

**ARCADYAN TECHNOLOGY CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2025 and 2024**

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

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Independent Auditors' Review Report

To the Board of Directors of Arcadyan Technology Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Arcadyan Technology Corporation and its subsidiaries as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note (4)(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$2,674,979 thousand and \$1,906,416 thousand, constituting 6% and 4% of consolidated total assets as of March 31, 2025 and 2024, respectively, total liabilities amounting to \$751,904 thousand and \$1,444,845 thousand, constituting 3% and 5% of consolidated total liabilities as of March 31, 2025 and 2024, respectively, and total comprehensive income amounting to \$(76,578) thousand and \$(11,541) thousand, constituting 11% and 2% of absolute value of the consolidated total comprehensive income for the three months ended March 31, 2025 and 2024, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Arcadyan Technology Corporation and its subsidiaries as of March 31, 2025 and 2024, and of its consolidated financial performance as well as its consolidated cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Keng-Chia Huang and Yiu-Kwan Au.

KPMG

Taipei, Taiwan (Republic of China)
May 7, 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

Consolidated Balance Sheets

March 31, 2025, December 31, 2024, and March 31, 2024

(Expressed In thousand dollars of TWD)

Assets		March 31, 2025		December 31, 2024		March 31, 2024		Liabilities and Equity		March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$ 8,528,215	20	8,156,296	22	10,583,696	25	2100	Short-term borrowings (note (6)(l))	\$ 496,508	1	1,181,255	3	959,310	2
1110	Current financial assets at fair value through profit or loss (note (6)(b))	494	-	-	-	7,107	-	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	29,402	-	-	-	5,725	-
1136	Current financial assets at amortized cost (note (6)(e))	5,214,134	12	5,103,852	13	-	-	2126	Current financial liabilities for hedging (note (6)(d))	42,761	-	-	-	-	-
1139	Current financial assets for hedging (note (6)(d))	-	-	-	-	7,235	-	2130	Current contract liabilities (note (6)(v))	1,804,013	4	2,069,927	5	266,176	1
1170	Accounts receivable, net (notes (6)(f) and (6)(v))	7,163,556	17	5,245,130	13	6,830,536	16	2171	Accounts payable (including related parties) (note (7))	14,074,427	33	10,682,300	27	15,864,836	37
1200	Other receivables (note (6)(x))	1,464,740	3	1,666,047	4	1,866,118	4	2200	Other payables (note (6)(m))	6,549,820	16	6,539,112	17	6,236,038	14
1310	Inventories, net (note (6)(g))	12,654,576	30	11,137,856	28	15,578,157	37	2216	Dividends payable	1,652,691	4	34	-	1,542,514	4
1410	Prepayments	321,777	1	383,060	1	386,908	1	2230	Current tax liabilities	934,306	2	718,060	2	1,267,287	3
1470	Other current assets	69,960	-	86,712	-	118,851	-	2250	Current provisions (note (6)(q))	705,389	2	688,721	2	722,299	2
		<u>35,417,452</u>	<u>83</u>	<u>31,778,953</u>	<u>81</u>	<u>35,378,608</u>	<u>83</u>	2280	Current lease liabilities (note (6)(p))	23,490	-	23,280	-	114,313	-
Non-current assets:								2300	Other current liabilities (note (6)(n))	1,444,740	3	1,284,628	3	1,247,275	3
1550	Investments accounted for using equity method (note (6)(h))	193,843	-	200,175	1	224,264	1	2322	Long-term borrowings, current portion (note (6)(o))	-	-	-	-	253,132	1
1511	Non-current financial assets at fair value through profit or loss (note (6)(b))	41,304	-	37,965	-	49,676	-			<u>27,757,547</u>	<u>65</u>	<u>23,187,317</u>	<u>59</u>	<u>28,478,905</u>	<u>67</u>
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	13,810	-	19,437	-	26,120	-	Non-current liabilities:							
1600	Property, plant and equipment (note (6)(j))	5,847,246	14	5,866,322	15	5,577,528	13	2570	Deferred tax liabilities	-	-	41	-	8,546	-
1755	Right-of-use assets (note (6)(k))	354,125	1	358,573	1	448,048	1	2580	Non-current lease liabilities (note (6)(p))	13,011	-	17,015	-	34,326	-
1780	Intangible assets	52,803	-	52,188	-	63,717	-	2640	Non-current net defined benefit liability	40,315	-	41,325	-	73,075	-
1840	Deferred tax assets	867,939	2	859,798	2	806,886	2	2670	Other non-current liabilities	34,831	-	34,440	-	34,044	-
1900	Other non-current assets (note (8))	103,910	-	133,403	-	141,016	-			<u>88,157</u>	<u>-</u>	<u>92,821</u>	<u>-</u>	<u>149,991</u>	<u>-</u>
		<u>7,474,980</u>	<u>17</u>	<u>7,527,861</u>	<u>19</u>	<u>7,337,255</u>	<u>17</u>	Total liabilities		<u>27,845,704</u>	<u>65</u>	<u>23,280,138</u>	<u>59</u>	<u>28,628,896</u>	<u>67</u>
Total assets		<u>\$ 42,892,432</u>	<u>100</u>	<u>39,306,814</u>	<u>100</u>	<u>42,715,863</u>	<u>100</u>	Equity:							
								Equity attributable to owners of parent (note (6)(t)):							
								3110	Ordinary shares	2,203,543	5	2,203,543	6	2,203,543	5
								3200	Capital surplus	3,431,405	8	3,651,759	9	3,652,147	9
								3300	Retained earnings	9,156,454	21	9,910,030	25	8,021,900	19
								3410	Exchange differences on translation of foreign financial statements	233,176	1	199,700	1	131,857	-
								3420	Unrealized gains or losses on financial assets at fair value through other comprehensive income	(35,690)	-	(30,063)	-	(23,380)	-
								3450	Gains (losses) on hedging instrument	(34,209)	-	-	-	5,788	-
										<u>14,954,679</u>	<u>35</u>	<u>15,934,969</u>	<u>41</u>	<u>13,991,855</u>	<u>33</u>
								3600	Non-controlling interests	92,049	-	91,707	-	95,112	-
								Total equity		<u>15,046,728</u>	<u>35</u>	<u>16,026,676</u>	<u>41</u>	<u>14,086,967</u>	<u>33</u>
								Total liabilities and equity		<u>\$ 42,892,432</u>	<u>100</u>	<u>39,306,814</u>	<u>100</u>	<u>42,715,863</u>	<u>100</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 Comprehensive Income
For the three months ended March 31, 2025 and 2024
(Expressed In thousand dollars of TWD)

		For the three months ended March 31,			
		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (notes (6)(d) and (6)(v)):	\$ 12,702,682	100	12,546,684	100
5000	Operating costs (notes (6)(g), (6)(j), (6)(k), (6)(r), (7) and (12))	<u>10,747,502</u>	<u>85</u>	<u>10,686,676</u>	<u>85</u>
	Gross profit from operations	<u>1,955,180</u>	<u>15</u>	<u>1,860,008</u>	<u>15</u>
	Operating expenses (notes (6)(j), (6)(k), (6)(r), (6)(w), (7) and (12)):				
6100	Selling expenses	204,618	2	250,494	2
6200	Administrative expenses	167,913	1	178,125	2
6300	Research and development expenses	<u>723,372</u>	<u>5</u>	<u>673,547</u>	<u>5</u>
	Total operating expenses	<u>1,095,903</u>	<u>8</u>	<u>1,102,166</u>	<u>9</u>
	Net operating income	<u>859,277</u>	<u>7</u>	<u>757,842</u>	<u>6</u>
	Non-operating income and expenses:				
7100	Interest income	55,097	-	41,766	-
7020	Other gains or losses	7,958	-	18,597	-
7230	Foreign exchange gains, net (note (6)(x))	20,847	-	81,509	-
7635	Gains (losses) on financial assets (liabilities) at fair value through profit or loss (notes (6)(b) and (6)(d))	(27,753)	-	(58,616)	-
7770	Share of loss of associates and joint ventures accounted for using equity method (note (6)(h))	(6,428)	-	(8,265)	-
7510	Interest expense (note (6)(p))	<u>(10,243)</u>	<u>-</u>	<u>(17,433)</u>	<u>-</u>
	Total non-operating income and expenses	<u>39,478</u>	<u>-</u>	<u>57,558</u>	<u>-</u>
	Income before tax	898,755	7	815,400	6
7950	Less: Income tax expenses (note (6)(s))	<u>219,853</u>	<u>2</u>	<u>195,993</u>	<u>1</u>
	Net income	<u>678,902</u>	<u>5</u>	<u>619,407</u>	<u>5</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note (6)(c))	(5,627)	-	(9,322)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(s))	-	-	-	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>(5,627)</u>	<u>-</u>	<u>(9,322)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	33,547	-	101,928	1
8368	Gains (losses) on hedging instrument (note (6)(d))	(42,761)	-	21,480	-
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))	96	-	17	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss (note (6)(s))	<u>(8,552)</u>	<u>-</u>	<u>4,296</u>	<u>-</u>
	Components of other comprehensive income that may be reclassified to profit or loss	<u>(566)</u>	<u>-</u>	<u>119,129</u>	<u>1</u>
8300	Other comprehensive income	<u>(6,193)</u>	<u>-</u>	<u>109,807</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 672,709</u>	<u>5</u>	<u>729,214</u>	<u>6</u>
	Net income, attributable to:				
8610	Owners of parent	\$ 678,727	5	622,373	5
8620	Non-controlling interests	<u>175</u>	<u>-</u>	<u>(2,966)</u>	<u>-</u>
		<u>\$ 678,902</u>	<u>5</u>	<u>619,407</u>	<u>5</u>
	Comprehensive income attributable to:				
	Owners of parent	\$ 672,367	5	731,945	6
	Non-controlling interests	<u>342</u>	<u>-</u>	<u>(2,731)</u>	<u>-</u>
		<u>\$ 672,709</u>	<u>5</u>	<u>729,214</u>	<u>6</u>
	Earnings per share (note (6)(u))				
9750	Basic earnings per share (TWD)	\$ <u>3.08</u>		<u>2.82</u>	
9850	Diluted earnings per share (TWD)	\$ <u>3.05</u>		<u>2.80</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 three months ended March 31, 2025 and 2024
(Expressed in thousand dollars of TWD)

