted

The Company has assessed the applicability of the following new amendments to International Financial Reporting Standards, which are effective from January 1, 2025, and does not expect them to have a significant impact on the parent company only financial statements.

- Amendments to IAS 21 "Lack of Exchangeability"

(III) New and amended standards and interpretations not yet endorsed by the FSC

The standards and interpretations issued and amended by the IASB but not yet endorsed by the FSC that may be related to the Company are as follows:

| New issued or amended standards | Main amendments | Effective date of issuance by IASB |
|---|---|---|
| International Financial Reporting Standard No. 18 "Presentation and Disclosure in Financial Statements" | The new guidelines introduce three categories of income and expenses, two subtotals on the income statement, and a single footnote regarding management performance measurement. These three amendments and enhancements to the guidance on segmenting information in financial statements lay the foundation for providing users with improved and consistent information, and will have an impact on all companies. | January 1, 2027 |
| International Financial Reporting Standard No. 18 "Presentation and Disclosure in Financial Statements" | • A more structured income statement: The company currently uses various formats to express its financial performance, which makes it challenging for investors to compare the financial performance of different companies. The new guidelines have implemented a more structured income statement. They have introduced a new subtotal called "operating profit" and require that all revenues and expenses be classified into three new categories based on the company's main business activities.<br>• Management Performance Measurement (MPM): The new criteria introduce the concept of management performance measurement. Companies are now required to provide an explanation, in a single footnote in the financial statements, regarding the usefulness of each measurement indicator, its calculation method, and how it is adjusted for amounts recognized in accordance with international financial reporting standards accounting principles.<br>• More detailed information: The new guidelines provide instructions on how companies can improve the organization of information in financial statements. This guidance includes determining whether the information should be included in the primary financial statements or further disaggregated in the notes. | January 1, 2027 |

The Company is now continuously assessing the impact of the above standards and interpretations on the financial position and operating results of the Company, and will disclose the related impact after completing the assessment.

The Company expects that the following newly issued and revised standards, which have not yet been adopted, will not have a significant impact on the parent company only 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
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendment to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Standards
- Amendment "Reliance on Natural Power Contract" to IFRS 9 and IFRS 7

## IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the parent company only financial statements are summarized below. The following accounting policies have been applied consistently to all periods presented in the parent company only financial statements.

(I) Statement of compliance

These accompanying financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. Basis of measurement

   The parent company only financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items:

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

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

   (3) The net defined benefit liability (or asset) is measured as the net amount of the present value of defined benefit obligations, less the fair value of plan assets, and adjusted for the impact of any caps.

2. Functional and presentation currencies

   The functional currency of the Company is the currency of the primary economic environment in which the Company operates. The accompanying parent company only financial statements of the Company are presented in the Company’s functional currency, New Taiwan dollar. All financial information dominated in New Taiwan dollars shall be dominated in thousands of NTD, unless otherwise specified.

(III) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are translated into functional currencies at the exchange rates prevailing on the dates of transactions. At the end of each subsequent reporting period (hereinafter referred to as the "reporting date"), monetary items denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing on that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rates prevailing on the date of measurement of the fair value, while non-monetary items measured at historical cost in foreign currencies are translated at the exchange rates prevailing on the date of the transaction.

Translation differences arising from foreign currency translations are generally recognized in profit or loss, except for equity instruments designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

2. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the parent company only financial statements at the exchange rates prevailing on the reporting date; income and expense items are translated into the presentation currency of the parent company only financial statements at the average exchange rates for the period, with the resulting exchange differences recognized in other comprehensive income.

When the disposal of a foreign operating entity results in a loss of control, joint control or significant influence, the cumulative translation differences related to the foreign operating entity are reclassified to profit or loss. When the disposal includes a subsidiary of a foreign operating entity, the related cumulative translation differences are re-attributed to non-controlling interests on a pro rata basis. When the disposal component includes investments in affiliates or joint ventures of foreign operating entities, the related cumulative translation differences are reclassified proportionately to profit or loss.

When there is no plan to settle a monetary receivable or payable from a foreign operation and it is not likely to be settled in the foreseeable future, the resulting foreign currency translation gain or loss is recognized in other comprehensive income as part of the net investment in the foreign operation.

(IV) Criteria for classifying assets and liabilities as current or non-current

The Company classifies assets meeting one of the following conditions as current assets, while all other assets that are not current assets are classified as non-current assets:

1. The asset is expected to be realized in the normal course of business or is intended to be sold or consumed;
2. The asset is held primarily for trading purposes;
3. The asset is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or cash equivalents (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability at least twelve months after the reporting period.

The Company classifies liabilities as current liabilities if one of the following conditions is met, and all other liabilities that are not current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled in the normal course of business;
2. The liability is held primarily for trading purposes;
3. The liability is due for settlement within twelve months after the reporting period; or
4. The entity does not have the right to defer settlement of the liability beyond twelve months after the end of the reporting period.

(V) Cash and cash equivalents

Cash includes cash on hand, checking deposits and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into fixed amounts of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(VI) Financial instruments

Accounts receivable and debt securities issued are recognized as they are incurred. All other financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instruments. Financial assets (excluding accounts receivable that do not include significant financial components) or financial liabilities measured at fair value through profit or loss were originally measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not include significant financial components are originally measured at transaction prices.

1. Financial assets

At the time of initial recognition, financial assets are classified into three categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. Purchase or sale of financial assets in accordance with transaction practices is subject to accounting treatment on the transaction date.

The Company only reclassifies all affected financial assets from the first day of the next reporting period when it changes its business model for managing financial assets.

(1) Financial assets measured at amortized cost

Financial assets that simultaneously meet the following conditions and are not designated as measured at fair value through profit or loss are measured at amortized cost:

- The financial asset is held under a business model for the purpose of receiving contractual cash flows.
- The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and outstanding principal amounts.

After initial recognition, these financial assets are measured using the effective interest rate method at amortized cost less impairment losses. Interest income, foreign currency exchange gain or loss, and impairment losses are recognized in profit or loss. When de-recognized, profit or loss is included in profit or loss.

(2) Financial assets measured at fair value through other comprehensive income

When a debt instrument investment simultaneously meets the following conditions and is not designated as measured at fair value through profit or loss, it is measured at fair value through other comprehensive income:

- The financial asset is held under a business model for the purpose of receiving contractual cash flows and selling.
- The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and outstanding principal amounts.

Upon initial recognition, the Company may make an irrevocable option to report subsequent changes in the fair value of equity instrument investments not held for trading in other comprehensive income. The above selections were made on a tool by tool basis.

Debt instrument investments are subsequently measured at fair value. Interest income, foreign currency exchange gain or loss, and impairment losses calculated using the effective interest method are recognized in profit or loss, while the remaining net profits or losses are recognized in other comprehensive income. Upon derecognition, the accumulated amount of other comprehensive income under equity is reclassified to profit or loss.

Equity instrument investments are subsequently measured at fair value. Dividend income (unless it clearly represents the recovery of some investment costs) is recognized as profit or loss. and the remaining net profits or losses are recognized as other comprehensive income. When derecognized, the accumulated other comprehensive income under equity are reclassified to retained earnings, not to profit or loss. Dividend income from equity investments is recognized on the date on which the Company is entitled to receive dividends (usually the ex-dividend date).

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

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company may irrevocably designate financial assets that meet the criteria for measurement at amortized cost or fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

These assets are subsequently measured at fair value, and the net gains or losses (including any dividends and interest income) arising from remeasurement are recognized as profit or loss.

(4) Assess whether the contract's cash flows are solely composed of payments for principal and interest on the outstanding principal amount.

For assessment purposes, the principal denotes the fair value of financial assets at the time of initial recognition. Interest comprises the following factors: the time value of money, credit risk related to the outstanding principal amount during a specific period, other fundamental lending risks, costs, and profit margins.

The Company evaluates whether the contract cash flows consist solely of payments of principal and interest on the outstanding principal amount. In this assessment, the Company considers the terms of the financial instrument contract, including whether the financial asset includes a provision that could alter the timing or amount of cash flows, which would prevent it from meeting this condition In the assessment, the Company considers:

- Any contingent events that could alter the timing or amount of contract cash flows;
- Terms that may adjust the contract's nominal interest rate, including the characteristics of variable interest rates;
- Early repayment and extension characteristics; and
- The Company's claim is limited to terms related to cash flows arising from specific assets (e.g., non-recourse characteristics).

(5) Impairment of financial assets

The Company recognizes an allowance for expected credit losses on financial assets measured at amortized cost, including cash and equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, and deposits.

The following financial assets are measured as allowance losses based on the expected amount of credit losses over a twelve-month period, while the remaining financial assets are measured based on the expected amount of credit losses during their lifetime:

- The credit risk of bank deposits (i.e., the risk of default during the expected lifetime of a financial instrument) has not significantly increased since the initial recognition.

The allowance for losses on accounts receivable is measured by the expected amount of credit losses during the period of existence.

The expected credit loss during the expected lifetime of a financial instrument refers to the expected credit loss caused by all possible default events during the expected lifetime of the financial instrument. "12 month expected credit loss" refers to the expected credit loss caused by a possible default event of a financial instrument within 12 months after the reporting date (or a shorter period, if the expected lifetime of the financial instrument is less than 12 months).

The longest period over which expected credit losses are measured is the longest contract period to which the Company is exposed to credit risk.

In determining whether the credit risk has significantly increased since the initial recognition, the Company considers reasonable and verifiable information (available without excessive cost or investment), including qualitative and quantitative information, and analysis based on the historical experience, credit evaluation, and forward-looking information of the Company.

The expected credit loss is a weighted estimate of the probability of credit loss during the expected lifetime of a financial instrument. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows that the Company can receive under the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the effective interest rate of the financial assets.

Allowance for losses on financial assets measured at amortized cost is deducted from the carrying amount of the assets,

When the Company does not have a reasonable expectation of recovering all or part of a financial asset, the total carrying amount of the financial asset is directly reduced. The Company analyzes the timing and amount of write-offs individually on the basis of whether recovery is reasonably expected. The Company does not expect any material reversal of the amount written off. However, financial assets that have been written off are still enforceable in order to comply with the Company's procedures for recovering overdue amounts. Based on the Company's experience, amounts overdue by more than 90 days are considered potentially unrecoverable.

(6) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset cease, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to other enterprises, or when substantially all the risks and rewards of ownership of the asset have neither been transferred nor retained and control of the financial asset has not been retained.

If the Company enters into a transaction to transfer a financial asset, the financial asset is continuously recognized in the balance sheet if all or substantially all the risks and rewards of ownership of the transferred asset are retained.

2. Financial liabilities and equity instruments

   (1) Classification of liabilities or equity

   Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that recognizes the Company's remaining interest in an asset less all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received less the cost of direct issuance.

   (2) Compound financial instrument

   The compound financial instruments issued by the Company are convertible bonds (denominated in New Taiwan Dollars) that give holders the option to convert them into equity. The number of shares to be issued will not change with fluctuations in the fair value of the bonds.

   The initial recognition amount of the liability component of the compound financial instrument is determined based on the fair value of a similar liability, excluding the equity conversion feature. The initial recognition amount of the equity component is determined by calculating the difference between the fair value of the entire compound financial instrument and the fair value of the liability component. Any transaction costs directly attributable to the financial instrument are allocated to the liability and equity components based on their respective carrying amounts at initial recognition.

   Upon initial recognition, the liability component of the compound financial instrument is subsequently measured at amortized cost using the effective interest method. The equity component of compound financial instruments is not remeasured after initial recognition.

   Interest related to financial liabilities is recognized as profit or loss. Financial liabilities are reclassified as equity upon conversion, and this conversion does not result in the recognition of any gain or loss.

(3) Financial liabilities

Financial liabilities are classified as being measured at amortized cost or measured at fair value through profit or loss. Financial liabilities are classified as being measured at fair value through profit or loss if they are held for trading, derivative instruments or designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, and the related net gain or loss, including any interest expense, are recognized in profit or loss.

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

(4) Derecognition of financial liabilities

The Company derecognizes financial liabilities when the contractual obligations are fulfilled, canceled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and the new financial liability is recognized at fair value based on the modified terms. When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3. Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis only when the Company has a legally enforceable right to do so and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4. Derivative financial instruments

The Company holds derivative financial instruments to hedge the risk of foreign currency exposure. Derivatives are initially recognized at fair value, with transaction costs recognized in profit or loss; subsequently, they are measured at fair value, with gains or losses arising from remeasurement recognized directly in profit or loss. When its fair value is positive, the derivative is recognized as a financial asset; when its fair value is negative, the derivative is recognized as a financial liability.

