

**ARCADYAN TECHNOLOGY CORPORATION AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2024 and 2023**

Address: 8F., No. 8, Sec. 2, Guangfu Rd., East Dist., Hsinchu City, Taiwan  
Telephone: (03)572-7000

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~12
(4) Summary of material accounting policies	12~30
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	30~31
(6) Explanation of significant accounts	31~67
(7) Related-party transactions	67~69
(8) Pledged assets	69
(9) Significant contingent liabilities and unrecognized commitments	69
(10) Losses due to major disasters	69
(11) Subsequent events	69
(12) Other	70
(13) Other disclosure items	
(a) Information on significant transactions	70~73
(b) Information on investees	74
(c) Information on investment in Mainland China	75
(d) Information of major shareholders	75
(14) Segment information	76

## **Representation Letter**

The entities that are required to be included in the consolidated financial statements of Arcadyan Technology Corporation as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, “Consolidated Financial Statements” endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Arcadyan Technology Corporation and subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: Arcadyan Technology Corporation

Chairman: Jui-Tsung Chen (Ray Chen)

Date: February 26, 2025



安侯建業聯合會計師事務所  
KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel	+ 886 2 8101 6666
傳真 Fax	+ 886 2 8101 6667
網址 Web	kpmg.com/tw

## Independent Auditors' Report

To the Board of Directors of Arcadyan Technology Corporation:

### Opinion

We have audited the consolidated financial statements of Arcadyan Technology Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended December 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arcadyan Technology Corporation and its subsidiaries as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have judged the matters described below to be the key audit matters should be communicated in our report.

#### 1. Inventory valuation

Please refer to Note (4)(h) for the accounting policy of inventory valuation, Note(5) for the estimation and assumption uncertainly of the valuation of inventory, Note(6)(g) for the explanation of significant accounts-Inventories to the consolidated financial statements.

#### Description of key audit matters:

Inventory is measured at the lower of cost and net realizable value. Arcadyan Technology Corporation and its subsidiaries is primarily engaged in the research, development, manufacture and sale of integrated access devices, wireless networking products, digital home multimedia appliances, mobile broadband products and wireless audio-visual products. The significant changes in supply and competitive market of demand may cause fluctuations in price of products. Consequently, the book value of inventory may exceed its net realizable value. Therefore, the valuation of inventory is one of the key audit matters for our audit.

#### How the matter was addressed in our audit:

Our principal audit procedures included : assessing the rationality of Arcadyan Technology Corporation and its subsidiaries's accounting policies, such as the policy of provision for inventory loss due to price decline, obsolete, and slow moving inventories; inspecting Arcadyan Technology Corporation and its subsidiaries's inventory aging reports' accuracy and analyzing the changes of inventory aging; assessing whether the inventory valuation is in accordance with Arcadyan Technology Corporation and its subsidiaries's accounting policies; sampling and inspecting Arcadyan Technology Corporation and its subsidiaries's sales price in order to verify the reasonableness of net realizable value of inventory; and assessing the disclosure of provision for inventory valuation and obsolescence were in accordance with pertinent accounting standards.

#### **Other Matter**

Arcadyan Technology Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing Arcadyan Technology Corporation and its subsidiaries's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Arcadyan Technology Corporation and its subsidiaries's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Arcadyan Technology Corporation and its subsidiaries's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Arcadyan Technology Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Arcadyan Technology Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and Keng-Chia Huang.

KPMG

Taipei, Taiwan (Republic of China)  
February 26, 2025

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated 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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2024 and 2023**

(Expressed In thousand dollars of TWD)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note (6)(a))	\$ 8,156,296	22	7,856,971	20	2100	Short-term borrowings (note (6)(m))	\$ 1,181,255	3	1,375,458	3
1110	Current financial assets at fair value through profit or loss (note (6)(b))	-	-	47,689	-	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	-	-	14,884	-
1136	Current financial assets at amortized cost (note (6)(e))	5,103,852	13	-	-	2126	Current financial liabilities for hedging (note (6)(d))	-	-	14,246	-
1170	Accounts receivable, net (notes (6)(f) and (6)(w))	5,245,130	13	9,785,739	26	2130	Current contract liabilities (note (6)(w))	2,069,927	5	351,229	1
1200	Other receivables (note (6)(y))	1,666,047	4	993,854	3	2171	Accounts payable (including related parties) (note (7))	10,682,300	27	12,314,903	32
1310	Inventories, net (note (6)(g))	11,137,856	28	12,377,227	32	2200	Other payables (note (6)(n))	6,539,146	17	6,441,708	17
1410	Prepayments	383,060	1	184,645	-	2230	Current tax liabilities	718,060	2	1,072,007	3
1470	Other current assets	86,712	-	112,532	-	2250	Current provisions (note (6)(r))	688,721	2	698,887	2
		31,778,953	81	31,358,657	81	2280	Current lease liabilities (note (6)(q))	23,280	-	98,234	-
Non-current assets:						2300	Other current liabilities (note (6)(o))	1,284,628	3	620,304	2
1550	Investments accounted for using equity method (note (6)(h))	200,175	1	232,347	1	2322	Long-term borrowings, current portion (note (6)(p))	-	-	476,060	1
1511	Non-current financial assets at fair value through profit or loss (note (6)(b))	37,965	-	48,112	-			23,187,317	59	23,477,920	61
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	19,437	-	35,442	-	Non-current liabilities:					
1600	Property, plant and equipment (note (6)(j))	5,866,322	15	5,439,395	15	2570	Deferred tax liabilities (note (6)(t))	41	-	7,099	-
1755	Right-of-use assets (note (6)(k))	358,573	1	444,615	1	2580	Non-current lease liabilities (note (6)(q))	17,015	-	51,541	-
1780	Intangible assets (note (6)(l))	52,188	-	65,915	-	2640	Non-current net defined benefit liability (note (6)(s))	41,325	-	73,651	-
1840	Deferred tax assets (note (6)(t))	859,798	2	811,970	2	2670	Other non-current liabilities	34,440	-	38,381	-
1900	Other non-current assets	133,403	-	112,206	-			92,821	-	170,672	-
		7,527,861	19	7,190,002	19		Total liabilities	23,280,138	59	23,648,592	61
						Equity:					
						Equity attributable to owners of parent (note (6)(u)):					
						3110	Ordinary shares	2,203,543	6	2,203,543	6
						3200	Capital surplus	3,651,759	9	3,872,335	10
						3300	Retained earnings	9,910,030	25	8,721,653	23
						3410	Exchange differences on translation of foreign financial statements	199,700	1	30,147	-
						3420	Unrealized gains or losses on financial assets at fair value through other comprehensive income	(30,063)	-	(14,058)	-
						3450	Gains (losses) on hedging instruments	-	-	(11,396)	-
								15,934,969	41	14,802,224	39
						3600	Non-controlling interests	91,707	-	97,843	-
							Total equity	16,026,676	41	14,900,067	39
							Total liabilities and equity	\$ 39,306,814	100	38,548,659	100
	Total assets	\$ 39,306,814	100	38,548,659	100						



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

**Consolidated Statements of Comprehensive Income**

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

(Expressed In thousand dollars of TWD)

		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (notes (6)(d) and (6)(w)):</b>	\$ 48,967,458	100	51,158,122	100
5000	<b>Operating costs (notes (6)(g), (6)(j), (6)(k), (6)(l), (6)(s), (7) and (12))</b>	<u>41,551,491</u>	<u>85</u>	<u>43,772,840</u>	<u>86</u>
	<b>Gross profit from operations</b>	<u>7,415,967</u>	<u>15</u>	<u>7,385,282</u>	<u>14</u>
	<b>Operating expenses (notes (6)(j), (6)(k), (6)(l), (6)(s), (6)(x), (7) and (12)):</b>				
6100	Selling expenses	919,755	2	741,569	1
6200	Administrative expenses	716,794	1	592,577	1
6300	Research and development expenses	<u>2,741,787</u>	<u>6</u>	<u>2,886,769</u>	<u>6</u>
	<b>Total operating expenses</b>	<u>4,378,336</u>	<u>9</u>	<u>4,220,915</u>	<u>8</u>
	<b>Net operating income</b>	<u>3,037,631</u>	<u>6</u>	<u>3,164,367</u>	<u>6</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income	203,097	1	158,990	-
7020	Other gains or losses	107,565	-	39,835	-
7230	Foreign exchange gains, net (note (6)(y))	48,655	-	78,521	-
7635	Gains (losses) on financial assets (liabilities) at fair value through profit or loss (notes (6)(b) and (6)(d))	(28,535)	-	(40,297)	-
7770	Share of loss of associates and joint ventures accounted for using equity method (note (6)(h))	(31,950)	-	(66,956)	-
7510	Interest expense (note (6)(q))	<u>(59,063)</u>	<u>-</u>	<u>(134,467)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>239,769</u>	<u>1</u>	<u>35,626</u>	<u>-</u>
	<b>Income before tax</b>	<u>3,277,400</u>	<u>7</u>	<u>3,199,993</u>	<u>6</u>
7950	Less: Income tax expenses (note (6)(t))	<u>797,883</u>	<u>2</u>	<u>810,387</u>	<u>1</u>
	<b>Net income</b>	<u>2,479,517</u>	<u>5</u>	<u>2,389,606</u>	<u>5</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (note (6)(s))	30,092	-	(1,435)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note (6)(c))	(16,005)	-	(10,708)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(t))	<u>6,018</u>	<u>-</u>	<u>(287)</u>	<u>-</u>
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>	<u>8,069</u>	<u>-</u>	<u>(11,856)</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that may be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	170,329	-	(14,594)	-
8368	Gains (losses) on hedging instrument (note (6)(d))	14,246	-	33,563	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss (note (6)(h))	-	-	79	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss (note (6)(t))	<u>2,850</u>	<u>-</u>	<u>4,649</u>	<u>-</u>
	<b>Components of other comprehensive income that may be reclassified to profit or loss</b>	<u>181,725</u>	<u>-</u>	<u>14,399</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>189,794</u>	<u>-</u>	<u>2,543</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 2,669,311</u>	<u>5</u>	<u>2,392,149</u>	<u>5</u>
	<b>Net income, attributable to:</b>				
8610	Owners of parent	\$ 2,486,429	5	2,420,569	5
8620	Non-controlling interests	<u>(6,912)</u>	<u>-</u>	<u>(30,963)</u>	<u>-</u>
		<u>\$ 2,479,517</u>	<u>5</u>	<u>2,389,606</u>	<u>5</u>
	<b>Comprehensive income attributable to:</b>				
	Owners of parent	\$ 2,675,447	5	2,426,327	5
	Non-controlling interests	<u>(6,136)</u>	<u>-</u>	<u>(34,178)</u>	<u>-</u>
		<u>\$ 2,669,311</u>	<u>5</u>	<u>2,392,149</u>	<u>5</u>
	<b>Earnings per share (note (6)(v))</b>				
9750	Basic earnings per share (TWD)	\$ <u>11.28</u>		<u>10.98</u>	
9850	Diluted earnings per share (TWD)	\$ <u>11.14</u>		<u>10.83</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in thousand dollars of TWD)

