

**AEWIN Technologies Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements and
Independent Auditors' Review Report**

For the nine months ended September 30, 2025 and 2024

This is the translation of the financial statements. CPAs do not review on this translation.

Company Address: 32F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City
Telephone: (02)2697-6866

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.

Table of Contents

Item	Page
A. Cover	1
B. Table of Contents	2
C. Independent Auditors' Review Report	3-4
D. Consolidated Balance Sheet	5
E. Consolidated Statements of Comprehensive Income	6
F. Consolidated Statements of Changes in Equity	7
G. Consolidated Statements of Cash Flows	8-9
H. Notes to Consolidated Financial Statements	
I. Development History	10
II. Date and Procedures for Approval of Financial Statements	10
III. Application of Newly Issued and Revised Standards and Interpretations	10-12
IV. Summary of Significant Accounting Policies	12-13
V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates and Assumptions	13
VI. Description of Significant Accounting Items	13-40
VII. Related Party Transactions	40-43
VIII. Pledged Assets	44
IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments	44
X. Significant Disaster Losses	44
XI. Significant Events after the Balance Sheet Date	44
XII. Others	44-45
XIII. Notes Disclosure	
1. Information on significant transactions	45,47-50
2. Information on investees	45, 51
3. Information on investments in mainland China	45, 52
XIV. Segment Information	46

Independent Auditors' Review Report

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

Foreword

We have reviewed the consolidated balance sheets of AEWIN Technologies Co., Ltd. and its subsidiaries as of September 30, 2025 and 2024, and the consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2025 and 2024, as well as the consolidated statements of changes in equity and cash flows for the six-month periods then ended, and the related notes (including the summary of significant accounting policies). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" as endorsed and issued by the Financial Supervisory Commission (FSC). Our responsibility is to express a conclusion on these consolidated financial statements based on our review.

Scope

We conducted our review in accordance with Statement on Auditing Standards No. 2410 "Review of Financial Statements." A review consists primarily of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion on the financial statements. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements referred to above do not present fairly, in all material respects, the consolidated financial position of AEWIN Technologies Co., Ltd. and its subsidiaries as of September 30, 2025 and 2024, and their consolidated financial performance and consolidated cash flows for the six-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued by the FSC.

KPMG

CPA:

Assurance Document : Jin-Guan-Zheng-Shen-Zi No.
Number Approved by 1120333238
Securities Authority Jin-Guan-Zheng-Liu-Zi No.
0950103298

October 31, 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. and Subsidiaries
Consolidated Balance Sheet
As of September 30, 2025, December 31, 2024 and September 30, 2024

Unit: NTD thousand

		114.9.30		113.12.31		113.9.30				114.9.30		113.12.31		113.9.30	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets								Liabilities and equity							
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note VI (I))	347,305	13	377,537	14	560,032	20	2100	Short-term borrowings (Note VI (X))	157,473	7	121,015	4	255,399	9
1110	Financial assets measured at fair value through profit or loss - current (Note VI (II))	1,624	-	3,116	-	7,618	-	2120	Financial liabilities measured at fair value through profit or loss – current (Note VI (II))	3,119	-	5,349	-	3,809	-
1136	Financial assets measured at amortized cost - current (Notes VI (III) & VIII)	17,847	1	210	-	210	-	2130	Contract liabilities - current (Note VI (XIX))	9,762	-	20,392	1	13,659	1
1170	Net of notes receivable and accounts receivable (Notes VI (V) & (XIX))	458,445	18	651,171	24	616,741	22	2170	Accounts payable	311,858	12	370,882	14	348,266	12
1180	Accounts receivable - related parties (Notes VI (V), (XIX) and VII)	21,507	1	8,351	-	19,379	1	2180	Accounts payable - related parties (Note VII)	44,861	2	34,726	1	45,779	2
130X	Inventories (Note VI (VI))	746,750	29	615,313	23	644,786	22	2200	Other payables (Note VII)	104,417	4	132,083	5	111,030	4
1470	Other current assets	45,937	2	51,317	2	39,652	1	2230	Current income tax liabilities	7,739	-	15,656	1	7,971	-
Total current assets		1,639,415	64	1,707,015	63	1,888,418	66	2280	Lease liabilities - current (Note VI (XIII))	10,680	-	26,299	1	26,151	1
Non-current assets:								2322	Long-term borrowings - current portion (Notes VI (XII) & VIII)	28,000	1	6,000	-	30,000	1
1517	Financial assets measured at fair value through other comprehensive income - non-current (Note VI (IV))	477	-	740	-	740	-	2399	Other current liabilities (Note VI (XIV))	8,089	-	3,338	-	3,335	-
1600	Property, plant and equipment (Note VI (VII) & VIII)	865,939	34	887,219	33	880,454	31	Total current liabilities		685,998	26	735,740	27	845,399	30
1755	Right-of-use assets (Note VI (VIII))	20,042	1	48,985	2	55,129	2	Non-current liabilities:							
1780	Intangible assets (Note VI (IX))	7,905	-	4,731	-	3,385	-	2530	corporate bonds payable (Note VI (XI))	477,534	19	469,057	17	466,265	16
1840	Deferred income tax assets:	29,878	1	30,230	2	33,362	1	2540	Long-term borrowings (Notes VI (XII) and VIII)	16,000	1	44,000	2	120,000	4
1920	Refundable deposits	6,808	-	8,143	-	8,171	-	2570	Deferred income tax liabilities	14,050	1	14,402	1	20,787	1
1975	Net defined benefit assets	7,323	-	7,009	-	2,241	-	2580	Lease liabilities - non-current (Note VI (XIII))	11,114	-	29,762	1	36,618	1
Total non-current assets		938,372	36	987,057	37	983,482	34	Total non-current liabilities		518,698	21	557,221	21	643,670	22
								Total liabilities		1,204,696	47	1,292,961	48	1,489,069	52
								Equity (Note VI (XI) and (XVII)):							
								3110	Share capital - ordinary shares	591,231	23	591,231	22	591,231	21
								3200	Capital surplus	548,898	21	548,760	20	548,760	19
								3300	Retained earnings	228,931	9	251,129	9	233,627	8
								3400	Other equity	4,031	-	9,991	1	9,213	-
								Total equity		1,373,091	53	1,401,111	52	1,382,831	48
Total assets		2,577,787	100	2,694,072	100	2,871,900	100	Total liabilities and equity		2,577,787	100	2,694,072	100	2,871,900	100

(Please refer to notes to consolidated financial statements)

Chairman: Wen-Hsing Tseng

Managerial Officer: Chang-An Lin

Accounting Supervisor: I-Mei Li

AEWIN Technologies Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the periods from July 1 to September 30, 2025 and 2024,
and for the periods from January 1 to September 30, 2025 and 2024