(VII) Inventories

Inventory is valued at the lower of cost or net realizable value, determined on an individual item basis. The costs encompass acquisition, production, or processing expenses, as well as other costs incurred to render the location and condition suitable for use, calculated using the weighted average method. The net realizable value is the estimated selling price under normal conditions, less the estimated costs to complete the work and the estimated costs required to make the sale.

(VIII) Investment in subsidiaries

In the preparation of the parent company only financial statements, the Company adopts the equity method to evaluate the investee companies under its control. Under the equity method, the current gains or losses and other composite gains or losses of the financial statements shall be the same as the share of the current gains or losses and other composite gains or losses attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. Equity attributable to the owners of financial statements should be the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis.

Where the change in the Company's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction with the owner.

(IX) Property, plant and equipment

1. Recognition and measurement

   Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

   If the significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

   Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

   Subsequent expenditures are capitalized only when it is probable that future economic benefits will flow to the Company.

3. Depreciation

   Depreciation is calculated on the basis of the cost of an asset less its residual value and is recognized in profit or loss over the estimated useful life of each component using the straight-line method. Except for land, which is not subject to depreciation, the estimated useful lives of the remaining components are as follows: Building and construction: 5 to 50 years; machinery and equipment: 2 to 6 years; production equipment and other equipment: 3 to 10 years.

   The depreciation method, useful lives and residual values are reviewed at each reporting date, and the effects of any changes in estimates are deferred and adjusted.

(X) Leases

The Company assesses whether a contract is or comprises a lease at the inception date of the contract. A contract is or comprises a lease if it transfers control over the use of an identified asset for a period of time in exchange for consideration.

1. Lessees

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is measured initially at cost, which includes the original measurement of the lease liability, adjusted for any lease payments made on or before the commencement date of the lease, plus the original direct costs incurred and the estimated costs to disassemble, remove and restore the subject asset to its location or to the subject asset, less any lease incentives received. The lease payments are added to the original direct costs incurred and the estimated costs of dismantling, removing and restoring the subject asset to its location or to the subject asset, less any incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss incurred, and adjusts the right-of-use asset when the lease liability is remeasured.

Lease liabilities are measured initially at the present value of the lease payments outstanding at the inception date of the lease. If the implied interest rate of the lease is readily determinable, the discount rate is that rate; if it is not readily determinable, the Company's incremental borrowing rate is used. In general, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

(1) Fixed payments, including real fixed payments:

(2) Variable lease payments that depend on an index or rate, using the index or rate at the inception date of the lease as the original measure.

Lease liabilities are subsequently accrued for using the effective interest method and are remeasured when the following occurs:

(1) There is a change in future lease payments as a result of a change in the index or rate used to determine lease payments;

(2) There is a change in the estimate of whether to exercise the option to extend or terminate the lease, resulting in a change in the evaluation of the lease term;

(3) There is a change in the subject matter, scope or other terms of the lease.

When a lease liability is remeasured as a result of changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount and changes in the evaluation of the purchase, extension or termination option as described above, the carrying amount of the right-of-use asset is adjusted accordingly and the remaining remeasurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

The Company presents right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

Regarding short-term leases and low-value asset leases for warehouses, parking spaces, and other equipment, the Company has opted not to recognize right-of-use assets and lease liabilities. Instead, the associated lease payments are recorded as expenses on a straight-line basis over the lease term.

The Company will offer rent reductions for all leased properties and buildings that satisfy the following conditions, choosing to implement practical measures without evaluating whether these measures constitute a modification of the lease.

(1) Rent concessions arising as a direct result of the COVID-19 pandemic

(2) The change in lease payments results in the revised consideration for the lease being almost the same as or smaller than the consideration before the change.

(3) Any reduction in lease payments shall only apply to those payments due prior to June 30, 2022; and

(4) There are no significant changes to the other terms and conditions of the lease.

In accordance with practical and flexible approaches, when a rent concession results in changes to lease payments, the change amount shall be recognized in profit and loss when the event or circumstance triggering the rent concession occurs.

2. Lessors

Transactions in which the Company is the lessor are classified as finance leases on the inception date of the lease based on whether the lease contracts transfer substantially all the risks and rewards incidental to the ownership of the subject assets, and otherwise are classified as operating leases. In its evaluation, the Company considers specific indicators, including whether the lease period covers a significant portion of the economic life of the subject asset.

For operating leases, the Company recognizes the lease payments received as rental income over the lease term on a straight-line basis.

(XI) Intangible assets

The intangible assets acquired by the Company are measured at cost less accumulated amortization and accumulated impairment. Amortization is provided on a straight-line basis over the following estimated useful lives and is recognized in profit or loss: patent rights, 20 years; and purchased software, 1 to 5 years.

The Company reviews the residual value, useful life and amortization method of intangible assets at each reporting date, and makes appropriate adjustments when necessary.

(XII) Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventories, deferred income tax assets and assets for employee benefits) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

The purpose of the impairment test is to identify a group of assets as the smallest identifiable group of assets for which a significant portion of the cash inflows are separate from other individual assets or groups of assets.

The recoverable amount is the higher of the fair value of the individual asset or cash-generating unit, less costs to dispose, and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized if the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount. The impairment loss is recognized immediately in profit or loss and reduces the carrying amount of the goodwill amortized for the cash-generating unit first, and then reduces the carrying amount of each asset in proportion to the carrying amount of the other assets in the unit.

Non-financial assets other than goodwill are reversed only to the extent that the carrying amount of the asset, net of depreciation or amortization, would have been determined had no impairment loss been recognized in prior years.

(XIII) Revenue recognition

Revenue is measured at the consideration to which the Group is expected to be entitled as a result of the transfer of goods or services. The Company recognizes revenue when control of goods or services is transferred to customers to satisfy performance obligations. The Company explains the main revenue items as follows:

1. Sales of goods

   The Company recognizes revenue when control of goods is transferred to customers. Transfer of control of goods means that the goods has been delivered to the customer, and there are no outstanding obligations that would affect the customer's acceptance of the goods. Delivery is considered complete when the customer accepts the goods in accordance with the transaction terms, at which point the risks of obsolescence and loss transfer to the customer. Additionally, the Company has objective evidence to confirm that all acceptance criteria have been met at this stage.

The Company recognizes accounts receivable upon delivery of goods because the Company has the unconditional right to receive the consideration at that point in time.

2. Financial components

The Company does not adjust the time value of money of the transaction price because the time interval between the expected transfer of goods to customers and the payment of goods or services by customers does not exceed one year.

(XIV) Employee benefits

1. Defined contribution plans

The contribution obligation of the defined contribution pension plan is recognized as employee benefit expense in profit or loss during the period in which the employees render service.

2. Defined benefit plans

The net obligation under the defined benefit pension plan is calculated as the discounted value of the future benefit amounts to be earned by each plan for each employee's current or prior service, less the fair value of any plan assets. The discount rate is based on the market yield rate at the reporting date for government bonds with maturity dates approximating the term of the Company's net obligation and denominated in the same currency as the expected benefit payments. The net obligation of the defined benefit plans is actuarially determined annually by a qualified actuary using the projected unit benefit method.

When benefits under a plan are improved, the related expense is recognized immediately in profit or loss for the portion of the benefit increase attributable to employees' past service.

The remeasurement of the net defined benefit obligation (asset) consists of (1) actuarial gain or loss; (2) compensation on plan assets, excluding the amount included in net interest on the net defined benefit obligation (asset); and (3) any change in the asset ceiling effect, excluding the amount included in net interest on the net defined benefit obligation (asset). The remeasurement of the net defined benefit liability (asset) is recognized in other comprehensive income and is transferred to other equity in the current period.

The Company recognizes a gain or loss on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The curtailment or settlement gain or loss includes the change in the fair value of any plan assets and the change in the present value of the defined benefit obligation.

3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as an expense when the related services are rendered. The amount expected to be paid under short-term cash bonus or dividend plans is recognized as a liability when the Company has a present legal or constructive obligation to pay as a result of past services rendered by employees and the obligation can be reliably estimated.

(XV) Income taxes

Income tax expense includes current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except when they relate to business combinations, items recognized directly in equity or other comprehensive income.

The Company determines that the supplemental tax it should pay under the Pillar Two of the global minimum tax regulations falls within the scope of IAS 12 "Income Taxes" and has applied the temporary mandatory exemption from deferred income tax accounting for the supplemental tax, with the actual occurrence of the supplemental tax recognized as current income tax.

Current income taxes include estimated income taxes payable or refunds receivable based on current year's taxable income (loss) and any adjustments to prior years' income taxes payable or refunds receivable. The amount reflects the best estimate of the amount expected to be paid or received, measured at the statutory tax rate at the reporting date or the tax rate of substantive legislation, after reflecting uncertainties, if any, related to income taxes.

Deferred income taxes are recognized on temporary differences between the carrying amounts of assets and liabilities at the reporting date and their tax bases. Temporary differences arising from the following situations are not recognized as deferred income tax:

1. Assets or liabilities that are not part of the original recognition of a business combination transaction and at the time of the transaction do not affect the accounting profit or taxable income (loss), and do not generate equal taxable and deductible temporary differences;
2. Temporary differences arising from investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary differences is

controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for unused tax losses and unused tax credits in subsequent periods, together with deductible temporary differences, to the extent that it is probable that future taxable income will be available for use. Deferred income tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefit will be realized or to the extent that it becomes probable that sufficient taxable income will be available to allow the reversal of the original reduction.

Deferred income taxes are measured at the tax rates that are expected to apply to the reversal of temporary differences, based on the statutory tax rate at the reporting date or the tax rate of substantive legislation, and reflecting uncertainties, if any, related to income taxes.

The Company shall offset deferred income tax assets and deferred income tax liabilities only if the following conditions are met at the same time:

1. There is a legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. The deferred income tax assets and deferred income tax liabilities relate to one of the following taxable entities that are subject to income tax by the same taxing authority:
   (1) The same taxable entity; or
   (2) different taxable entities, provided that each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(XVI) Earnings per share

The Company presents basic and diluted earnings per share attributable to equity holders of the Company's common stock. Basic earnings per share of the Company is calculated by dividing the profit or loss attributable to the holders of the Company's common stock by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to equity holders of the Company's common stock and the weighted-average number of common shares outstanding, respectively, for the effect of all potentially dilutive common shares. The potential diluted common stock of the Company is the employee compensation that may be issued in stock and corporate bond conversion.

(XVII) Segment Information

The Company has disclosed segment information in the consolidated financial statements and therefore does not disclose segment information in the parent company only financial statements.

## V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates and Assumptions

When preparing the parent company only financial statements, the management shall make judgments and estimates for the future (including climate related risks and opportunities), which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from estimates.

Management regularly reviews estimates and key assumptions to ensure they are consistent with the Company's risk management and climate-related commitments. Any changes in estimates are recognized during the period of change and deferred to the relevant future periods.

The uncertainties in the following assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next fiscal year, and the relevant information is as follows:

Valuation of inventories

Inventory is subsequently measured at the lower of cost or net realizable value. Given the rapid innovation and highly competitive nature of the electronics industry, products often have a quick turnover rate and are subject to price fluctuations. As a result, inventory may become obsolete or lose market value, leading to inventory write-downs or losses from slow-moving stock. This inventory valuation is primarily based on estimates of product demand in specific periods in the future and is subject to significant changes.

## VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Demand deposits and checking accounts | $ 256,466 | 148,847 |

On December 31, 2024, and December 31, 2023, bank time deposits with original maturities exceeding three months amount to NTD 210 thousand, and NTD 209 thousand, respectively. These are classified as financial assets measured at amortized cost - current.