	Equity attributable to owners of parent						Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Retained earnings		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
					Unappropriated retained earnings	Total retained earnings							
<b>Balance at January 1, 2023</b>	\$ 2,203,543	4,091,729	1,330,667	267,078	5,916,436	7,514,181	39,384	(3,350)	(38,247)	(2,213)	13,807,240	132,021	13,939,261
Net income for the year ended December 31, 2023	-	-	-	-	2,420,569	2,420,569	-	-	-	-	2,420,569	(30,963)	2,389,606
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(1,148)	(1,148)	(9,237)	(10,708)	26,851	6,906	5,758	(3,215)	2,543
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	2,419,421	2,419,421	(9,237)	(10,708)	26,851	6,906	2,426,327	(34,178)	2,392,149
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	203,625	-	(203,625)	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(264,865)	264,865	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,211,949)	(1,211,949)	-	-	-	-	(1,211,949)	-	(1,211,949)
Cash dividends from capital surplus	-	(220,354)	-	-	-	-	-	-	-	-	(220,354)	-	(220,354)
Changes in equity of subsidiaries and associates accounted for using equity method	-	960	-	-	-	-	-	-	-	-	960	-	960
<b>Balance at December 31, 2023</b>	2,203,543	3,872,335	1,534,292	2,213	7,185,148	8,721,653	30,147	(14,058)	(11,396)	4,693	14,802,224	97,843	14,900,067
Net income for the year ended December 31, 2024	-	-	-	-	2,486,429	2,486,429	-	-	-	-	2,486,429	(6,912)	2,479,517
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	24,074	24,074	169,553	(16,005)	11,396	164,944	189,018	776	189,794
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	2,510,503	2,510,503	169,553	(16,005)	11,396	164,944	2,675,447	(6,136)	2,669,311
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	241,942	-	(241,942)	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(2,213)	2,213	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,322,126)	(1,322,126)	-	-	-	-	(1,322,126)	-	(1,322,126)
Cash dividends from capital surplus	-	(220,354)	-	-	-	-	-	-	-	-	(220,354)	-	(220,354)
Changes in equity of subsidiaries and associates accounted for using equity method	-	(222)	-	-	-	-	-	-	-	-	(222)	-	(222)
<b>Balance at December 31, 2024</b>	<u>\$ 2,203,543</u>	<u>3,651,759</u>	<u>1,776,234</u>	<u>-</u>	<u>8,133,796</u>	<u>9,910,030</u>	<u>199,700</u>	<u>(30,063)</u>	<u>-</u>	<u>169,637</u>	<u>15,934,969</u>	<u>91,707</u>	<u>16,026,676</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in thousand dollars of TWD)**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities:</b>		
Income before tax	\$ 3,277,400	3,199,993
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	768,229	787,332
Amortization expense	53,936	55,170
Expected credit impairment loss (reversal gain)	(13,848)	8,445
Interest expense	59,063	134,467
Interest income	(203,097)	(158,990)
Net gains on financial assets or liabilities at fair value through profit or loss	(300)	(1,733)
Share of loss of associates and joint ventures accounted for using equity method	31,950	66,956
Gains on disposal of property, plant, and equipment and intangible assets	(1,186)	(6,044)
Lease modification benefits	(18,261)	(167)
Others	(3,110)	(721)
Total adjustments to reconcile profit (loss)	<u>673,376</u>	<u>884,715</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in financial assets or liabilities at fair value through profit or loss	32,805	(63,413)
Decrease in accounts receivable	4,550,259	1,014,421
Increase in other receivables	(655,425)	(738,193)
Decrease in inventories	1,239,371	2,186,331
(Increase) decrease in prepayments	(198,415)	26,040
Decrease in other current assets	40,995	9,726
Increase in contract liabilities	1,718,698	116,514
Decrease in accounts payable (including related parties)	(1,632,603)	(1,866,042)
Increase in other payables and other current liabilities	803,028	1,658,532
Decrease in other operating liabilities	(2,234)	(2,207)
Total changes in operating assets and liabilities	<u>5,896,479</u>	<u>2,341,709</u>
Total adjustments	<u>6,569,855</u>	<u>3,226,424</u>
Cash inflow generated from operations	9,847,255	6,426,417
Interest received	190,527	168,167
Dividends received	10,447	6,836
Interest paid	(55,844)	(151,929)
Income taxes paid	(1,230,759)	(859,555)
<b>Net cash flows from operating activities</b>	<u>8,761,626</u>	<u>5,589,936</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at amortized cost	(5,103,852)	-
Acquisition of property, plant and equipment	(992,864)	(1,240,020)
Proceeds from disposal of property, plant and equipment	11,193	17,659
Increase in refundable deposits	(17,959)	(17,135)
Acquisition of intangible assets	(40,207)	(27,862)
Decrease in other non-current assets	-	95
<b>Net cash flows used in investing activities</b>	<u>(6,143,689)</u>	<u>(1,267,263)</u>
<b>Cash flows from financing activities:</b>		
Decrease in short-term borrowings	(194,203)	(3,011,124)
Proceeds from long-term borrowings	-	1,302,659
Repayments of long-term borrowings	(483,767)	(818,865)
Repayments of principal of lease liabilities	(46,392)	(93,069)
Cash dividends paid	(1,542,480)	(1,432,299)
Other financing activities	(4,214)	3,866
<b>Net cash flows used in financing activities</b>	<u>(2,271,056)</u>	<u>(4,048,832)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(47,556)</u>	<u>3,579</u>
<b>Net increase in cash and cash equivalents</b>	299,325	277,420
<b>Cash and cash equivalents at beginning of period</b>	<u>7,856,971</u>	<u>7,579,551</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 8,156,296</u>	<u>7,856,971</u>

See accompanying notes to consolidated financial statements.

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

## **ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**

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

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

**(Expressed in thousand dollars of TWD, Unless Otherwise Specified)**

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

Arcadyan Technology Corporation (the “Company”) was incorporated in May 9, 2003 and merged with BroadNet Technology, Inc. on May 1, 2006.

The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates. The Company is primarily engaged in the research, development, manufacture and sale of integrated access devices, wireless networking products, digital home multimedia appliances, mobile broadband products and wireless audio-visual products. Please refer to note (4)(c) for related information of the Group primary business activities.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 26, 2025.

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

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

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

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

- (b) The impact of IFRS endorsed by the FSC but not yet been adopted

The Group has evaluated that the adoption of the following new amendments, effective for annual period beginning from January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>• A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>• Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Annual Improvements to IFRS Accounting Standards—Volume 11	<p>The amendments set out:</p> <ol style="list-style-type: none"> <li>1. IFRS 1 “First-time Adoption of International Financial Reporting Standards”: <p>The amendments address a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments.</p> </li> <li>2. IFRS 7 “Financial Instruments: Disclosures”: <p>The amendments address a potential confusion in IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued.</p> </li> <li>3. IFRS 9 “Financial Instruments”: <ul style="list-style-type: none"> <li>• Derecognition of a lease liability <p>The IASB’s amendment states that if a lease liability is derecognized, then the derecognition will be accounted for under IFRS 9, (i.e. the difference between the carrying amount and the consideration paid is recognized in profit or loss). However, when a lease liability is modified, the modification will be accounted for under IFRS 16 Leases.</p> </li> <li>• Transaction price <p>The amendments require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15 Revenue from Contracts with Customers. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured.</p> </li> </ul> </li> </ol>	January 1, 2026

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Standards or Interpretations	Content of amendment	Effective date per IASB
	4. IFRS 10 “ Consolidated Financial Statements”: The amendments clarify the determination of a ‘de facto agent’.	
	5. IAS 7 “Statement of Cash Flows”: The amendments address a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term ‘cost method’.	

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

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

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

**(a) Statement of compliance**

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

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial assets and liabilities at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) Hedging financial instruments are measured at fair value;
- 4) The defined benefit liabilities (assets) are measured at fair value of plan assets less the present value of the defined benefit obligation, and effect of the assets ceiling as explained in note (4)(p).

(ii) Functional and presentation currencies

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (TWD), which is the Company's functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

Financial statements of subsidiaries have been adjusted properly to ensure consistency with the accounting policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(Continued)



**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Nature of operation	Percentage of ownership		Description
			December 31, 2024	December 31, 2023	
The Company	Arcadyan Technology N.A. Corp. ("Arcadyan USA")	Selling and technical support of wireless networking products	100 %	100 %	
"	Arcadyan Germany Technology GmbH ("Arcadyan Germany")	Selling and technical support of wireless networking products	100 %	100 %	
"	Arcadyan Technology Corporation Korea ("Arcadyan Korea")	Selling of wireless networking products	100 %	100 %	
"	Arcadyan Holding (BVI) Corp. ("Arcadyan Holding")	Investment activities	100 %	100 %	
The Company and ZHI-BAO	Arcadyan do Brasil Ltd. ("Arcadyan Brasil")	Selling of wireless networking products	100 %	100 %	
"	Arcadyan India Private Limited ("Arcadyan India")	Selling of wireless networking products	100 %	100 %	
The Company	ZHI-BAO Technology Inc. ("ZHI-BAO")	Investment activities	100 %	100 %	
"	Tatung Technology Inc. ("TTI")	Research and development, and selling digital home appliance	61 %	61 %	
"	Arcadyan Technology Limited ("Arcadyan UK")	Technical support of wireless networking products	100 %	100 %	
"	Arcadyan Technology Australia Pty Ltd ("Arcadyan AU")	Selling of wireless networking products	100 %	100 %	
"	Arcadyan Technology Corporation (Russia), LLC ("Arcadyan RU")	Selling of wireless networking products	100 %	100 %	
"	Arcadyan Turkey Technology and Trade Joint Stock Company ("Arcadyan Turkey")	Selling of wireless networking products	100 %	- %	Note 1
Arcadyan Holding	Sinoprime Global Inc. ("Sinoprime")	Investment activities	100 %	100 %	
"	Arcadyan Technology (Shanghai) Corp. ("SVA")	Research and development, and selling of wireless networking products	100 %	100 %	
"	Arch Holding (BVI) Corp. ("Arch Holding")	Investment activities	100 %	100 %	
Arch Holding	Compal Networking (Kunshan) Co., Ltd. ("CNC")	Manufacturing of wireless networking products	100 %	100 %	
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. ("Arcadyan Vietnam")	Manufacturing of wireless networking products	100 %	100 %	

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Nature of operation	Percentage of ownership		Description
			December 31, 2024	December 31, 2023	
TTI	Quest International Group Co., Ltd. ("Quest")	Investment activities	100 %	100 %	
"	Tatung Technology of Japan Co., Ltd. ("TTJC")	Selling of digital home appliance	- %	100 %	Note 2
Quest	Exquisite Electronic Co., Ltd. ("Exquisite")	Investment activities	100 %	100 %	
TTI and Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. ("TCH")	Manufacturing of digital home appliance	100 %	100 %	

Note 1: The subsidiary was incorporated on May 2, 2024.

Note 2: As of November 27, 2024, the subsidiary has completed its dissolution and liquidation process.

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Group at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

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

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash comprises cash on hand, check deposits and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits and repurchase agreements which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

## ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI. However, they are included in the "trade receivables" line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

#### 3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above such as financial assets held-for-trading and evaluate performance on a fair value basis are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

#### 4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

(Continued)

## ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;  
or
- the disappearance of an active market for a security because of financial difficulties.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates its hedging instruments, including derivatives, embedded derivatives, and nonderivative instruments for a hedge of a foreign currency risk, as a fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. Foreign exchange risks of firm commitments are treated as fair value hedges.

At initial designated hedging relationships, the Group documents the risk management objectives and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged items and hedging instrument are expected to offset each other.

1) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under 'other equity interest— gains (losses) on hedging instruments', limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

(Continued)



## ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Furthermore, if the Company expects that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

#### (h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the standard cost principle and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. However, if the actual operating capacity is not significantly different from the normal operating capacity, it will be apportioned according to the actual operating capacity, and the variable manufacturing overhead will be apportioned based on the actual operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### (i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

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

- 1) Buildings: 50 years
- 2) Machinery and equipment: 3~10 years
- 3) Research equipment: 3~6 years
- 4) Modeling equipment: 2~3 years
- 5) Other equipment: 1~10 years

The main components of property, plant and equipment are factory buildings and firefighting facilities. Each component is depreciated based on its useful life.

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(k) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised or fines to be paid.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- 5) there is any lease modifications.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of factory facilities and vehicles and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

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

(ii) Subsequent expenditure

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

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- 1) Copyright: 10 years
- 2) Authorization fee: amortized over the contract period by using the straight-line method.
- 3) Computer software: 1~10 years

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(m) Impairment – non- financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The Group will adjust the carrying amount of an asset or CGU to recoverable amount if the carrying amount of an asset or CGU exceeds its recoverable amount, and recognize impairment loss. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical experience of provision expenses as percentage of sales.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group manufactures and sells broadband gateway products, wireless network products, digital home appliance and mobility products. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Rendering of services

Some of the Group's product manufacturing and sales contracts include pre-production activities such as research, development, design, and testing of the products. The related service revenue is recognized during the financial reporting period in which the services are rendered and consideration is received.

(iii) Financing components

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

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

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

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (1) affects neither accounting nor taxable profits (losses) and (2) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to offset current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)



**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(r) Business combination**

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non controlling interests in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's identifiable net assets, if the non controlling interests are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation. Other components of non controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

**(s) Earnings per share**

The Group discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Group. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Group divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation which could be issued in the form of common stock not yet approved by the Board of Directors.

**(t) Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

There are no critical judgments in applying the accounting policies that have significant effects on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

**Inventory valuation**

As inventories are required to be measured at the lower of cost or net realizable value, which is based on the estimated sales price; therefore, the value of inventories may vary due to the rapid changes in the industry and the market. Please refer to note (6)(g) of the consolidated financial statements for inventory valuation.

**(6) Explanation of significant accounts:**

**(a) Cash and cash equivalents**

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash on hand	\$ 4,603	4,665
Checking accounts and demand deposits	4,797,276	3,099,751
Time deposits with original maturities of less than three months	2,354,417	3,152,555
Repurchase agreements	<u>1,000,000</u>	<u>1,600,000</u>
	<b><u>\$ 8,156,296</u></b>	<b><u>7,856,971</u></b>

Please refer to note (6)(y) for the disclosure of the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>Current financial assets mandatorily measured at fair value through profit or loss:</b>		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	\$ -	146
Foreign exchange swaps contracts	<u>-</u>	<u>47,543</u>
	<b><u>\$ -</u></b>	<b><u>47,689</u></b>
<b>Non-current financial assets mandatorily measured at fair value through profit or loss:</b>		
Non-derivative financial assets:		
Fund unlisted on domestic or foreign markets	<b><u>\$ 37,965</u></b>	<b><u>48,112</u></b>
<b>Held-for-trading financial liabilities:</b>		
Derivative instruments not used for hedging:		
Foreign exchange forward contracts	<b><u>\$ -</u></b>	<b><u>14,884</u></b>

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group uses derivative financial instruments to hedge the certain foreign exchange risk the Group is exposed to, arising from its operating activities. As of December 31, 2024, there were no outstanding derivative instruments without the application of hedge accounting. As of December 31, 2023, the derivative instruments, without the application of hedge accounting, classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities were as follows:

<b>December 31, 2023</b>			
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Derivative financial assets:</b>			
<b>Forward contracts:</b>			
Foreign exchange forward	USD 3,609	Buy USD / INR	January 30, 2024
<b>Swap contracts:</b>			
Foreign exchange swaps	USD 70,000	B/S USD / TWD	January 26, 2024~ March 28, 2024
<b>Derivative financial liabilities:</b>			
<b>Forward contracts:</b>			
Foreign exchange forward	EUR 17,000	Sell EUR / USD	January 12, 2024~ April 12, 2024
Foreign exchange forward	USD 3,595	Buy USD / INR	January 12, 2024

Please refer to note (6)(y) for the exposure to credit risk of the financial instruments.