Unit: NTD thousand

	July to September 2025		July to September 2024		January to September 2025		January to September 2024	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Net operating revenue (Notes VI (XIX), VII)	576,545	100	628,121	100	1,762,453	100	1,581,069	100
5000 Operating costs (Notes VI (VI), (VII), (VIII), (IX), (XIII), (XV), (XX), VII and XII)	(445,122)	(77)	(461,363)	(73)	(1,343,155)	(76)	(1,161,474)	(73)
Gross Profit	131,423	23	166,758	27	419,298	24	419,595	27
Operating expenses (Notes VI (V), (VII), (VIII), (IX), (XIII), (XV), (XX), VII and XII):								
6100 Selling and marketing expenses	(40,384)	(6)	(46,437)	(7)	(125,058)	(7)	(128,942)	(8)
6200 Management expenses	(27,178)	(5)	(28,400)	(5)	(77,958)	(5)	(79,162)	(5)
6300 Research and development expenses	(60,895)	(11)	(50,773)	(8)	(166,908)	(9)	(140,701)	(9)
6450 Expected credit impairment losses	8,216	1	319	-	7,542	-	2,299	-
Total operating expenses	(120,241)	(21)	(125,291)	(20)	(362,382)	(21)	(346,506)	(22)
Net operating income	11,182	2	41,467	7	56,916	3	73,089	5
Non-operating income and expenses (Note VI (XIII), (XIV) and (XXI)):								
7100 Interest income	359	-	474	-	1,599	-	1,828	-
7010 Other income	8,530	2	438	-	9,365	-	2,773	-
7020 Other gain and loss	624	-	(6,914)	(1)	(10,299)	-	(13,358)	(1)
7050 Finance costs	(4,831)	(1)	(5,470)	(1)	(15,356)	(1)	(15,328)	(1)
Total non-operating income and expenses	4,682	1	(11,472)	(2)	(14,691)	(1)	(24,085)	(2)
7900 Profit before tax	15,864	3	29,995	5	42,225	2	49,004	3
7950 Income tax expense (Note VI (XVI))	(4,797)	(1)	(6,317)	(1)	(11,803)	-	(9,893)	(1)
8200 Net profit for the period	11,067	2	23,678	4	30,422	2	39,111	2
Other comprehensive income (Note VI (XVII)):								
8310 Items that will not be reclassified to profit or loss								
8316 Unrealized loss on investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(263)	-	5.00	-
8349 Income tax related to items not reclassified	-	-	-	-	-	-	-	-
	-	-	-	-	263.00	-	5.00	-
8360 Items that may be subsequently reclassified to profit or loss								
8361 Exchange differences on translating the financial statements of foreign operations	6,957	1	320	-	(5,697)	-	5,567	1
8399 Income tax related to items that may be reclassified	-	-	-	-	-	-	-	-
	6,957	1	320	-	(5,697)	-	5,567	1
Other comprehensive income for the current period	6,957	1	320	-	(5,960)	-	5,562	1
8500 Total comprehensive income (loss) for the period	18,024	3	23,998	4	24,462	2	44,673	3
Earnings per share (Unit: In New Taiwan Dollars, Note VI (XVIII))								
9750 Basic earnings per share	\$0.18		\$0.40		\$0.51		\$0.66	
9850 Diluted earnings per share	\$0.18		\$0.39		\$0.51		\$0.66	

(Please refer to notes to consolidated financial statements)

Chairman: Wen-Hsing Tseng

Managerial Officer: Chang-An Lin

Accounting Supervisor: I-Mei Li

AEWIN Technologies Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to September 30, 2025 and 2024

Unit: NTD thousand

	Retained earnings					Other equity items		Total	Total equity
	Share capital - ordinary shares	Capital surplus	Statutory surplus reserve	Undistributed earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized loss on financial assets at fair value through other comprehensive income		
Balance as of January 1, 2024	591,231	445,936	70,508	144,701	215,209	4,320	(669)	3,651	1,256,027
Net profit for the period	-	-	-	39,111	39,111	-	-	-	39,111
Other comprehensive income for the current period	-	-	-	-	-	5,567	(5)	5,562	5,562
Total comprehensive income (loss) for the period	-	-	-	39,111	39,111	5,567	(5)	5,562	44,673
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)
Issuance of options embedded in the convertible bonds	-	102,742	-	-	-	-	-	-	102,742
Disposition of employee stock ownership trust inflows	-	82	-	-	-	-	-	-	82
Balance as of September 30, 2024	591,231	548,760	73,144	160,483	233,627	9,887	(674)	9,213	1,382,831
Balance as of January 1, 2025	591,231	548,760	73,144	177,985	251,129	10,665	(674)	9,991	1,401,111
Net profit for the period	-	-	-	30,422	30,422	-	-	-	30,422
Other comprehensive income for the current period	-	-	-	-	-	(5,697)	(263)	(5,960)	(5,960)
Total comprehensive income (loss) for the period	-	-	-	30,422	30,422	(5,697)	(263)	(5,960)	24,462
Appropriation and distribution of earnings:									
Provision of statutory surplus reserve	-	-	5,661	(5,661)	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	(52,620)	(52,620)	-	-	-	(52,620)
Disposition of employee stock ownership trust inflows	-	138	-	-	-	-	-	-	138
Balance as of September 30, 2025	591,231	548,898	78,805	150,126	228,931	4,968	(937)	4,031	1,373,091

(Please refer to notes to consolidated financial statements)

Chairman: Wen-Hsing Tseng

Managerial Officer: Chang-An Lin

Accounting Supervisor: I-Mei Li

AEWIN Technologies Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to September 30, 2025 and 2024

Unit: NTD thousand

	January to September 2025	January to September 2024
Cash flows from operating activities:		
Income before tax for the period	\$ 42,225	49,004
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	42,901	45,993
Amortization expenses	2,651	1,845
Expected credit impairment losses	(7,542)	(2,299)
Finance costs	15,356	15,328
Interest income	(1,599)	(1,828)
Net loss on disposal and retirement of property, plant and equipment	17	-
Gain on lease modification	(3,744)	-
Total revenue, expense and loss items	48,040	59,039
Changes in assets/liabilities related to operating activities:		
Net change in assets related to operating activities:		
Financial assets mandatorily classified as at fair value through profit or loss	1,492	5,350
Notes and accounts receivable	201,984	(125,429)
Accounts receivable-related parties	(13,156)	(13,216)
Inventories	(131,437)	10,778
Other current assets	5,380	(9,969)
Net defined benefit assets	(314)	(298)
Total net changes in assets related to operating activities	63,949	(132,784)
Net change in liabilities related to operating activities:		
Financial liabilities measured at fair value through profit or loss	(2,230)	619
Contractual liabilities	(10,076)	2,785
Accounts payable	(59,024)	104,225
Accounts payable-related parties	10,135	3,267
Other payables	(27,159)	5,394
Other current liabilities	4,751	404
Total net changes in liabilities related to operating activities	(83,603)	116,694
Total net changes in assets and liabilities related to operating activities	(19,654)	(16,090)
Total adjustments	28,386	42,949
Cash outflows from operating activities	70,611	91,953

(Please refer to notes to consolidated financial statements)

Chairman: Wen-Hsing Tseng

Managerial Officer: Chang-An

	January to September 2025	January to September 2024
Interest received	1,599	1,827
Interest paid	(1,346)	(2,277)
Income tax paid	(16,578)	(17,664)
Cash outflows from operating activities	54,286	73,839
Cash flows from investing activities:		
Purchase of financial assets measured at amortized cost	(17,637)	-
Purchase of property, plant and equipment	(10,945)	(11,496)
Decrease (Increase) in refundable deposits	1,335	(2,222)
Purchase of intangible assets	(5,839)	-
Net cash used in investing activities	(33,086)	(13,718)
Cash flows from financing activities:		
Increase in short-term borrowings	265,500	1,113,693
Decrease in short-term borrowings	(223,842)	(1,156,894)
Issuance of bonds payable	-	566,323
Repayment of long-term borrowings	(6,000)	(200,000)
Repayment of lease principal	(14,051)	(19,230)
Payment of cash dividends	(52,620)	(20,693)
Interest paid	(5,563)	(12,365)
Disposition of employee stock ownership trust inflows	138	82
Net cash (outflows) inflows from financing activities	(36,438)	270,916
Effect of changes in exchange rate	(14,994)	8,308
(Decrease) Increase in cash and cash equivalents during the period	(30,232)	339,345
Cash and cash equivalents at beginning of period	377,537	220,687
Cash and cash equivalents at end of period	\$ 347,305	\$ 560,032

(Please refer to notes to consolidated financial statements)

Chairman: Wen-Hsing Tseng

Managerial Officer: Chang-An

AEWIN Technologies Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the Nine months ended September 30, 2025 and 2024
(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 and its subsidiaries (collectively referred to as the "Group") primarily engage in the design, manufacture, and sale of network security-related products.

II. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved and issued by the Board of Directors on October 31, 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 (FSC)

As of January 1, 2025, the Group began to apply the following newly revised International Financial Reporting Standards (IFRS), which has not had a significant impact on the consolidated financial statements.

- Amendments to IAS 21 "Lack of Exchangeability"

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

The Group has assessed the applicability of the following new amendments to International Financial Reporting Standards, which are effective from January 1, 2026, and does not expect them to have a significant impact on the consolidated financial statements.

- IFRS 17 "Insurance Contracts" and Amendments to IFRS 17
- Amendments to IFRS 9 and IFRS 7 — "Amendments to the Classification and Measurement of Financial Instruments,"
- Annual Improvements to IFRS Standards
- Amendment "Reliance on Natural Power Contract" to IFRS 9 and IFRS 7

- (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 Group are as follows:

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

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"	<p>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.</p> <ul style="list-style-type: none"> • 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. • 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. • 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. 	<p>January 1, 2027</p> <p>Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.</p>

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

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

The Group expects that the following newly issued and revised standards, which have not yet been adopted, will not have a significant impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("Regulations") and International Accounting Standards 34, "Interim Financial Reporting", which have been endorsed by the FSC and put into effect. The consolidated financial statements do not include all the necessary information that should be disclosed in the entire annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretative Bulletins, which have been endorsed by the FSC and put into effect.