(II) Financial instruments measured at fair value through profit or loss - current

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Financial assets measured at fair value through profit or loss: | | |
| Forward exchange contracts | $ 1,916 | - |
| Foreign exchange swap contracts | - | 11,118 |
| Call option on corporate bonds payable (Note VI (X)) | 1,200 | - |
| | $ 3,116 | 11,118 |

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Financial liabilities measured at fair value through profit or loss: | | |
| Forward exchange contracts | $ 68 | 3,190 |
| Foreign exchange swap contracts | 5,281 | - |
| | $ 5,349 | 3,190 |

The Company engages in derivative financial instruments to hedge the exposure to exchange rate risk arising from operating activities, which are reported as financial assets or liabilities measured at fair value through profit or loss because hedge accounting is not applied. The details of the derivative financial instruments of the Company that are not yet matured as of the reporting date are as follows:

1. Forward exchange contracts

| 2024.12.31 | | |
|---|---|---|
| | Contract amount (in thousands of NTD) | Maturity period |
| Buy USD/Sell RMB | USD 14,191 | 2025.01 |
| Buy NTD/Sell USD | USD 980 | 2025.01 |

| 2023.12.31 | | |
|---|---|---|
| | Contract amount (in thousands of NTD) | Maturity period |
| Buy USD/Sell RMB | USD 15,497 | 2023.01 |
| Buy NTD/Sell USD | USD 500 | 2024.01 |

2. Foreign exchange swap contracts

| 2024.12.31 | Contract amount (in thousands of NTD) | Maturity period |
|---|---|---|
| Swap in NTD/Swap out USD | USD 17,800 | 2025.01 |

| 2023.12.31 | Contract amount (in thousands of NTD) | Maturity period |
|---|---|---|
| Swap in NTD/Swap out USD | USD 19,100 | 2024.01 |

(III) Financial assets measured at fair value through other comprehensive income - non-current

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Equity instruments measured at fair value through other comprehensive income: | | |
| Foreign unlisted (OTC) stocks | $ 740 | 745 |

The Company holds the above-mentioned equity instrument investments for the long-term strategic investment purpose, instead of trading purpose. Therefore, they have been designated as measured at fair value through other comprehensive income.

The Company did not dispose of the above-mentioned strategic investments for the years, 2023 and 2024, and the gain or loss accumulated during those periods were not transferred to equity.

(IV) Accounts receivable

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Accounts receivable | $ 159,919 | 76,200 |
| Accounts receivable - related parties | 373,223 | 373,919 |
| | 533,142 | 450,119 |
| Less: allowance for losses | (65) | - |
| | $ 533,077 | 450,119 |

The Company uses a simplified approach to estimate expected credit losses for accounts receivable from non-related parties (including those from related parties), which are measured using the lifetime expected credit losses and includes forward-looking information. The expected credit losses of the Company's notes receivable and accounts receivable are analyzed as follows:

| | 2024.12.31 | | |
|---|---|---|---|
| | Carrying amount of accounts receivable | Weighted average expected credit loss rate | Allowance for expected credit losses over the remaining life |
| Not overdue | $ 158,871 | 0% | - |
| 1-30 days overdue | 983 | 0% | - |
| 31-60 days overdue | - | 0% | - |
| 61-90 days overdue | - | 0% | - |
| Overdue for more than 91 days | 65 | 100% | 65 |
| | $ 159,919 | | 65 |

| | 2023.12.31 | | |
|---|---|---|---|
| | Carrying amount of accounts receivable | Weighted average expected credit loss rate | Allowance for expected credit losses over the remaining life |
| Not overdue | $ 62,810 | 0% | - |
| 1-30 days overdue | 13,390 | 0% | - |
| 31-60 days overdue | - | 0% | - |
| 61-90 days overdue | - | 0% | - |
| Overdue for more than 91 days | - | 100% | - |
| | $ 76,200 | | - |

The Company as of December 31, 2024 and 2023, accounts receivable - related parties have been assessed that there was no credit expected credit loss. The aging analysis was as follows:

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Not overdue | $ 301,931 | 272,426 |
| Overdue for less than 90 days | 53,366 | 39,823 |
| Overdue for more than 91 days | 17,926 | 61,670 |
| | $ 373,223 | 373,919 |

(V) Inventories

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Raw materials | $ 185,178 | 174,246 |
| Work in progress | 42,682 | 50,200 |
| Finished goods | 61,774 | 71,958 |
| | $ 289,634 | 296,404 |

Details of inventory-related costs recognized in operating expenses for the current period are as follows:

| | | 2024 | 2023 |
|---|---|---|---|
| Cost of inventory sold | $ | 1,209,898 | 989,221 |
| Inventory write-down and obsolescence losses (reversal of impairment) | | 14,894 | (1,249) |
| Inventory scrap loss | | 10,836 | 10,400 |
| | $ | 1,235,628 | 998,372 |

The above loss on decline in value of inventories and obsolescence losses was due to the write-down of inventories to net realizable value, thus recognized as loss on decline in value of inventories and obsolescence losses. The inventory recovery benefit mentioned above results from the sale or disposal of obsolete inventory by the Company. As a result, the recovery benefit is recognized within the scope of inventory write-down losses, as the original inventory is adjusted to its net realizable value.

(VI) Investment under the equity method

Investments of the Company under equity method at reporting date are listed below:

| | | 2024.12.31 | 2023.12.31 |
|---|---|---|---|
| Subsidiary | $ | 102,771 | 114,593 |

Please refer to the 2024 consolidated financial statement.

(VII) Property, plant and equipment

The details of changes in the cost and accumulated depreciation of property, plant, and equipment for the Company are as follows:

| | | Land | Building and construction | Machinery and equipment | Production equipment and other equipment | Uncompleted works and equipment pending inspection | Total |
|---|---|---|---|---|---|---|---|
| Costs: | | | | | | | |
| Balance as of January 1, 2024 | $ | 219,815 | 704,194 | 44,528 | 50,069 | - | 1,018,606 |
| Addition | | - | 357 | 9,044 | 3,391 | 1,507 | 14,299 |
| Reclassification and changes in exchange rate effect | | - | - | 644 | 120 | (764) | - |
| Balance as of December 31, 2024 | $ | 219,815 | 704,551 | 54,216 | 53,580 | 743 | 1,032,905 |

| | Land | Building and construction | Machinery and equipment | Production equipment and other equipment | Uncompleted works and equipment pending inspection | Total |
|---|---|---|---|---|---|---|
| Balance as of January 1, 2023 | $ 219,815 | 700,447 | 41,863 | 47,403 | 588 | 1,010,116 |
| Addition | - | 3,036 | 2,318 | 2,666 | 2,431 | 10,451 |
| Disposal | - | - | (1,361) | - | - | (1,361) |
| Reclassification and changes in exchange rate effect | - | 711 | 1,708 | - | (3,019) | (600) |
| Balance as of December 31, 2023 | **$ 219,815** | **704,194** | **44,528** | **50,069** | **-** | **1,018,606** |
| Accumulated depreciation: | | | | | | |
| Balance as of January 1, 2024 | $ - | 82,231 | 39,299 | 30,363 | - | 151,893 |
| Depreciation for the current period | - | 18,228 | 2,147 | 6,148 | - | 26,523 |
| Balance as of December 31, 2024 | **$ -** | **100,459** | **41,446** | **36,511** | **-** | **178,416** |
| Balance as of January 1, 2023 | $ - | 64,101 | 39,155 | 24,575 | - | 127,831 |
| Depreciation for the current period | - | 18,130 | 1,505 | 5,788 | - | 25,423 |
| Disposal | - | - | (1,361) | - | - | (1,361) |
| Balance as of December 31, 2022 | **$ -** | **82,231** | **39,299** | **30,363** | **-** | **151,893** |
| Book value: | | | | | | |
| December 31, 2024 | **$ 219,815** | **604,092** | **12,770** | **17,069** | **743** | **854,489** |
| December 31, 2023 | **$ 219,815** | **621,963** | **5,229** | **19,706** | **-** | **866,713** |

Please refer to Note VIII for property, plant and equipment pledged as collaterals for long-term borrowings.

(VIII) Intangible assets

| | Patent | Computer software | Total |
|---|---|---|---|
| Costs: | | | |
| Balance as of January1, 2024 | $ - | 23,224 | 23,224 |
| Separate acquisition | 1,011 | 1,229 | 2,240 |
| Balance as of December 31, 2024 | **$ 1,011** | **24,453** | **25,464** |

| | Patent | Computer software | Total |
|---|---|---|---|
| Balance as of January 1, 2023 | $ - | 22,474 | 22,474 |
| Separate acquisition | - | 150 | 150 |
| Reclassification for this period | - | 600 | 600 |
| Balance as of December 31, 2023 | **$ -** | **23,224** | **23,224** |
| Accumulated depreciation: | | | |
| Balance as of January1, 2024 | $ - | 19,324 | 19,324 |
| Current amortization | 13 | 2,173 | 2,186 |
| Balance as of December 31, 2024 | **$ 13** | **21,497** | **21,510** |
| Balance as of January 1, 2023 | $ - | 16,932 | 16,932 |
| Current amortization | - | 2,392 | 2,392 |
| Balance as of December 31, 2023 | **$ -** | **19,324** | **19,324** |
| Book value: | | | |
| December 31, 2024 | **$ 998** | **2,956** | **3,954** |
| December 31, 2023 | **$ -** | **3,900** | **3,900** |

The amortization charges for intangible assets for the year ended December 31, 2024 and 2023 are reported sequentially in the statements of comprehensive income as follows:

| | 2024 | 2023 |
|---|---|---|
| Operating costs | $ 606 | 522 |
| Operating expenses | 1,580 | 1,870 |
| | **$ 2,186** | **2,392** |

(IX) Short-term borrowings

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Unsecured bank loan | **$ -** | **230,000** |
| Available credit limit | **$ 1,330,000** | **880,000** |
| Annual interest rate range | **1.73%~2.31%** | **1.56%~2.04%** |

(X) Corporate bonds payable

| | | 2024.12.31 | 2023.12.31 |
|---|---|---|---|
| Total amount of corporate bonds payable issued | $ | 500,000 | - |
| Unamortized balance of discount on corporate bonds payable | | (30,943) | - |
| Ending balance of corporate bonds payable | $ | **469,057** | - |
| Embedded derivative – call option (reported as financial assets measured at fair value through profit or loss, Note VI (II)) | $ | **1,200** | - |
| Equity components - conversion rights (reported in capital surplus - stock options, Note VI (XIV)) | $ | **102,742** | - |

| | | 2024 | 2023 |
|---|---|---|---|
| Embedded derivative – call option remeasured at fair value through profit or loss (reported as valuation gains on financial assets measured at fair value through profit or loss) | $ | **650** | - |

On July 16, 2024, the Company's Board of Directors resolved to issue its second domestic unsecured convertible corporate bonds to repay bank loans and strengthen working capital. The issuance was approved by the Financial Supervisory Commission on August 13, 2024, and began on September 3, 2024. The bonds will mature on September 3, 2027, with a term of three years. The total face value of the issuance is NTD 500,000 thousand, with a coupon rate of 0%, and the effective interest rate at initial recognition was 2.4%. The convertible corporate bonds were publicly underwritten through a competitive auction. The actual issue price per bond was 114.32% of the face value, resulting in a total amount raised of NTD 566,323 thousand (after deducting issuance costs of NTD 5,277).

The other terms and conditions of the Company's bond issuance are as follows:

1. Repayment method

   Except for the conversion of the Company’s second domestic unsecured convertible corporate bonds into the Company’s ordinary shares pursuant to Article 10 of the Regulations on the Issuance and Conversion of the Company’s Second Unsecured Convertible Corporate Bonds, or the early redemption by the Company in accordance with Article 18 of the same Regulations, or the repurchase and cancellation by the Company through a securities dealer's business office, the Company shall repay the convertible bonds in cash in a lump sum within ten business days following the maturity date, based on the bond's face value. If the aforementioned date falls on a day when the Taipei Stock Exchange is closed, the repayment date will be postponed to the next business day.

2. Redemption method
   (1) From the day after three months following the issuance date until forty days before the expiration of the issuance period, if the closing price of the Company's ordinary shares exceeds 30% (inclusive) of the conversion price for thirty consecutive business days, the Company may, within the next thirty business days, redeem the outstanding bonds in circulation in cash at their face value.
   (2) From the day after three months following the issuance date until forty days before the expiration of the issuance period, if the remaining balance of the bond in circulation is less than NTD 50 million, the Company may, at any time thereafter, redeem the outstanding bonds in circulation for cash at their face value.
3. Conversion period

   Shareholders may request the conversion to ordinary shares through the Company's stock transfer agent at any time from the day after three months following the issuance date until the maturity date, except during any legally required suspension of the transfer period.
4. Conversion price

   The conversion price per share at the time of issuance is set at NTD 85.0. If any adjustments to the conversion price are required due to changes in the Company's ordinary shares, the conversion price will be modified according to the formula specified in the conversion terms. The bond does not have any reset provisions.