As of December 31, 2024 and 2023, the Group did not provide any aforementioned financial assets as collaterals.

(c) Financial assets at fair value through other comprehensive income

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>Equity investments at fair value through other comprehensive income:</b>		
Stock unlisted on domestic markets	<b>\$ 19,437</b>	<b>35,442</b>

- (i) For the years ended December 31, 2024 and 2023, unrealized (losses) gains from above-mentioned equity investments measured at fair value were \$(16,005) and \$(10,708), respectively, recognized under other comprehensive income.
- (ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the years ended December 31, 2024 and 2023.
- (iii) Please refer to note (6)(y) for the information of market risk.
- (iv) The Group did not provide any aforementioned financial assets as collaterals.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Financial assets and liabilities used for hedging

(i) Financial assets and liabilities used for hedging were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<b>Cash flow hedge:</b>		
Financial liabilities used for hedging:		
Foreign exchange forward contracts	\$ <u>-</u>	<u>14,246</u>

(ii) Cash flow hedge—foreign exchange risk

The strategy of the Group is to enter into foreign exchange forward contracts to hedge its foreign currency exposure risk in relation to the forecast sales.

As of December 31, 2024, the Group did not engage in derivative instruments for cash flow hedge. As of December 31, 2023, the amounts relating to the items designated as hedging instruments were as follows:

		<u>December 31, 2023</u>			
		<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Average strike price</u>
<b>Derivative financial liabilities used for hedging</b>					
<b>Forward contracts:</b>					
Foreign exchange forward	EUR 32,000	Sell EUR / USD	January 30, 2024~ June 27, 2024	1.0960	

(iii) Adjustments on reclassification from components of other comprehensive income

For the years ended December 31, 2024 and 2023, the details of adjustments on reclassification from components of other comprehensive income were as follows:

	<u>2024</u>	<u>2023</u>
<b>Cash flow hedge:</b>		
Gains (losses) in current period	\$ 30,315	(8,754)
Less: Gains (losses) of adjustments on reclassification from components of other comprehensive income which belongs to net income	<u>16,069</u>	<u>(42,317)</u>
Net gains recognized in other comprehensive income	<u>\$ 14,246</u>	<u>33,563</u>

(iv) For the years ended December 31, 2024 and 2023, the ineffective portions of cash flow hedge in profit or loss at fair value amounted to \$0 and \$944, respectively, were recognized as “Gains (losses) on financial assets (liabilities) at fair value through profit or loss”.

(v) For the years ended December 31, 2024 and 2023, gains or losses of adjustments from reclassification of other equity interest, deriving from the changes of fair value for hedge instruments, were recognized under operating revenues in the statements of comprehensive income.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(e) Financial assets at amortized cost

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Time deposits with original maturity of more than three months	<b>\$ <u>5,103,852</u></b>	<b><u>-</u></b>

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

The ranges of interest rates for aforementioned financial assets were 1.635%~1.800% for the year ended December 31, 2024.

As of December 31, 2024, the Group did not provide any financial assets at amortized cost as collaterals.

(f) Accounts receivable

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Accounts receivable – measured at amortized cost	4,550,545	7,626,824
Accounts receivable – fair value through other comprehensive income	<u>726,088</u>	<u>2,200,068</u>
	5,276,633	9,826,892
Less: allowance for uncollectible accounts	<u>(31,503)</u>	<u>(41,153)</u>
	<b><u>\$ 5,245,130</u></b>	<b><u>9,785,739</u></b>

The Group has assessed a portion of its accounts receivable that were held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; therefore, such accounts receivable were measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including historical credit losses experience and macroeconomic. The expected credit losses of the Group as of December 31, 2024 and 2023 were determined as follows:

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>December 31, 2024</b>				
<b>Credit rating</b>	<b>Gross carrying amount</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit impaired</b>
Level A	\$ 1,736,227	0%	-	No
Level B	2,780,528	0.1%	2,781	No
Level C	738,542	1%	7,386	No
Level D	-	5%	-	-
Level E	21,336	100%	21,336	Yes
Total	<u><u>\$ 5,276,633</u></u>		<u><u>31,503</u></u>	

  

<b>December 31, 2023</b>				
<b>Credit rating</b>	<b>Gross carrying amount</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit impaired</b>
Level A	\$ 3,377,894	0%	-	No
Level B	4,778,380	0.1%	4,832	No
Level C	1,650,599	1%	16,302	No
Level D	-	5%	-	-
Level E	20,019	100%	20,019	Yes
Total	<u><u>\$ 9,826,892</u></u>		<u><u>41,153</u></u>	

The aging analysis of accounts receivable were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Not overdue	\$ 4,955,143	8,476,252
Overdue 1~30 days	298,067	888,371
Overdue 31~60 days	15	186,974
Overdue 61~90 days	1,714	11,427
Overdue 91~180 days	358	205,969
Overdue over 181 days	21,336	57,899
	<u><u>\$ 5,276,633</u></u>	<u><u>9,826,892</u></u>

The movement of allowance for uncollectible accounts receivable were as follows:

	<b>2024</b>	<b>2023</b>
Balance at beginning	\$ 41,153	44,598
Reversal of impairment loss	(9,650)	(3,445)
Balance at ending	<u><u>\$ 31,503</u></u>	<u><u>41,153</u></u>

As of December 31, 2024 and 2023, the Group did not provide any aforementioned accounts receivable as collaterals.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group entered into accounts receivable factoring agreements with banks. Based on the agreements, the Group is not responsible for guaranteeing the ability of the accounts receivable of the obligor to make payment when it is affected by credit risk. Thus, this is deemed as a non-recourse accounts receivable factoring. After the transfer of the accounts receivable, the Group can request for the partial advances as stipulated in the agreements, while the interest calculated at an agreed rate during the period from the date of transfer until the accounts receivable collected is paid to the bank. The remaining amount without advance are received when the accounts receivable are paid by the customers.

As of December 31, 2024 and 2023, the Group has not factored accounts receivable.

(g) Inventories

(i) A summary of the Group's inventories were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Raw materials	\$ 3,466,936	3,205,353
Work in progress and semi-finished goods	392,893	444,098
Finished goods	<u>7,278,027</u>	<u>8,727,776</u>
	<b><u>\$ 11,137,856</u></b>	<b><u>12,377,227</u></b>

(ii) The details of operating costs for the years ended December 31, 2024 and 2023 were as follows:

	<b>2024</b>	<b>2023</b>
Cost of sales and expenses	\$ 41,522,909	43,463,916
Provision for inventory valuation and obsolescence loss	<u>28,582</u>	<u>308,924</u>
	<b><u>\$ 41,551,491</u></b>	<b><u>43,772,840</u></b>

(iii) As of December 31, 2024 and 2023, the Group did not provide any inventories as collaterals.

(h) Investments accounted for using equity method

A summary of the Group's financial information for equity-accounted investees at the reporting date were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Associates	<b><u>\$ 200,175</u></b>	<b><u>232,347</u></b>

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (i) Aggregate financial information of the Group's equity-accounted associates that are individually insignificant which included in the consolidated financial statements are summarized as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Aggregate carrying amount of the Group's associates that are individually insignificant	\$ <b><u>200,175</u></b>	<b><u>232,347</u></b>
	<b><u>2024</u></b>	<b><u>2023</u></b>
Share of associates attributed to the Group were as follows:		
Net loss from continuing operations	(31,950)	(66,956)
Other comprehensive income	<u>-</u>	<u>79</u>
Total comprehensive loss	<b><u>(31,950)</u></b>	<b><u>(66,877)</u></b>

- (ii) The effects of changes in the equity of the aforementioned subsidiaries on equity attribute to owners of parent are as follows:

	<b>2024</b>	<b>2023</b>
	\$ <b><u>(222)</u></b>	<b><u>960</u></b>

- (iii) As of December 31, 2024 and 2023, the Group did not provide any investment accounted for using equity method as collaterals.

- (i) Loss of control in subsidiaries

Tatung Technology of Japan Co., Ltd.(“ TTJC” ) had completed its dissolution and liquidation process on November 27, 2024 and it was no longer comprised in consolidation since liquidation date.

The Group derecognized the assets, liabilities and the related equity components of TTJC, resulting in the loss on disposal of \$988, which was recognized under Other gains or losses.

The carrying amount of assets and liabilities of TTJC on the date of disposal were as follows:

Other current assets	\$ 2,165
Other current liabilities	<u>-</u>
Carrying amount of net assets	<b><u>\$ 2,165</u></b>

(Continued)



**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(j) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the years ended December 31, 2024 and 2023 were as follows:

	Land	Buildings and construction	Machinery and equipment	Research and development equipment	Modeling equipment	Leasehold improvement and other equipment	Construction in progress and prepayment for purchase of equipment	Total
<b>Cost or deemed cost:</b>								
Balance at January 1, 2024	\$ 878,978	2,969,371	3,081,137	770,250	184,105	570,785	116,286	8,570,912
Additions	-	-	225,301	70,004	59,067	39,152	547,770	941,294
Reclassifications	-	108,253	1,662	25,513	-	-	(138,509)	(3,081)
Disposals and derecognitions	-	-	(263,654)	(23,139)	(40,328)	(111,691)	(1,334)	(440,146)
Effect of movements in exchange rates	-	142,932	112,712	8	490	8,626	2,716	267,484
Balance at December 31, 2024	<u>\$ 878,978</u>	<u>3,220,556</u>	<u>3,157,158</u>	<u>842,636</u>	<u>203,334</u>	<u>506,872</u>	<u>526,929</u>	<u>9,336,463</u>
Balance at January 1, 2023	\$ 878,978	1,610,550	3,339,657	716,765	243,435	496,364	696,813	7,982,562
Additions	-	20,686	163,530	91,294	72,990	33,199	890,854	1,272,553
Reclassifications	-	1,358,178	46,033	3,338	-	59,664	(1,480,225)	(13,012)
Disposals and derecognitions	-	-	(409,235)	(41,142)	(131,701)	(14,347)	-	(596,425)
Effect of movements in exchange rates	-	(20,043)	(58,848)	(5)	(619)	(4,095)	8,844	(74,766)
Balance at December 31, 2023	<u>\$ 878,978</u>	<u>2,969,371</u>	<u>3,081,137</u>	<u>770,250</u>	<u>184,105</u>	<u>570,785</u>	<u>116,286</u>	<u>8,570,912</u>
<b>Depreciation:</b>								
Balance at January 1, 2024	\$ -	233,959	1,956,850	477,460	94,592	368,656	-	3,131,517
Depreciation for the period	-	122,524	367,498	90,317	47,488	80,687	-	708,514
Disposals and derecognitions	-	-	(260,172)	(22,074)	(40,328)	(107,565)	-	(430,139)
Effect of movements in exchange rates	-	7,659	51,222	8	356	1,004	-	60,249
Balance at December 31, 2024	<u>\$ -</u>	<u>364,142</u>	<u>2,115,398</u>	<u>545,711</u>	<u>102,108</u>	<u>342,782</u>	<u>-</u>	<u>3,470,141</u>
Balance at January 1, 2023	\$ -	165,507	1,959,147	439,066	197,233	314,541	-	3,075,494
Depreciation for the period	-	69,220	439,853	79,054	29,354	70,259	-	687,740
Disposals and derecognitions	-	-	(398,240)	(40,656)	(131,699)	(14,267)	-	(584,862)
Effect of movements in exchange rates	-	(768)	(43,910)	(4)	(296)	(1,877)	-	(46,855)
Balance at December 31, 2023	<u>\$ -</u>	<u>233,959</u>	<u>1,956,850</u>	<u>477,460</u>	<u>94,592</u>	<u>368,656</u>	<u>-</u>	<u>3,131,517</u>
<b>Carrying amounts:</b>								
Balance at December 31, 2024	<u>\$ 878,978</u>	<u>2,856,414</u>	<u>1,041,760</u>	<u>296,925</u>	<u>101,226</u>	<u>164,090</u>	<u>526,929</u>	<u>5,866,322</u>
Balance at January 1, 2023	<u>\$ 878,978</u>	<u>1,445,043</u>	<u>1,380,510</u>	<u>277,699</u>	<u>46,202</u>	<u>181,823</u>	<u>696,813</u>	<u>4,907,068</u>
Balance at December 31, 2023	<u>\$ 878,978</u>	<u>2,735,412</u>	<u>1,124,287</u>	<u>292,790</u>	<u>89,513</u>	<u>202,129</u>	<u>116,286</u>	<u>5,439,395</u>