Besides the descriptions mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2024.

(II) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements

Name of investor company	Name of subsidiary	Business nature	Percentage of ownership			Description
			2025.6.30	2024.12.31	2024.6.30	
The Company	Wise way internation CO., Ltd. (Wise way)	Investment holding	100.00%	100.00%	100.00%	
The Company	Aewin Tech Inc.	Wholesale of computer and peripheral equipment and software	100.00%	100.00%	100.00%	
Wise way internation CO., Ltd. (Wise way)	Bright profit enterprise Limited (Bright profit)	Investment holding	100.00%	100.00%	100.00%	
Bright profit enterprise Limited (Bright profit)	Aewin Beijing Technologies Co., LTD	Wholesale of computer and peripheral equipment and software	100.00%	100.00%	100.00%	

2. Subsidiaries not included in the consolidated financial statements: None.

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

(III) Government Grant

Government grants are recognized only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(IV) Employee benefits

Pensions to defined benefit plans in the interim period are calculated based on the actuarially determined pension cost rate on the reporting date of the previous year. The calculation basis is from the beginning of the year to the end of the period, and it is adjusted for any significant market volatility, significant curtailment, settlement or other significant one-off events after the reporting date.

(V) Income taxes

The income tax expenses have been prepared and disclosed by the Group in accordance with paragraph B12 of International Accounting Standards 34 “Interim Financial Reporting”.

Income tax expenses are best estimated by multiplying income before tax for the interim reporting period by the effective annual tax rate as forecast by the management and are all recognized as the current income tax expenses.

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

When preparing the consolidated financial statements in accordance with the preparation guidelines and IAS 34 'Interim Financial Reporting' as endorsed by the Financial Supervisory Commission, management is required to make judgments and estimates concerning the future (including climate-related risks and opportunities), which affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from estimates.

In preparing the consolidated financial statements, the significant judgments and the major sources of estimation uncertainty made by the management in applying the accounting policies of the Group are consistent with Note V to the consolidated financial statements for the year ended December 31, 2024.

VI. Description of Significant Accounting Items

Besides the descriptions mentioned below, the description of significant accounting items in the consolidated financial statements has no major differences from that in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to Note VI of the consolidated financial statements for the year ended December 31, 2024.

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

(I) Cash and cash equivalents

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Cash on hand and working capital	\$ 1	-	2
Demand deposits and checking accounts	<u>347,304</u>	<u>377,537</u>	<u>560,030</u>
	<u>\$ 347,304</u>	<u>377,537</u>	<u>560,030</u>

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

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Financial assets measured at fair value through profit or loss:			
Forward exchange contracts	\$ 809	1,916	-
Foreign exchange swap contracts	715	-	5,168
Call option on corporate bonds payable (Note VI (XI))	<u>100</u>	<u>1,200</u>	<u>2,450</u>
	<u>\$ 1,624</u>	<u>\$ 3,116</u>	<u>\$ 7,618</u>

Financial liabilities measured at fair value through profit or loss:

Forward exchange contracts	\$ 19	68	3,809
Foreign exchange swap contracts	<u>3,100</u>	<u>5,281</u>	<u>-</u>
	<u>\$ 3,119</u>	<u>5,349</u>	<u>3,809</u>

The Group 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 at fair value through profit or loss because hedge accounting is not applied. The details of the derivative financial instruments of the Group that are not yet matured as of the reporting date are as follows:

1. Forward exchange contracts

<u>2025.9.30</u>		
	<u>Contract amount</u>	
	<u>(in thousands of NTD)</u>	<u>Maturity period</u>
Buy USD/Sell RMB	RMB <u>88,229</u>	2025.10
<u>2024.12.31</u>		
	<u>Contract amount</u>	
	<u>(in thousands of NTD)</u>	<u>Maturity period</u>
Buy USD/Sell RMB	USD <u>103,475</u>	2025.01
Buy NTD/Sell USD	USD <u>980</u>	2025.01

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

2024.9.30			
	Contract amount		
	(in thousands of NTD)	Maturity period	
Buy USD/Sell RMB	RMB <u>85,276</u>	2024.10	
Buy USD/Sell RMB	USD <u>355</u>	2024.10	
2. Foreign exchange swap contracts			
2025.9.30			
	Contract amount		
	(in thousands of NTD)	Maturity period	
Swap in NTD/Swap out USD	USD <u>18,700</u>	2025.10	
2024.12.31			
	Contract amount		
	(in thousands of NTD)	Maturity period	
Swap in NTD/Swap out USD	USD <u>17,800</u>	2025.01	
2025.9.30			
	Contract amount		
	(in thousands of NTD)	Maturity period	
Swap in NTD/Swap out USD	USD <u>18,700</u>	2024.10	
(III) Financial assets measured at amortized cost – current	<u>114.9.30</u>	<u>113.12.31</u>	<u>113.9.30</u>
Restricted deposits	\$ 17,847	-	-
Time deposits with maturity over three months	-	210	210
	<u>\$ 17,847</u>	<u>210</u>	<u>210</u>
The Group has assessed that these financial assets are held to maturity to collect contract cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.			
The Group had been pledged as collateral for long-term borrowings; please refer to noteVIII .			
(IV) Financial assets measured at fair value through other comprehensive income - non-current			
	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Equity instruments measured at fair value through other omprehensive income:			
Foreign unlisted (OTC) stocks	\$ 477	\$ 740	\$ 740

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

The Group 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 Group did not dispose of the above-mentioned strategic investments for the nine months ended September 30, 2025 and 2024, and the gain or loss accumulated during those periods were not transferred to equity.

(V) Notes and accounts receivable

	2025.9.30	2024.12.31	2024.9.30
Notes receivable - arising from operations	79,948	161,836	53,109
Accounts receivable	383,654	503,750	564,272
Accounts receivable - related parties	21,507	8,351	19,379
	485,109	673,937	636,760
Less: allowance for losses	(5,157)	(14,415)	(640)
	479,952	659,522	636,120

The Group uses a simplified approach to estimate expected credit losses for all notes receivable and accounts receivable (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 Group's notes receivable and accounts receivable (including those from related parties) are analyzed as follows:

The statements of changes in the allowance for losses of the Group's notes and accounts receivable (including related parties) are listed as follows:

	2025.9.30	
	Carrying amount of notes receivable and accounts receivable	Weighted average expected credit loss rate
Not overdue	473,745	0~0.05%
1-30 days overdue	6,084	0~8%
31-60 days overdue	564	0~13%
61-90 days overdue	89	0~50%
Overdue for more than 91 days	4,627	100%
	485,109	
		5,157

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

	2024.12.31		
	Carrying amount of notes receivable and accounts receivable	Weighted average expected credit loss rate	Allowance for expected credit losses over the remaining life
Not overdue	630,792	0~2%	1,102
1-30 days overdue	17,454	0~31%	1,147
31-60 days overdue	9,385	0~32%	2,498
61-90 days overdue	11,025	24~41%	4,387
Overdue for more than 91 days	5,281	100%	5,281
	673,937		14,415

	2024.9.30		
	Carrying amount of notes receivable and accounts receivable	Weighted average expected credit loss rate	Allowance for expected credit losses over the remaining life
Not overdue	596,185	-	-
1-30 days overdue	30,849	0~4%	432
31-60 days overdue	3,065	0~35%	208
61-90 days overdue	6,661	0~57%	-
Overdue for more than 91 days	-	100%	-
	636,760		640

The statements of changes in the allowance for losses of the Group's notes and accounts receivable (including related parties) are listed as follows:

	January to September 2025	January to September 2024
Beginning balance	14,415	2,816
Recognized impairment losses	(7,542)	(1,980)
Foreign currency translation gains and losses	(1,716)	106
Ending balance	5,157	942

(VI) Inventories

	2025.9.30	2024.12.31	2024.9.30
Raw materials	\$349,847	277,000	265,619
Work in progress	97,143	67,482	86,726
Finished goods and merchandise	299,760	270,831	292,441
	\$746,750	\$615,313	\$644,786

**AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial
Statements (Continued)**

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

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Cost of inventory sold	\$436,926	452,801	1,317,840	1,130,873
Loss on decline in value of inventories and obsolescence losses	8,196	8,562	25,315	27,698
Loss on inventory write-off	-	-	-	2,903
	<u><u>\$445,122</u></u>	<u><u>\$461,363</u></u>	<u><u>\$1,343,155</u></u>	<u><u>\$1,161,474</u></u>

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.