(XI) Long-term borrowings

| | | **2024.12.31** | **2023.12.31** |
|---|---|---|---|
| Unsecured bank loan | $ | 50,000 | 150,000 |
| Secured bank loans | | - | 200,000 |
| | | 50,000 | 350,000 |
| Less: portion due within one year | | (6,000) | - |
| | **$** | **44,000** | **350,000** |
| Available credit limit | **$** | **380,000** | **100,000** |
| Annual interest rate range | | **1.84%~2.22%** | **1.84%~2.14%** |
| Maturity year | | **116** | **115** |

Please refer to Note VIII for details of the situation where the Company pledged assets as collaterals for bank loan line.

(XII) Employee benefits

1. Defined benefit plans

The Company has determined the adjustments between the present value of defined benefit obligations and the net defined benefit assets as follows:

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Present value of defined benefit obligations | $ 9,120 | 12,381 |
| Fair value of plan assets at the end of the period | (16,129) | (14,324) |
| Asset ceiling effects | - | - |
| Net defined benefit assets | $ (7,009) | (1,943) |

The defined benefit plans of the Company are allocated to the special account for labor pension reserves of the Bank of Taiwan. The pension payment for each employee subject to the Labor Standards Act is calculated based on the base obtained through service years and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension funds allocated by the Company in accordance with the Labor Standards Act are administrated by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as “BLF”). In accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the minimum income for the annual final distribution of the funds shall not be lower than the income calculated based on the two-year fixed deposit rate of the local bank.

As of December 31, 2024 and 2023, the balances in the special accounts for labor pension reserves of the Company in the Bank of Taiwan were NTD 16,129 thousand and 14,324 thousand, respectively. Information on the use of labor pension fund assets, including fund returns and fund asset allocation, can be found on the website of the BLF.

(2) Changes in the present value of defined benefit obligations

| | 2024 | 2023 |
|---|---|---|
| Defined benefit obligations at the beginning of the period | $ 12,381 | 11,801 |
| Current service cost and interest | 151 | 173 |
| Remeasurement of net defined benefit liabilities (assets) | | |
| —Effects of changes in demographic assumptions | 18 | 76 |

| | | 2024 | 2023 |
|---|---|---|---|
| — Actuarial gain or loss arising from experience adjustments | | (3,287) | 79 |
| — Actuarial gain or loss arising from changes in financial assumptions | | (143) | 252 |
| Defined benefit obligations at the end of the period | **$** | **9,120** | **12,381** |

(3) Changes in fair value of plan assets

| | | 2024 | 2023 |
|---|---|---|---|
| Fair value of plan assets at the beginning of the period | $ | 14,324 | 13,671 |
| Interest income | | 178 | 204 |
| Remeasurement of net defined benefit liabilities (assets) | | | |
| — Compensation of plan assets (excluding current interest) | | 1,262 | 88 |
| Amount contributed to the plan | | 365 | 361 |
| Fair value of plan assets at the end of the period | **$** | **16,129** | **14,324** |

(4) Change in asset ceiling effects

The Company did not have defined benefit plan asset ceiling effects for the year ended December 31, 2024, and 2023.

(5) Expenses (gain) recognized as profit or loss

| | | 2024 | 2023 |
|---|---|---|---|
| Net interest on net defined benefit liabilities (assets) | **$** | **(27)** | **(31)** |
| Operating expenses (profit) | **$** | **(27)** | **(31)** |

(6) Actuarial assumptions

The significant actuarial assumptions used by the Company at the reporting date to determine the present value of the defined benefit obligations are as follows:

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Discount rate | 1.50% | 1.25% |
| Future salary increases | 2.00% | 2.00% |

The Company expects to make a contribution of NTD 368 thousand to the defined benefit plan within one year after the reporting date of the fiscal year 2024. The weighted average duration of the defined benefit plan is 6.5 years.

(7) Sensitivity analysis

The effect of changes in the main actuarial assumptions used on the present value of defined benefit obligations is as follows:

| | | Effect on defined benefit obligations | |
|---|---|---|---|
| | | **Increase by 0.25%** | **Decrease by 0.25%** |
| December 31, 2024 | | | |
| Discount rate | $ | (139) | 143 |
| Future salary increases | | 139 | (136) |
| December 31, 2023 | | | |
| Discount rate | | (253) | 262 |
| Future salary increases | | 255 | (247) |

The sensitivity analysis described above is based on analyzing the impact of changes in a single assumption while other assumptions remain unchanged. In practice, many hypothetical changes may be sequential. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liabilities on the balance sheet date.

The methods and assumptions used in preparing the sensitivity analysis in this period are the same as those used in the previous period.

2. Defined contribution plans

The defined contribution plan of the Company is made in accordance with the provisions of the Labor Pension Act at a contribution rate of 6% of the monthly salary of the laborers to the individual pension account of the Bureau of Labor Insurance (BLI). There is no statutory or presumptive obligation to pay additional amount after the Company has made a defined contribution under these plans.

The pension expenses under the defined pension contribution measures of the Company in 2024 and 2023 were NTD 10,246 thousand and NTD 9,685 thousand, respectively.

(XIII) Income taxes

1. Income tax expenses

The income tax expenses of the Company are detailed as follows:

| | 2024 | 2023 |
|---|---|---|
| Current income tax | | |
| Generated in the current year | $ 18,809 | 1,999 |
| Surtax on unappropriated earnings | - | 4,443 |
| Prior period adjustment of current income tax | - | (4,816) |
| Deferred income tax expenses (benefits) | | |
| Occurrence and reversal of temporary differences. | (4,188) | 5,664 |
| | **$ 14,621** | **7,290** |

The Company did not recognize any income tax expense directly in equity for the year ended December 31, 2024 and 2023.

The details of income tax expenses recognized by the Company under other comprehensive income in 2024 and 2023 are as follows:

| | 2024 | 2023 |
|---|---|---|
| Items that will not be reclassified to profit or loss: | | |
| Remeasurement of defined benefit plans | **$ (935)** | **(63)** |

The adjustment of income tax expenses and profit before tax by the Company in 2024 and 2023 are as follows:

| | 2024 | 2023 |
|---|---|---|
| Profit before tax | **$ 67,495** | **33,906** |
| Income tax at the Company's domestic tax rate | $ 13,499 | 6,782 |
| Prior period adjustment of income tax | - | (4,816) |
| Surtax on unappropriated earnings | - | 4,443 |
| Others | 1,122 | 881 |
| | **$ 14,621** | **7,290** |

2. Deferred income tax assets and liabilities

(1) Deferred income tax assets and liabilities recognized

Deferred income tax assets:

| | | Beginning balance | Recognized in (profit) or loss | Recognized in other comprehensive income | Ending balance |
|---|---|---|---|---|---|
| 2024 | | | | | |
| Unrealized gross profit on sales between affiliated companies | $ | 10,861 | (1,728) | - | 9,133 |
| Allowance for obsolete inventory and decline in value losses | | 6,101 | 2,979 | - | 9,080 |
| Impairment loss on financial instruments | | 3,840 | - | - | 3,840 |
| Others | | 1,955 | (286) | (840) | 829 |
| | $ | 22,757 | 965 | (840) | 22,882 |

| | | Beginning balance | Recognized in (profit) or loss | Recognized in other comprehensive income | Ending balance |
|---|---|---|---|---|---|
| 2023 | | | | | |
| Unrealized gross profit on sales between affiliated companies | $ | 15,409 | (4,548) | - | 10,861 |
| Allowance for obsolete inventory and decline in value losses | | 6,351 | (250) | - | 6,101 |
| Impairment loss on financial instruments | | 3,840 | - | - | 3,840 |
| loss carryforward | | 6,783 | (6,783) | - | - |
| Others | | 1,293 | 599 | 63 | 1,955 |
| | $ | 33,676 | (10,982) | 63 | 22,757 |

Deferred income tax liabilities:

| | | Beginning balance | Recognized in (profit) or loss | Recognized in other comprehensive income | Ending balance |
|---|---|---|---|---|---|
| 2024 | | | | | |
| Revenue from investments in subsidiaries | $ | (8,596) | 5,361 | - | (3,235) |
| Others | | (1,586) | (2,138) | (95) | (3,819) |
| | $ | (10,182) | 3,223 | (95) | (7,054) |
| 2023 | | | | | |
| Revenue from investments in subsidiaries | $ | (10,355) | 1,759 | - | (8,596) |
| Others | | (5,145) | 3,559 | - | (1,586) |
| | $ | (15,500) | 5,318 | - | (10,182) |

3. Circumstances of income tax approval

The Company’s business income tax returns have been approved by the tax authorities up to the fiscal year 2022.

(XIV) Capital and other equities

1. Equity

As of December 31, 2024, and 2023, the total authorized capital of the Company was NTD 1,000,000 thousand, which was divided into 100,000 thousand shares at NTD 10 per share. The issued shares are all ordinary shares, totaling 59,123 thousand shares. From the authorized capital stock mentioned above, 10,000 thousand shares are reserved for issuance of stock options to employees.

2. Capital reserve

| | | 2024.12.31 | 2023.12.31 |
|---|---|---|---|
| May be used to offset losses, distribute cash, or allocate to share capital: | | | |
| Share premium | $ | 426,638 | 426,638 |
| May only be used to offset losses: | | | |
| Expired convertible corporate bond subscription rights | | 5,518 | 5,518 |
| Expired employee stock options | | 13,780 | 13,780 |
| Convertible corporate bond subscription rights (Note VI (X)) | | 102,742 | - |
| Others | | 82 | - |
| | $ | 548,760 | 445,936 |

According to the Company Act, capital reserves must first be used to offset losses before they can be used to issue new shares or distribute cash in proportion to the shareholders' original shareholdings, using realized capital reserves. The realized capital reserves referred to are the premiums received from issuing shares above their par value. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserves allocated to share capital each year must not exceed 10% of the paid-in capital.

3. Retained earnings

According to the Company's profit distribution policy as stipulated in its Articles of Incorporation, if there is any surplus after the annual financial statements, the Company must first pay taxes, cover losses, and allocate statutory surplus reserve in accordance with statutory requirements. However, if the statutory surplus reserve has reached the Company's paid-in capital, this requirement does not apply. Any remaining surplus should then be allocated or reversed as special surplus reserve as required by laws or business needs. If there is still a remaining balance, it, together with the accumulated undistributed earnings, will be included in a profit distribution proposal prepared by the Board of Directors for approval by the shareholders' meeting. If the dividends of the profit distribution proposal are distributed in cash, the Board of Directors shall be authorized to pass a resolution in respect of the distribution and report to the shareholders' meeting.

Given the current phase of business growth, the dividend distribution policy must consider various factors, including the present and future investment climate, capital requirements, domestic and international competitive conditions, and capital budgeting. Simultaneously, it must also prioritize the interests of shareholders, strike a balance between dividends, and facilitate long-term financial planning. In the event of a surplus in the annual financial statements, where the distributable surplus for that year exceeds 2% of the capital, the dividend distribution should not fall below 10% of the distributable surplus. Furthermore, the proportion of cash dividends distributed annually must not be less than 10% of the total cash and stock dividends distributed for that year.

(1) Statutory surplus reserve

Under the Company Act, when a company has no deficit, it may issue new shares or cash out of statutory surplus reserve by resolution of the shareholders' meeting, provided that such reserve shall not exceed 25% of the paid-in capital.

(2) Special surplus reserve

According to the regulations of the FSC, when the Company distributes distributable earnings, it must allocate a special surplus reserve from the current period's after-tax net income, plus amounts included in the current period's undistributed earnings from items other than the current period's after-tax net income, to cover the net amount of other equity deductions recorded during the year. For amounts related to other equity deductions accumulated in prior periods, a special surplus reserve must be allocated from prior periods' undistributed earnings and cannot be distributed. If there is a reversal of other equity deductions in the future, the amount of the reversal may be distributed as earnings.