As of December 31, 2024 and 2023, the Group did not provide any property, plant and equipment as collaterals.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(k) Right-of-use assets

The Group leases land, buildings and vehicles, recognizing as right-of-use assets. The cost and depreciation of the right-of-use assets of the Group for the years ended December 31, 2024 and 2023 were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Vehicles and other</u>	<u>Total</u>
Cost:				
Balance at January 1, 2024	\$ 330,242	358,769	21,987	710,998
Additions	-	16,616	3,984	20,600
Disposal and derecognition	-	(311,246)	(14,121)	(325,367)
Effect of movements in exchange rates	<u>21,725</u>	<u>2,414</u>	<u>(34)</u>	<u>24,105</u>
Balance at December 31, 2024	<u><b>\$ 351,967</b></u>	<u><b>66,553</b></u>	<u><b>11,816</b></u>	<u><b>430,336</b></u>
Balance at January 1, 2023	\$ 330,296	345,101	26,127	701,524
Additions	-	55,512	-	55,512
Disposal and derecognition	-	(39,834)	(4,068)	(43,902)
Effect of movements in exchange rates	<u>(54)</u>	<u>(2,010)</u>	<u>(72)</u>	<u>(2,136)</u>
Balance at December 31, 2023	<u><b>\$ 330,242</b></u>	<u><b>358,769</b></u>	<u><b>21,987</b></u>	<u><b>710,998</b></u>
Depreciation:				
Balance at January 1, 2024	\$ 27,770	221,934	16,679	266,383
Depreciation for the period	7,577	46,774	5,364	59,715
Disposal and derecognition	-	(243,204)	(13,267)	(256,471)
Effect of movements in exchange rates	<u>1,973</u>	<u>196</u>	<u>(33)</u>	<u>2,136</u>
Balance at December 31, 2024	<u><b>\$ 37,320</b></u>	<u><b>25,700</b></u>	<u><b>8,743</b></u>	<u><b>71,763</b></u>
Balance at January 1, 2023	\$ 20,529	176,215	11,971	208,715
Depreciation for the period	7,351	83,372	8,869	99,592
Disposal and derecognition	-	(35,171)	(4,068)	(39,239)
Effect of movements in exchange rates	<u>(110)</u>	<u>(2,482)</u>	<u>(93)</u>	<u>(2,685)</u>
Balance at December 31, 2023	<u><b>\$ 27,770</b></u>	<u><b>221,934</b></u>	<u><b>16,679</b></u>	<u><b>266,383</b></u>
Carrying amount:				
Balance on December 31, 2024	<u><b>\$ 314,647</b></u>	<u><b>40,853</b></u>	<u><b>3,073</b></u>	<u><b>358,573</b></u>
Balance at January 1, 2023	<u><b>\$ 309,767</b></u>	<u><b>168,886</b></u>	<u><b>14,156</b></u>	<u><b>492,809</b></u>
Balance at December 31, 2023	<u><b>\$ 302,472</b></u>	<u><b>136,835</b></u>	<u><b>5,308</b></u>	<u><b>444,615</b></u>

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(l) Intangible assets

The cost and amortization of intangible assets of the Group for the years ended December 31, 2024 and 2023 were as follows:

	<u>Goodwill</u>	<u>Authorization fee</u>	<u>Copyright</u>	<u>Computer software and others</u>	<u>Total</u>
<b>Cost:</b>					
Balance at January 1, 2024	\$ 6,556	87,417	18,496	190,229	302,698
Additions	-	-	-	40,207	40,207
Reductions	-	(20,000)	-	(40,509)	(60,509)
Effect of movements in exchange rates	-	-	-	91	91
Balance at December 31, 2024	<u>\$ 6,556</u>	<u>67,417</u>	<u>18,496</u>	<u>190,018</u>	<u>282,487</u>
Balance at January 1, 2023	\$ 6,556	87,417	18,496	195,045	307,514
Additions	-	-	-	27,862	27,862
Reductions	-	-	-	(32,328)	(32,328)
Effect of movements in exchange rates	-	-	-	(350)	(350)
Balance at December 31, 2023	<u>\$ 6,556</u>	<u>87,417</u>	<u>18,496</u>	<u>190,229</u>	<u>302,698</u>
<b>Amortization:</b>					
Balance at January 1, 2024	\$ -	85,378	18,496	132,909	236,783
Amortization for the period	-	1,650	-	52,286	53,936
Reductions	-	(20,000)	-	(40,509)	(60,509)
Effects of movements in exchange rates	-	-	-	89	89
Balance at December 31, 2024	<u>\$ -</u>	<u>67,028</u>	<u>18,496</u>	<u>144,775</u>	<u>230,299</u>
Balance at January 1, 2023	\$ -	82,895	18,496	112,844	214,235
Amortization for the period	-	2,483	-	52,687	55,170
Reductions	-	-	-	(32,276)	(32,276)
Effects of movements in exchange rates	-	-	-	(346)	(346)
Balance at December 31, 2023	<u>\$ -</u>	<u>85,378</u>	<u>18,496</u>	<u>132,909</u>	<u>236,783</u>
<b>Carrying amounts:</b>					
Balance at December 31, 2024	<u>\$ 6,556</u>	<u>389</u>	<u>-</u>	<u>45,243</u>	<u>52,188</u>
Balance at January 1, 2023	<u>\$ 6,556</u>	<u>4,522</u>	<u>-</u>	<u>82,201</u>	<u>93,279</u>
Balance at December 31, 2023	<u>\$ 6,556</u>	<u>2,039</u>	<u>-</u>	<u>57,320</u>	<u>65,915</u>

As of December 31, 2024 and 2023, the Group did not provide any intangible assets as collaterals.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) Short-term borrowings

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Unsecured bank borrowings	<u>\$ 1,181,255</u>	<u>1,375,458</u>
Unused credit lines for short-term borrowings	<u>\$ 17,025,248</u>	<u>16,127,194</u>
Range of interest rates	<u>3.58%~4.70%</u>	<u>1.77%~5.95%</u>

For the information of the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(y).

(n) Other payables

The details of other payables were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Payable for salaries, bonuses and employee's compensation	\$ 1,386,017	1,294,661
Payable for import and export expenses and freight charges	1,147,617	1,094,296
Payable for service fees	175,183	243,786
Others	<u>3,830,329</u>	<u>3,808,965</u>
Total	<u>\$ 6,539,146</u>	<u>6,441,708</u>

(o) Other current liabilities

The details of other current liabilities were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Temporary receipts–Non-Recurring Engineering revenue and collection on behalf of others	\$ 921,152	591,340
Others	<u>363,476</u>	<u>28,964</u>
	<u>\$ 1,284,628</u>	<u>620,304</u>

(p) Long-term borrowings (including current portion)

The details of long-term borrowings were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Unsecured bank borrowings	\$ -	476,060
Less: current portion	<u>-</u>	<u>476,060</u>
Total	<u>\$ -</u>	<u>-</u>
Unused credit lines for long-term borrowings	<u>\$ -</u>	<u>1,117,310</u>
Range of interest rates	<u>-</u>	<u>2.80%~5.28%</u>

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (i) As of December 31, 2023, the long-term borrowings of the Group amounted to \$476,060 thousand (RMB 109,957 thousand), with a maturity date in May 2024.
- (ii) The Group did not provide any assets pledged as collaterals for the long-term borrowings.
- (iii) For the information of the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(y).

(q) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Current	\$ <u>23,280</u>	<u>98,234</u>
Non-current	\$ <u>17,015</u>	<u>51,541</u>

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

The amounts recognized in profit or loss were as follows:

	<b>2024</b>	<b>2023</b>
Interest expense on lease liabilities	\$ <u>2,763</u>	<u>6,496</u>
Expenses relating to short-term leases	\$ <u>14,969</u>	<u>19,544</u>

The amounts recognized in the consolidated statements of cash flows for the Group were as follows:

	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	\$ <u>64,124</u>	<u>119,109</u>

(i) Land, buildings, office and vehicles leases

The Group leases buildings, office and vehicles with lease terms ranging from 1 to 5 years, and the right-of-use for land has a term of 45 years.

(ii) Other leases

The Group leases parts of offices and vehicles with lease terms of 1 year. The Group has elected not to recognize right-of-use assets and lease liabilities for these short-term leases.

(r) Provisions- current

	<b>Warranties</b>
Balance at January 1, 2024	\$ 698,887
Provisions made during the period	199,461
Provisions used during the period	<u>(209,627)</u>
Balance at December 31, 2024	<u>\$ 688,721</u>

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Warranties</b>
Balance at January 1, 2023	\$ 609,995
Provisions made during the period	408,981
Provisions used during the period	(318,654)
Provision reversed during the period	(1,435)
Balance at December 31, 2023	<u><u>\$ 698,887</u></u>

Provisions for warranty is related to sales of products and being assessed based on the historical experience of similar products or services and customer feedback.

(s) Employee benefits

(i) Defined benefit plans

Reconciliation of the present value of the defined benefit obligations and the fair value of plan assets for the Company were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Present value of defined benefit obligations	\$ 195,951	214,688
Fair value of plan assets	(154,626)	(141,037)
Net defined benefit liabilities	<u><u>\$ 41,325</u></u>	<u><u>73,651</u></u>

The Company makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The plans (cover by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). With regard to the utilization of the funds, minimum earnings in the annual distributions shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$154,626 as of the reporting date. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations of the Company for the years ended December 31, 2024 and 2023 were as follows:

	<b>2024</b>	<b>2023</b>
Defined benefit obligations at January 1	\$ 214,688	214,762
Current service costs and interest	3,650	3,990
Remeasurement of net defined benefit liabilities	(17,770)	2,194
Benefit paid by the plan	(4,617)	(6,258)
Defined benefit obligations at December 31	<u><u>\$ 195,951</u></u>	<u><u>214,688</u></u>

3) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company for the years ended December 31, 2024 and 2023 were as follows:

	<b>2024</b>	<b>2023</b>
Fair value of plan assets at January 1	\$ 141,037	140,339
Contributions paid by the employer	3,839	3,973
Expected return on plan assets	2,045	2,224
Remeasurement of net defined benefit assets	12,322	759
Benefit paid by the plan	(4,617)	(6,258)
Fair value of plan assets at December 31	<u><u>\$ 154,626</u></u>	<u><u>141,037</u></u>
Actual return on plan assets	<u><u>\$ 14,367</u></u>	<u><u>2,983</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Company for the years ended December 31, 2024 and 2023 were as follows:

	<b>2024</b>	<b>2023</b>
Current service costs	\$ 440	499
Net interest on the net defined benefit liabilities	3,210	3,491
Expected return on plan assets	(2,045)	(2,224)
	<u><u>\$ 1,605</u></u>	<u><u>1,766</u></u>
Operating costs	\$ 179	181
Selling expenses	191	234
Administrative expenses	257	335
Research and development expenses	978	1,016
	<u><u>\$ 1,605</u></u>	<u><u>1,766</u></u>

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

5) Remeasurements of net defined benefit plans recognized in other comprehensive income

The Company's actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2024 and 2023, were as follows:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Cumulative amount at January 1	\$ 53,345	51,910
Recognized for the period	<u>(30,092)</u>	<u>1,435</u>
Cumulative amount at December 31 (in unappropriated retained earnings)	<u><b>\$ 23,253</b></u>	<u><b>53,345</b></u>

6) Actuarial assumptions

a) The following are the Company's principal actuarial assumptions of the present value of the defined benefit obligation at the reporting date:

i) Actuarial valuation for present value of defined benefit obligations as of December 31, 2024 and 2023.

	<u><b>December 31, 2024</b></u>	<u><b>December 31, 2023</b></u>
Discount rate	2.000 %	1.625 %
Future salary increasing rate	2.500 %	3.000 %

ii) Actuarial valuation for defined benefit plans cost for the years ended December 31, 2024 and 2023:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Discount rate	1.625 %	1.750 %
Future salary increasing rate	3.000 %	3.000 %

The company expects to make a contribution of \$3,851 to the defined benefit plans within one year period after the reporting date in 2024.

The weighted-average duration of the defined benefit obligation is 11.69 years.

(Continued)



**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

7) Sensitivity analysis

If the main actuarial assumptions as of December 31, 2024 and 2023 had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Impact on the defined benefit obligation</b>	
	<b>Increased 0.25%</b>	<b>Decreased 0.25%</b>
December 31, 2024		
Discount rate	(3,359)	3,475
Future salary increasing rate	3,373	(3,286)
December 31, 2023		
Discount rate	(3,536)	5,133
Future salary increasing rate	4,972	(3,405)

Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation on the net defined benefit liabilities in the balance sheets.

The method and assumptions used in the preparation of sensitivity analysis is consistent with prior period.

- 8) The payments of retirement benefits to the employees who met the requirements from Bank of Taiwan labor pension reserve account made by the Company were amounted to \$4,617 and \$6,258 for the years ended December 31, 2024 and 2023, respectively.