(VII) Property, plant and equipment

The details of changes in the cost and accumulated depreciation of property, plant, and equipment for the Group 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, 2025	\$ 219,815	704,551	54,571	123,647	7,542	1,110,126
Addition	-	97	869	4,743	4,759	10,468
Disposal	-	-	-	(346)	-	(346)
Reclassification and changes in exchange rate effect	-	-	(32)	8,051	(11,899)	(3,880)
Balance as of September 30, 2025	<u><u>\$ 219,815</u></u>	<u><u>704,648</u></u>	<u><u>55,408</u></u>	<u><u>136,095</u></u>	<u><u>402</u></u>	<u><u>1,116,368</u></u>
Balance as of January 1, 2024	\$ 219,815	704,194	44,862	114,099	-	1,082,970
Addition	-	146	546	6,584	764	8,040
Disposal	-	-	-	(86)	-	(86)
Reclassification and changes in exchange rate effect	-	-	658	2,814	(764)	2,708
Balance as of September 30, 2024	<u><u>\$ 219,815</u></u>	<u><u>704,340</u></u>	<u><u>46,066</u></u>	<u><u>123,411</u></u>	<u><u>-</u></u>	<u><u>1,093,632</u></u>
Accumulated depreciation:						
Balance as of January 1, 2025	\$ -	100,458	41,638	80,811	-	222,907
Depreciation for the current period	-	13,693	2,446	13,887	-	30,026
Disposal	-	-	-	(329)	-	(329)
Reclassification and changes in exchange rate effect	-	-	(9)	(2,166)	-	(2,175)
Balance as of September 30, 2025	<u><u>\$ -</u></u>	<u><u>\$114,151</u></u>	<u><u>\$44,075</u></u>	<u><u>\$92,203</u></u>	<u><u>-</u></u>	<u><u>\$250,429</u></u>
Balance as of January 1, 2024	\$ -	82,230	39,422	62,228	-	183,880

**AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial
Statements (Continued)**

	Land	Building and construction	Machinery and equipment	Production equipment and other equipment	Uncompleted works and equipment pending inspection	Total
Depreciation for the current period	-	13,665	1,418	12,873	-	27,956
Disposal	-	-	-	(86)	-	(86)
Reclassification and changes in exchange rate effect	-	-	6	1,422	-	1,428
Balance as of September 30, 2024	<u>\$ -</u>	<u>95,895</u>	<u>40,846</u>	<u>76,437</u>	<u>-</u>	<u>213,178</u>
Book value:						
30-Sep-25	<u>\$ 219,815</u>	<u>590,497</u>	<u>11,333</u>	<u>43,892</u>	<u>402</u>	<u>865,939</u>
1-Jan-25	<u>\$ 219,815</u>	<u>604,093</u>	<u>12,933</u>	<u>42,836</u>	<u>7,542</u>	<u>887,219</u>
30-Sep-24	<u>\$ 219,815</u>	<u>608,445</u>	<u>5,220</u>	<u>46,974</u>	<u>-</u>	<u>880,454</u>

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

(VIII) Right-of-use assets

The cost and depreciation details of the right-of-use assets recognized by the Group for leased buildings are as follows:

	Building and construction
Cost of right-of-use assets:	
Balance as of January 1, 2025	\$ 113,645
Depreciation for the current period	10,748
Decrease in the current period	(70,169)
Effect of changes in exchange rate	(6,490)
Balance as of September 30, 2025	<u>\$ 47,734</u>
Balance as of January 1, 2024	\$ 118,346
Decrease in the current period	(8,809)
Effect of changes in exchange rate	4,659
Balance as of September 30, 2024	<u>\$ 114,196</u>
Accumulated depreciation of right-of-use assets:	
Balance as of January 1, 2025	\$ 64,660
Depreciation for the current period	12,875
Decrease in the current period	(45,973)
Effect of changes in exchange rate	(3,870)
Balance as of September 30, 2025	<u>\$ 27,692</u>
Balance as of January 1, 2024	\$ 47,758
Depreciation for the current period	18,037
Decrease in the current period	(8,809)
Effect of changes in exchange rate	2,081
Balance as of September 30, 2024	<u>\$ 59,067</u>

Book value:

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

	Building and construction
September 30, 2025	\$ 20,042
January 1, 2025	\$ 48,985
September 30, 2024	\$ 55,129

(IX) Intangible assets

The cost and accumulated amortization details of the intangible assets of the Group are as follows:

	Patent	Computer software	Total
Book value:			
September 30, 2025	\$ 960	6,945	7,905
January 1, 2025	\$ 998	3,733	4,731
September 30, 2024	\$ -	3,385	3,385

There were no significant additions, disposals, impairments, or reversals of impairments related to the Group's intangible assets during the periods from January 1 to September 30, 2025 and 2024. For the amortization amount during the current period, please refer to Note XII (I). For other related information, please refer to Note VI (VIII) of the consolidated financial statements for the year ended December 31, 2024.

(X) Short-term borrowings

	2025.9.30	2024.12.31	2024.9.30
Unsecured bank loan	\$ 157,473	\$ 121,015	\$ 255,399
Available credit limit	\$ 1,413,735	\$ 1,433,560	\$ 1,050,266
Interest rate	3.15%~3.6%	1.73%~3.9%	1.73%~3.90%

(XI) Corporate bonds payable

	2025.9.30	2024.12.31	2024.9.30
Total amount of corporate bonds payable issued	\$ 500,000	500,000	500,000
Unamortized balance of discount on corporate bonds payable	(22,466)	(30,943)	(33,735)
Ending balance of corporate bonds payable	\$ 477,534	469,057	466,265
Embedded derivative – call option (reported as financial assets measured at fair value through profit or loss, Note VI (II))	\$ 100	1,200	2,450
Equity components - conversion rights (reported in capital surplus - stock options, Note VI (XV))	\$ 102,742	102,742	102,742

**AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial
Statements (Continued)**

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
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)	<u>\$ (550)</u>	<u>600</u>	<u>(1,100)</u>	<u>600</u>

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 NTD500,000 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 NTD566,323 thousand (after deducting issuance costs of NTD5,277).

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 thirty percent (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.

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

- (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. (The restriction that conversion is prohibited during suspension of the transfer period does not include the book-closure periods for annual shareholders' meetings or extraordinary shareholders' meetings.)

4. Conversion price

The conversion price per share at the time of issuance is set at NTD85.0. 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. Effective from July 20, 2025, the conversion price is adjusted to NTD83.9.

(XII) Long-term borrowings

	2025.9.30	2024.12.31	2024.9.30
Unsecured bank loan	\$ 44,000	50,000	150,000
Less: portion due within one year	(16,000)	(6,000)	(30,000)
	<u>\$ 28,000</u>	<u>44,000</u>	<u>120,000</u>
Available credit limit	<u>\$ 380,000</u>	<u>380,000</u>	<u>400,000</u>
Interest rate	<u>1.88%</u>	<u>1.84%~2.22%</u>	<u>1.84%~2.22%</u>
Maturity year	<u>116</u>	<u>116</u>	<u>115</u>

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

(XIII) Lease liabilities

The carrying amounts of the Group's lease liabilities are as follows:

	2025.9.30	2024.12.31	2024.9.30
Current	\$ 10,680	26,299	26,151
Non-current	<u>\$ 11,114</u>	<u>29,762</u>	<u>36,618</u>

Please refer to Note VI (XXII) Financial Instruments for the maturity analysis of lease liabilities. The amounts recognized in profit or loss are as follows:

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Interest expense on lease liabilities	\$ 331	699	1,346	2,277
Lease expenses for short-term leases and low-value assets	\$ 2,032	1,490	5,329	4,246

The amounts recognized in the cash flow statement are as follows:

	January to September 2025	January to September 2024
Total cash outflow for leases	\$ 20,726	25,753

Important lease conditions:

1. Lease of buildings

The Group leases buildings for use as factories and offices for a period of two to five years. Upon termination of the lease, the Group does not have a preferential right to acquire the leased building, and it is agreed that the Group shall not sublease or assign all or a portion of the subject of the lease without the consent of the lessor.