	Equity attributable to owners of parent						Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Retained earnings		Total 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
				Special reserve	Unappropriated retained earnings								
Balance at January 1, 2024	\$ 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 three months ended March 31, 2024	-	-	-	-	622,373	622,373	-	-	-	-	622,373	(2,966)	619,407
Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	-	101,710	(9,322)	17,184	109,572	109,572	235	109,807
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	622,373	622,373	101,710	(9,322)	17,184	109,572	731,945	(2,731)	729,214
Appropriation and distribution of retained earnings:													
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	-	166	-	-	-	-	-	-	-	-	166	-	166
Balance at March 31, 2024	\$ 2,203,543	3,652,147	1,534,292	2,213	6,485,395	8,021,900	131,857	(23,380)	5,788	114,265	13,991,855	95,112	14,086,967
Balance at January 1, 2025	\$ 2,203,543	3,651,759	1,776,234	-	8,133,796	9,910,030	199,700	(30,063)	-	169,637	15,934,969	91,707	16,026,676
Net income for the three months ended March 31, 2025	-	-	-	-	678,727	678,727	-	-	-	-	678,727	175	678,902
Other comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	-	33,476	(5,627)	(34,209)	(6,360)	(6,360)	167	(6,193)
Total comprehensive income for the three months ended March 31, 2025	-	-	-	-	678,727	678,727	33,476	(5,627)	(34,209)	(6,360)	672,367	342	672,709
Appropriation and distribution of retained earnings:													
Cash dividends of ordinary shares	-	-	-	-	(1,432,303)	(1,432,303)	-	-	-	-	(1,432,303)	-	(1,432,303)
Cash dividends from capital surplus	-	(220,354)	-	-	-	-	-	-	-	-	(220,354)	-	(220,354)
Balance at March 31, 2025	\$ 2,203,543	3,431,405	1,776,234	-	7,380,220	9,156,454	233,176	(35,690)	(34,209)	163,277	14,954,679	92,049	15,046,728

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 three months ended March 31, 2025 and 2024
(Expressed in thousand dollars of TWD)

	For the three months ended March 31,	
	2025	2024
Cash flows from operating activities:		
Income before tax	\$ 898,755	815,400
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	181,900	217,511
Amortization expense	11,459	13,447
Expected credit impairment loss (reversal gain)	2,026	(17,126)
Interest expense	10,243	17,433
Interest income	(55,097)	(41,766)
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	27,753	(1,564)
Share of loss of associates and joint ventures accounted for using equity method	6,428	8,265
Gains on disposal of property, plant, and equipment and intangible assets	(394)	(2,469)
Others	1,305	69
Total adjustments to reconcile profit (loss)	<u>185,623</u>	<u>193,800</u>
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets or liabilities at fair value through profit or loss	(2,184)	31,423
(Increase) decrease in accounts receivable	(1,920,773)	2,959,911
Decrease (increase) in other receivables	198,837	(864,295)
Increase in inventories	(1,516,720)	(3,200,930)
Decrease (increase) in prepayments	61,283	(196,711)
Decrease (increase) in other current assets	6,793	(6,319)
Decrease in contract liabilities	(265,914)	(85,053)
Increase in accounts payable (including related parties)	3,392,127	3,549,933
Increase in other payables and other current liabilities	159,866	454,508
Increase (decrease) in other operating liabilities	5,712	(576)
Total changes in operating assets and liabilities	<u>119,027</u>	<u>2,641,891</u>
Total adjustments	<u>304,650</u>	<u>2,835,691</u>
Cash inflow generated from operations	1,203,405	3,651,091
Interest received	57,888	46,215
Interest paid	(12,709)	(19,397)
Income taxes paid	-	(4,031)
Net cash flows from operating activities	<u>1,248,584</u>	<u>3,673,878</u>
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	(110,282)	-
Acquisition of property, plant and equipment	(90,143)	(212,432)
Proceeds from disposal of property, plant and equipment	4,788	9,177
Decrease (increase) in refundable deposits	34,766	(7,517)
Acquisition of intangible assets	(12,074)	(11,246)
Increase in other non-current assets	(6,567)	(21,307)
Net cash flows used in investing activities	<u>(179,512)</u>	<u>(243,325)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	(684,747)	(416,148)
Repayments of long-term borrowings	-	(229,956)
Increase (decrease) in deposits received	391	(4,487)
Repayments of principal of lease liabilities	(4,830)	(15,634)
Net cash flows used in financing activities	<u>(689,186)</u>	<u>(666,225)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(7,967)</u>	<u>(37,603)</u>
Net increase in cash and cash equivalents	371,919	2,726,725
Cash and cash equivalents at beginning of period	8,156,296	7,856,971
Cash and cash equivalents at end of period	<u>\$ 8,528,215</u>	<u>10,583,696</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

March 31, 2025 and 2024

(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)(b) 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 May 7, 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, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

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

The Group is expected to adopt the following new amendments starting from January 1, 2026, which are expected to have the following impacts:

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
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- (c) The impact of IFRS Accounting Standards 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:

Standards or Interpretations	Content of amendment	Effective date per IASB
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"> ● 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. ● 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. ● 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. 	January 1, 2027

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
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Standards or Interpretations	Content of amendment	Effective date per IASB
Annual Improvements to IFRS Accounting Standards—Volume 11	<p>The amendments set out:</p> <ol style="list-style-type: none"> 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> 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> 3. IFRS 9 “Financial Instruments”: <ul style="list-style-type: none"> ● 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> ● 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> 	January 1, 2026

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
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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” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Presentation of Financial Reports by Securities issuers (hereafter referred to as the Regulations) and the guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by the FSC. These consolidated financial statements do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual financial statements.

Except as described in the following paragraph, the material accounting policies used in the interim financial statement are consistent with the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2024.