(ii) Defined contribution plans

The Company and all subsidiaries in domestic contribute 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group contributes the labor pension at a specific percentage to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company and all subsidiaries in domestic recognized the pension costs under the defined contribution method amounting to \$55,552 and \$54,582 for the years ended December 31, 2024 and 2023, respectively. Payment was contributed to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expense, basic endowment insurance expense, and social welfare expenses amounting to \$42,074 and \$55,998 for the years ended December 31, 2024 and 2023, respectively.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(t) Income taxes

(i) Income tax expense

The amount of income tax expense (benefit) for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Current tax expense		
Recognized during the period	\$ 741,824	955,943
Additional tax on undistributed earnings	42,878	44,277
Adjustment for prior periods	<u>76,935</u>	<u>154,230</u>
	<u>861,637</u>	<u>1,154,450</u>
Deferred tax income		
Reversal of temporary differences	<u>(63,754)</u>	<u>(344,063)</u>
Income tax expense	<u><u>\$ 797,883</u></u>	<u><u>810,387</u></u>

The amount of income tax expense(benefit) recognized in other comprehensive income for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Exchange differences on translation of foreign financial statements	\$ -	(2,063)
Gains (losses) on remeasurement of defined benefit plans	6,018	(287)
Gain on hedging instrument	<u>2,850</u>	<u>6,712</u>
	<u><u>\$ 8,868</u></u>	<u><u>4,362</u></u>

Reconciliation of income tax expense and income before tax for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Income before tax	\$ <u>3,277,400</u>	<u>3,199,993</u>
Income tax at the Company's domestic tax rate	758,287	694,075
Effect of different tax rates in foreign jurisdictions	(6,946)	(6,217)
Tax-exempt loss from investment	14,567	35,751
Foreign dividend income	-	9,674
Changes in unrecognized temporary differences	(23,581)	(19,251)
Adjustment for prior periods	76,935	40,213
Additional tax on undistributed earnings	42,878	44,277
Tax credit of investment	(95,000)	(95,000)
Others	<u>30,743</u>	<u>106,865</u>
	<u><u>\$ 797,883</u></u>	<u><u>810,387</u></u>

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities:

As of December 31, 2024 and 2023, since the Group was able to control the timing of the reversal of the temporary differences associated with investments in overseas subsidiaries, and the management considered it is probable that the temporary differences which are not expected to reverse in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities. Details were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
The temporary differences associated with investments in overseas subsidiaries	<b>\$ 1,015,296</b>	<b>802,283</b>
Unrecognized deferred tax liabilities	<b>\$ 203,059</b>	<b>160,457</b>

2) Unrecognized deferred tax assets:

Details of unrecognized deferred tax assets were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Tax effect of deductible temporary differences	\$ 500,558	446,851
Tax effect of loss carryforward	237,471	167,626
	<b>\$ 738,029</b>	<b>614,477</b>

The Group assesses and considers that part of the income tax deductible items may be unrealized, therefore the Group do not recognize them as deferred tax assets. In addition, according to ROC Income Tax Act, the loss carry-forward can be deducted from the net profit of the current year within the period specified by the law, as approved by the ROC tax authorities. The items are not recognized as deferred income tax assets due to the fact that the Group may not have sufficient taxable income in the future for the usage of these temporary differences.

As of December 31, 2024, the tax effects on loss carryforward that have not been recognized as deferred tax assets were as follows:

<b>Year of loss</b>	<b>Expiry year</b>	<b>Deductible amount</b>
2020 (filed)	2025	\$ 20,810
2020 (examined)	2030	77,459
2021 (filed)	2026	128,341
2021 (examined)	2031	47,904
2022 (filed)	2027	348,108
2022 (examined)	2032	98,885
2023 (filed)	2028	104,136
2023 (filed)	2033	38,295
2023 (estimated)	2029	4,884
2023 (estimated)	2034	166,965
		<b>\$ 1,035,787</b>

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2024 and 2023 were as follows:

	Defined benefit plans	Exchange difference on translation of foreign financial statements	Loss on inventory valuation	Unrealized exchange losses	Unrealized gross profit from sales	Others	Total
Deferred tax assets:							
Balance at January 1, 2024	\$ 10,665	66,130	258,272	7,006	21,498	448,399	811,970
Recognized in profit or loss	-	-	12,032	25,671	9,751	9,242	56,696
Recognized in other comprehensive income	(6,018)	-	-	-	-	(2,850)	(8,868)
Balance at December 31, 2024	<u>\$ 4,647</u>	<u>66,130</u>	<u>270,304</u>	<u>32,677</u>	<u>31,249</u>	<u>454,791</u>	<u>859,798</u>
Balance at January 1, 2023	\$ 10,378	64,067	197,658	-	20,374	198,914	491,391
Recognized in profit or loss	-	-	60,614	7,006	1,124	256,197	324,941
Recognized in other comprehensive income	287	2,063	-	-	-	(6,712)	(4,362)
Balance at December 31, 2023	<u>\$ 10,665</u>	<u>66,130</u>	<u>258,272</u>	<u>7,006</u>	<u>21,498</u>	<u>448,399</u>	<u>811,970</u>
<b>Others</b>							
Deferred tax liabilities:							
Balance at January 1, 2024	\$	7,099					
Recognized in profit or loss		(7,058)					
Balance at December 31, 2024	<u>\$</u>	<u>41</u>					
Balance at January 1, 2023	\$	26,221					
Recognized in profit or loss		(19,122)					
Balance at December 31, 2023	<u>\$</u>	<u>7,099</u>					

(iii) Examination and approval

The ROC tax authorities has examined the income tax returns of the Company, ZHI-BAO and TTI through 2022. The relevant differences of examination have been reflected as income tax adjustments in the year of determination.

(iv) Global minimum top-up tax

Some of the Group's operating regions have enacted a new global minimum top-up tax law. The Group is closely monitoring the legislative progress for the introduction of the global minimum top-up tax in each of the regions which the Group operates. As of December 31, 2024, the application of this new tax law was assessed to have no significant impact on the Group.

The Group recognizes any supplemental tax incurred as current income tax expense. However, the deferred income tax relating to supplemental tax is subject to a temporary mandatory exemption. Please refer to note 4(q) for further details on the accounting policy.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(u) Capital and other equities

(i) Ordinary shares

As of December 31, 2024 and 2023, the authorized ordinary shares were both \$3,000,000, of which 220,354 thousand shares were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2024 and 2023 were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Additional paid-in capital — premium	\$ 3,640,910	3,861,264
Difference between consideration and carry amount arising from acquisition or disposal of subsidiaries	3,698	3,698
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	6,790	7,012
Expired stock options	361	361
	<b><u>\$ 3,651,759</u></b>	<b><u>3,872,335</u></b>

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus generated from premium on issuance of capital stock and earnings from donation can be used to increase the common stock or be distributed as cash dividends in proportion to the shareholders' original shareholdings. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus used for capital increase per annum should not exceed 10% of the paid-in capital.

The Company's Board of Directors meeting held on February 22, 2024 and March 14, 2023, approved to distribute the cash dividends of \$220,354 (TWD1 per share) from capital surplus. The related information can be accessed through the Market Observation Post System website.

The Company's Board of Directors meeting held on February 26, 2025, approved to distribute the cash dividends of \$220,354 (TWD1 per share) from capital surplus. The related information can be accessed through the Market Observation Post System website after the meeting.

(iii) Retained earnings

According to the Company's Articles of Incorporation, if the Company makes earnings in a fiscal year, after all tax and dues have been paid and accumulated loss for previous years have been made up, shall set aside 10% of earnings as legal reserve (unless the amount of legal reserve reaches total paid-in capital), and set aside the special reserve in accordance with relevant laws and regulations. Depending on operation conditions, the board of directors shall retain an appropriate amount then propose an earnings distribution plan. According to the Company's Articles of Incorporation, the Company authorizes the board of directors to distribute dividend, bonus, capital surplus and legal reserve in whole or in part in the form of

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

cash, after a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of total number of directors, and shall report such distribution plan in the general shareholders' meeting.

The Company adheres to a stable dividend policy, and dividends distribution should be determined after considering the business environment, operating performance, financial structure. If there is any year-end retained earnings to be distributed to shareholders, the dividend and bonus shall not be lower than 30% of the net income and the cash dividends to shareholders shall not be lower than 10% of total dividends.

1) Legal reserve

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

2) Special reserve

During earnings distribution, the Company shall make a further appropriation of special reserve for the difference between the net debit balance of other shareholders' equity incurred in the current period and the existing balance of special reserve. Special reserve shall be appropriated from the sum of the current period's net income plus items other than the current period's net income that are included in the current year's unappropriated retained earnings, and the prior years' unappropriated retained earnings, for the aforementioned difference. For the cumulative net debit balance of other shareholders' equity pertaining to prior periods, special reserve shall be appropriated from the prior years' unappropriated retained earnings and shall not be available for distribution. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity may be made available for earnings distribution.

(iv) Earnings distributed

Earnings distribution for 2023 and 2022 were approved by the Board of Directors meeting held on February 22, 2024, and on March 14, 2023, respectively. The relevant dividend distribution to shareholders were as follows:

	<b>2023</b>		<b>2022</b>	
	<b>Amount per share (TWD)</b>	<b>Total amount</b>	<b>Amount per share (TWD)</b>	<b>Total amount</b>
Cash dividends distributed to ordinary shareholders	\$ 6.0	<u><u>1,322,126</u></u>	5.5	<u><u>1,211,949</u></u>

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The earnings distribution for 2024 was approved by the Board of Directors meeting held on February 26, 2025 as follows:

	<u>2024</u>	
	<u>Amount per share (TWD)</u>	<u>Total amount</u>
Cash dividends distributed to ordinary shareholders from unappropriated earnings	\$ 6.5	<u><u>1,432,303</u></u>

The related information of the earnings distribution for the year ended December 31, 2024, can be accessed through the Market Observation Post System website after the meeting.

(v) Earnings per share

The basic earnings per share and diluted earnings per share of the Group are calculated as follows:

	<u>2024</u>	<u>2023</u>
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	\$ <u>2,486,429</u>	<u>2,420,569</u>
Weighted-average number of ordinary shares (thousand shares)	<u>220,354</u>	<u>220,354</u>
Basic earnings per share (TWD)	\$ <u>11.28</u>	<u>10.98</u>
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company	\$ <u>2,486,429</u>	<u>2,420,569</u>
Weighted-average number of ordinary shares (thousand shares)	220,354	220,354
Effect of dilutive potential ordinary shares (thousand shares):		
Effect of compensation to employees	<u>2,748</u>	<u>3,239</u>
Weighted-average number of ordinary shares (thousand shares)(after adjustment of dilutive potential ordinary shares)	<u>223,102</u>	<u>223,593</u>
Diluted earnings per share (TWD)	\$ <u>11.14</u>	<u>10.83</u>

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2024</u>	<u>2023</u>
Primary geographical markets:		
America	\$ 21,067,020	22,331,104
Asia and others	14,745,526	11,394,983
Europe	<u>13,154,912</u>	<u>17,432,035</u>
	<u>\$ 48,967,458</u>	<u>51,158,122</u>

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>2024</u>	<u>2023</u>
Major products:		
Smart home solution	\$ 22,498,625	17,578,282
Mobility solution	16,128,406	16,967,127
Broadband solution	8,918,901	15,157,240
Others	<u>1,421,526</u>	<u>1,455,473</u>
	<u><b>\$ 48,967,458</b></u>	<u><b>51,158,122</b></u>

(ii) Contract balances

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Accounts receivable	\$ 5,276,633	9,826,892	10,841,313
Less: allowance for uncollectible accounts	<u>(31,503)</u>	<u>(41,153)</u>	<u>(44,598)</u>
Total	<u><b>\$ 5,245,130</b></u>	<u><b>9,785,739</b></u>	<u><b>10,796,715</b></u>
Contract liabilities - current	<u><b>\$ 2,069,927</b></u>	<u><b>351,229</b></u>	<u><b>234,715</b></u>

For the details on accounts receivable and allowance for uncollectible accounts, please refer to note (6)(f).

The change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

The amounts of revenue recognized for the years ended December 31, 2024 and 2023 that were included in the balance of contract liabilities at the beginning of the periods were \$222,498 and \$171,604, respectively.

(x) Compensation to employees and directors

Based on the Company's Articles of Incorporation, if there is any profit before tax prior to deduction of the compensation of employees and directors in a fiscal year, it shall be distributed to employees as compensation in an amount of not less than five percent (5%) and to directors as remuneration in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset its accumulated losses. Employees who are entitled to receive the above-mentioned employee compensation, in share or cash, may include the employees who serve in the subsidiaries of the Company who meet certain specific requirements.

For the years ended December 31, 2024 and 2023, the Company accrued employee compensation of \$421,162 and \$413,218, and directors' remuneration of \$22,792 and \$21,995, respectively. The estimated amounts mentioned above are based on the income before tax prior to deduction of the compensation to employees and directors of each respective ending period, multiplied by the percentage of remuneration to employees and directors, which was approved by the management of the Company. The estimations were recorded under operating expenses for 2024 and 2023. The differences between the actual amounts and the estimations recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors resolves to distribute employee compensation in the form

(Continued)



**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

of stock, the number of the shares of the employee compensation is determined based on the closing price of the day before the Board of Directors' meeting.

There is no difference between the amounts approved in the Board of Directors' meeting and those recognized in the consolidated financial statement for the year ended December 31, 2023, the related information can be accessed through the Market Observation Post System website.