2. Other leases

The Group leases certain office, warehouse, parking spaces and other equipment that expire in less than one year. These leases are short-term or qualify as low value asset leases, and the Group has elected to apply the exemption from the recognition requirement and not to recognize its related right-of-use assets and lease liabilities.

(XIV) Government Grant

	114.9.30	113.12.31	113.9.30
Deferred government grant income	\$ 13,000	-	-
Less: Recognize in income	(8,453)	-	-
	\$ 4,547	-	-

The Company has signed an agreement with the Taipei Computer Association for participation in the Ministry of Economic Affairs' Technology Research and Development Project entitled "Global Innovation Partnership Initiatives Program – Advanced Technology Development for High Computational Density, Energy-Efficient AI HPC Systems," spanning from January 1, 2025, to December 31, 2026. The approved government subsidy amounts to NT\$54,000 thousand. As of September 30, 2025, the group has received NT\$13,000 thousand. The group recognized NT\$8,453 thousand as deferred income in accordance with applicable regulations and reclassified as other income.

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

(XV) Employee benefits

1. Defined benefit plans

Since there were no significant market fluctuations, significant curtailments, settlements, or other significant one-off events after the reporting date of the prior fiscal year, the Group adopted the actuarial determined pension cost on December 31, 2024 and 2023 to measure and disclose pension costs for interim periods.

The reported expenses of the Group are detailed as follows:

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Decrease in operating expenses	\$ (27)	(7)	(81)	(20)

2. Defined contribution plans

The reported expenses of the Group are detailed as follows:

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Operating costs	\$ 1,428	1,437	4,745	4,400
Operating expenses	3,811	3,761	11,343	11,030
	\$ 5,239	5,198	16,088	15,430

(XVI) Income taxes

1. The income tax expenses of the Group are detailed as follows:

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Current income tax expense	\$ 4,797	6,317	11,803	9,893

2. The Group did not recognize any income tax in other comprehensive income or directly in equity during the periods from January 1 to September 30, 2025 and 2024.

3. The Company's business income tax returns have been approved by the tax authorities up to the fiscal year 2023.

(XVII) Capital and other equities

1. Equity

As of September 30, 2025, December 31, 2025, and September 30, 2024, the total authorized capital of the Company was NTD1,000,000 thousand, which was divided into 100,000 thousand shares at NTD10 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.

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

2. Capital surplus

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
May be used to offset losses, distribute cash, or allocate to share capital:			
Share premium	\$ 426,638	426,638	426,638
May only be used to offset losses:			
Expired convertible corporate bond subscription rights	5,518	5,518	5,518
Expired employee stock options	13,780	13,780	13,780
Convertible corporate bond subscription rights (Note VI (XI))	102,742	102,742	102,742
Others	220	82	82
	<u><u>\$ 548,898</u></u>	<u><u>548,760</u></u>	<u><u>548,760</u></u>

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

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

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 February 25, 2025, and March 31, 2024, respectively, regarding the distribution of cash dividends for the fiscal years 2024 and 2023. The details of the cash dividend amounts are as follows:

	2024		2023	
	Dividend per share (NTD)	Amount	Dividend per share (NTD)	Amount
Dividends distributed to owners of ordinary shares:				
Cash	\$ 0.89	<u>52,620</u>	0.35	<u>20,693</u>

The related information mentioned above can be found through platforms such as the Market Observation Post System.

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

5. Other equity (net amount after tax)

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

	January to September 2025	January to September 2024
Beginning balance	\$10,665	4,320
Exchange difference from conversion of net assets of foreign operating organizations	(\$5,697)	5,567
Ending balance	<u><u>\$4,968</u></u>	<u><u>9,887</u></u>

- (2) Unrealized valuation losses on financial assets measured at fair value through other comprehensive income

	January to September 2025	January to September 2024
Beginning balance	(\$674)	(669)
Unrealized loss on investments in equity instruments measured at fair value through other comprehensive income	(\$263)	(5)
Ending balance	<u><u>(\$937)</u></u>	<u><u>(674)</u></u>

(XVIII) Earnings per share

1. Basic earnings per share

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Net income attributable to equity holders of the Company's ordinary shares	<u>\$ 11,067</u>	<u>23,678</u>	<u>30,422</u>	<u>39,111</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>59,123</u>	<u>59,123</u>	<u>59,123</u>	<u>59,123</u>
Basic earnings per share (NTD)	<u>\$ 0.18</u>	<u>0.40</u>	<u>0.51</u>	<u>0.66</u>

2. Diluted earnings per share

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Net income (loss) attributable to equity holders of the Company's ordinary shares (basic)	\$ 11,067	23,678	30,422	39,111

**AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial
Statements (Continued)**

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Interest Expense and Valuation Gain (Loss) on Convertible Bonds	-	188	-	188
Net income (loss) attributable to equity holders of the Company's ordinary shares	<u>\$ 11,067</u>	<u>23,866</u>	<u>30,422</u>	<u>39,299</u>
Weighted average number of ordinary shares outstanding (in thousands)	59,123	59,123	59,123	59,123
Impact of potential ordinary shares with dilutive effect (in thousands):				
Impact of employee remuneration	<u>58</u>	<u>41</u>	<u>71</u>	<u>52</u>
Effect of convertible bonds	<u>-</u>	<u>1790</u>	<u>-</u>	<u>601</u>
Weighted average number of ordinary shares outstanding (in thousands)(After adjusting for the effects of dilutive potential ordinary shares)	<u>59,181</u>	<u>60,954</u>	<u>59,194</u>	<u>59,776</u>
Diluted earnings per share (NTD)	<u>\$ 0.18</u>	<u>0.39</u>	<u>0.51</u>	<u>0.66</u>

As of September 30, 2025, the calculation of the weighted average number of diluted common shares outstanding excludes convertible bonds due to their anti-dilutive effect.

(XIX) Revenue from customer contracts

1. Breakdown of revenue

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Main products and services:				
Network communication equipment	\$ 570,052	586,833	1,577,124	1,478,330
Others	<u>6,493</u>	<u>41,288</u>	<u>185,329</u>	<u>102,739</u>
	<u>\$ 576,545</u>	<u>628,121</u>	<u>1,762,453</u>	<u>1,581,069</u>

2. Contract balance

	2025.9.30	2024.12.31	2024.9.30
Notes and accounts receivable (including related parties)	\$ 485,109	673,937	636,760
Less: allowance for losses	<u>(5,157)</u>	<u>(14,415)</u>	<u>(640)</u>
	<u>\$ 479,952</u>	<u>659,522</u>	<u>636,120</u>
Contractual liabilities	<u>\$ 9,762</u>	<u>20,392</u>	<u>13,659</u>

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

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

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

The beginning balances of contract liabilities as of January 1, 2025 and 2024 were recognized as income of NTD20,002 thousand and NTD10,526 thousand, respectively, for the three months ended September 30, 2025 and 2024.

(XX) Renumeration of employees and directors

On June 13, 2025, the Company resolved at the shareholders' meeting to amend the Articles of Incorporation. According to the amended Articles, 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 allocation to grassroots employees shall not be less than 10% of the total employee remuneration mentioned above. The recipients of the employee remuneration mentioned above, whether in the form of shares or cash, may include employees of controlling or subsidiary companies who meet certain criteria. The criteria and distribution method shall be determined by the Board of Directors or its authorized person.

According to the previous Articles of Incorporation, if there was 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 controlling or subsidiary companies who meet certain criteria. The criteria and distribution method shall be determined by the Board of Directors or its authorized person.

The Company's estimated employee compensations for the periods from July 1 to September 30, 2025 and 2024, and from January 1 to September 30, 2025 and 2024, were NTD1,057 thousand, NTD2,276 thousand, NTD3,016 thousand, and NTD3,804 thousand, respectively, and its estimated director compensations were NTD113 thousand, NTD244 thousand, NTD323 thousand, and NTD408 thousand, respectively. These amounts were calculated based on the Company's pre-tax net income before deducting employee and director compensations, multiplied by the proposed allocation rates for each period, and were recognized as operating costs or operating expenses for the respective periods. Any difference between the actual amounts distributed in the

**AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial
Statements (Continued)**

following year and the estimates will be accounted for as a change in accounting estimate and recognized in profit or loss in the following year.