4. Distribution of earnings

The Company's Board of Directors resolved on March 1, 2024, and March 2, 2023, respectively, regarding the distribution of cash dividends for the fiscal years 2023 and 2022. The details of the cash dividend amounts are as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Dividend per share (NTD)** | **Amount** | **Dividend per share (NTD)** | **Amount** |
| Dividends distributed to owners of ordinary shares: | | | | |
| Cash | $ 0.35 | **20,693** | 0.8 | **47,298** |

The Company's Board of Directors resolved on February 25, 2025, respectively, regarding the distribution of earnings for the fiscal years 2024. The details of the cash dividend amounts are as follows:

| | 2024 | |
|---|---|---|
| | **Dividend per share (NTD)** | **Amount** |
| Dividends distributed to owners of ordinary shares: | | |
| Cash | $ 0.89 | **52,620** |

The related information on distribution of earnings can be found through platforms such as the MOPS (Market Observation Post System).

5. Other equity (net amount after tax)

(1) Exchange differences on translating the financial statements of foreign operations

| | 2024 | 2023 |
|---|---|---|
| Beginning balance | $ 4,320 | 6,507 |
| Exchange difference from conversion of net assets of foreign operating organizations | 6,345 | (2,187) |
| Ending balance | **$ 10,665** | **4,320** |

(2) Unrealized loss on financial assets measured at fair value through other comprehensive income

| | 2024 | 2023 |
|---|---|---|
| Beginning balance | $ (669) | (624) |
| Unrealized loss on investments in equity instruments measured at fair value through other comprehensive income | (5) | (45) |
| Ending balance | **$ (674)** | **(669)** |

(XV) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year ended December 31, 2024 and 2023 is as follows:

1. Basic earnings per share

| | 2024 | 2023 |
|---|---|---|
| Net income attributable to equity holders of the Company's ordinary shares | **$ 52,874** | **26,616** |
| Weighted average number of ordinary shares outstanding (in thousands) | **59,123** | **59,123** |
| Basic earnings per share (NTD) | **$ 0.89** | **0.45** |

2. Diluted earnings per share

| | 2024 | 2023 |
|---|---|---|
| Net income attributable to equity holders of the Company's ordinary shares | **$ 52,874** | **26,616** |
| Weighted average number of ordinary shares outstanding (in thousands) | 59,123 | 59,123 |
| Impact of potential ordinary shares with dilutive effect (in thousands): | | |
| Impact of employee remuneration | 78 | 105 |
| Weighted average number of ordinary shares outstanding (in thousands) (after adjusting for dilutive potential ordinary shares) | **59,201** | **59,228** |
| Diluted earnings per share (NTD) | **$ 0.89** | **0.45** |

As of December 31, 2024, the calculation of the weighted average number of diluted common shares outstanding excludes convertible bonds due to their anti-dilutive effect.

(XVI) Revenue from customer contracts

1. Breakdown of revenue

| | | 2024 | 2023 |
|---|---|---|---|
| Main products and services: | | | |
| Network communication equipment | $ | 1,671,491 | 1,373,446 |
| Others | | 2,787 | 6,006 |
| | $ | 1,674,278 | 1,379,452 |

2. Contract balance

| | | 2024.12.31 | 2023.12.31 | 2023.01.01 |
|---|---|---|---|---|
| Accounts receivable (include related parties) | $ | 533,142 | 450,119 | 879,279 |
| Less: allowance for losses | | (65) | - | - |
| | $ | 533,077 | 450,119 | 879,279 |
| Contractual liabilities | $ | 20,167 | 8,521 | 8,688 |

Disclosure of accounts receivable (including related parties) and their impairment is detailed in Note VI (IV).

The changes in contractual liabilities mainly come from the difference between the time point of satisfying the performance obligation when the Company transfers goods to a customer and the time point of the customer’s payment.

The beginning balance of contract liabilities as of January 1, 2024 and 2023, recognized as revenue for the years ended December 31, 2024 and 2023, were NTD 8,274 thousand and NTD 7,876 thousand, respectively.

(XVII) Renumeration of employees and directors

According to the Company's Articles of Incorporation, if there is a profit for the year, 5% to 20% shall be allocated as employee remuneration, and up to 1% shall be allocated as directors' remuneration. Nonetheless, in case of accumulated deficit in the Company, a proportion of the profit shall be reserved for recovering the loss before an amount is appropriated at the aforementioned ratio as remuneration to employees and directors. The recipients of the employee remuneration mentioned above, whether in the form of shares or cash, may include employees of subsidiaries or affiliates who meet certain criteria. The criteria and distribution method shall be determined by the Board of Directors or its authorized person.

For the years ended December 31, 2024 and 2023, the estimated employee compensations of the Company were NTD 5,122 thousand and NTD 2,573 thousand, respectively, and the estimated director compensations were NTD 549 thousand and NTD 276 thousand, respectively, which were estimated based on the Company's pre-tax net income before deducting the compensations of employees and directors multiplied by the Company's proposed distribution amount of compensations of employees and directors for each period, and were reported as operating costs or operating expenses for each such period. If the actually distributed amount of next year is different from the estimate, the difference will be treated as an accounting estimate change and listed in the profit and loss of next year.

The estimated amounts in the financial report align with the allocations set by the Board of Directors, and all amounts will be disbursed in cash. For further details, please refer to the Market Observation Post System (MOPS).

(XVIII) Non-operating income and expenses

1. Interest income

| | 2024 | 2023 |
|---|---|---|
| Interest income on bank deposit | $ 3,255 | 2,601 |
| Interest income from financial assets measured at amortized cost | 3 | 3 |
| Others | 6 | 4 |
| | $ 3,264 | 2,608 |

2. Other income

| | 2024 | 2023 |
|---|---|---|
| Grant income | $ 2,875 | 2,966 |
| Others | 1,371 | 826 |
| | $ 4,246 | 3,792 |

3. Other gain and loss

| | 2024 | 2023 |
|---|---|---|
| Net gains (losses) on foreign currency exchange | $ 44,087 | (2,929) |
| Net loss on financial instruments measured at fair value through profit or loss | (44,110) | (7,006) |
| | $ (23) | (9,935) |

4. Finance costs

| | 2024 | 2023 |
|---|---|---|
| Interest expense on bank loans | $ (8,743) | (12,386) |
| Interest expense on corporate bonds payable | (3,626) | - |
| | $ (12,369) | (12,386) |

(XIX) Financial instruments

1. Types of financial instruments

(1) Financial assets

| | | 2024.12.31 | 2023.12.31 |
|---|---|---|---|
| Financial assets measured at fair value through profit or loss | $ | 3,116 | 11,118 |
| Financial assets measured at fair value through other comprehensive income | | 740 | 745 |
| Financial assets measured at amortized cost: | | | |
| Cash and cash equivalents | | 256,466 | 148,847 |
| Financial assets measured at amortized cost - current | | 210 | 209 |
| Accounts receivable and other receivables (including related parties) | | 764,066 | 651,127 |
| Refundable deposits | | 449 | 528 |
| Total | $ | 1,025,047 | 812,574 |

(2) Financial liabilities

| | | 2024.12.31 | 2023.12.31 |
|---|---|---|---|
| Financial liabilities measured at fair value through profit or loss | $ | 5,349 | 3,190 |
| Financial liabilities measured at amortized cost: | | | |
| Short-term borrowings | | - | 230,000 |
| corporate bonds payable | | 469,057 | - |
| Accounts payable and other payables (including related parties) | | 354,933 | 262,143 |
| Long-term borrowings (including the part due within one year) | | 50,000 | 350,000 |
| Total | $ | 879,339 | 845,333 |

2. Fair value

(1) Financial instruments not measured at fair value

The management of the Company believes that the carrying amounts of financial assets and financial liabilities classified as measured at amortized cost in the consolidated financial statements approximate their fair values.

(2) Financial instruments measured at fair value

The Company's financial assets/liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income are valued at fair value on a recurring basis. The following table provides an analysis of the financial instruments measured at fair value after initial recognition, classified into Levels 1 to 3 based on the degree to which the fair value is observable. Each fair value level is defined as follows:

A. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

| | 2024.12.31 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value through profit or loss: | | | | | |
| Derivative financial instruments - Forward foreign exchange contracts | $ 1,916 | - | 1,916 | - | 1,916 |
| Call option on corporate bonds payable | 1,200 | - | 1,200 | - | 1,200 |
| Financial assets measured at fair value through other comprehensive income: | | | | | |
| Foreign unlisted (OTC) stocks | 740 | - | - | 740 | 740 |
| Total | **$ 3,856** | **-** | **3,116** | **740** | **3,856** |

| | 2024.12.31 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Financial liabilities measured at fair value through profit or loss: | | | | | |
| Derivative financial instruments - Forward foreign exchange contracts | $ 68 | - | 68 | - | 68 |
| Derivative financial instruments - Foreign exchange swaps contracts | 5,281 | - | 5,281 | - | 5,281 |
| Total | **$ 5,349** | **-** | **5,349** | **-** | **5,349** |

| | 2023.12.31 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value through profit or loss: | | | | | |
| Derivative financial instruments - Foreign exchange swaps contracts | $ 11,118 | - | 11,118 | - | 11,118 |
| Financial assets measured at fair value through other comprehensive income: | | | | | |
| Foreign unlisted (OTC) stocks | 745 | - | - | 745 | 745 |
| Total | **$ 11,863** | **-** | **11,118** | **745** | **11,863** |

| | 2023.12.31 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Financial liabilities measured at fair value through profit or loss: | | | | | |
| Derivative financial instruments - Forward foreign exchange contracts | $ 3,190 | - | 3,190 | - | 3,190 |

(3) Valuation techniques for fair value measurement of financial instruments

A. Non-derivative financial instruments

For financial instruments with an active market, the fair value is determined based on the quoted market price in that active market.

For financial instruments without an active market, fair value is determined using valuation techniques or based on quotes from counterparties. The fair value obtained through valuation techniques can be referenced from the current fair value of similar financial instruments with substantially similar conditions and characteristics, discounted cash flow methods, or other valuation techniques, including models that use market information available as of the reporting date.

The fair value of the financial instruments held by the Company is presented by category and attribute as follows:

- For unlisted (OTC) stocks without an active market held by the Company, fair value is primarily estimated using the asset-based approach. This valuation is determined by evaluating the total market value of the individual assets and liabilities covered by the valuation target.

B. Derivative financial instruments

Are valued based on valuation models widely accepted by market participants. Forward exchange contracts and foreign exchange swap contracts are typically valued based on the current forward exchange rates. The redemption rights of corporate bonds are evaluated using the binary tree convertible bond pricing model.

(4) Transfer between fair value levels

There were no transfers of fair value levels of any financial asset and financial liability for the years ended December 31, 2024 and 2023.

(5) Detailed statement on changes in level 3

Financial assets measured at fair value through other comprehensive income:

| | | 2024 | 2023 |
|---|---|---|---|
| Beginning balance | $ | 745 | 790 |
| Changes recognized in other comprehensive incomes in current period | | (5) | (45) |
| Ending balance | $ | 740 | 745 |

(XX) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including foreign exchange risk and interest rate risk) as a result of its business activities. This note outlines the Company's policies and procedures for measuring and managing the above-mentioned risks.

The Board of Directors is responsible for developing and overseeing the Company's risk management policies. The establishment of these policies aims to identify and analyze the risks the Company faces, set appropriate risk limits and controls, and monitor compliance with the risks and their limits. The risk management policies and systems are subject to regular review to reflect changes in market conditions and the operations of the Company.

The Company monitors and evaluates financial activities to ensure compliance with relevant regulations and internal control systems. Internal audit personnel play a supervisory role and regularly report their findings to the Board of Directors.

1. Credit risk

Credit risk is the risk of financial loss to the Company arising from a counterparty’s failure to meet its contractual obligations. This risk primarily comes from financial assets such as bank deposits (including bank deposits classified as financial assets measured at amortized cost - current) and accounts receivable. The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's bank deposits are held with reputable financial institutions, and thus, the Company believes that significant credit risk is unlikely.

The Company has established a credit policy that involves analyzing the financial condition of each customer to determine their credit limits. As of December 31, 2024 and December 31, 2023, 89, and 88% of the total accounts receivable (including related parties), respectively, were from the Company's top five customers. The Company regularly assesses the financial condition of these customers and uses insurance to mitigate credit risk. For details on credit risk exposure related to accounts receivable, please refer to Note (IV).

2. Liquidity risk

Liquidity risk is the risk that the Company will be unable to deliver cash or other financial assets to settle financial liabilities and fulfill related obligations. The Company regularly monitors its short-term and projected medium- to long-term funding needs, and manages liquidity risk by maintaining sufficient cash and cash equivalents, as well as available bank credit lines, and ensuring compliance with borrowing contract terms. As of December 31, 2024 and 2023, the undrawn bank loan amounts were NTD1,710,000 thousand, NTD 980,000 thousand, respectively.

