

CyberTAN Technology Inc.
Parent Company Only Financial Report with
Independent Auditors' Report
2024 and 2023
(Stock Code: 3062)

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Independent Auditors' Report

(2025) Cai-Shen-Bao-Zi No.24004918

To CyberTAN Technology Inc.:

Audit opinion

We have audited the standalone balance sheet of CyberTAN Technology Inc. (hereinafter referred to as the “CyberTAN”) as at December 31, 2024 and 2023, the parent company only statement of comprehensive income, parent company only statement of changes in equity, and parent company only cash flow statement for the periods January 1 to December 31, 2024 and 2023, and the accompanying footnotes (including summary of major accounting policies).

In our opinion, based on our audit results and other independent auditors' report (please refer to the other matter section), all material disclosures of the parent company only financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and presented a fair view of the parent company only financial position of CyberTAN as at December 31, 2024 and 2023, and business performance and cash flow for the periods January 1 to December 31, 2024 and 2023.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the ROC Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of CyberTAN in accordance with the Code of Ethics for Professional Accountants of the Republic of China and with other responsibilities of the Code of Ethics performed. According to our audits and other independent auditors' report, we believe to have obtained sufficient and appropriate audit evidence in order to be used as the basis for the opinion.

Key audit matters

The “key audit matters” means that the independent auditor has used their professional judgment as the basis to audit the most important matters on the 2024 parent company only financial statements of CyberTAN. These matters were addressed in the content of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

The key audit matters of the 2024 parent company only financial statements of CyberTAN are described as follows:

Evaluation of allowance for inventory valuation loss

Item Description

Regarding the accounting policies for the inventory valuation, please refer to Note 4(13) to the parent company only financial report; for the uncertainty of accounting estimates and assumptions, please refer to Note 5(2) to the parent company only financial report; for the description of inventory accounting titles, please refer to Note 6(6) to the parent company only financial report. The balances of valuation loss regarding the inventory and allowance for inventory on December 31, 2024, were NTD 188,935 thousand and NTD 4,784 thousand, respectively.

CyberTAN is mainly involved in the sale of communication products manufactured by the subsidiaries. The risk caused by loss on inventory devaluation or the obsolescence of inventory may

be higher due to the short life cycle and severe market competition. Inventory is evaluated by CyberTAN and its subsidiaries on the basis of the cost and net realizable value, whichever is lower. The aforementioned loss of allowance for inventory valuation was mainly due to the inventory measured at the cost and net realizable value, whichever is lower, and identification of obsolescent or damaged inventory items. Because the large inventory amount and enormous items of CyberTAN and its subsidiaries as well as the objective judgments of the management concerned during the identification of obsolescent or damaged inventory belong to the field to be determined during the audit, we listed the evaluation of the loss of allowance for inventory valuation of CyberTAN and its subsidiaries as one of the important matters in the audit.

Responsive Audit Procedures

The responsive procedures executed by us for specific aspects specified in the preceding key audit matters are as follows:

1. Adopted the acquired allowance policy for inventory devaluation of CyberTAN and its subsidiaries during the comparative period of financial statements and evaluated the reasonableness of the allowance policy.
2. Acquired the net realizable value statement of inventory cost, randomly checked the related supporting documents, recalculated its accuracy, validated the appropriateness of the logic of the inventory aging report system used for evaluation, conducted spot checks for individual inventory numbers to confirm the degree of inventory closeout and information, and evaluated the basis of the net realizable value estimated by the management and its reasonableness.
3. Checked related information acquired during inventory taking process and inquired the management and personnel related to inventory to confirm conditions of obsolescent, remaining, older, out-of-fashion or damaged inventory neglected in the inventory details.

– Audit related to other CPAs

For the companies invested under equity method in the aforementioned parent company only financial statements of CyberTAN, we have not audited the financial statements which was prepared based on different financial report structure, instead other CPAs did. Therefore, our opinions expressed on the amount listed in said parent company only financial statements of such companies and related information disclosed in Note 13 were based on the other independent auditor's report. The balances of the investments under the equity method as of December 31, 2024 and 2023 were NTD 31,705 thousand and NTD 13,677 thousand respectively, accounting for 0.52% and 0.22% of the parent company only total assets. The comprehensive income recognized under the equity method for the said companies were NTD 19,506 thousand and NTD (3,919) thousand from January 1 to December 31, 2024 and 2023, respectively, accounting for 22.65% and 1.23% of the parent company only comprehensive income.

Responsibilities of Management and the Governance Unit with Governance of the Parent Company Only Financial Statements

The management is responsible for preparing the appropriate parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Report by Securities Issuers. Additionally, it is responsible for maintaining the internal control mechanism that is related to and necessary for the preparation of the parent company only financial statements. As a result, it can ensure material misstatement due to fraud or error is not pertained in the parent company only financial statements.