The estimated amounts of employee remuneration for the years 2024 and 2023 were NTD5,122 thousand and NTD2,573 thousand, respectively. The estimated amounts of directors' remuneration for the same years were NTD549 thousand and NTD276 thousand, respectively. These amounts are consistent with the distribution approved by the Board of Directors. Relevant information can be found on the Market Observation Post System.

(XXI) Non-operating income and expenses

1. Interest income

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Interest on bank deposit	\$ 357	474	1,593	1,823
Interest on financial assets measured at amortized cost	2	-	4	-
Interest on deposits	-	3	2	5
	<u>\$ 359</u>	<u>477</u>	<u>1,599</u>	<u>1,828</u>

2. Other income

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Grant income	\$ 8,453	157	9,288	1,506
Others	77	281	77	1,267
	<u>\$ 8,530</u>	<u>438</u>	<u>9,365</u>	<u>2,773</u>

3. Other gain and loss

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Net loss on disposal of property, plant and equipment	\$ -	-	(17)	-
Gain on lease modification	-	-	3,744	-
Net gains on foreign currency exchange	25,948	(1,667)	(36,132)	23,166
Net loss on financial instruments measured at fair value through profit or loss	(25,217)	(5,225)	22,275	(36,465)
Miscellaneous expenses	(107)	(22)	(169)	(59)
	<u>\$ 624</u>	<u>(6,914)</u>	<u>(10,299)</u>	<u>(13,358)</u>

4. Finance costs

**AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial
Statements (Continued)**

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Interest expense on bank loans	\$ (1,658)	(3,937)	(5,533)	(12,217)
Interest expense on lease liabilities	(331)	(699)	(1,346)	(2,277)
Interest expense on corporate bonds payable	(2,842)	(834)	(8,477)	(834)
	<u>\$ (4,831)</u>	<u>(5,470)</u>	<u>(15,356)</u>	<u>(15,328)</u>

(XXII) Financial instruments

Besides the descriptions mentioned below, there are no significant changes in the fair value of financial instruments, and credit risk, liquidity risk, and market risk due to the exposure of financial instruments of the Group. For the related information, please refer to Note VI (XX) of the consolidated financial statements for the year ended December 31, 2024.

1. Types of financial instruments

(1) Financial assets

	2025.9.30	2024.12.31	2024.9.30
Financial assets measured at fair value through profit or loss	\$ 1,624	3,116	7,618
Financial assets measured at fair value through other comprehensive income	477	740	740
Financial assets measured at amortized cost:			
Cash and cash equivalents	347,305	377,537	560,032
Financial assets measured at amortized cost - current	17,847	210	210
Notes and accounts receivable (including related parties)	479,952	659,522	636,120
Refundable deposits	6,808	8,143	8,171
Total	<u>\$ 854,013</u>	<u>1,049,268</u>	<u>1,212,891</u>

(2) Financial liabilities

	2025.9.30	2024.12.31	2024.6.30
Financial liabilities measured at fair value through profit or loss	\$ 3,119	5,349	3,809
Financial liabilities measured at amortized cost:			
Short-term borrowings	157,473	121,015	255,399

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

	2025.9.30	2024.12.31	2024.6.30
Corporate bonds payable	477,534	469,057	466,265
Accounts payable and other payables (including related parties)	461,136	537,691	505,075
Lease liabilities (including current and non-current)	21,794	56,061	62,769
Long-term borrowings (including the portion due within one year)	44,000	50,000	150,000
Total	<u>\$ 1,165,056</u>	<u>1,239,173</u>	<u>1,443,317</u>

2. Credit risk

Credit risk is the risk of financial loss to the Group 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 Group's financial assets represents the maximum credit exposure. The Group's bank deposits are held with reputable financial institutions, and thus, the Group believes that significant credit risk is unlikely.

The Group has established a credit policy that involves analyzing the financial condition of each customer to determine their credit limits. As of September 30, 2025, December 31, 2024, and September 30, 2024, 48%, 33%, and 56% of the total receivables and accounts receivable, respectively, were from the Group's top five customers. The Group 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 VI (V).

3. Liquidity risk

Liquidity risk is the risk that the Group will be unable to deliver cash or other financial assets to settle financial liabilities and fulfill related obligations. The Group 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 September 30, 2025, December 31, 2024, and September 30, 2024, the undrawn borrowing amounts were \$1,793,735, \$1,813,560, and \$1,450,266 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.

**AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial
Statements (Continued)**

	Contractual cash flows	1-6 months	6-12 months	1-2 years	2-5 years
September 30, 2025					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 159,221	116,274	42,947	-	-
Notes payable, accounts payable and other payables (including related parties)	461,136	461,136	-	-	-
Corporate bonds payable	500,000	-	-	500,000	-
Long-term borrowings (including the portion due within one year)	44,950	6,403	22,319	8,208	8,020
Lease liabilities (including current and non-current)	23,971	5,861	5,861	5,766	6,483
	<u>\$ 1,189,278</u>	<u>\$589,674</u>	<u>\$71,127</u>	<u>\$513,974</u>	<u>\$14,503</u>
Derivative financial instruments:					
Forward exchange contracts:					
Outflow	\$ 377,413	377,413	-	-	-
Inflow	(378,203)	(378,203)	-	-	-
Foreign exchange swap contracts:					
Outflow	568,874	568,874	-	-	-
Inflow	(566,489)	(566,489)	-	-	-
	<u>\$ 1,595</u>	<u>1,595</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 121,542	121,542	-	-	-
Notes payable, accounts payable and other payables (including related parties)	537,691	537,691	-	-	-
Corporate bonds payable	500,000	-	-	-	500,000
Long-term borrowings (including the portion due within one year)	51,647	463	6,442	32,581	12,161
Lease liabilities (including current and non-current)	58,638	14,075	14,075	30,488	-
	<u>\$1,269,518</u>	<u>673,771</u>	<u>20,517</u>	<u>63,069</u>	<u>512,161</u>
Derivative financial instruments:					
Forward exchange contracts:					
Outflow	\$ 495,448	495,448	-	-	-
Inflow	(497,296)	(497,296)	-	-	-
Foreign exchange swap contracts:					
Outflow	582,981	582,981	-	-	-
Inflow	(577,700)	(577,700)	-	-	-
	<u>\$ 3,433</u>	<u>3,433</u>	<u>-</u>	<u>-</u>	<u>-</u>

**AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial
Statements (Continued)**

	Contractual cash flows	1-6 months	6-12 months	1-2 years	2-5 years
September 30, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$256,596	256,596	-	-	-
Notes payable, accounts payable and other payables (including related parties)	505,075	505,075	-	-	-
Corporate bonds payable	500,000	-	-	-	500,000
Long-term borrowings (including the portion due within one year)	154,966	1,478	31,494	121,994	-
Lease liabilities (including current and non-current)	65,996	14,144	14,144	37,708	-
	<u>\$ 1,482,633</u>	<u>777,293</u>	<u>45,638</u>	<u>159,702</u>	<u>500,000</u>
Derivative financial instruments:					
Forward exchange contracts:					
Outflow	\$ 386,357	386,357	-	-	-
Inflow	(382,548)	(382,548)	-	-	-
Foreign exchange swap contracts:					
Outflow	591,334	591,334	-	-	-
Inflow	(596,502)	(596,502)	-	-	-
	<u>\$ (1,359)</u>	<u>(1,359)</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Group 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.

4. Market risk

(1) Exchange rate risk

The Group's exchange rate risk primarily arises from cash and cash equivalents, notes and 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 (including non-functional currency monetary items that have been offset in the consolidated financial statements) are as follows (Monetary unit: In thousands of NTD):

**AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial
Statements (Continued)**

2025.9.30					
	Foreign currency	Exchange rate	NTD	Exchange rate fluctuations	Profit and loss impact (before tax)
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 26,325	30.45 (Note 1)	801,471	2%	16,029
USD	197	7.119 (Note 2)	5,990	2%	120
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	7,635	30.45 (Note 1)	232,450	2%	4,649
USD	12,637	7.119 (Note 2)	384,726	2%	7,695
2024.12.31					
	Foreign currency	Exchange rate	NTD	Exchange rate fluctuations	Profit and loss impact (before tax)
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	\$ 25,242	32.79 (Note 1)	827,522	2%	16,550
USD	28	7.299 (Note 2)	919	2%	18
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	5,128	32.79 (Note 1)	168,134	2%	3,363
USD	14,327	7.299 (Note 2)	469,695	2%	9,394
2024.9.30					
	Foreign currency	Exchange rate	NTD	Exchange rate fluctuations	Profit and loss impact (before tax)
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	\$25,393	31.65 (Note 1)	803,685	2%	16,074
USD	211	7.013 (Note 2)	6686	2%	134
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	5,992	31.65 (Note 1)	189,690	2%	3,794
USD	13,102	7.013 (Note 2)	414,684	2%	8,294

Note 1: The exchange rate is USD to NTD.