The following table shows the contractual maturity date of financial liabilities, including the impact of estimated interest, and prepared at the undiscounted cash flow.

| | Contractual cash flows | 1-6 months | 6-12 months | 1-2 years | 2-5 years |
|---|---|---|---|---|---|
| **December31, 2024** | | | | | |
| Non-derivative financial liabilities: | | | | | |
| Accounts payable and other payables (including related parties) | $ 354,933 | 354,933 | - | - | - |
| corporate bonds payable | 500,000 | - | - | - | 500,000 |
| Long-term borrowings (including the part due within one year) | 51,647 | 463 | 6,442 | 32,581 | 12,161 |
| | **$ 906,580** | **355,396** | **6,442** | **32,581** | **512,161** |
| Derivative financial instruments: | | | | | |
| Forward foreign exchange contracts: | | | | | |
| Outflow | $ 495,448 | 495,448 | - | - | - |
| Inflow | (497,296) | (497,296) | - | - | - |

| | Contractual cash flows | 1-6 months | 6-12 months | 1-2 years | 2-5 years |
|---|---|---|---|---|---|
| Foreign exchange swap contracts: | | | | | |
| Outflow | 582,981 | 582,981 | - | - | - |
| Inflow | (577,700) | (577,700) | - | - | - |
| | $ 3,433 | 3,433 | - | - | - |
| **December 31, 2023** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Short-term borrowings | $ 230,297 | 230,297 | - | - | - |
| Accounts payable and other payables (including related parties) | 262,143 | 262,143 | - | - | - |
| Long-term borrowings (including the part due within one year) | 364,870 | 3,386 | 3,480 | 36,705 | 321,299 |
| | $ 857,310 | 495,826 | 3,480 | 36,705 | 321,299 |
| Derivative financial liabilities: | | | | | |
| Forward foreign exchange contracts: | | | | | |
| Outflow | $ 495,040 | 495,040 | - | - | - |
| Inflow | (491,850) | (491,850) | - | - | - |
| Foreign exchange swap contracts: | | | | | |
| Outflow | 585,548 | 585,548 | - | - | - |
| Inflow | (596,666) | (596,666) | - | - | - |
| | $ (7,928) | (7,928) | - | - | - |

The Company doesn’t expect the time point of the cash flow under the maturity date analysis will come much earlier or the actual amount will be substantially different.

3. Market risk

(1) Exchange rate risk

The Company's exchange rate risk primarily arises from cash and cash equivalents, accounts receivable (payable) (including related parties), and other receivables (payables) (including related parties) that are not denominated in the functional currency, resulting in foreign currency exchange gains and losses upon translation.

As of the reporting date, the carrying amounts of monetary assets and liabilities not denominated in the functional currency are as follows (Monetary unit: In thousands of NTD):

| | 2024.12.31 | | | | |
|---|---|---|---|---|---|
| | **Foreign currency** | **Exchange rate** | **NTD** | **Exchange rate fluctuations** | **Profit and loss impact (before tax)** |
| Financial assets | | | | | |
| Monetary items | | | | | |
| USD | $ 25,242 | 32.79 (Note) | 827,522 | 2% | 16,550 |
| Non-monetary items | | | | | |
| USD | 3,135 | 32.79 (Note) | 102,771 | 2% | 2,055 |
| Financial liabilities | | | | | |
| Monetary items | | | | | |
| USD | 5,218 | 32.79 (Note) | 168,134 | 2% | 3,363 |

| | 2023.12.31 | | | | |
|---|---|---|---|---|---|
| | **Foreign currency** | **Exchange rate** | **NTD** | **Exchange rate fluctuations** | **Profit and loss impact (before tax)** |
| Financial assets | | | | | |
| Monetary items | | | | | |
| USD | $ 24,416 | 30.75 (Note) | 750,782 | 2% | 15,016 |
| Non-monetary items | | | | | |
| USD | 3,727 | 30.75 (Note) | 114,593 | 2% | 2,292 |
| Financial liabilities | | | | | |
| Monetary items | | | | | |
| USD | 3,980 | 30.75 (Note) | 122,390 | 2% | 2,448 |

Note: The exchange rate is USD to NTD.

Foreign exchange gains (losses) (including realized and unrealized) for the years ended December 31, 2024 and 2023, are detailed in Note VI (XVIII) on other gains and losses.

(2) Interest rate risk

The Company's bank borrowings are all based on floating interest rates. To manage interest rate risk, the Company primarily assesses bank and currency-specific borrowing rates regularly and maintains good relationships with financial institutions to obtain lower financing costs. At the same time, it enhances working capital management to reduce dependence on bank borrowings and diversify interest rate risk.

The following sensitivity analysis is based on the interest rate exposure of floating-rate bank borrowings as of the reporting date, assuming that the amount of borrowings outstanding remains constant throughout the year. The sensitivity analysis uses a change rate of 1% increase or decrease in the annual interest rate, which reflects the management's assessment of reasonable potential variations in interest rates.

If the annual interest rate increases/decreases by 1%, with all other variables held constant, the Company's income before tax for the years ended December 31, 2024 and 2023, will decrease/increase by NTD 500 thousand and NTD 5,800 thousand, respectively.

(XXI) Capital management

Based on the current operational industry characteristics and future development plans, as well as considering factors such as external environmental changes, the Company has planned its future operational funding, capital expenditures, debt repayment, and dividend distribution needs. This ensures the Company's ability to continue its operations, reward shareholders, and simultaneously consider the interests of other stakeholders, while maintaining an optimal capital structure to enhance long-term shareholder value.

(XXII) Non-cash transactions in investing and financing activities

1. Investment activities with only partial cash outflows:

| | | 2024 | 2023 |
|---|---|---|---|
| Purchase of property, plant and equipment | $ | 14,299 | 10,451 |
| Add: accounts payable for equipment at beginning of period | | 263 | 225 |
| Less: accounts payable for equipment at end of period | | (743) | (263) |
| Cash paid at the end of the period | **$** | **13,819** | **10,413** |

2. The liabilities from financing activities are reconciled in the following table:

| | 2024.01.01 | Cash flows | Non-cash change: New additions for the current period | 2024.12.31 |
|---|---|---|---|---|
| Short-term borrowings | $ 230,000 | (230,000) | - | - |
| Long-term borrowings (including those due within one year) | 350,000 | (300,000) | - | 50,000 |
| Total liabilities from financing activities | **$ 580,000** | **(530,000)** | **-** | **50,000** |

| | 2023.01.01 | Cash flows | Non-cash change: New additions for the current period | 2023.12.31 |
|---|---|---|---|---|
| Short-term borrowings | $ 440,000 | (210,000) | - | 230,000 |
| Long-term borrowings (including those due within one year) | 350,000 | - | - | 350,000 |
| Total liabilities from financing activities | **$ 790,000** | **(210,000)** | **-** | **580,000** |

## VII. Related Party Transactions

(I) Parent company and ultimate controller

DFI Inc. (hereinafter referred to as "DFI") is the parent company of the Company, holding 51.38% of the Company's outstanding ordinary shares. Qisda Corporation (hereinafter referred to as "Qisda") is the ultimate controlling entity of the group to which the Company belongs. Both DFI and Qisda have prepared consolidated financial statements for public use.

(II) Name and relationship of related parties

The subsidiaries of the Company had transactions during the reporting period covered by this parent company only financial statement are as follows:

| Name of related party | Relationship with the Group |
|---|---|
| Qisda Corporation (Qisda) | Ultimate controller of the Company |
| DFI Inc. | Parent Company of the Company |
| Aewin Beijing Technologies Co., Ltd. (Beijing AEWIN) | Subsidiary of the Company |

| Name of related party | Relationship with the Group |
| --- | --- |
| Aewin Tech Inc. (AEWIN) | Subsidiary of the Company |
| Wise way internation CO., Ltd. (Wise way) | Subsidiary of the Company |
| Bright profit enterprise Limited (Bright profit) | Subsidiary of the Company |
| Aewin (Shenzhen) Technologies Co., Ltd. | The Company's subsidiary completed its deregistration in July 2024. |
| Alpha Networks Inc. | Subsidiaries directly or indirectly held by Qisda |
| Metaage Corporation | Subsidiaries directly or indirectly held by Qisda |
| Global Intelligence Network Co., Ltd. | Subsidiaries directly or indirectly held by Qisda |
| AdvancedTEK International Corp. | Subsidiaries directly or indirectly held by Qisda |
| BenQ Material Corp. | Subsidiaries directly or indirectly held by Qisda |
| BenQ Asia Pacific Corp. | Subsidiaries directly or indirectly held by Qisda |
| BenQ Healthcare Corporation | Subsidiaries directly or indirectly held by Qisda |
| BenQ AB DentCare Corp. | Subsidiaries directly or indirectly held by Qisda |
| Concord Medical Co., Ltd. | Subsidiaries directly or indirectly held by Qisda |
| BenQ Technology (Shanghai) Co., Ltd. | Subsidiaries directly or indirectly held by Qisda |
| Golden Spirit Co., Ltd. | Subsidiaries directly or indirectly held by Qisda |
| Metaguru Corporation | Subsidiaries directly or indirectly held by Qisda |
| EXPERT ALLIANCE SYSTEMS & CONSULTANCY (HK) COMPANY LIMITED | Subsidiaries directly or indirectly held by Qisda |
| AEWIN KOREA TECHNOLOGIES CO., LTD. | Substantive related party |

(III) Material transactions with related party

1. Operating revenue

| | | 2024 | 2023 |
|---|---|---|---|
| Parent company | $ | 20 | 12 |
| Subsidiary: | | | |
| Beijing AEWIN | | 250,359 | 286,858 |
| AEWIN | | 421,787 | 187,442 |
| Other related parties | | 8,421 | 11,040 |
| | $ | 680,587 | 485,352 |

The Company's payment terms for sales to subsidiaries are typically 120 days from the shipment date, with possible extensions based on market conditions. Aside from this, there are no significant differences compared to regular sales. Additionally, The prices of goods to related parties by the Group are not significantly different from general sales prices. If the specifications are unique and there are no comparable transactions, the transactions are conducted at mutually agreed-upon prices.

2. Purchases

| | | 2024 | 2023 |
|---|---|---|---|
| Ultimate controller | $ | 81,924 | 31,690 |
| Parent company | | 12,445 | 301,918 |
| Subsidiary | | 70,681 | - |
| | $ | 165,050 | 333,608 |

The purchase prices from the aforementioned related parties by the Company are not significantly different from those of other suppliers. If the specifications are unique and there are no comparable transactions, the transactions are conducted at mutually agreed-upon prices.

3. Accounts receivable from related parties

In summary, the details of accounts receivable from related parties by the Company are as follows:

| Account items | Category of related party | | 2024.12.31 | 2023.12.31 |
|---|---|---|---|---|
| Accounts receivable - related parties | Ultimate controller | $ | 3,678 | 5,814 |
| | Parent company | | 13 | - |
| | Subsidiary: | | | |
| | Beijing AEWIN | | 239,388 | 275,316 |

| Account items | Category of related party | 2024.12.31 | 2023.12.31 |
|---|---|---|---|
| | AEWIN | 125,484 | 92,440 |
| | Other related parties | 4,660 | 349 |
| | | $ 373,223 | 373,919 |
| Other receivables- related parties | AEWIN | $ 678 | 123 |

The Company provides certain raw materials to the ultimate controlling party and the parent company for manufacturing. The semi-finished products produced are then sold back to the Company for further processing and assembly. To avoid double-counting the above purchase and sales amounts, the Company does not recognize the value of the raw materials provided to the ultimate controlling party and the parent company as operating revenue. Additionally, the accounts receivable and payable resulting from the sale of raw materials and the repurchase of semi-finished products are not offset against each other and are not presented on a net basis.

4. Loans to related parties (listed under other receivables - related parties).

The actual utilization of funds lent to related parties by the Company is as follows:

| | 2024.12.31 | 2023.12.31 |
|---|---|---|
| Beijing AEWIN | $ 230,311 | 200,885 |

The Company's funding extended to related parties is classified as unsecured loans. Following an assessment, there is no requirement to recognize impairment losses.