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Nature of operation	Percentage of ownership			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Arcadyan Technology N.A. Corp. ("Arcadyan USA")	Selling and technical support of wireless networking products	100 %	100 %	100 %	
"	Arcadyan Germany Technology GmbH ("Arcadyan Germany")	Selling and technical support of wireless networking products	100 %	100 %	100 %	Note 1
"	Arcadyan Technology Corporation Korea ("Arcadyan Korea")	Selling of wireless networking products	100 %	100 %	100 %	Note 1
"	Arcadyan Holding (BVI) Corp. ("Arcadyan Holding")	Investment activities	100 %	100 %	100 %	
The Company and ZHI-BAO	Arcadyan do Brasil Ltd. ("Arcadyan Brasil")	Selling of wireless networking products	100 %	100 %	100 %	Note 1
"	Arcadyan India Private Limited ("Arcadyan India")	Selling of wireless networking products	100 %	100 %	100 %	Note 3
The Company	ZHI-BAO Technology Inc. ("ZHI-BAO")	Investment activities	100 %	100 %	100 %	
"	Tatung Technology Inc. ("TTI")	Research and development, and selling digital home appliance	61 %	61 %	61 %	Note 2
"	Arcadyan Technology Limited ("Arcadyan UK")	Technical support of wireless networking products	100 %	100 %	100 %	Note 1
"	Arcadyan Technology Australia Pty Ltd ("Arcadyan AU")	Selling of wireless networking products	100 %	100 %	100 %	Note 1
"	Arcadyan Technology Corporation (Russia), LLC ("Arcadyan RU")	Selling of wireless networking products	100 %	100 %	100 %	Note 1
"	Arcadyan Turkey Technology and Trade Joint Stock Company ("Arcadyan Turkey")	Selling of wireless networking products	100 %	100 %	- %	Note 2, 4
Arcadyan Holding	Sinoprime Global Inc. ("Sinoprime")	Investment activities	100 %	100 %	100 %	
"	Arcadyan Technology (Shanghai) Corp. ("SVA")	Research and development, and selling of wireless networking products	100 %	100 %	100 %	Note 2
"	Arch Holding (BVI) Corp. ("Arch Holding")	Investment activities	100 %	100 %	100 %	Note 2
Arch Holding	Compal Networking (Kunshan) Co., Ltd. ("CNC")	Manufacturing of wireless networking products	100 %	100 %	100 %	Note 2

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Nature of operation	Percentage of ownership			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. ("Arcadyan Vietnam")	Manufacturing of wireless networking products	100 %	100 %	100 %	
TTI	Quest International Group Co., Ltd. ("Quest")	Investment activities	100 %	100 %	100 %	Note 2
"	Tatung Technology of Japan Co., Ltd. ("TTJC")	Selling of digital home appliance	- %	- %	100 %	Note 5
Quest	Exquisite Electronic Co., Ltd. ("Exquisite")	Investment activities	100 %	100 %	100 %	Note 2
TTI and Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. ("TCH")	Manufacturing of digital home appliance	100 %	100 %	100 %	Note 2

Note 1: The financial statements of non-major subsidiaries as of March 31, 2025 and 2024 have not been reviewed by auditors.

Note 2: The financial statements of non-major subsidiaries as of March 31, 2025 have not been reviewed by the auditors.

Note 3: The financial statements of non-major subsidiaries as of March 31, 2024 have not been reviewed by the auditors.

Note 4: The subsidiary was incorporated on May 2, 2024.

Note 5: As of November 27, 2024, the subsidiary has completed its dissolution and liquidation process.

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

(c) Employee benefits

The pension cost for the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the reporting date of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

(d) Income taxes

The income tax expenses have been measured and disclosed in accordance with paragraph B12 of International Accounting Standards 34, "Interim Financial Reporting".

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as income tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as income tax expense.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC requires management to make 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.

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The preparation of the consolidated interim financial statements, the major sources of significant accounting judgements, estimates and underlying assumptions of uncertainty which are in conformity with note (5) of the consolidated financial statements for the year ended December 31, 2024.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2024 annual consolidated financial statements. Please refer to note (6) of the consolidated financial statements for the year ended December 31, 2024.

(a) Cash and cash equivalents

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Cash on hand	\$ 3,261	4,603	3,670
Checking accounts and demand deposits	1,987,883	4,797,276	3,333,772
Time deposits with original maturities of less than three months	4,137,071	2,354,417	5,246,254
Repurchase agreements	<u>2,400,000</u>	<u>1,000,000</u>	<u>2,000,000</u>
	<u>\$ 8,528,215</u>	<u>8,156,296</u>	<u>10,583,696</u>

Please refer to note (6)(x) 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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Current financial assets mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging:			
Foreign exchange forward contracts	\$ <u>494</u>	<u>-</u>	<u>7,107</u>
Non-current financial assets mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets:			
Fund unlisted on domestic or foreign markets	\$ <u>41,304</u>	<u>37,965</u>	<u>49,676</u>
Held-for-trading financial liabilities:			
Derivative instruments not used for hedging:			
Foreign exchange forward contracts	\$ 19,995	-	-
Foreign exchange swaps contracts	<u>9,407</u>	<u>-</u>	<u>5,725</u>
Total	<u>\$ 29,402</u>	<u>-</u>	<u>5,725</u>

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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 March 31, 2025 and 2024, 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:

	March 31, 2025		
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	EUR 5,000	Sell EUR / USD	September 12, 2025~ October 14, 2025
Derivative financial liabilities:			
Forward contracts:			
Foreign exchange forward	EUR 18,000	Sell EUR / USD	April 14, 2025~ September 12, 2025
Foreign exchange forward	USD 11,448	Buy USD / INR	April 15, 2025~ May 15, 2025
Foreign exchange forward	USD 300	Buy USD / BRL	September 29, 2025
Swap contracts:			
Foreign exchange swaps	USD 30,000	B/S USD / TWD	April 23, 2025~ April 29, 2025
	March 31, 2024		
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	EUR 20,000	Sell EUR / USD	April 12, 2024~ July 30, 2024
Foreign exchange forward	USD 6,027	Buy USD / INR	April 12, 2024~ April 29, 2024
Derivative financial liabilities:			
Swap contracts:			
Foreign exchange swaps	USD 10,000	B/S USD / TWD	April 29, 2024

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

As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any aforementioned financial assets as collaterals.

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	March 31, 2025	December 31, 2024	March 31, 2024
Equity investments at fair value through other comprehensive income:			
Stocks unlisted on domestic markets	<u>\$ 13,810</u>	<u>19,437</u>	<u>26,120</u>

- (i) For the three months ended March 31, 2025 and 2024, unrealized (losses) gains from above-mentioned equity investments measured at fair value were \$(5,627) and \$(9,322), respectively, recognized under other comprehensive income.
- (ii) There were no disposals of strategic investments and transfers of any cumulative gains or losses within equity relating to these investments for the three months ended March 31, 2025 and 2024.
- (iii) Please refer to note (6)(x) for the information of market risk.
- (iv) The Group did not provide any aforementioned financial assets as collaterals.

(d) Financial assets and liabilities used for hedging

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

	March 31, 2025	December 31, 2024	March 31, 2024
Cash flow hedge:			
Financial assets used for hedging:			
Foreign exchange forward contracts	<u>\$ -</u>	<u>-</u>	<u>7,235</u>
Financial liabilities used for hedging:			
Foreign exchange forward contracts	<u>\$ 42,761</u>	<u>-</u>	<u>-</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.

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
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As of December 31, 2024, the Group did not engage in derivative instruments for cash flow hedge. As of March 31, 2025 and 2024, the amounts relating to the items designated as hedging instruments were as follows:

	March 31, 2025			
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Average strike price</u>
Derivative financial liabilities used for hedging				
Forward contracts:				
Foreign exchange forward	EUR 54,000	Sell EUR / USD	April 29, 2025~ December 30, 2025	1.0673
	March 31, 2024			
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Average strike price</u>
Derivative financial assets used for hedging				
Forward contracts:				
Foreign exchange forward	EUR 12,000	Sell EUR / USD	April 29, 2024~ June 27, 2024	1.0982

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

For the three months ended March 31, 2025 and 2024, the details of adjustments on reclassification from components of other comprehensive income were as follows:

	For the three months ended March 31,	
	<u>2025</u>	<u>2024</u>
Cash flow hedge:		
Gains (losses) in current period	\$ (48,045)	27,861
Less: Gains (losses) of adjustments on reclassification from components of other comprehensive income which belongs to net income (loss)	(5,284)	6,381
Net gains (losses) recognized in other comprehensive income	<u>\$ (42,761)</u>	<u>21,480</u>

- (iv) For the three months ended March 31, 2025 and 2024, there were no ineffective portions of cash flow hedges recognized in non-operating income and expenses.
- (v) For the three months ended March 31, 2025 and 2024, 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.

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(e) Financial assets at amortized cost

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Time deposits with original maturity of more than three months	<u>\$ 5,214,134</u>	<u>5,103,852</u>	<u>-</u>

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.

As of March 31, 2025 and December 31, 2024, the ranges of interest rates for aforementioned financial assets were 0.67%~3.85% and 1.635%~1.80%, respectively.

As of March 31, 2025 and December 31, 2024, the Group did not provide any financial assets at amortized cost as collaterals.