Note 2: The exchange rate is USD to RMB.

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

Foreign exchange gains (losses) (including realized and unrealized) from July 1 to September 30 and January 1 to September 30 of 2025 and 2024, are detailed in Note VI (XXI) on other gains and losses.

(2) Interest rate risk

The Group's bank borrowings are all based on floating interest rates. To manage interest rate risk, the Group 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 Group's income before tax for the periods from January 1 to September 30, 2025 and January 1 to September 30, 2024, will decrease/increase by NTD1,511 thousand and NTD3,040 thousand, respectively.

5. Fair value

(1) Financial instruments not measured at fair value

The management of the Group 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 Group'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.

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

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).

2025.9.30					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:					
Derivative financial instruments - Forward foreign exchange	\$ 809	-	809	-	809
	715	-	715	-	715
Call option on corporate bonds payable	100	-	100	-	100
Financial assets measured at fair value through other comprehensive income:					
Foreign unlisted (OTC) stocks	477	-	-	477	477
Total	\$ 2,101	-	1,624	477	2,101
Financial liabilities measured at fair value through profit or loss:					
Derivative financial instruments - Forward foreign exchange	\$ 19	-	19	-	19
Derivative financial instruments - Foreign exchange swaps	3,100	-	3,100	-	3,100
Total	\$ 3,119	-	3,119	-	3,119
2024.12.31					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:					
Derivative financial instruments - Forward foreign exchange	\$ 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

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

	2024.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss:					
Derivative financial instruments	\$ 68	-	68	-	68
0Forward foreign exchange					
Derivative financial instruments	5,281	-	5,281	-	5,281
0Foreign exchange swaps					
Total	\$ 5,349	-	5,349	-	5,349
	2024.09.30				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:					
Derivative financial instruments	\$ 5,168	-	5,168	-	5,168
Call option on corporate bonds payable	2,450	-	-	2,450	2,450
Financial assets measured at fair value through other comprehensive income:					
Foreign unlisted (OTC) stocks	740	-	-	740	740
Total	\$ 8,358	-	5,168	3,190	8,358
Financial liabilities measured at fair value through profit or loss:					
Derivative financial instruments	\$ 3,809	-	3,809	-	3,809

(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 Group is presented by category and attribute as follows:

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

- For unlisted (OTC) stocks without an active market held by the Group, 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. Additionally, significant unobservable inputs mainly include liquidity discounts. However, since potential changes in liquidity discounts are not expected to have a significant financial impact, quantitative information regarding these inputs is not disclosed.

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 three months ended September 30, 2025 and 2024.

(XXIII) Financial risk management

There were no significant changes in the objectives and policies of the Group's financial risk management compared to those disclosed in Note VI (XXI) of the consolidated financial statements for the year ended December 31, 2024.

(XXIV) Capital management

There were no significant changes in the objectives, policies and procedures of the Group's financial risk management compared to those disclosed in Note VI (XXII) of the consolidated financial statements for the year ended December 31, 2024.

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

1. Please refer to Note VI (VIII) for the right-of-use assets acquired by the Group through lease.
2. Investment activities with only partial cash outflows:

	January to September 2025	January to September 2024
Purchase of property, plant and equipment	\$ 10,468	8,040
Add: accounts payable for equipment at beginning of period	899	4,202
Less: accounts payable for equipment at end of period	(422)	(746)
Cash paid during the period	<u>\$ 10,945</u>	<u>\$ 11,496</u>

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

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

	Non-cash change					
	2025.1.1	Cash flows	Additions	Lease amendment	Exchange rate changes and others	2025.6.30
Short-term borrowings	\$121,015	41,658	-	-	(5,200)	157,473
Corporate bonds payable	469,057	-	-	-	8,477	477,534
Long-term borrowings (including those due within one year)	50,000	(6,000)	-	-	-	44,000
Lease liabilities (including current and non-current)	56,061	(14,051)	10,748	(27,940)	(3,024)	21,794
Total liabilities from financing activities	<u>\$696,133</u>	<u>21,607</u>	<u>10,748</u>	<u>(27,940)</u>	<u>253</u>	<u>700,801</u>

	Non-cash change					
	2024.1.1	Cash flows	Lease amendment	Exchange rate changes and others		2024.6.30
Short-term borrowings	\$ 295,046	(43,201)	-	3,554		255,399
Corporate bonds payable	-	566,323	-	(100,058)		466,265
Long-term borrowings	350,000	(200,000)	-	-		150,000
Lease liabilities (including current and non-current)	79,105	(19,230)	-	2,894		62,769
Total liabilities from financing activities	<u>\$ 724,151</u>	<u>303,892</u>	<u>-</u>	<u>(93,610)</u>		<u>934,433</u>

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 related parties with whom the Group had transactions during the reporting period covered by this consolidated financial report are as follows:

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Ultimate controller of the Group
DFI Inc. (DFI)	Parent company of the Group
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
Golden Spirit Co., Ltd.	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
ACE PILLAR CO., LTD.	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
Qisda (Suzhou) 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
BenQ Guru Software Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Yan Ying Hao Trading (ShenZhen) Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Standard Technology Corp.	Subsidiaries directly or indirectly held by Qisda
AEWIN KOREA TECHNOLOGIES CO., LTD.	Substantive related party

(III) Material transactions with related party

1. Operating revenue

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Parent Company	\$ 79	-	510	7
Other related parties	1,576	722	5,133	3,930
	<u>\$ 1,655</u>	<u>722</u>	<u>5,643</u>	<u>3,937</u>

The selling 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.

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

2. Purchases

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Ultimate controller	\$ 17,989	28,587	58,443	69,106
Parent Company	657	3,931	4,741	10,038
	<u>\$ 18,646</u>	<u>32,518</u>	<u>63,184</u>	<u>79,144</u>

The purchase prices from the aforementioned related parties by the Group 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 Group are as follows:

Account items	Category of related party	2025.9.30	2024.12.31	2024.9.30
Accounts receivable - related parties	Ultimate controller	\$ 19,774	3,678	19,379
	Parent Company	85	13	-
	Other related parties	1,648	4,660	-
		<u>\$ 21,507</u>	<u>8,351</u>	<u>19,379</u>

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. Others

The details of operating costs and expenses incurred by the Group due to related parties providing product manufacturing, management, and promotion services are as follows:

**AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial
Statements (Continued)**

Account items	Category of related party	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Operating costs	Ultimate controller	\$ 88	3,071	427	3,477
	Parent Company	323	11,254	936	28,407
	Other related parties	144	188	496	386
		<u>\$ 555</u>	<u>14,513</u>	<u>1,859</u>	<u>32,270</u>
Operating expenses	Ultimate controller	\$ 717	417	1,708	1,147
	Parent Company	423	35	636	38
	Other related parties	1,217	1,119	9,135	3,881
		<u>\$ 2,357</u>	<u>1,571</u>	<u>11,479</u>	<u>5,066</u>

5. Accounts payable to related parties

In summary, the details of accounts payable to related parties by the Group are as follows:

Account items	Category of related party	2025.9.30	2024.12.31	2024.9.30
Accounts payable - related parties	Ultimate controller	\$ 19,211	9,026	22,647
	Parent Company	25,650	25,700	23,132
		<u>\$ 44,861</u>	<u>34,726</u>	<u>45,779</u>
Other payables	Ultimate controller	\$ 72	164	365
	Parent Company	1,465	896	969
	Other related parties	2,915	612	1,368
		<u>\$ 4,452</u>	<u>1,672</u>	<u>2,702</u>

(IV) Remuneration of key management personnel

Remuneration of key management executives

	July to September 2025	July to September 2024	January to September 2025	January to September 2024
Short-term employee benefits	\$ 3,666	6,168	10,634	15,158
Post-employment benefits	71	113	239	340
	<u>\$ 3,737</u>	<u>6,281</u>	<u>10,873</u>	<u>15,498</u>