(y) Financial instruments

(i) Credit risk

1) Maximum exposure to credit risk

The carrying amount of financial assets and contractual assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Since the Group has large customer bases, the Group does not concentrate on a specific customer and the sales regions are widely spread. Therefore, there should be no concern on the significant concentrations of accounts receivable credit risk. In order to mitigate accounts receivable credit risk, the Group also constantly assesses the financial status of its customers, however, it generally does not require its customers to provide any collaterals.

3) Receivable and debt securities

For credit risk exposure of accounts receivable, please refer to note (6)(f).

Other financial assets at amortized cost include other receivables, repurchase agreements and time deposits. These financial assets are considered to have low credit risk, thus, the impairment provision during the period was measured at an amount equal to 12 months expected losses. Besides, due to the counterparties of the time deposits and repurchase agreements held by the Group are financial institutions with investment grade and above credit ratings, these time deposits and repurchase agreements are considered to have low credit risk.

The movement of impairment provision for the years ended December 31, 2024 and 2023 were as follows:

	<b>Other receivables</b>
Balance at January 1, 2024	\$ 12,418
Reversal of impairment loss	(4,198)
Balance at December 31, 2024	<u>\$ 8,220</u>
Balance at January 1, 2023	\$ 528
Impairment loss recognized	11,890
Balance at December 31, 2023	<u>\$ 12,418</u>

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities. Except for lease liabilities, the amounts exclude estimated interest payments.

	Carrying amount	Contractual cash flows	Within 1 year	1 ~ 2 years	Over 2 years
<b>December 31, 2024</b>					
Non-derivative financial liabilities					
Unsecured bank loans	\$ 1,181,255	(1,181,255)	(1,181,255)	-	-
Accounts payable (including related parties)	10,682,300	(10,682,300)	(10,682,300)	-	-
Other payables	6,539,146	(6,539,146)	(6,539,146)	-	-
Lease liability—current and non-current	40,295	(41,392)	(24,149)	(16,605)	(638)
Deposits received	34,440	(34,440)	(1,374)	-	(33,066)
	<u>\$ 18,477,436</u>	<u>(18,478,533)</u>	<u>(18,428,224)</u>	<u>(16,605)</u>	<u>(33,704)</u>
<b>December 31, 2023</b>					
Non-derivative financial liabilities					
Unsecured bank loans (including short-term and long-term borrowings)	\$ 1,851,518	(1,851,518)	(1,851,518)	-	-
Accounts payable (including related parties)	12,314,903	(12,314,903)	(12,314,903)	-	-
Other payables	6,441,708	(6,441,708)	(6,441,708)	-	-
Lease liability—current and non-current	149,775	(154,086)	(101,931)	(42,851)	(9,304)
Deposits received	38,381	(38,381)	(5,962)	(1,374)	(31,045)
Derivative financial liabilities					
Other foreign exchange forward contracts:	14,884				
Outflow		(688,480)	(688,480)	-	-
Inflow		674,655	674,655	-	-
Foreign exchange forward contracts used for hedging :	14,246				
Outflow		(1,087,360)	(1,087,360)	-	-
Inflow		1,076,861	1,076,861	-	-
	<u>\$ 20,825,415</u>	<u>(20,824,920)</u>	<u>(20,740,346)</u>	<u>(44,225)</u>	<u>(40,349)</u>

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Market risk

1) Exposure to foreign currency risk

The Group's significant exposure to financial assets and liabilities for foreign currency risk were as follows:

Unit: thousands of foreign currency

	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	\$	711,696 USD/TWD =32.725	23,290,252	671,226 USD/TWD =30.705		20,609,994
EUR		18,615 EUR/TWD =34.13	635,330	22,723 EUR/TWD =33.980		772,128
Financial liabilities						
Monetary items						
USD		727,764 USD/TWD =32.725	23,816,077	696,440 USD/TWD =30.705		21,384,190
EUR		11,194 EUR/TWD =34.13	382,051	2,583 EUR/TWD =33.980		87,770
RMB		4,954 RMB/USD =0.137	22,210	286,729 RMB/USD =0.141		1,241,366

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, accounts payable (including related parties), long-term borrowings, and other payables that are denominated in foreign currency. The analysis assumes that all other variables remain constant. A strengthening (weakening) 5% of each foreign currency against the functional currency on December 31, 2024 and 2023 would have affected the net income before tax as follows. The analysis is performed on the same basis for both periods.

	December 31, 2024	December 31, 2023
USD (against the TWD)		
Strengthening 5%	\$ (26,291)	(38,710)
Weakening 5%	26,291	38,710
EUR (against the TWD)		
Strengthening 5%	12,664	34,218
Weakening 5%	(12,664)	(34,218)
CNY (against the USD)		
Strengthening 5%	(1,111)	(62,068)
Weakening 5%	1,111	62,068

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Exchange gains and losses of monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2024 and 2023, the net foreign exchange gains (including realized and unrealized portions) amounted to \$48,655 and \$78,521, respectively.

(iv) Interest rate analysis

The Group's risk exposure to financial assets and liabilities for interest rate were as follows:

	<b>Carrying amount</b>	
	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Fixed rate financial instrument:		
Financial assets	\$ 8,458,269	4,752,555
Financial liabilities	<u>(1,181,255)</u>	<u>(1,851,518)</u>
	<b><u>\$ 7,277,014</u></b>	<b><u>2,901,037</u></b>
Variable rate financial instrument:		
Financial assets	<b><u>\$ 4,797,193</u></b>	<b><u>3,099,700</u></b>

The following sensitivity analysis is based on the risk exposure to interest rate for the non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date were outstanding throughout the whole year. The rate of change reporting to management internally is expressed as the interest rate increase or decrease by 0.25%, which also represents management of the Group's assessment on the reasonably possible range of interest rate changes.

If the interest rate had increased or decreased by 0.25% on the reporting date, assuming all other variables factors remaining constant, the net income before tax would have increased or decreased by \$11,993 and \$7,749 for the years ended December 31, 2024 and 2023, respectively, mainly due to the Group's bank deposits with variable interest rates.

(v) Fair value

1) The categories of financial instruments and fair value

The Group's financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging and financial assets and liabilities at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities (including the information on fair value hierarchy, but excluding financial instruments not measured at fair value whose carrying amount is reasonably approximate to the fair value, and lease liabilities, since the disclosures of fair value information are not required), were as follows:

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

December 31, 2024					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 37,965	-	-	37,965	37,965
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks unlisted on domestic markets	19,437	-	-	19,437	19,437
Accounts receivable	726,088	-	726,088	-	726,088
Subtotal	745,525				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	8,156,296	-	-	-	-
Time deposits with original maturity of more than three months	5,103,852	-	-	-	-
Accounts receivable, net	4,519,042	-	-	-	-
Other receivables	1,666,047	-	-	-	-
Refundable deposits	125,229	-	-	-	-
Subtotal	19,570,466				
Total	\$ 20,353,956				
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 1,181,255	-	-	-	-
Accounts payable (including related parties)	10,682,300	-	-	-	-
Other payables	6,539,146	-	-	-	-
Lease liabilities—current and non-current	40,295	-	-	-	-
Deposits received	34,440	-	-	-	-
Total	\$ 18,477,436				

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

December 31, 2023					
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss — current and non-current</b>					
Derivative financial assets	\$ 47,689	-	47,689	-	47,689
Non-derivative financial assets mandatorily measured at fair value through profit or loss	48,112	-	-	48,112	48,112
Subtotal	95,801				
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks unlisted on domestic markets	35,442	-	-	35,442	35,442
Accounts receivable	2,200,068	-	2,200,068	-	2,200,068
Subtotal	2,235,510				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	7,856,971	-	-	-	-
Accounts receivable, net	7,585,671	-	-	-	-
Other receivables	993,854	-	-	-	-
Refundable deposits	107,270	-	-	-	-
Subtotal	16,543,766				
Total	\$ 18,875,077				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	\$ 14,884	-	14,884	-	14,884
Financial liabilities for hedging	14,246	-	14,246	-	14,246
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	1,375,458	-	-	-	-
Accounts payable (including related parties)	12,314,903	-	-	-	-
Other payables	6,441,708	-	-	-	-
Lease liabilities—current and non-current	149,775	-	-	-	-
Long-term borrowings (including current portion)	476,060	-	-	-	-
Deposits received	38,381	-	-	-	-
Subtotal	20,796,285				
Total	\$ 20,825,415				

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Fair value valuation techniques for financial instruments not measured at fair value

The Group estimates financial instruments that not measured at fair value by using methods and assumptions as follows:

a) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the most recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Fair value valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in active markets.

Fair value measured by using a valuation technique can be extrapolated from fair value of similar financial instruments, the discounted cash flow method, or other valuation technique, including a model used in calculating the observable market data at the reporting date.

The Group holds the unquoted equity investments of financial instruments without an active market. The measurement of fair value of the equity instruments is based on the Guideline Public Company method, which mainly assumes the evaluation by the price-to-book ratio of comparable public companies and by the discount for lack of marketability. The estimation has been adjusted by the effect of discount due to the lack of marketability for the equity securities.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of foreign exchange forward contracts is usually determined by using the forward exchange rate.

4) Transfers between Level 1 and Level 2

There was no transfer from Level 2 to Level 1 for the years ended December 31, 2024 and 2023.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

5) Reconciliation of Level 3 fair values

	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>
	<b>Non-derivative financial assets mandatorily measured at fair value through profit or loss</b>	<b>Unquoted equity instruments</b>
Balance at January 1, 2024	\$ 48,112	35,442
Proceeds from capital reduction of investments	(10,447)	-
Total gains and losses recognized		
In profit or loss	300	-
In other comprehensive income	-	(16,005)
Balance at December 31, 2024	<u>\$ 37,965</u>	<u>19,437</u>
Balance at January 1, 2023	\$ 46,379	46,150
Total gains and losses recognized		
In profit or loss	1,733	-
In other comprehensive income	-	(10,708)
Balance at December 31, 2023	<u>\$ 48,112</u>	<u>35,442</u>

For the years ended December 31, 2024 and 2023, total gains and losses mentioned above recognized in “gains (losses) on financial assets (liabilities) at fair value through profit or loss” and “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income” were as follows:

	<b>2024</b>	<b>2023</b>
Total gains and losses recognized:		
In profit or loss, and presented in “Gains (losses) on financial assets (liabilities) at fair value through profit or loss”	<u>\$ 300</u>	<u>1,733</u>
In other comprehensive income, and presented in “Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”	<u>\$ (16,005)</u>	<u>(10,708)</u>

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

The Group’s financial instruments that use Level 3 inputs to measure fair values include “financial assets measured at fair value through profit or loss – investments in private equity fund” and “financial assets measured at fair value through other comprehensive income – equity investments”.

(Continued)



**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Most of fair value measurements of the Group categorized as Level 3 have single and significant unobservable inputs. However, equity investments without an active market contain multiple significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market are independent from each other, as a result, there is no correlation between them.

Quantified information of significant unobservable inputs were as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value</u>
Financial assets at fair value through other comprehensive income—equity investments without an active market	Comparable market approach	<ul style="list-style-type: none"> <li>Price-to-Book ratio multiples (1.71~2.07 and 2.36~3.04 on December 31, 2024 and 2023, respectively)</li> <li>Lack-of-Marketability discount rate (30% on December 31, 2024 and 2023)</li> </ul>	<ul style="list-style-type: none"> <li>The higher the multiple is, the higher the fair value will be.</li> <li>The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.</li> </ul>
Financial assets at fair value through profit or loss—investments in private equity fund	Net asset value method	<ul style="list-style-type: none"> <li>Net asset value</li> </ul>	<ul style="list-style-type: none"> <li>Inapplicable</li> </ul>

7) Fair value measurements in Level 3 – Sensitivity analysis of reasonably possible alternative assumptions

The Group's fair value measurement on financial instruments is reasonable. However, the measurement results would be different if different valuation models or parameters are adopted. For financial instruments categorized as Level 3, if the valuation parameters changed, the impacts on other comprehensive income or loss are as follows:

	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
December 31, 2024				
Financial assets at fair value through other comprehensive income	Price-to-Book ratio multiples	5%	\$ <u><u>1,001</u></u>	<u><u>1,000</u></u>
	Lack-of-Marketability discount rate	5%	\$ <u><u>425</u></u>	<u><u>425</u></u>

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
December 31, 2023				
Financial assets at fair value through other comprehensive income	Price-to-Book ratio multiples	5%	\$ <u>1,802</u>	<u>1,811</u>
	Lack-of-Marketability discount rate	5%	\$ <u>784</u>	<u>771</u>

The favorable and unfavorable changes represent the movement of the fair value, and fair value is based on various levels of unobservable inputs calculated by using a valuation technique. If there are more than one input for the fair value of financial instrument, the analysis above only reflects the effects of changes for a single input, and it does not consider the inter-relationships and variability with another inputs.

(vi) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards No. 32 Sections 42 endorsed by the FSC which requested for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

The following tables present the aforesaid offsetting financial assets and financial liabilities.