(f) Accounts receivable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts receivable – measured at amortized cost	7,197,406	4,550,545	5,672,213
Accounts receivable – fair value through other comprehensive income	<u>-</u>	<u>726,088</u>	<u>1,194,768</u>
	7,197,406	5,276,633	6,866,981
Less: allowance for uncollectible accounts	<u>(33,850)</u>	<u>(31,503)</u>	<u>(36,445)</u>
	<u>\$ 7,163,556</u>	<u>5,245,130</u>	<u>6,830,536</u>

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 was measured at fair value through other comprehensive income.

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
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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 March 31, 2025, December 31 and March 31, 2024 were determined as follows:

March 31, 2025				
Credit rating	Gross carrying amount	Weighted-average ECL rate	Lifetime ECLs	Credit impaired
Level A	\$ 2,557,485	0%	-	No
Level B	3,768,446	0.1%	3,770	No
Level C	849,894	1%	8,499	No
Level D	-	5%	-	-
Level E	<u>21,581</u>	100%	<u>21,581</u>	Yes
Total	<u><u>\$ 7,197,406</u></u>		<u><u>33,850</u></u>	
December 31, 2024				
Credit rating	Gross carrying amount	Weighted-average ECL rate	Lifetime ECLs	Credit impaired
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	<u>21,336</u>	100%	<u>21,336</u>	Yes
Total	<u><u>\$ 5,276,633</u></u>		<u><u>31,503</u></u>	
March 31, 2024				
Credit rating	Gross carrying amount	Weighted-average ECL rate	Lifetime ECLs	Credit impaired
Level A	\$ 2,446,240	0%	-	No
Level B	3,096,824	0.1%	3,110	No
Level C	1,303,054	1%	12,472	No
Level D	-	5%	-	-
Level E	<u>20,863</u>	100%	<u>20,863</u>	Yes
Total	<u><u>\$ 6,866,981</u></u>		<u><u>36,445</u></u>	

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
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The aging analysis of accounts receivable were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Not overdue	\$ 6,441,209	4,955,143	6,259,123
Overdue 1~30 days	572,649	298,067	428,795
Overdue 31~60 days	161,967	15	3,111
Overdue 61~90 days	-	1,714	18,248
Overdue 91~180 days	-	358	20,606
Overdue over 181 days	<u>21,581</u>	<u>21,336</u>	<u>137,098</u>
	<u>\$ 7,197,406</u>	<u>5,276,633</u>	<u>6,866,981</u>

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

	For the three months ended March 31,	
	2025	2024
Balance at beginning	\$ 31,503	41,153
Impairment loss recognized (reversed)	<u>2,347</u>	<u>(4,708)</u>
Balance at ending	<u>\$ 33,850</u>	<u>36,445</u>

As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any aforementioned accounts receivable as collaterals.

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 is paid by the customers.

As of March 31, 2025, the Group did not enter into any accounts receivable factoring agreement with banks. Moreover, no accounts receivable had been factorerd as of December 31 and March 31, 2024.

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(g) Inventories

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

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	\$ 4,303,574	3,466,936	6,596,132
Work in progress and semi-finished goods	954,446	392,893	667,379
Finished goods	<u>7,396,556</u>	<u>7,278,027</u>	<u>8,314,646</u>
	<u>\$ 12,654,576</u>	<u>11,137,856</u>	<u>15,578,157</u>

(ii) The details of operating costs for the three months ended March 31, 2025 and 2024 were as follows:

	For the three months ended March 31,	
	2025	2024
Cost of sales and expenses	\$ 10,704,487	11,070,599
Provision (reversal) for inventory valuation and obsolescence loss	<u>43,015</u>	<u>(383,923)</u>
	<u>\$ 10,747,502</u>	<u>10,686,676</u>

(iii) As of the reporting date, 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:

	March 31, 2025	December 31, 2024	March 31, 2024
Associates	<u>\$ 193,843</u>	<u>200,175</u>	<u>224,264</u>

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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:

	March 31, 2025	December 31, 2024	March 31, 2024
Aggregate carrying amount of the Group's associates that are individually insignificant	\$ <u>193,843</u>	<u>200,175</u>	<u>224,264</u>
		For the three months ended March 31,	
		2025	2024
Share of associates attributed to the Group were as follows:			
Net loss from continuing operations		\$ (6,428)	(8,265)
Other comprehensive income		<u>96</u>	<u>17</u>
Total comprehensive loss		\$ <u>(6,332)</u>	<u>(8,248)</u>

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

	2025	2024
	\$ <u>-</u>	<u>166</u>

- (iii) As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any investment accounted for using equity method as collaterals.

- (i) Loss of control in subsidiaries

There were no changes in the Group's control over its subsidiaries for the three months ended March 31, 2025. However, since one of its subsidiaries, TTJC, had completed its dissolution and liquidation process in November 2024, the Group lost control over it. Consequently, TTJC was no longer comprised in consolidation since the liquidation date. For related information, please refer to note (6)(i) of the 2024 annual consolidated financial statements.

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(j) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the three months ended March 31, 2025 and 2024 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
Cost or deemed cost:								
Balance at January 1, 2025	\$ 878,978	3,220,556	3,157,158	842,636	203,334	506,872	526,929	9,336,463
Additions	-	4,403	33,176	35,605	3,118	8,381	35,548	120,231
Reclassifications	-	-	-	-	1,958	144	(2,102)	-
Disposals and derecognitions	-	-	(7,349)	-	(3,671)	(610)	-	(11,630)
Effect of movements in exchange rates	-	27,443	67,926	4	258	2,511	21	98,163
Balance at March 31, 2025	<u>\$ 878,978</u>	<u>3,252,402</u>	<u>3,250,911</u>	<u>878,245</u>	<u>204,997</u>	<u>517,298</u>	<u>560,396</u>	<u>9,543,227</u>
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	-	-	55,522	19,648	26,732	9,795	94,670	206,367
Reclassifications	-	67,472	1,662	25,513	-	-	(96,379)	(1,732)
Disposals and derecognitions	-	-	(261,496)	(11,589)	(7,394)	(95,358)	-	(375,837)
Effect of movements in exchange rates	-	91,492	43,611	5	319	2,784	1,576	139,787
Balance at March 31, 2024	<u>\$ 878,978</u>	<u>3,128,335</u>	<u>2,920,436</u>	<u>803,827</u>	<u>203,762</u>	<u>488,006</u>	<u>116,153</u>	<u>8,539,497</u>
Depreciation:								
Balance at January 1, 2025	\$ -	364,142	2,115,398	545,711	102,108	342,782	-	3,470,141
Depreciation for the period	-	31,763	87,925	23,604	13,445	16,112	-	172,849
Disposals and derecognitions	-	-	(2,962)	-	(3,671)	(603)	-	(7,236)
Effect of movements in exchange rates	-	2,458	56,366	3	214	1,186	-	60,227
Balance at March 31, 2025	<u>\$ -</u>	<u>398,363</u>	<u>2,256,727</u>	<u>569,318</u>	<u>112,096</u>	<u>359,477</u>	<u>-</u>	<u>3,695,981</u>
Balance at January 1, 2024	\$ -	233,959	1,956,850	477,460	94,592	368,656	-	3,131,517
Depreciation for the period	-	29,806	95,982	21,239	12,070	33,299	-	192,396
Disposals and derecognitions	-	-	(258,142)	(11,476)	(7,394)	(92,117)	-	(369,129)
Effect of movements in exchange rates	-	4,063	4,841	4	235	(1,958)	-	7,185
Balance at March 31, 2024	<u>\$ -</u>	<u>267,828</u>	<u>1,799,531</u>	<u>487,227</u>	<u>99,503</u>	<u>307,880</u>	<u>-</u>	<u>2,961,969</u>
Carrying amounts:								
Balance at January 1, 2025	<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 March 31, 2025	<u>\$ 878,978</u>	<u>2,854,039</u>	<u>994,184</u>	<u>308,927</u>	<u>92,901</u>	<u>157,821</u>	<u>560,396</u>	<u>5,847,246</u>
Balance at January 1, 2024	<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>
Balance at March 31, 2024	<u>\$ 878,978</u>	<u>2,860,507</u>	<u>1,120,905</u>	<u>316,600</u>	<u>104,259</u>	<u>180,126</u>	<u>116,153</u>	<u>5,577,528</u>

As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any property, plant and equipment as collaterals.