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

VIII. Pledged Assets

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

Asset name	Subject matter of pledge guarantee	2025.9.30	2024.12.31	2024.9.30
Financial assets measured at amortized cost	Customs deposit	\$ 300	210	210
Financial assets measured at amortized cost	Performance bond	13,000	-	-
Land, buildings and structures	Bank loan credit guarantees	433,568	439,077	440,913
		<u>\$ 446,868</u>	<u>439,287</u>	<u>441,123</u>

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	July to September 2025			July to September 2024		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expenses						
Salary expenses	17,317	66,486	83,803	17,855	67,371	85,226
Labor and health insurance expenses	1,656	5,173	6,829	1,725	4,813	6,538
Pension expenses	1,428	3,784	5,212	1,437	3,754	5,191
Other employee benefit expenses	1,707	4,880	6,587	1,856	4,725	6,581
Depreciation expenses	4,417	8,246	12,663	5,944	9,633	15,577
Amortization expenses	125	1,047	1,172	147	437	584

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

By function By nature	January to September 2025			January to September 2024		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expenses						
Salary expenses	52,752	186,989	239,741	48,603	182,394	230,997
Labor and health insurance expenses	5,563	5,865	21,428	5,301	14,700	20,001
Pension expenses	4,745	11,262	16,007	4,400	11,010	15,410
Other employee benefit expenses	5,446	12,792	18,238	5,196	11,822	17,018
Depreciation expenses	15,541	27,360	42,901	17,800	28,193	45,993
Amortization expenses	418	2,233	2,651	460	1,385	1,845

- (II) The Group's operation is not affected significantly by seasonal or periodical fluctuations.
- (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:
- For the period from January 1, 2025 to September 30, 2025, the Group disclosed the following information regarding significant transactions that should be disclosed again in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers:
1. Lending funds to others: Please refer to Table 1.
 2. Providing endorsements or guarantees for others: None.
 3. Significant marketable securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures): None.
 4. 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 2.
 5. Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital: Please refer to Table 3.
 6. Business relationship and important transactions between the parent company and the subsidiaries: Please refer to Table 4.
- (II) Information on investees: Please refer to Table 5.
- (III) Information on investments in mainland China: Please refer to Table 6.

AEWIN Technologies Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

XIV. Segment Information

The information provided to the chief operating decision-maker for resource allocation and performance evaluation focuses on the types of products delivered or services provided. Since the Company and its subsidiaries are engaged only in the design, manufacturing, and sale of network security-related products within a single industry, management views the entire company as a single segment. Therefore, the operating segment information is consistent with the consolidated financial statements.

Table 1.

AEWIN Technologies Co., Ltd. and Subsidiaries
Lending funds to others
From January 1 to September 30, 2025

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	234,806 (USD 7,154)	192,209 (USD 6,313)	192,209 (USD 6,313)	-	1	241,907	Business interaction	-	-	-	241,907	549,236
0	The Company	Aewin Beijing Technologies Co., Ltd.	Other receivables	Yes	21,251 (USD 640)	19,485 (USD 640)	-	3%	2	-	Working capital turnover	-	-	-	274,618	549,236

Note 1: The total amount of funds loaned to related parties and the lending limit to any individual counterparty shall not exceed 40% and 20%, respectively, of the Company's net worth as stated in the most recent CPA-audited or reviewed financial statements. The transaction limit for business dealings shall be the lower of 20% of the business volume or 20% of the net worth as shown in the most recent financial statements.

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.

Note 4: The aforesaid transactions had been offset when the consolidated financial statements were prepared.

Table 2.

AEWIN Technologies Co., Ltd. and Subsidiaries
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 September 30, 2025

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)	(132,835)	10%	150 days after shipment	Comparable to general customers	(Note 1)	192,520	41%	(Note 2)
The Company	Aewin Tech Inc.	Parent company and subsidiary	(Sales)	(299,678)	23%	120 days after shipment	Comparable to general customers	(Note 1)	132,515	28%	(Note 2)
Aewin Beijing Technologies Co., LTD	The Company	Parent company and subsidiary	Purchases	132,835	24%	150 days after shipment	Comparable to general customers	(Note 1)	(192,520)	42%	(Note 2)
Aewin Tech Inc.	The Company	Parent company and subsidiary	Purchases	299,678	100%	120 days after shipment	Comparable to general customers	(Note 1)	(132,515)	100%	(Note 2)

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

Note 2: The aforesaid transactions had been offset when the consolidated financial statements were prepared.

Table 3.

AEWIN Technologies Co., Ltd. and Subsidiaries
Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital
September 30, 2025

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	192,520	0.82	123,737	Strengthen collection	-	-
The Company	Aewin Beijing Technologies Co., Ltd.	Parent company and subsidiary	192,209	-	-	-	33,049	-
The Company	AEWIN TECH INC.	Parent company and subsidiary	132,515	3.10	-	-	-	-

Note 1: The aforesaid transactions had been offset when the consolidated financial statements were prepared.

Table 4.

AEWIN Technologies Co., Ltd. and Subsidiaries
Business relationship and significant transactions between the parent company and the subsidiaries
From January 1 to September 30, 2025

Unit: NTD thousand

No. (Note 1)	Name of trader	Counterparty	Relationship with trader (Note 2)	Transaction situation			
				Account	Amount	Transaction terms	Proportion to consolidated revenue or asset (Note 5)
0	The Company	Aewin Beijing Technologies Co., Ltd.	1	Sales	132,835	(Note 3)	8%
0	The Company	Aewin Beijing Technologies Co., Ltd.	1	Accounts receivable	192,520	(Note 3)	7%
0	The Company	Aewin Beijing Technologies Co., Ltd.	1	Other receivables	192,209	-	7%
0	The Company	Aewin Tech Inc.	1	Sales	299,678	(Note 4)	17%
0	The Company	Aewin Tech Inc.	1	Accounts receivable	132,515	(Note 4)	5%

Note 1: The numbering format is as follows:

1. 0 represents the parent company.
2. The subsidiaries are numbered with Arabic numbers starting with 1.

Note 2: The types of relationships with traders are indicated as follows:

1. Parent company - subsidiary.
2. Subsidiary - parent company.
3. Subsidiary - subsidiary.

Note 3: 150 days after shipment and subject to extension according to market conditions.

Note 4: 120 days after shipment and subject to extension according to market conditions.

Note 5: It is calculated by dividing the transaction amount by the consolidated operating income or total consolidated assets.

Note 6: The aforesaid transactions had been offset when the consolidated financial statements were prepared.

Note 7: With respect to the business relationships and important transactions between parent and subsidiary companies, only information regarding those accounting for 1% or more of the consolidated revenue or assets are disclosed. Corresponding purchases and payables are not further explained.

Table 5.

AEWIN Technologies Co., Ltd. and Subsidiaries
Information on reinvestment (excluding investments in mainland China)
From January 1 to September 30, 2025

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	90,940	46,129	3,000	100%	100,950	(29,002)	(29,002)	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%	29,494	9,622	9,622	Parent company and subsidiary
Wise way internation CO., Ltd.	Bright profit enterprise Limited	Hong Kong	Investment holding	90,940	46,129	3,000	100%	124,840	(29,002)	-	

Note 1: The subsidiaries directly and indirectly controlled by the Company in the above table have been written off when preparing the consolidated financial report.

Table 6.

AEWIN Technologies Co., Ltd. and Subsidiaries
Investment Information in Mainland China
From January 1 to September 30, 2025

1. Information on reinvestment in Mainland China:

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

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 4)	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	90,940 (USD 3,000)	(Note 1)	46,129 (USD 1,500)	44,811 (USD 1,500)	-	90,940 (USD 3,000)	(29,007)	100%	(29,007) (Note 2)	124,829	-

2. Limit of investment in mainland China:

Name of investor company	The cumulative amount of investment remitted from Taiwan to the Mainland China at the end of the current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper Limit on Investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs
The Company	90,940 (USD 3,000)	90,940 (USD 3,000)	822,855 (Note 3)

- 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 recognized in line with the financial report prepared by the investee and reviewed by the CPA of the parent company in Taiwan.
- Note 3: 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 4: The aforesaid investments had been offset when the consolidated financial statements were prepared.

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 September 30, 2025.