5. Property transaction

The transaction amounts for property acquired by the Company from related parties are as follows:

| Account items | Category of related party | 2024 | 2023 |
|---|---|---|---|
| Property, plant and equipment - Machinery and equipment | Other related parties | $ - | 452 |

6. Others

The details of operating costs and expenses incurred by the Company due to related parties providing product manufacturing, management services, and promotion services, along with other income arising from other transactions, are as follows:

| Account items | Category of related party | 2024 | 2023 |
|---|---|---|---|
| Operating costs | Ultimate controller | $ 3,483 | 74 |
| | Parent company | 39,446 | 20,766 |
| | Other related parties | 535 | 299 |
| | | $ 43,464 | 21,139 |
| Operating expenses | Ultimate controller | $ 1,467 | 1,196 |
| | Parent company | 90 | 601 |
| | Other related parties | 4,684 | 10,648 |
| | Beijing AEWIN | 15,987 | - |
| | | $ 22,228 | 12,445 |

7. Accounts payable to related parties

In summary, the details of accounts payable from related parties by the Company are as follows:

| Account items | Category of related party | 2024.12.31 | 2023.12.31 |
|---|---|---|---|
| Accounts payable - related parties | Ultimate controller | $ 9,026 | 9,450 |
| | Parent company | 25,700 | 33,062 |
| | Beijing AEWIN | 108 | - |
| | | $ 34,834 | 42,512 |
| Other payables- related parties | Ultimate controller | $ 164 | 136 |
| | Parent company | 896 | 1,472 |
| | Other related parties | 612 | 786 |
| | | $ 1,672 | 2,394 |

(IV) Remuneration of key management personnel

| | 2024 | 2023 |
|---|---|---|
| Short-term employee benefits | $ 19,598 | 19,935 |
| Post-employment benefits | 445 | 452 |
| | $ 20,043 | 20,387 |

## VIII. Pledged Assets

Details of the book value of assets provided as collateral by the Company are as follows:

| Asset name | Subject matter of pledge guarantee | 2024.12.31 | 2023.12.31 |
|---|---|---|---|
| Financial assets measured at amortized cost - fixed deposits | Customs deposit | $ 210 | 209 |
| Land, buildings and structures | Bank loan credit guarantees | 439,077 | 446,422 |
| | | $ 439,287 | 446,631 |

## IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments: None.

## X. Significant Disaster Losses: None.

## XI. Significant Events after the Balance Sheet Date: None.

## XII. Others

(I) Employee benefits, depreciation and amortization charges are summarized below by function:

| By function / By nature | 2024 Attributable to operating costs | 2024 Attributable to operating expenses | 2024 Total | 2023 Attributable to operating costs | 2023 Attributable to operating expenses | 2023 Total |
|---|---|---|---|---|---|---|
| Employee benefit expenses | | | | | | |
| Salary expense | 41,527 | 174,202 | 215,729 | 38,592 | 164,189 | 202,781 |
| Labor and health insurance expenses | 4,511 | 14,152 | 18,663 | 4,480 | 14,151 | 18,631 |
| Pension expense | 2,096 | 8,123 | 10,219 | 2,011 | 7,643 | 9,654 |
| Renumeration of Directors | - | 5,679 | 5,679 | - | 5,381 | 5,381 |
| Other employee benefit expenses | 3,881 | 7,813 | 11,694 | 2,921 | 6,280 | 9,201 |
| Depreciation expenses | 13,475 | 13,048 | 26,523 | 12,921 | 12,502 | 25,423 |
| Amortization expenses | 606 | 1,580 | 2,186 | 522 | 1,870 | 2,392 |

(II) Additional information on the number of employees and employee welfare expenses of the Company is as follows:

| | 2024 | 2023 |
|---|---|---|
| Number of employees | 224 | 222 |
| Number of directors not concurrently employed | 7 | 7 |
| Average employee benefit expenses | $ 1,184 | 1,118 |
| Average employee salary expense | $ 996 | 943 |
| Average employee salary expense adjustment | 5.62% | (18.14)% |
| Remuneration of the supervisor | $ - | - |

The Company's salary and award policies (for directors, managerial officers, and employees) are as follows:

1. The Policy on remuneration of directors
   The remuneration for all directors of the Company shall be determined by the Board of Directors, considering their level of involvement in the Company's operations, the value of their contributions, and industry-standard practices. Also, if the Company generates a profit for the year, director compensation should not exceed 1% of the profit.
2. The policy on remuneration of managerial officers:
   The compensation of the Company's managerial officer is determined in accordance with the Company's personnel regulations and is awarded based on individual performance and the Company's business performance.
3. The policy on remuneration of employees:
   Provide salaries and meal allowances, and distribute employee compensation and year-end bonuses based on individual performance. Employee salaries and bonuses are administered according to the Company's personnel regulations; employee compensation is governed by the provisions of the company’s bylaws.

(III) (On August 15, 2023, the Company's Board of Directors resolved to activate company assets and increase operating capital by proposing to sell the Company's land and building located at Farglory U-TOWN, Xizhi District, New Taipei City, and to lease them back after the sale in order to maintain operations.

**XIII. Notes Disclosure**

(I) Information on significant transactions:

1. Lending funds to others: Please refer to Table 1.
2. Providing endorsements or guarantees for others: None.
3. Marketable securities held at the end of the period (excluding the investments in subsidiaries, associates and equity interests in joint ventures): Please refer to Table 2.
4. The cumulative purchase or sale of the same securities amounted to NTD 300 million or 20% and above of the paid-in capital: None.
5. The amount of property acquired reached NTD 300 million or 20% and above of the paid-in capital: None.
6. The amount of property disposal reached NTD 300 million or 20% and above of the paid-in capital: None.
7. The amount of purchases or sales with related parties reached NTD 100 million or 20% and above of the paid-in capital: Please refer to Table 3.

8. Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital: Please refer to Table 4.
9. Engaged in derivative products transactions: Note VI (II).

(II) Information on investees: Please refer to Table 5.

(III) Information on investments in mainland China: Please refer to Table 6.

(IV) Information on major shareholders:

Unit: Shares

| Shares<br>Name of major shareholders | Number of shares held | Shareholding ratio |
|---|---|---|
| DFI Inc. | 30,376,000 | 51.38% |
| Qixin Co., Ltd. | 6,550,610 | 11.07% |

Note: This table displays the information of the shareholders who have delivered a total of more than 5% of the ordinary shares (including treasury stocks) of the Company without physical share registration until the final working day every quarter, as calculated by the central clearing company. The number of shares recorded in the Company's financial report may differ from the actual number of shares that have been fully dematerialized due to differences in calculation bases.

## XIV. Segment Information

Please refer to the 2024 consolidated financial statement.

Table 1.

**AEWIN Technologies Co., Ltd.**
**Lending funds to others**
**From January 1 to December 31, 2024**

Unit: In thousands of New Taiwan Dollars/In thousands of foreign currency

| No. | Creditor | Borrower | Subject | Is a related party | Maximum outstanding balance | Ending balance | Actual amount drawn down for the current period | Range of interest rate | Nature of financing (Note 2) | Business transaction amounts (Note 3) | Reason for short-term financing | Allowance for bad debts recognized | Collateral | | Financing limits for each borrowing company (Note 1) | Total financing limits (Note 1) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Name | Value | | |
| 0 | The Company | Aewin Beijing Technologies Co., Ltd. | Other receivables | Yes | 237,676 (USD 7,427 ) | 230,311 (USD 7,025 ) | 230,311 (USD 7,025 ) | - | 1 | 250,359 | Business interaction | - | - | - | 280,222 | 560,444 |

Note 1: The total loan limit to related parties and the loan limit to individual counterparties are 40% and 20%, respectively, of the net equity as reported in the most recent financial statements audited or reviewed by the accountants.

Note 2: The nature of financing is described as follows:
1. For parties with business transactions.
2. For parties with a short-term need for funding.

Note 3: The amount of business transactions is based on the sales transactions amount for the most recent fiscal year between the parties.

Table 2.

**AEWIN Technologies Co., Ltd.**
**Marketable securities held at the end of the period (excluding the investments in subsidiaries, associates and joint ventures)**
**December 31, 2024**

Unit: In thousands of New Taiwan Dollars/In thousands of shares

| Company held | Type and name of marketable securities | Relationship with the issuer of marketable securities | Accounts | End of period | | | | Remarks |
|---|---|---|---|---|---|---|---|---|
| | | | | Number of shares/units | Carrying amount | Shareholding ratio | Fair value | |
| The Company | AEWIN KOREA TECHNOLOGIES CO., LTD Stock | Substantive related party | Financial assets measured at fair value through other comprehensive income - non-current | 10 | 740 | 16.67% | 740 | |
| The Company | Authentrend Technology Inc. - stock (Former name: Stock: Authentrend Technology Inc.) | - | Financial assets measured at fair value through profit or loss - non-current | 300 | - | 1.08% | - | |

Table 3.

**AEWIN Technologies Co., Ltd.**

**The amount of purchases or sales with related parties reached NTD 100 million or 20% and above of the paid-in capital**

**From January 1 to December 31, 2024**

Unit: NTD thousand

| Companies for Purchases (Sales) | Name of counterparty | Relationship | Transaction status | | | | Situation and reason for difference between the trading terms and those of the general trading | | Notes and accounts receivable (payable) | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase (Sales) | Amount | Proportion to total purchase (sales) | Credit period | Unit price | Credit period | Balance | Proportion to total notes and accounts receivable (payable) | |
| The Company | Aewin Beijing Technologies Co., Ltd. | Parent company and subsidiary | (Sales) | (250,359) | 15% | 150 days after shipment | Comparable to general customers | (Note 1) | 239,388 | 45% | |
| The Company | Aewin Tech Inc. | Parent company and subsidiary | (Sales) | (421,787) | 25% | 120 days after shipment | Comparable to general customers | (Note 1) | 125,484 | 24% | |
| Aewin Beijing Technologies Co., Ltd. | The Company | Parent company and subsidiary | Purchases | 250,359 | 38% | 150 days after shipment | Comparable to general customers | (Note 1) | (239,388) | 92% | |
| Aewin Tech Inc. | The Company | Parent company and subsidiary | Purchases | 421,787 | 100% | 120 days after shipment | Comparable to general customers | (Note 1) | (125,484) | 100% | |

Note 1: Receivables are recognized 120 days after shipment, with possible extensions considered based on market conditions.

Table 4.

**AEWIN Technologies Co., Ltd.**

**Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital**

**December 31, 2024**

Unit: NTD thousand

| Company with receivables | Name of counterparty | Relationship | Balance of receivables from related parties | Turnover rate | Overdue receivables from related parties | | Recovery amount of receivables from related parties after the balance sheet date | Allowance for bad debts recognized |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Treatment | | |
| The Company | Aewin Beijing Technologies Co., Ltd. | Parent company and subsidiary | 239,388 | 0.97 | 71,292 | Strengthen collection | - | - |
| The Company | Aewin Beijing Technologies Co., Ltd. | Parent company and subsidiary | 230,311 | - | - | - | 13,680 | - |
| The Company | Aewin Tech Inc. | Parent company and subsidiary | 125,484 | 3.87 | - | - | - | - |

Table 5.

**AEWIN Technologies Co., Ltd.**

**Information on reinvestment (excluding investments in mainland China)**

**From January 1 to December 31, 2024**

Unit: In thousands of New Taiwan Dollars/In thousands of shares

| Name of investor company | Name of investee | Location | Primary business | Original investment amount | | Ending shareholding | | | Current profit (loss) of the investee in the period | Investment profit (loss) recognized for the period | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | End of current period | End of last year | Number of shares | Ratio | Carrying amount | | | |
| The Company | Wise way internation CO., Ltd. | Anguilla | Investment holding | 46,129 | 46,129 | 1,500 | 100% | 78,776 | (38,354) | (38,354) | Parent company and subsidiary |
| The Company | Aewin Tech Inc. | USA | Business of wholesaling computers and their peripheral equipment and software | 77,791 | 77,791 | 2,560 | 100% | 23,995 | 11,547 | 11,547 | Parent company and subsidiary |
| Wise way internation CO., Ltd. | Bright profit enterprise Limited | Hong Kong | Investment holding | 46,129 | 46,129 | 1,500 | 100% | 112,478 | (38,355) | - | |

Table 6.