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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 three months ended March 31, 2025 and 2024 were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Vehicles and other</u>	<u>Total</u>
Cost:				
Balance at January 1, 2025	\$ 351,967	66,553	11,816	430,336
Additions	-	-	707	707
Disposal and derecognition	-	-	(7,832)	(7,832)
Effect of movements in exchange rates	<u>4,033</u>	<u>529</u>	<u>-</u>	<u>4,562</u>
Balance at March 31, 2025	<u>\$ 356,000</u>	<u>67,082</u>	<u>4,691</u>	<u>427,773</u>
Balance at January 1, 2024	\$ 330,242	358,769	21,987	710,998
Additions	-	10,167	1,729	11,896
Disposal and derecognition	-	-	(5,982)	(5,982)
Effect of movements in exchange rates	<u>13,927</u>	<u>12,205</u>	<u>66</u>	<u>26,198</u>
Balance at March 31, 2024	<u>\$ 344,169</u>	<u>381,141</u>	<u>17,800</u>	<u>743,110</u>
Depreciation:				
Balance at January 1, 2025	\$ 37,320	25,700	8,743	71,763
Depreciation for the period	1,940	6,626	485	9,051
Disposal and derecognition	-	-	(7,832)	(7,832)
Effect of movements in exchange rates	<u>440</u>	<u>226</u>	<u>-</u>	<u>666</u>
Balance at March 31, 2025	<u>\$ 39,700</u>	<u>32,552</u>	<u>1,396</u>	<u>73,648</u>
Balance at January 1, 2024	\$ 27,770	221,934	16,679	266,383
Depreciation for the period	1,855	21,752	1,508	25,115
Disposal and derecognition	-	-	(5,982)	(5,982)
Effect of movements in exchange rates	<u>1,205</u>	<u>8,306</u>	<u>35</u>	<u>9,546</u>
Balance at March 31, 2024	<u>\$ 30,830</u>	<u>251,992</u>	<u>12,240</u>	<u>295,062</u>
Carrying amount:				
Balance on January 1, 2025	<u>\$ 314,647</u>	<u>40,853</u>	<u>3,073</u>	<u>358,573</u>
Balance at March 31, 2025	<u>\$ 316,300</u>	<u>34,530</u>	<u>3,295</u>	<u>354,125</u>
Balance at January 1, 2024	<u>\$ 302,472</u>	<u>136,835</u>	<u>5,308</u>	<u>444,615</u>
Balance at March 31, 2024	<u>\$ 313,339</u>	<u>129,149</u>	<u>5,560</u>	<u>448,048</u>

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Short-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
Unsecured bank borrowings	<u>\$ 496,508</u>	<u>1,181,255</u>	<u>959,310</u>
Unused credit lines for short-term borrowings	<u>\$ 19,373,352</u>	<u>17,025,248</u>	<u>18,180,300</u>
Range of interest rates	<u>3.25%~3.58%</u>	<u>3.58~4.70%</u>	<u>2.65%~5.95%</u>

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

(m) Other payables

The details of other payables were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Payable for salaries, bonuses and employee's compensation	\$ 1,288,067	1,386,017	1,215,711
Payable for import and export expenses and freight charges	1,181,663	1,147,617	1,106,576
Payable for service fees	193,340	175,183	201,991
Others	<u>3,886,750</u>	<u>3,830,295</u>	<u>3,711,760</u>
Total	<u>\$ 6,549,820</u>	<u>6,539,112</u>	<u>6,236,038</u>

(n) Other current liabilities

The details of other current liabilities were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Temporary receipts–Non-Recurring Engineering revenue and collection on behalf of others	\$ 1,185,137	921,152	1,215,343
Others	<u>259,603</u>	<u>363,476</u>	<u>31,932</u>
Total	<u>\$ 1,444,740</u>	<u>1,284,628</u>	<u>1,247,275</u>

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The details of long-term borrowings were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Unsecured bank borrowings	\$ -	-	253,132
Less: current portion	-	-	253,132
Total	<u>\$ -</u>	<u>-</u>	<u>-</u>
Unused credit lines for long-term borrowings	<u>\$ -</u>	<u>-</u>	<u>1,384,478</u>
Range of interest rates	<u>-</u>	<u>-</u>	<u>2.70%~3.00%</u>

- (i) For the three months ended March 31, 2025, the Group did not incur or repay any long-term borrowings. For the three months ended March 31, 2024, the Group had incurred and repaid long-term borrowings amounting to \$0 and \$229,956, respectively, with a maturity date of 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)(x).

(p) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Current	<u>\$ 23,490</u>	<u>23,280</u>	<u>114,313</u>
Non-current	<u>\$ 13,011</u>	<u>17,015</u>	<u>34,326</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2025	2024
Interest expense on lease liabilities	<u>\$ 302</u>	<u>1,423</u>
Expenses relating to short-term leases	<u>\$ 3,611</u>	<u>4,211</u>

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

	For the three months ended March 31,	
	2025	2024
Total cash outflow for leases	<u>\$ 8,743</u>	<u>21,268</u>

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

(q) Provisions- current

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.

There were no significant changes in provisions for the three months ended March 31, 2025 and 2024. Please refer to note (6)(r) of the 2024 annual consolidated financial statements for related information.

(r) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material curtailment and settlement or other material one-time events since prior fiscal year. As a result, the pension plan cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2024 and 2023.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended	
	March 31,	
	2025	2024
Operating costs	\$ 28	48
Selling expenses	33	51
Administrative expenses	56	61
Research and development expenses	153	241
	\$ 270	401

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

The pension expenses of the Company and domestic subsidiaries under the defined contribution plan, was contributed to the Bureau of Labor Insurance as follows:

	For the three months ended	
	March 31,	
	2025	2024
Operating costs	\$ 461	471
Selling expenses	1,357	1,259
Administrative expenses	1,870	1,785
Research and development expenses	10,598	10,190
	\$ 14,286	13,705

Other subsidiaries included in the preparation of the consolidated financial statements recognized the pension expenses, basic endowment insurance expenses, and social welfare expenses amounting to \$10,381 and \$10,816 for the three months ended March 31, 2025 and 2024, respectively.

(s) Income taxes

- (i) Income tax expenses for the period are the best estimated measurement by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. The amount of income tax expenses were as follows:

	For the three months ended	
	March 31,	
	2025	2024
Current income tax expense	\$ 219,853	195,993

- (ii) The amounts of income tax expenses recognized in other comprehensive income were as follows:

	For the three months ended	
	March 31,	
	2025	2024
Items that may be reclassified subsequently to profit or loss:		
Gains (losses) on hedging instruments	\$ (8,552)	4,296

- (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.

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 March 31, 2025, 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.

(t) Capital and other equities

Except for the following disclosures, there was no significant change for capital and other equity interest for the three months ended March 31, 2025 and 2024. Please refer to note (6)(u) of the 2024 annual consolidated financial statements for related information.

(i) Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
Additional paid-in capital — premium	\$ 3,420,556	3,640,910	3,640,910
Difference between consideration and carry amount arising from acquisition or disposal of subsidiaries	3,698	3,698	3,698
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	6,790	6,790	7,178
Expired stock options	361	361	361
	<u><u>\$ 3,431,405</u></u>	<u><u>3,651,759</u></u>	<u><u>3,652,147</u></u>

The Company's Board of Directors meeting held on February 26, 2025 and February 22, 2024, 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.

(ii) 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 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.

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

(iii) Earnings distributed

Earnings distribution for 2024 and 2023 were approved by the Board of Directors meeting held on February 26, 2025, and on February 22, 2024, respectively. The relevant dividend distribution to shareholders were as follows:

	2024		2023	
	Amount per share (TWD)	Total amount	Amount per share (TWD)	Total amount
Cash dividends distributed to ordinary shareholders	\$ 6.5	<u><u>1,432,303</u></u>	6.0	<u><u>1,322,126</u></u>

(u) Earnings per share

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

	For the three months ended March 31,	
	2025	2024
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	\$ <u>678,727</u>	<u>622,373</u>
Weighted-average number of ordinary shares (thousand shares)	<u>220,354</u>	<u>220,354</u>
Basic earnings per share (TWD)	\$ <u>3.08</u>	<u>2.82</u>
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company	\$ <u>678,727</u>	<u>622,373</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>1,908</u>	<u>1,938</u>
Weighted-average number of ordinary shares (thousand shares)(after adjustment of dilutive potential ordinary shares)	<u>222,262</u>	<u>222,292</u>
Diluted earnings per share (TWD)	\$ <u>3.05</u>	<u>2.80</u>

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31,	
	2025	2024
Primary geographical markets:		
America	\$ 6,121,526	5,925,523
Europe	3,982,061	3,546,882
Asia and others	2,599,095	3,074,279
	\$ 12,702,682	12,546,684
Major products:		
Smart home solution	\$ 5,375,000	5,072,805
Mobility solution	4,196,473	2,780,361
Broadband solution	2,606,613	4,458,504
Others	524,596	235,014
	\$ 12,702,682	12,546,684

(ii) Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable	\$ 7,197,406	5,276,633	6,866,981
Less: allowance for uncollectible accounts	(33,850)	(31,503)	(36,445)
Total	\$ 7,163,556	5,245,130	6,830,536
Contract liabilities - current	\$ 1,804,013	2,069,927	266,176

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 three months ended March 31, 2025 and 2024 that were included in the balance of contract liabilities at the beginning of the periods were \$1,941,568 and \$116,397, respectively.