Unit: In thousand dollars of TWD and USD

<b>December 31, 2024</b>			
<b>Financial assets/liabilities that are offset which have an exercisable master netting arrangement or similar agreement</b>			
	Gross amounts of recognized financial assets/liabilities (a)	Gross amounts of financial assets/liabilities offset in the balance sheet (b)	Net amount of financial assets/liabilities presented in the balance sheet (c)=(a)-(b)
Cash/short-term borrowings	\$ <u>401,961</u> (USD <u>12,283</u> )	<u>401,961</u> (USD <u>12,283</u> )	<u>-</u>
<b>December 31, 2023</b>			
<b>Financial assets/liabilities that are offset which have an exercisable master netting arrangement or similar agreement</b>			
	Gross amounts of recognized financial assets/liabilities (a)	Gross amounts of financial assets/liabilities offset in the balance sheet (b)	Net amount of financial assets/liabilities presented in the balance sheet (c)=(a)-(b)
Cash/short-term borrowings	\$ <u>4,694,672</u> (USD <u>152,896</u> )	<u>4,694,672</u> (USD <u>152,896</u> )	<u>-</u>

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(z) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note presents information about the Group's exposure to each of the above risk, the Group's objectives, policies and process for measuring and managing risk. For detailed quantitative information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Group's risk management policies are established for identifying and analyzing the risk that the Group confronts, determining the appropriate risk limits and controls and monitoring the compliance with the risk and risk limits. The Group reviews the risk management policies periodically to reflect the market condition and the changes of the Group's operation. The Group develops a disciplined and constructive environment and ensures that all employees understand their roles and obligations through training, management guidelines, and operating procedures.

Audit Committee of the Group oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the appropriateness of the related risk management framework. The Group's internal auditors assist the Audit Committee by conducting regular and ad hoc reviews of risk management controls and procedures, and report the findings to the Audit Committee and the Board of Directors.

(iii) Credit risk

Credit risk is the risk on the financial loss to the Group if a customer or a counterparty of financial instrument fails to meet its contractual obligations. It primarily arises from the Group's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is assessed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's assessment includes external ratings or financial statements provided by customers (internal ratings). Credit limits are established for each customer, and these limits are reviewed periodically. Customers who do not meet the standard credit rating of the Group only can make transactions by either advanced payments or obtain the approval by authorized supervisors.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group's customers are mainly from the communications industry. In order to mitigate the credit risk of accounts receivable, the Group constantly assesses the financial status of the customers, and requests the customers to provide guarantee or security if necessary. The Group regularly accesses the collectability of accounts receivable and recognizes the allowance for accounts receivable. The impairment losses are always within management's expectation.

The Group maintains the allowance for bad debt account to reflect the estimated losses for accounts receivables and other receivables. The allowance for bad debt account is based on extensive analysis for customers' creditworthiness and historical payment records.

2) Investments

The credit risk exposure for bank deposits and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transaction counterparties and the contractually obligated counterparties are creditworthy banks, financial institutes and corporate organizations with good credits and investment grade, there are no compliance issues, and therefore, no significant credit risk.

3) Guarantee

According to the Group's policy, financial guarantees may only be provided to the parties specified under the Endorsement Guarantee Guidelines. As of December 31, 2024 and December 31, 2023, the Group has not extended any endorsement guarantees to non-consolidated subsidiaries.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group manages and maintains sufficient cash and cash equivalents so as to support its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

The bank loans and borrowings constitute an important source of liquidity for the Group. As of December 31, 2024 and 2023, for the information of the unused credit lines of bank borrowings, please see notes (6)(m) and (6)(p).

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return of investment.

(Continued)

## ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

In order to manage market risk, the Group enters into derivative instrument transactions, which result in financial liabilities. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

#### 1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Group, primarily in New Taiwan Dollars. The main currency used in transaction are USD, EUR and RMB.

The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk. Most of these contracts have a maturity of less than one year from the reporting date. The forward elements of forward exchange contracts are excluded from designation as the hedging instrument and are separately accounted for as a cost of hedging, which is recognized in equity in “other equity interest – gains (losses) on hedging instruments”. The Group’s policy requires the critical terms of the forward exchange contracts to align with the hedged items.

The Group determines the existence of an economic relationship between the hedging instruments and hedged items based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group’s own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the cash flows for hedged transactions.

#### 2) Interest rate risk

The Group borrows funds at fixed and variable interest rates, resulting in exposure to the risk of changes in fair value and cash flow. Therefore, the Group manages the interest rate risks by maintaining an adequate combination of fixed and variable interest rates.

#### (aa) Capital management

The Group manages the capital based on the current operating characteristics of the industry, future development and changes in external environment to ensure there is essential financial resource and operating plan to support working capital, capital expenditures, research & development expense, debt redemption and dividend payment and so on. The management determines the optimal capital structure by using the appropriate debt-to-equity ratio. To maintain a strong capital base, the Group aims to enhance the shareholder returns on equity by optimizing the balance between debt and equity. The Group’s debt-to-equity ratios at the end of the reporting date were as follows:

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total liabilities	\$ 23,280,138	23,648,592
Total equity	16,026,676	14,900,067
Debt-to-equity ratio	145 %	159 %

As of December 31, 2024, there were no changes in the Group's approach of capital management.

(ab) Investing and financing activities not affecting cash flow

The Group's investing and financing activities which did not affect the cash flow for the years ended December 31, 2024 and 2023 were as follows:

- (i) The acquisition of right-of-use assets by lease, please see note (6)(k).
- (ii) Reconciliation of liabilities arising from financing activities were as follows:

	<b>January 1, 2024</b>	<b>Cash flows</b>	<b>Non-cash changes Other</b>	<b>December 31, 2024</b>
Short-term borrowings	\$ 1,375,458	(194,203)	-	1,181,255
Lease liabilities—current and non-current	149,775	(46,392)	(63,088)	40,295
Long-term borrowings (including current portion)	476,060	(483,767)	7,707	-
Deposits received	38,381	(4,214)	273	34,440
Total liabilities from financing activities	<u>\$ 2,039,674</u>	<u>(728,576)</u>	<u>(55,108)</u>	<u>1,255,990</u>

	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>Non-cash changes Other</b>	<b>December 31, 2023</b>
Short-term borrowings	\$ 4,386,582	(3,011,124)	-	1,375,458
Lease liabilities—current and non-current	195,745	(93,069)	47,099	149,775
Long-term borrowings (including current portion)	-	483,794	(7,734)	476,060
Deposits received	34,607	3,866	(92)	38,381
Total liabilities from financing activities	<u>\$ 4,616,934</u>	<u>(2,616,533)</u>	<u>39,273</u>	<u>2,039,674</u>

**(7) Related-party transactions:**

(a) Parent company and ultimate controlling party

Compal Electronics, Inc.(CEI) is both the parent company and the ultimate controlling party of the Group, holding 33% of outstanding ordinary shares of the Company. CEI has compiled the consolidated financial statements available for public use.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Name and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Compal Electronics, Inc.	Parent company
Compal Electronics (Vietnam) Co., Ltd. ("CVC")	The ultimate parent company is the same
Kinpo Group Management Service Company	An associate of parent company
LIZ Electronics (Nantong) Co., Ltd.	"
LIZ Electronics (Kunshan) Co., Ltd.	"
AcBel Polytech Inc.	Substantial related party

(c) Significant related party transactions

(i) Purchases of goods from related parties

The amounts of significant purchases from related parties were as follows:

	<u>2024</u>	<u>2023</u>
Parent company	\$ 62,627	1,497,276
Other related parties	<u>1,034,045</u>	<u>93,487</u>
	<u><b>\$ 1,096,672</b></u>	<u><b>1,590,763</b></u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms were 60 days to 120 days from the end of the month of delivery.

(ii) Other expenditures

The Group engaged related parties to provide technical support, professional services and other services, and the related expenses for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Parent company	\$ 267	-
Other related parties	<u>1,114</u>	<u>1,030</u>
	<u><b>\$ 1,381</b></u>	<u><b>1,030</b></u>

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Payables to related parties

The payables to related parties arising from the transactions mentioned above were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable	Parent company	\$ 37,350	685,277
Accounts payable	Other related parties	166,150	40,587
		<u>\$ 203,500</u>	<u>725,864</u>

(d) Transactions with key management personnel

Key management personnel compensation comprised:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 135,158	140,535
Post-employment benefits	1,150	1,033
	<u>\$ 136,308</u>	<u>141,568</u>

**(8) Pledged assets:**

The carrying amount of pledged assets were as follows:

<u>Assets</u>	<u>Purpose of Pleaged</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Pledged time deposits (recorded as other non-current assets)	Performance Guarantees	\$ <u>16,139</u>	<u>-</u>

**(9) Significant contingent liabilities and unrecognized commitments:**

As of December 31, 2024 and 2023, the Group has entered into agreements for the factory construction, where the amount contracted but not yet due for payments were \$751,984 and \$816,804, respectively.

**(10) Losses due to major disasters: None.**

**(11) Subsequent events: None.**

(Continued)



**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(12) Other:**

- (a) The followings are the summary statement of employee benefits, depreciation and amortization expenses by function:

By item	By function	2024			2023		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		750,885	2,043,739	2,794,624	798,581	1,983,232	2,781,813
Labor and health insurance		63,629	145,865	209,494	57,000	135,257	192,257
Pension		20,726	78,505	99,231	40,428	71,918	112,346
Others		77,436	71,400	148,836	624,718	85,321	710,039
Depreciation		591,646	176,583	768,229	621,282	166,050	787,332
Amortization		827	53,109	53,936	1,541	53,629	55,170

**(13) Other disclosure items:**

- (a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2024:

- (i) Loans to other parties:

Unit: In thousand dollars of TWD/USD

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Notes 2 & 3)	Note
													Item	Value			
0	The Company	Arcadyan do Brasil Ltda	Other receivables	Yes	65,700 (USD2,000)	-	-	5.5%	2	-	Operating demand	-	-	-	3,186,993	6,373,987	The transactions had been eliminated in the consolidated financial statements.
0	"	Arcadyan do Brasil Ltda	"	Yes	65,700 (USD2,000)	65,450 (USD2,000)	49,088 (USD1,500)	5.5%	2	-	Operating demand	-	-	-	3,186,993	6,373,987	"
0	"	Arcadyan Technology (Vietnam) Co. Ltd.	"	Yes	315,700 (USD10,000)	-	-	5.5%	1	20,878,550 (USD638,000)	-	-	-	-	3,186,993	6,373,987	"
0	"	Arcadyan Turkey Technology and Trade Joint Stock Company	"	Yes	131,400 (USD4,000)	130,900 (USD4,000)	81,813 (USD2,500)	6%	2	-	Operating demand	-	-	-	3,186,993	6,373,987	"
1	Arcadyan Holding	CNC	"	Yes	1,894,200 (USD60,000)	-	-	5.5%	2	-	Operating demand	-	-	-	2,641,844	2,641,844	"

Note 1: Number 1 represents the business relationship with the Company; number 2 represents the short-term financing facility, if necessary.

Note 2: According to the policy of the Company on Lending Funds to Other Parties, the amount of loans to others shall not exceed 40% of the net worth of the Company. To borrowers having business relationship with the Company, the total amount of loans to the borrower shall not exceed 80% of the transaction amount in the latest fiscal year or the expected amount for the current year, which shall not exceed 20% of the net worth of the Company. Also, the amount shall be combined with the Company's endorsements/guarantees for the borrower upon calculation. When a short-term financing facility is deemed necessary, only the investees of the Company are allowed to borrow. The total amount of loans to the borrower shall not exceed 20% of the net worth of the Company, and it shall be combined with the Company's endorsements/guarantees for the borrower upon calculation. Inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or to loans of fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares, shall not apply to the restriction in paragraph 1 and paragraph 3, but the aggregate total amount of loans to borrowing companies shall not exceed the net worth of the lending company.

(Continued)

## ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Note 3: According to the policy of Arcadyan Holding on Lending Funds to Others, the amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility with Arcadyan Holding is deemed necessary, only the investees of Arcadyan Holding are allowed to borrow. The total amount for lending the borrower shall not exceed its net worth, and it shall be combined with the Company's endorsements/guarantees for the borrower upon calculation.

Note 4: Except for the highest balance, all amounts have been translated into TWD using the exchange rate of USD@32.725 at the end of the reporting period.

#### (ii) Guarantees and endorsements for other parties:

Unit: In thousand dollars of TWD/USD

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Arcadyan Technology Australia Pty Ltd	100% owned subsidiary of the Company	2,124,662	246,375 (USD7,500)	245,438 (USD7,500)	-	-	1.54 %	6,373,987	Y	N	N

Note: The total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 40% of the Company's net worth. The total amount of endorsements/ guarantees the Company or the Group is permitted to make for a single company shall not exceed 1/3 of the aforementioned amount of limitation.