**AEWIN Technologies Co., Ltd.**
**Investment Information in Mainland China**
**From January 1 to December 31, 2024**

Unit: In thousands of New Taiwan Dollars/In thousands of foreign currencies

1. Information on reinvestment in Mainland China:

| Investee in mainland China | Primary business | Paid-in capital | Investment method | Accumulated amount of investment remitted out of Taiwan at the beginning of the period | Remitted or repatriated amount of investment for the period | | Accumulated investment amount remitted from Taiwan at the end of current period | Current profit (loss) of the investee in the period | Shareholding ratio of direct or indirect investment of the Company | Investment profit (loss) recognized in the period | Ending carrying value of investment (Note 6) | Repatriated investment income as of the end of the period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Remitted | Repatriated | | | | | | |
| Aewin Beijing Technologies Co., Ltd. | Business of wholesaling computers and their peripheral equipment and software | 46,129 (USD 1,500 ) | (Note 1) | 46,129 (USD 1,500 ) | - | - | 46,129 (USD 1,500 ) | (38,355) | 100% | (38,355) (Note 3) | 112,472 | - |
| Aewin (Shenzhen) Technologies Co., Ltd. | Business of wholesaling computers and their peripheral equipment and software | 15,265 (RMB 3,500 ) | (Note 2) | - - | - | - | - - | 1,288 (RMB 286 ) | 100% | 1,288 (RMB 286 ) | (Note 5) | - |

2. Limit of investment in mainland China:

| Name of investor company | Culmulative remitted from Taiwan | Investment Commission of the Ministry of Economic Affairs | In accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs Limit of investment in mainland China |
|---|---|---|---|
| | Amount of investment in mainland China | Approved Investment Amount | |
| The Company | 46,129 (USD 1,500 ) | 49,178 (USD 1,500 ) | 840,667 (Note 4) |

Note 1: Investment in mainland China was made through the establishment of the company in a third region: Reinvested through BRIGHT PROFIT.
Note 2: It is a Mainland China-based company reinvested by Beijing AEWIN.
Note 3: It is recognized in line with the financial report prepared by the investee and audited by the CPA of the parent company in Taiwan.
Note 4: According to the Review Principles for Investment or Technical Cooperation in Mainland China, the investment limit in Mainland China shall not exceed 60% of the net value.
Note 5: Aewin (Shenzhen) has been fully liquidated in June, 2024 and deregistration has been completed in July, 2024.

3. Material transactions with investees in Mainland China:
Please refer to the statement under the "Information on significant transactions" for the direct or indirect material transactions between the Company and the investees in mainland China from January 1 to December 31, 2024.

**AEWIN Technologies Co., Ltd.**

**Statement of cash and cash equivalent**

**December 31, 2024** **Unit: NTD thousand**

| Item | Summary | Amount |
|---|---|---|
| Demand deposits and checking accounts | NTD 192,221 thousand | $ 192,221 |
| Foreign currency deposits | USD 1,956,thousand; Exchange Rate: 32.785 | 64,245 |
| | | **$ 256,466** |

## AEWIN Technologies Co., Ltd.

## Financial assets measured at fair value through profit or loss - non-current

**December 31, 2024** **Unit: NTD thousand**

| Summary | Name of financial instruments | Amount: Contract amount (in thousands of NTD) | Amount: Fair value |
|---|---|---|---|
| Taishin Bank | Forward exchange contracts | USD 11,698 | $ 1,667 |
| Far Eastern Bank | Forward exchange contracts | USD 2,493 | 249 |
| Yuanta Bank | Redemption option of convertible bonds | NTD 500,000 | 1,200 |
| | | | $ 3,116 |

## Statement on accounts receivable

| Customer name | Amount |
|---|---|
| Company A | $ 68,285 |
| Company B | 25,202 |
| Company C | 16,584 |
| Company D | 15,691 |
| Company E | 9,502 |
| Others (all less than 5% of the amount of this account) | 24,655 |
| | 159,919 |
| Less: Allowance for doubtful amounts | (65) |
| | $ 159,854 |

**AEWIN Technologies Co., Ltd.**

**Statement on inventory**

**December 31, 2024** **Unit: NTD thousand**

| Item | Amount: Carrying amount (Note) | Amount: Net realizable value | Remarks |
|---|---|---|---|
| Raw materials | $ 185,178 | 185,175 | Net Realizable Value |
| Work in progress | 42,682 | 42,682 | Net Realizable Value |
| Finished goods | 61,774 | 69,598 | Net Realizable Value |
| | **$ 289,634** | **297,455** | |

(Note) The inventory amount has been adjusted to reflect the provision for inventory write-down.

**Statement on other current assets**

| Item | Amount |
|---|---|
| Input tax | $ 11,426 |
| Other prepaid expenses | 6,020 |
| Others (all less than 5% of the amount of this account) | 1,471 |
| | **$ 18,917** |

## AEWIN Technologies Co., Ltd.

## Financial assets measured at fair value through other comprehensive income - non-current statement of change

**From January 1 to December 31, 2024**

**Unit: In thousands of New Taiwan Dollars/In thousands of shares**

| Name | Beginning of the period | | Increase during the period | | Decrease in the current period | | Unrealized gain or loss changes on financial assets | End of period | | Provision of guarantees or pledges |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount | | Number of shares | Amount | |
| AEWIN Korea Co., LTD. | 10 | $ 745 | - | - | - | - | (5) | 10 | 740 | None |

**AEWIN Technologies Co., Ltd.**

**Statement of changes on the investment under the equity method**

**From January 1 to December 31, 2024**

**Unit: In thousands of New Taiwan Dollars/In thousands of shares**

| | Beginning balance | | Increase during the period | | Decrease in the current period | | | | | Ending balance | | | Net equity | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Investee | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount | Loss on investment | Realized gross profit sales | Exchange differences on translating the financial statements of foreign operations | Number of shares | Percentage (%) | Amount | Net Asset Value per Share (NT$) | Total | Provision of guarantees or pledges |
| Wise way internation CO., Ltd. (Wise way) | 1,500 | $ 99,601 | - | - | - | - | (38,354) | 12,965 | 4,564 | 1,500 | 100.00 | 78,776 | - | 78,776 | None |
| Aewin Tech Inc. | 2,560 | 14,992 | - | - | - | - | 11,547 | (4,325) | 1,781 | 2,560 | 100.00 | 23,995 | - | 23,995 | None |
| Total | | $ 114,593 | | - | | - | (26,807) | 8,640 | 6,345 | | | 102,771 | | 102,771 | |

**AEWIN Technologies Co., Ltd.**

**Financial liabilities measured at fair value through profit or loss - current statement**

**December 31, 2024** **Unit: NTD thousand**

| Summary | Name of financial instruments | Amount: Contract amount (in thousands of NTD) | Amount: Fair value |
|---|---|---|---|
| Far Eastern Bank | Forward exchange contracts | USD 980 | 68 |
| Far Eastern Bank | Foreign exchange swap contracts | USD 16,400 | 4,766 |
| Yuanta Bank | Foreign exchange swap contracts | USD 500 | 153 |
| Taishin Bank | Foreign exchange swap contracts | USD 900 | 362 |
| | | | $ 5,349 |

**Contractual liabilities - statement on current asset**

| Supplier | Amount |
|---|---|
| A Company | $ 17,046 |
| B Company | 2,868 |
| Others (all less than 5% of the amount of this account) | 253 |
| | $ 20,167 |

**AEWIN Technologies Co., Ltd.**

**Statement on accounts payable**

**December 31, 2024** **Unit: NTD thousand**

| Supplier | Amount |
|---|---|
| A Company | $ 38,617 |
| B Company | 18,122 |
| C Company | 14,982 |
| D Company | 12,684 |
| Others (all less than 5% of the amount of this account) | 142,193 |
| | **$ 226,598** |

**Statement on other payables**

| Item | Summary | Amount |
|---|---|---|
| Salaries and bonuses payable | | $ 47,340 |
| Compensation for unused leave | | 10,363 |
| Accrued employee bonuses and directors' remuneration | | 6,191 |
| Others (all less than 5% of the amount of this account) | | 27,935 |
| | | **$ 91,829** |

**AEWIN Technologies Co., Ltd.**

**Statement on other liabilities**

**December 31, 2024**

**Unit: NTD thousand**

| Item | Amount |
|---|---|
| Collection funds | $ 2,775 |

## Statement on long-term borrowings

| Creditor | Summary | Amount of borrowing | Contract period | Interest rate % | Mortgage or pledge |
|---|---|---|---|---|---|
| KGI Bank | 3 year medium-term loan | 50,000 | 2023.09～2027.11 | 1.84%~2.22% | None |
| Less: Long-term borrowings due within one year | | (6,000) | | | |
| | | **$ 44,000** | | | |

## AEWIN Technologies Co., Ltd.

## Statement on operating revenue

| Item | Amount |
|---|---|
| Network communication equipment | $ 1,671,491 |
| Others | 3,418 |
| Less: sales returns and allowances | (631) |
| | **$ 1,674,278** |

**AEWIN Technologies Co., Ltd.**

**Statement on operating costs**

**From January 1 to December 31, 2024** **Unit: NTD thousand**

| Item | Amount |
|---|---|
| Beginning raw materials | $ 200,391 |
| Add: Material received in the period | 1,029,010 |
| Less: Raw materials at the end of the period | (224,797) |
| Disposal of raw materials | (48,027) |
| Reclassified to expenses | (14,270) |
| Raw material scrap | (7,573) |
| Raw material consumption in the period | 934,734 |
| Direct manual | 17,693 |
| Manufacturing expense | 70,985 |
| Manufacturing costs | 1,023,412 |
| Beginning work in progress | 50,200 |
| Add: Outsourcing processing fee | 97,054 |
| Less: Ending work in process | (42,682) |
| Finished goods cost | 1,127,984 |
| Add: Beginning finished goods | 76,320 |
| Purchase for the current period | 43,730 |
| Less: Beginning work in progress | (67,555) |
| Reclassified to expenses and others | (21,039) |
| Finished goods scrap | (3,263) |
| Cost of goods sold | 1,156,177 |
| Inventory scrap loss | 10,836 |
| Loss on decline in value of inventories and obsolescence losses | 14,894 |
| Cost of disposal of raw materials | 48,027 |
| Others | 5,694 |
| Operating costs | **$ 1,235,628** |

**AEWIN Technologies Co., Ltd.**

**Statement of selling and marketing expenses**

**From January 1 to December 31, 2024** **Unit: NTD thousand**

| Item | Amount |
|---|---|
| Salary (Includes bonuses) | $ 47,334 |
| Commission expense | 16,492 |
| Verification usage and testing fees | 8,728 |
| Insurance expenses | 5,921 |
| Freight expenses | 5,752 |
| Others (All are less than 5%) | 20,119 |
| Total | **$ 104,346** |

**Statement of general and administrative expenses**

| Item | Amount |
|---|---|
| Salary (Includes bonuses) | $ 36,179 |
| Depreciation expenses | 6,872 |
| Labor costs | 3,970 |
| Others (All are less than 5%) | 21,609 |
| Total | **$ 68,630** |

**AEWIN Technologies Co., Ltd.**

**Statement of research and development expenses**

**From January 1 to December 31, 2024** **Unit: NTD thousand**

| Item | Amount |
|---|---|
| Salary (Includes bonuses) | $ 90,689 |
| BIOS system development and engineering after-sales service R&D | 15,987 |
| Consumable expenses | 15,439 |
| Insurance expenses | 8,686 |
| Others (All are less than 5%) | 44,264 |
| Total | **$ 175,065** |

Please refer to Note VI (I) of the parent company only financial statements for the Statement of Financial Assets Measured at Amortized Cost - Current

Please refer to Note VII of the parent company only financial statements for the Statement of Accounts Receivable - Related Parties

Other accounts receivable - For statement of related parties, please refer to note VII of the parent company only financial statement

Please refer to Note VI (VII) of the parent company only financial statements for the Statement of Changes in Property, Plant and Equipment

For details on changes in intangible assets, please refer to Note VI (VIII) of the parent company only financial statement

Accounts payable - For statement of related parties, please refer to note VII of the parent company only financial statement

Other accounts payable - For statement of related parties, please refer to note VII of the parent company only financial statement

For statement on other income, please refer to Note VI (XVIII) of the parent company only financial statement

For statement on other gain and loss, please refer to Note VI (XVIII) of the parent company only financial statement

For statement on finance costs, please refer to Note VI (XVIII) of the parent company only financial statement