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(w) 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 three months ended March 31, 2025 and 2024, the Company accrued and recognized employee compensation of \$114,784 and \$102,854, and directors' remuneration of \$6,125 and \$5,588, 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 compensation to employees and directors, which were approved by the management of the Company. The estimations were recorded under operating costs or operating expenses for each period. The differences between the actual amounts and the estimates 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 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.

The Company accrued and recognized its employee compensation of \$421,162 and \$413,218, and directors' remuneration of \$22,792 and \$21,995 for the years ended December 31, 2024 and 2023, respectively, which were both paid in cash. There were no differences between the amounts approved by the Board of Directors meeting and those recognized in the consolidated financial statements, and the related information can be accessed through the Market Observation Post System website.

(x) Financial instruments

Except for those described below, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk, liquidity risk and market risk. Please refer to note (6)(y) of the 2024 annual consolidated financial statements for related information.

(i) Credit risk

For credit risk exposure of accounts receivables, 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, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Besides, due to the counterparties and the performing parties 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.

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement of impairment provision for the three months ended March 31, 2025 and 2024 were as follows:

	<u>Other receivables</u>
Balance at January 1, 2025	\$ 8,220
Reversal of impairment loss	<u>(321)</u>
Balance at March 31, 2025	<u>\$ 7,899</u>
Balance at January 1, 2024	\$ 12,418
Reversal of impairment loss	<u>(12,418)</u>
Balance at March 31, 2024	<u>\$ -</u>

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
March 31, 2025					
Non-derivative financial liabilities					
Unsecured bank loans	\$ 496,508	(496,508)	(496,508)	-	-
Accounts payable (including related parties)	14,074,427	(14,074,427)	(14,074,427)	-	-
Other payables	6,549,820	(6,549,820)	(6,549,820)	-	-
Dividends payable	1,652,691	(1,652,691)	(1,652,691)	-	-
Lease liability – current and non-current	36,501	(37,317)	(24,173)	(12,697)	(447)
Deposits received	34,831	(34,831)	(1,374)	-	(33,457)
Derivative financial liabilities					
Other foreign exchange forward contracts:	19,995				
Outflow		(1,040,314)	(1,040,314)	-	-
Inflow		1,024,859	1,024,859	-	-
Foreign exchange swaps contracts:	9,407				
Outflow		(993,000)	(993,000)	-	-
Inflow		983,890	983,890	-	-
Foreign exchange forward contracts used for hedging:	42,761				
Outflow		(1,928,880)	(1,928,880)	-	-
Inflow		1,907,692	1,907,692	-	-
	<u>\$ 22,916,941</u>	<u>(22,891,347)</u>	<u>(22,844,746)</u>	<u>(12,697)</u>	<u>(33,904)</u>

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
December 31, 2024					
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	6,539,112	(6,539,112)	(6,539,112)	-	-
Dividends payable	34	(34)	(34)	-	-
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>
March 31, 2024					
Non-derivative financial liabilities					
Unsecured bank loans (including short-term and long-term borrowings)	\$ 1,212,442	(1,212,442)	(1,212,442)	-	-
Accounts payable (including related parties)	15,864,836	(15,864,836)	(15,864,836)	-	-
Other payables	6,236,038	(6,236,038)	(6,236,038)	-	-
Dividends payable	1,542,514	(1,542,514)	(1,542,514)	-	-
Lease liability— current and non-current	148,639	(152,365)	(117,470)	(25,547)	(9,348)
Deposits received	34,044	(34,044)	-	(325)	(33,719)
Derivative financial liabilities					
Foreign exchange swaps contracts:	5,725				
Outflow		(320,000)	(320,000)	-	-
Inflow		313,180	313,180	-	-
	<u>\$ 25,044,238</u>	<u>(25,049,059)</u>	<u>(24,980,120)</u>	<u>(25,872)</u>	<u>(43,067)</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

	March 31, 2025			December 31, 2024			March 31, 2024		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD	\$ 692,427	USD/TWD =33.100	22,919,334	711,696	USD/TWD =32.725	23,290,252	636,419	USD/TWD =32.000	20,365,408
EUR	27,384	EUR/TWD =35.72	978,156	18,615	EUR/TWD =34.13	635,330	26,228	EUR/TWD =34.460	903,817
Financial liabilities									
Monetary items									
USD	766,070	USD/TWD =33.100	25,356,917	727,764	USD/TWD =32.725	23,816,077	747,315	USD/TWD =32.000	23,914,080
EUR	15,085	EUR/TWD =35.72	538,836	11,194	EUR/TWD =34.13	382,051	1,321	EUR/TWD =34.460	45,522
RMB	23,747	RMB/USD =0.138	108,472	4,954	RMB/USD =0.137	22,210	188,731	RMB/USD =0.138	833,436

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 March 31, 2025 and 2024 would have affected the net income before tax as follows. The analysis is performed on the same basis for both periods.

	March 31, 2025	March 31, 2024
USD (against the TWD)		
Strengthening 5%	\$ (121,879)	(177,434)
Weakening 5%	121,879	177,434
EUR (against the TWD)		
Strengthening 5%	21,966	42,915
Weakening 5%	(21,966)	(42,915)
CNY (against the USD)		
Strengthening 5%	(5,424)	(41,672)
Weakening 5%	5,424	41,672

(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 three months ended March 31, 2025 and 2024, the net foreign exchange gains (including realized and unrealized portions) amounted to \$20,847 and \$81,509, respectively.

(iv) Interest rate analysis

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

	Carrying amount	
	March 31, 2025	March 31, 2024
Fixed rate financial instrument:		
Financial assets	\$ 11,751,205	7,246,254
Financial liabilities	(496,508)	(1,212,442)
	\$ 11,254,697	6,033,812
Variable rate financial instrument:		
Financial assets	\$ 1,987,800	3,333,685

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 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 variable factors remaining constant, the net income before tax would have increased or decreased by \$1,242 and \$2,084 for the three months ended March 31, 2025 and 2024, 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:

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
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	March 31, 2025				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss – current and non-current					
Derivative financial assets	\$ 494	-	494	-	494
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>41,304</u>	-	-	41,304	41,304
Subtotal	<u>41,798</u>				
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	<u>13,810</u>	-	-	13,810	13,810
Financial assets measured at amortized cost					
Cash and cash equivalents	8,528,215	-	-	-	-
Time deposits with original maturity of more than three months	5,214,134	-	-	-	-
Accounts receivable, net	7,163,556	-	-	-	-
Other receivables	1,464,740	-	-	-	-
Refundable deposits	<u>90,463</u>	-	-	-	-
Subtotal	<u>22,461,108</u>				
Total	<u>\$ 22,516,716</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 29,402</u>	-	29,402	-	29,402
Financial liabilities for hedging	<u>42,761</u>	-	42,761	-	42,761
Financial liabilities measured at amortized cost					
Short-term borrowings	496,508	-	-	-	-
Accounts payable (including related parties)	14,074,427	-	-	-	-
Other payables	6,549,820	-	-	-	-
Dividends payable	1,652,691	-	-	-	-
Lease liabilities—current and non-current	36,501	-	-	-	-
Deposits received	<u>34,831</u>	-	-	-	-
Subtotal	<u>22,844,778</u>				
Total	<u>\$ 22,916,941</u>				