#### (iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Unit: In thousand dollars of TWD/thousand shares

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Highest holdings during the year		Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	Shares	Percentage of ownership (%)	
The Company	Geo Things Inc.	-	Financial assets at fair value through profit or loss-non-current	200	-	4.17 %	-	200	4.17 %	
"	AirHop Communication, Inc.	-	"	1,152	-	4.60 %	-	1,152	4.60 %	
"	Adant Technologies Inc.	-	"	349	-	4.28 %	-	349	4.93 %	
"	IOT Eye, Inc.	-	"	60	-	13.75 %	-	60	13.75 %	
"	TIEF Fund, L.P.	-	"	-	37,965	7.49 %	37,965	-	7.49 %	
"	Chimei Motor Electronic Co Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,650	19,437	5.50 %	19,437	1,650	5.50 %	
"	Golden Smart home Technology Corp.	-	"	1,229	-	1.89 %	-	1,229	1.99 %	

#### (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

#### (v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Buildings (Mechanical, electrical and AC engineering)	April 3, 2024	368,000	128,800	YI-SHENG SYSTEMS INTEGRATION CO., LTD.	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and negotiation	Operation use	None

#### (vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Accounts receivable (payable)		Note
			Purchases/ (Sales)	Amount	Percentage of total Purchases/ (Sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total Notes/Accounts Receivable (Payable)	
The Company	Arcadyan USA	Subsidiary	(Sales)	(18,125,629)	(44)%	Net 120 days from delivery	-	-	24,826	1 %	Note 3
"	Arcadyan AU	"	(Sales)	(867,914)	(2)%	Net 60 days from the end of the month of delivery	-	-	79,043	2 %	Note 3
"	Arcadyan Germany	"	(Sales)	(309,578)	(1)%	Net 150 days from delivery	-	-	155,856	4 %	Note 3
"	CNC	"	Purchases	261,051	- %	Net 120 days from delivery	According to cost plus pricing	-	(836,815)	(10)%	Notes 1、3
"	Arcadyan Vietnam	"	Purchases	6,739,286	11 %	Net 180 days from the end of the month of delivery	"	-	Note 2	- %	Notes 1、3
CNC	The Company	Parent company	(Sales)	(261,051)	(100)%	Net 120 days from delivery	According to cost plus pricing	-	836,815	100 %	Notes 1、3
Arcadyan Vietnam	The Company	Parent company	(Sales)	(6,739,286)	(100)%	Net 180 days from the end of the month of delivery	"	-	Note 2	- %	Notes 1、3
"	CVC	The ultimate parent company is the same	Purchases	993,537	3 %	Net 60 days from the end of the month of delivery	-	-	(155,566)	(1)%	-
Arcadyan USA	The Company	Parent company	Purchases	18,125,629	100 %	Net 120 days from delivery	-	-	(24,826)	(100)%	Note 3
Arcadyan AU	The Company	Parent company	Purchases	867,914	100 %	Net 60 days from the end of the month of delivery	-	-	(79,043)	(100)%	Note 3
Arcadyan Germany	The Company	Parent company	Purchases	309,578	100 %	Net 150 days from delivery	-	-	(155,856)	(100)%	Note 3

Note 1: The ending balances were derived from the net transactions on processing and sales of raw materials.

Note 2: As of December 31, 2024, the other receivables (payables) were amounted to \$1,411,290.

Note 3: The transactions had been eliminated in the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 3)	Allowance for bad debts
					Amount	Action taken		
The Company	ARC Germany	Subsidiary	155,856	1.70	-		49,095	-
"	Arcadyan Vietnam	"	1,411,290 (Note 2)	(Note 2)	-		-	-
CNC	The Company	Parent company	836,815 (Note 1)	0.14	-		-	-

Note 1: The ending balance was accounts receivable derived from processing.

Note 2: The ending balance was other receivables derived from purchasing raw materials on behalf of related parties.

Note 3: Information as of February 12, 2025.

- (ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d).

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (x) Business relationships between the parent company and subsidiaries and significant intercompany transactions:

Unit: In thousands dollars of TWD

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Arcadyan Germany	1	Operating revenues	309,578	There is no significant difference of price with non-related customers. The credit period is net 150 days from delivery.	0.63 %
"	"	"	1	Accounts receivable	155,856	"	0.40 %
"	"	Arcadyan USA	1	Operating revenues	18,125,629	There is no significant difference of price with non-related customers. The credit period is net 120 days from delivery.	37.02 %
"	"	"	1	Accounts receivable	24,826	"	0.06 %
"	"	Arcadyan AU	1	Operating revenues	867,914	There is no significant difference of price with non-related customers. The credit period is net 60 days from the end of the month of delivery.	1.77 %
"	"	"	1	Accounts receivable	79,043	"	0.20 %
"	"	Arcadyan Vietnam	1	Other receivables	1,411,290	The credit period is net 180 days from the end of the month of delivery and depends on funding demand.	3.59 %
1	CNC	The Company	2	Processing revenue	261,051	The price is based on the cost-plus markup. The credit period is net 120 days from delivery and depends on funding demand.	0.53 %
"	"	"	2	Accounts receivable	836,815	"	2.13 %
2	Arcadyan Vietnam	The Company	2	Processing revenue	6,739,286	The price is based on the cost-plus markup. The credit period is net 180 days from the end of the month of delivery and depends on funding demand.	13.76 %

Note 1: The numbers filled in as follows:

1.0 represents the parent company.

2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:

1 represents transactions between the parent company to its subsidiaries.

2 represents transactions between the subsidiaries to the parent company.

3 represents transactions between subsidiaries.

(Continued)

## ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2024 (excluding information on investees in Mainland China):

Unit: In thousand dollars of TWD and USD and thousand shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending Balance as of December 31, 2024			The highest holdings in the period		Net Income (Losses) of the Investee	Share of Income (losses) of the Investee	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value	Shares	Percentage of Ownership			
The Company	Arcadyan Holding	British Virgin Islands	Investment activities	1,701,027	1,701,027	47,780	100%	2,466,430	47,480	100 %	245,753	248,426	Notes 2、4
The Company	Arcadyan USA	USA	Selling and technical support of wireless networking products	23,055	23,055	1	100%	119,035	1	100 %	66,287	66,287	"
The Company	Arcadyan Germany	Germany	Selling and technical support of wireless networking products	1,125	1,125	0.5	100%	102,893	0.5	100 %	3,456	3,456	"
The Company	Arcadyan Korea	Korea	Selling of wireless networking products	2,879	2,879	20	100%	36,252	20	100 %	3,466	3,466	"
The Company and ZHI-BAO	Arcadyan Brasil	Brazil	Selling of wireless networking products	81,593	81,593	968	100%	(52,452)	968	100 %	(16,388)	(16,388)	"
The Company	ZHI-BAO	Hsinchu City	Investment activities	48,000	48,000	34,980	100%	313,026	34,980	100 %	(30,053)	(30,053)	"
The Company	TTI	Taipei City	Research and development, and selling digital home appliance	308,726	308,726	25,028	61%	143,702	25,028	61 %	(17,744)	(10,832)	"
The Company	Arcadyan UK	England	Technical support of wireless networking products	1,988	1,988	50	100%	6,305	50	100 %	424	424	"
The Company	Arcadyan AU	Australia	Selling of wireless networking products	1,161	1,161	50	100%	84,413	50	100 %	12,561	12,561	"
The Company	Arcadyan RU	Russia	Selling of wireless networking products	7,672	7,672	-	100%	849	-	100 %	(2,284)	(2,284)	"
The Company and ZHI-BAO	CBN	Hsinchu County	Manufacturing and selling of broadband network products	48,197	48,197	13,673	20.3%	200,175	13,673	20.3 %	(165,938)	(31,950)	Note 3
The Company and ZHI-BAO	Arcadyan India	India	Selling of wireless networking products	76,952	76,952	19,800	100%	(53,810)	19,800	100 %	(105,542)	(105,542)	Notes 2、4
The Company	Arcadyan Turkey	Turkey	Selling of wireless networking products	61,268	-	6,200	100%	59,998	6,200	100 %	2,607	2,607	Notes 2、4、5
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment activities	950,661 (USD29,050)	950,661 (USD29,050)	29,050	100%	1,988,338 (USD60,759)	29,050	100 %	298,064 (USD9,282)	Investment gain(losses) recognized by Arcadyan Holding	Notes 2、4
"	Arch Holding	British Virgin Islands	Investment activities	360,335 (USD11,011)	360,335 (USD11,011)	35	100%	602,991 (USD18,426)	35	100 %	144,311 (USD4,494)	"	"
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless networking products	949,025 (USD29,000)	949,025 (USD29,000)	-	100%	1,983,397 (USD60,608)	-	100 %	298,064 (USD9,282)	Investment gain (losses) recognized by Sinoprime	Notes 2、4
TTI	Quest	Samoa	Investment activities	39,270 (USD1,200)	39,270 (USD1,200)	1,200	100%	9,108	1,200	100 %	(1,586)	Investment gain (losses) recognized by TTI	"
TTI	TTJC	Japan	Selling of digital home appliance	-	9,626	-	-%	-	0.7	100 %	(503)	"	Notes 2、4、6
Quest	Exquisite	Samoa	Investment activities	38,288 (USD1,170)	38,288 (USD1,170)	1,170	100%	8,181 (USD250)	1,170	100 %	(1,606) (USD50)	Investment gain(losses) recognized by Quest	Notes 2、4

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rate of USD@32.112 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of USD@32.725 based on the reporting date.

Note 2: The Group has owner control.

Note 3: The Group has significant influence.

Note 4: The transactions had been eliminated in the consolidated financial statements.

Note 5: The subsidiary was incorporated on May 2, 2024.

Note 6: As of November 27, 2024, the subsidiary has completed its dissolution and liquidation process.

(Continued)

## ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(c) Information on investment in Mainland China:

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

Unit: In thousand dollars of TWD and USD

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Highest balance during the year		Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow				Shares	Percentage of ownership (%)				
SVA	Research and sale of wireless networking products	265,073 (USD8,100)	Note 1	(Note 4) 439,170 (USD13,420)	-	-	439,170 (USD13,420)	7,322 (USD228)	100%	-	100%	7,322 (USD228)	49,938 (USD1,526)	-	Note 3
CNC	Manufacturing of wireless networking products	407,426 (USD12,450)	"	(Note 5) 360,335 (USD11,011)	-	-	360,335 (USD11,011)	144,311 (USD4,494)	100%	-	100%	144,311 (USD4,494)	810,795 (USD24,776)	-	"
TCH	Manufacturing of digital home appliance products	396,136 (USD12,105)	Notes 1, 6 and 7	37,634 (USD1,150)	-	-	37,634 (USD1,150)	(4,881) (USD(152))	100%	-	100%	(4,881) (USD(152))	23,104 (USD706)	-	"

Note 1: Investment in Mainland China through companies registered in a third region.

Note 2: The amounts in New Taiwan Dollars were translated at the exchange rate of USD@32.112 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of USD@32.725 based on the reporting date.

Note 3: The amounts are according to financial statements with have been audited by parent company's independent external CPA.

Note 4: The Company paid US\$18,420 thousands and acquired 100% shares of SVA from Accton Asia through Arcadyan Holding in 2010.

Note 5: The Company paid US\$8,561 thousands and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.

Note 6: The Company's subsidiary, TTI, obtained control over TCH for USD1,150 thousands on February 28, 2013 (base date of stock transferring).

Note 7: The Company's subsidiary, TTI, increased the capital of TCH by converting its accounts receivable amounting to USD8,755 thousands on August 16, 2023.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in Mainland China by Investment Commission, MOEA
837,138 (USD25,581)	1,123,646 (USD34,336)	9,560,981

Note : The amounts in TWD were translated at the exchange rate of USD@32.725 at the reporting date.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China for the year ended December 31, 2024, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions" and "Business relationships between the parent company and subsidiaries and significant intercompany transactions".

(d) Information of major shareholders:

Unit: Share

Shareholder's Name	Shareholding	Shares Owned	Ownership Percentage
Compal Electronics, Inc.		41,304,504	18.74 %

Note: Major shareholders are the shareholders who hold 5% or more of all outstanding ordinary shares of the Company.

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information:**

The Group includes only one segment - the networking product segment, which is primarily engaged in the research, development, manufacture and sale of wireless LAN products, integrated digital and mobile multimedia products, wireless audio-visual products, and digital set-top box products. The segment information of the Group is consistent with the information in the consolidated financial statements, and please see the consolidated statement of comprehensive income for the segment profit or loss; and please see the consolidated Balance Sheets for the segment assets.

**(a) Geographic information**

Stated below are the geographic information on the Group's operating revenues presented by location of customers and non-current assets presented by location of the assets.

(i) Revenue from external customers: Please refer to note (6)(w).

(ii) Non-current assets:

<u>Country</u>	<u>2024</u>	<u>2023</u>
Vietnam	\$ 3,281,167	3,555,970
Taiwan	2,656,826	2,332,575
Others	<u>347,264</u>	<u>173,586</u>
	<u><u>\$ 6,285,257</u></u>	<u><u>6,062,131</u></u>

Non-current assets include plant, property, and equipment, intangible assets, right-of-use assets and other non-current assets, excluding deferred tax assets and financial assets.

**(b) Major customers information**

The amounts of operating revenue to individual customers representing greater than 10% of the revenue were as follows:

	<u>2024</u>	<u>2023</u>
A Customer	\$ 7,740,050	3,019,598
B Customer	5,832,391	-
L Customer	<u>2,704,234</u>	<u>8,839,883</u>
	<u><u>\$ 16,276,675</u></u>	<u><u>11,859,481</u></u>