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2024				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss — current and non-current					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ <u>37,965</u>	-	-	37,965	37,965
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	19,437	-	-	19,437	19,437
Accounts receivable	<u>726,088</u>	-	726,088	-	726,088
Subtotal	<u>745,525</u>				
Financial assets measured at amortized cost					
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	<u>125,229</u>	-	-	-	-
Subtotal	<u>19,570,466</u>				
Total	<u>\$ <u>20,353,956</u></u>				
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 1,181,255	-	-	-	-
Accounts payable (including related parties)	10,682,300	-	-	-	-
Other payables	6,539,112	-	-	-	-
Dividends payable	34	-	-	-	-
Lease liabilities—current and non-current	40,295	-	-	-	-
Deposits received	<u>34,440</u>	-	-	-	-
Total	<u>\$ <u>18,477,436</u></u>				

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2024				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss — current and non-current					
Derivative financial assets	\$ 7,107	-	7,107	-	7,107
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>49,676</u>	-	-	49,676	49,676
Subtotal	<u>56,783</u>				
Financial assets used for hedging	<u>7,235</u>	-	7,235	-	7,235
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	26,120	-	-	26,120	26,120
Accounts receivable	<u>1,194,768</u>	-	1,194,768	-	1,194,768
Subtotal	<u>1,220,888</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	10,583,696	-	-	-	-
Accounts receivable, net	5,635,768	-	-	-	-
Other receivables	1,866,118	-	-	-	-
Refundable deposits	<u>114,787</u>	-	-	-	-
Subtotal	<u>18,200,369</u>				
Total	<u>\$ 19,485,275</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ <u>5,725</u>	-	5,725	-	5,725
Financial liabilities measured at amortized cost					
Short-term borrowings	959,310	-	-	-	-
Accounts payable (including related parties)	15,864,836	-	-	-	-
Other payables	6,236,038	-	-	-	-
Dividends payable	1,542,514	-	-	-	-
Lease liabilities—current and non-current	148,639	-	-	-	-
Long-term borrowings (including current portion)	253,132	-	-	-	-
Deposits received	<u>34,044</u>	-	-	-	-
Subtotal	<u>25,038,513</u>				
Total	<u>\$ 25,044,238</u>				

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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 three months ended March 31, 2025 and 2024.

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Reconciliation of Level 3 fair values

	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Unquoted equity instruments
Balance at January 1, 2025	\$ 37,965	19,437
Total gains and losses recognized		
In profit or loss	3,339	-
In other comprehensive income	-	(5,627)
Balance at March 31, 2025	<u>\$ 41,304</u>	<u>13,810</u>
Balance at January 1, 2024	\$ 48,112	35,442
Total gains and losses recognized		
In profit or loss	1,564	-
In other comprehensive income	-	(9,322)
Balance at March 31, 2024	<u>\$ 49,676</u>	<u>26,120</u>

For the three months ended March 31, 2025 and 2024, 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:

	<u>For the three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
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>\$ 3,339</u>	<u>1,564</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>\$ (5,627)</u>	<u>(9,322)</u>

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 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".

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"> · Price-to-Book ratio multiples (1.49~1.63, 1.71~2.07 and 2.14~2.41 on March 31, 2025, December 31 and March 31, 2024, respectively) · Lack-of-Marketability discount rate (30% on March 31, 2025, December 31 and March 31, 2024) 	<ul style="list-style-type: none"> · The higher the multiple is , the higher the fair value will be. · The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through profit or loss–investments in private equity fund	Net asset value method	<ul style="list-style-type: none"> · Net asset value 	<ul style="list-style-type: none"> · Inapplicable

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 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
March 31, 2025				
Financial assets at fair value through other comprehensive income	Price-to-Book ratio multiples	5%	\$ <u>711</u>	<u>727</u>
	Lack-of-Marketability discount rate	5%	\$ <u>309</u>	<u>292</u>
December 31, 2024				
Financial assets at fair value through other comprehensive income	Price-to-Book ratio multiples	5%	\$ <u>1,001</u>	<u>1,000</u>
	Lack-of-Marketability discount rate	5%	\$ <u>425</u>	<u>425</u>
March 31, 2024				
Financial assets at fair value through other comprehensive income	Price-to-Book ratio multiples	5%	\$ <u>1,349</u>	<u>1,340</u>
	Lack-of-Marketability discount rate	5%	\$ <u>573</u>	<u>573</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.

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
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The group did not have any aforementioned transactions as of March 31, 2025. The following tables present the aforesaid offsetting financial assets and financial liabilities as of December 31 and March 31, 2024.

Unit: In thousand dollars of TWD and USD

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

March 31, 2024			
Financial assets/liabilities that are offset which have an exercisable master netting arrangement or similar agreement			
	Gross amounts of recognized financial assets/liabilities	Gross amounts of financial assets/liabilities offset in the balance sheet	Net amount of financial assets/liabilities presented in the balance sheet
	(a)	(b)	(c)=(a)-(b)
Cash/short-term borrowings	\$ 1,648,256	1,648,256	-
	(USD 51,508)	(USD 51,508)	

(y) Financial risk management

There were no significant changes in the Group's objectives and policies of financial risk management as disclosed in note (6)(z) of the 2024 annual consolidated financial statements.

(z) Capital management

The Group's objectives, policies and processes of capital management were consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2024. There were no significant changes in the quantified information of Group's capital management as disclosed in the consolidated financial statements for the year ended December 31, 2024. Please refer to note (6)(aa) of the 2024 annual consolidated financial statements for further details.

(aa) Investing and financing activities not affecting cash flow

The Group's investing and financing activities which did not affect the cash flow for the three months ended March 31, 2025 and 2024 were as follows:

- (i) The acquisition of right-of-use assets by lease, please see note (6)(k).

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	<u>January 1, 2025</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>March 31, 2025</u>
			<u>Other</u>	
Short-term borrowings	\$ 1,181,255	(684,747)	-	496,508
Lease liabilities–current and non-current	40,295	(4,830)	1,036	36,501
Deposits received	34,440	391	-	34,831
Total liabilities from financing activities	<u>\$ 1,255,990</u>	<u>(689,186)</u>	<u>1,036</u>	<u>567,840</u>

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>March 31, 2024</u>
			<u>Other</u>	
Short-term borrowings	\$ 1,375,458	(416,148)	-	959,310
Lease liabilities–current and non-current	149,775	(15,634)	14,498	148,639
Long-term borrowings (including current portion)	476,060	(229,956)	7,028	253,132
Deposits received	38,381	(4,487)	150	34,044
Total liabilities from financing activities	<u>\$ 2,039,674</u>	<u>(666,225)</u>	<u>21,676</u>	<u>1,395,125</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.

(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

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Significant related party transactions

(i) Purchases of goods from related parties

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

	For the three months ended March 31,	
	2025	2024
	<u> </u>	<u> </u>
Parent company	\$ 48,051	137,159
Other related parties	<u>233,668</u>	<u>560,698</u>
	<u>\$ 281,719</u>	<u>697,857</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 three months ended March 31, 2025 and 2024 were as follows:

	For the three months ended March 31,	
	2025	2024
	<u> </u>	<u> </u>
Other related parties	<u>\$ 305</u>	<u>280</u>

(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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts payable	Parent company	\$ 48,376	37,350	322,543
Accounts payable	Other related parties	<u>242,018</u>	<u>166,150</u>	<u>589,572</u>
		<u>\$ 290,394</u>	<u>203,500</u>	<u>912,115</u>

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(d) Transactions with key management personnel

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2025	2024
Short-term employee benefits	\$ 34,810	34,729
Post-employment benefits	289	286
	\$ 35,099	35,015

(8) Pledged assets:

The carrying amount of pledged assets were as follows:

Assets	Purpose of Pledged	March 31, 2025	December 31, 2024	March 31, 2024
Pledged time deposits (recorded as other non-current assets)	Performance Guarantees	\$ 16,359	16,139	-

(9) Significant contingent liabilities and unrecognized commitments:

As of March 31, 2025, December 31 and March 31, 2024, the Group has entered into agreements for the construction of plants, where the amount contracted but not yet due for payments were \$678,184, \$751,984 and \$734,515, respectively.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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(12) Other:

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

By item	By function	For the three months ended March 31, 2025			For the three months ended March 31, 2024		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		200,460	538,440	738,900	196,906	506,913	703,819
Labor and health insurance		17,202	40,794	57,996	16,791	37,862	54,653
Pension		3,277	21,660	24,937	5,724	19,198	24,922
Others		17,226	20,108	37,334	27,301	17,856	45,157
Depreciation		138,137	43,763	181,900	173,525	43,986	217,511
Amortization		72	11,387	11,459	242	13,205	13,447

- (b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(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 three months ended March 31, 2025:

- (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)	Note
													Item	Value			
0	The Company	Arcadyan do Brasil Ltda	Other receivables	Yes	66,200 (USD2,000)	66,200 (USD2,000)	49,650 (USD1,500)	5.5%	2	-	Operating demand	-	-	-	2,990,935	5,981,871	The transactions had been eliminated in the consolidated financial statements.
0	"	Arcadyan Turkey Technology and Trade Joint Stock Company	"	Yes	132,400 (USD4,000)	132,400 (USD4,000)	-	6%	2	-	Operating demand	-	-	-	2,990,935	5,981,871	"

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

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

Note 3: Except for the highest balance, all amounts have been translated into TWD using the exchange rate of USD@33.1 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	1,993,957	248,250 (USD7,500)	248,250 (USD7,500)	-	-	1.66 %	5,981,871	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) Significant securities held as of March 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):None.

(iv) 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)	(5,218,573)	(46)%	Net 120 days from delivery	-	-	26,379	1 %	Note 3
"	Arcadyan AU	"	(Sales)	(329,326)	(3)%	Net 60 days from the end of the month of delivery	-	-	166,666	3 %	Note 3
"	Arcadyan Germany	"	(Sales)	(194,068)	(2)%	Net 150 days from delivery	-	-	186,880	4 %	Note 3
"	Arcadyan Vietnam	"	Purchases	1,760,130	9 %	Net 180 days from the end of the month of delivery	According to cost plus pricing	-	Note 2	- %	Notes 1 - 3
Arcadyan Vietnam	The Company	Parent company	(Sales)	(1,760,130)	(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	227,711	2 %	Net 60 days from the end of the month of delivery	-	-	(229,130)	(1)%	-
Arcadyan USA	The Company	Parent company	Purchases	5,218,573	100 %	Net 120 days from delivery	-	-	(26,379)	(100)%	Note 3
Arcadyan AU	The Company	Parent company	Purchases	329,326	100 %	Net 60 days from the end of the month of delivery	-	-	(166,666)	(100)%	Note 3
Arcadyan Germany	The Company	Parent company	Purchases	194,068	100 %	Net 150 days from delivery	-	-	(186,880)	(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 March 31, 2025, the other receivables (payables) were amounted to \$2,197,461.

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

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (v) 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	Arcadyan Germany	Subsidiary	186,880	3.93	-		-	-
"	Arcadyan Vietnam	"	2,197,461 (Note 1)	(Note 1)	-		473,374	-
CNC	The Company	Parent company	137,181 (Note 2)	(Note 2)	-		-	-
The Company	Arcadyan AU	"	166,666	8.73	-		137,438	-

Note 1: The ending balance was other receivables arising from purchasing raw materials on behalf of related parties.

Note 2: The ending balance was other receivables arising from supply chain support fees.

Note 3: Information as of April 24, 2025.

- (vi) 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			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	Arcadyan Germany	1	Operating revenues	194,068	There is no significant difference of price with non-related customers. The credit period is net 150 days from delivery.	1.53 %
"	"	"	1	Accounts receivable	186,880	"	0.43 %
"	"	Arcadyan USA	1	Operating revenues	5,218,573	There is no significant difference of price with non-related customers. The credit period is net 120 days from delivery.	41.08 %
"	"	"	1	Accounts receivable	26,379	"	0.06 %
"	"	Arcadyan AU	1	Operating revenues	329,326	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.	2.59 %
"	"	"	1	Accounts receivable	166,666	"	0.39 %
"	"	Arcadyan Vietnam	1	Other receivables	2,197,461	The credit period is net 180 days from the end of the month of delivery and depends on funding demand.	5.11 %
1	Arcadyan Vietnam	The Company	2	Processing revenue	1,760,130	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.	13.86 %

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ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2025 (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 March 31, 2025			Net Income (Losses) of the Investee	Share of Income (losses) of the Investee	Note
				March 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
The Company	Arcadyan Holding	British Virgin Islands	Investment activities	1,701,027	1,701,027	47,780	100%	2,419,180	(77,375)	(77,375)	Notes 2、4
The Company	Arcadyan USA	USA	Selling and technical support of wireless networking products	23,055	23,055	1	100%	159,213	9,839	9,839	"
The Company	Arcadyan Germany	Germany	Selling and technical support of wireless networking products	1,125	1,125	0.5	100%	110,278	2,509	2,509	"
The Company	Arcadyan Korea	Korea	Selling of wireless networking products	2,879	2,879	20	100%	38,412	1,548	1,548	"
The Company and ZHI-BAO	Arcadyan Brasil	Brazil	Selling of wireless networking products	81,593	81,593	968	100%	(54,260)	2,664	2,664	"
The Company	ZHI-BAO	Hsinchu City	Investment activities	48,000	48,000	34,980	100%	305,365	(7,752)	(7,752)	"
The Company	TTI	Taipei City	Research and development, and selling digital home appliance	308,726	308,726	25,028	61%	144,239	450	275	"
The Company	Arcadyan UK	United Kingdom	Technical support of wireless networking products	1,988	1,988	50	100%	6,673	103	103	"
The Company	Arcadyan AU	Australia	Selling of wireless networking products	1,161	1,161	50	100%	91,111	4,914	4,914	"
The Company	Arcadyan RU	Russia	Selling of wireless networking products	7,672	7,672	-	100%	507	(481)	(481)	"
The Company and ZHI-BAO	CBN	Hsinchu County	Manufacturing and selling of broadband network products	48,197	48,197	13,673	20.3%	193,843	(23,289)	(6,428)	Note 3
The Company and ZHI-BAO	Arcadyan India	India	Selling of wireless networking products	76,952	76,952	19,800	100%	(6,836)	46,632	46,632	Notes 2、4
The Company	Arcadyan Turkey	Turkey	Selling of wireless networking products	61,268	61,268	6,200	100%	58,343	2,109	2,109	Notes 2、4、5
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment activities	961,555 (USD29,050)	961,555 (USD29,050)	29,050	100%	2,023,900 (USD61,145)	12,730 (USD387)	Investment gain(losses) recognized by Arcadyan Holding	Notes 2、4
"	Arch Holding	British Virgin Islands	Investment activities	364,464 (USD11,011)	364,464 (USD11,011)	35	100%	218,280 (USD15,658)	(103,093) (USD3,134)	"	"
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless networking products	959,900 (USD29,000)	959,900 (USD29,000)	-	100%	2,018,868 (USD60,993)	12,665 (USD385)	Investment gain (losses) recognized by Sinoprime	"
TTI	Quest	Samoa	Investment activities	39,720 (USD1,200)	39,720 (USD1,200)	1,200	100%	9,069	(191)	Investment gain (losses) recognized by TTI	"
Quest	Exquisite	Samoa	Investment activities	38,727 (USD1,170)	38,727 (USD1,170)	1,170	100%	8,143 (USD246)	(197) (USD6)	Investment gain(losses) recognized by Quest	"

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rate of USD@32.895 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of USD@33.10 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.

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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, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2025	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
SVA	Research and sale of wireless networking products	268,110 (USD8,100)	Note 1	(Note 4) 444,202 (USD13,420)	-	-	444,202 (USD13,420)	954 (USD29)	100%	954 (USD29)	51,802 (USD1,565)	-	Note 3
CNC	Manufacturing of wireless networking products	412,095 (USD12,450)	"	(Note 5) 364,464 (USD11,011)	-	-	364,464 (USD11,011)	(103,093) (USD3,134)	100%	(103,093) (USD3,134)	716,383 (USD21,643)	-	"
TCH	Manufacturing of digital home appliance products	400,676 (USD12,105)	Notes 1, 6 and 7	38,065 (USD1,150)	-	-	38,065 (USD1,150)	(592) (USD18)	100%	(592) (USD18)	22,938 (USD693)	-	"

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@32.895 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of USD@33.10 based on the reporting date.

Note 3: Investment gains and losses were recognized in accordance with self-prepared financial statements, which have not been reviewed by CPA.

Note 4: The Company paid US\$18,420 thousands and acquired 100% shares of SVA from Aceton 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 March 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in Mainland China by Investment Commission, MOEA
846,731 (USD25,581)	1,136,522 (USD34,336)	8,972,807

Note : The amounts in TWD were translated at the exchange rate of USD@33.10 at the reporting date.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China for the three months ended March 31, 2025, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Business relationships between the parent company and subsidiaries and significant intercompany transactions" .

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(14) Segment information:

The Group operates a single operating 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 operating segment information of the Group is consistent with the information in the consolidated financial statements, and please refer to the consolidated statement of comprehensive income for the segment profit or loss.