In preparing the parent company only financial statements, the management is also responsible for assessing the ability of CyberTAN to continue as a going concern, disclosing, as applicable, matters related to ongoing concerns and using the going concern basis of accounting unless management either intends to liquidate the CyberTAN or to cease operations, or there is a lack of

any option except for liquidation or suspension.

The governance unit (including the audit committee) of CyberTAN is responsible for supervising the financial reporting process.

Independent Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ROC auditing standards will always detect a material misstatement in the parent company only financial statements when it exists. Misstatement can arise from fraud or error. If fraud or errors are considered material, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

We exercise professional judgment and skepticism during the audit in accordance with the Auditing Standards of the Republic of China. We also:

1. Identify and assess the risk of material misstatement of the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. We acquire the necessary understanding of the internal control mechanism that is related to the audit to design an appropriate audit process for the situation at the time. The purpose of the knowledge is not to express opinions on the effectiveness of the internal control mechanism of CyberTAN.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Based on the acquired audit evidence, we decide whether the going concern accounting basis adopted by the management is suitable, whether events that might affect the going concern capacity of CyberTAN exist, and whether there is major uncertainty. A conclusion will be made afterwards. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause the CyberTAN to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of individual companies within the CyberTAN in order to express an opinion on the parent company only financial statements. The independent auditor is responsible for guiding, supervising, and implementing the individual audit of CyberTAN, and also for forming an audit opinion for the parent company only financial statements.

We communicate with the governance units regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in

internal control that we identify during our audit).

We also provide those in charge of governance with a statement that we have complied with the Code of Ethics for Professional Accountants of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, (related safeguards).

The independent auditor has used the communications with the governing unit as the basis to determine the key audit matters to be performed on the 2024 parent company only financial statements of CyberTAN. We clearly state all above matters in the audit report, unless the law prohibits us to publicly disclose certain matters, or under rare circumstances we decide not to include certain matters in the audit report since we can reasonably expect the resulting negative impact is greater than the public interest they bring.

PricewaterhouseCoopers Taiwan

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Document No. of Approval and Certification:

Jin-Guan-Zheng-Shen-Zi No. 1100350706

Jin-Guan-Zheng-Shen-Zi No. 1120348565

March 5, 2025

CyberTAN Technology Inc.
Parent Company Only Balance Sheet
December 31, 2024 and 2023

Unit: NTD thousand

Assets		Notes	December 31, 2024		December 31, 2023			
			Amount	%	Amount	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	570,176	9	\$	1,116,036	18
1110	Financial assets measured at fair value through profit or loss – current	6(2)		-	-		1,613	-
1136	Financial assets measured at amortized cost – current	6(4) and 8		100,000	2		699,415	11
1170	Accounts receivable, net	6(5)		694,799	12		803,448	13
1180	Accounts receivable – the related party, net	6(5) and 7		325,600	5		162,349	3
1210	Other receivables- the related party	7		862,023	14		380,710	6
1220	Income tax assets in the current period			5,114	-		2,828	-
130X	Inventory	6(6)		184,151	3		148,148	3
1470	Other current assets			37,075	1		21,274	-
11XX	Total current assets			2,778,938	46		3,335,821	54
Non-current assets								
1517	Financial assets measured at fair value through profit or loss – non-current	6(3)		12,175	-		-	-
1535	Financial assets measured at amortized cost – non-current	6(4) and 8		312,529	5		308,809	5
1550	Investment at equity method	6(7)		1,938,853	32		1,451,362	23
1600	Property, plant and equipment	6(8)		544,866	9		565,703	9
1755	Right-of-use assets	6(9)		189,313	3		207,889	3
1780	Intangible assets			6,450	-		8,666	-
1840	Deferred income tax assets	6(28)		106,816	2		116,462	2
1990	Other non-current assets – others	6(11), (14)		205,704	3		213,217	4
15XX	Total non-current assets			3,316,706	54		2,872,108	46
1XXX	Total assets		\$	6,095,644	100	\$	6,207,929	100

(To be continued)

CyberTAN Technology Inc.
Parent Company Only Balance Sheet
December 31, 2024 and 2023

Unit: NTD thousand

Liabilities and equity		Notes	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	6(12)	\$ 94,539	2	\$ 39,916	1
2120	Financial liabilities measured at fair value through profit or loss – current	6(2)	19,543	-	-	-
2130	Contract liabilities – current	6(21)	41,443	1	48,601	1
2170	Accounts payable		89,644	1	800,155	13
2180	Accounts payable – the related party	7	21,047	-	36,607	-
2200	Other payables	6(13)	884,049	15	170,411	3
2220	Other payables – the related party	7	27,926	-	7,969	-
2250	Liability reserve – current	6(16)	541	-	4,345	-
2280	Lease liabilities – current		17,658	-	17,516	-
2399	Other current liabilities -others		47,236	1	90,192	1
21XX	Total current liabilities		<u>1,243,626</u>	<u>20</u>	<u>1,215,712</u>	<u>19</u>
Non-current liabilities						
2550	Liability reserve – non-current	6(16)	10,424	-	8,594	-
2570	Deferred income tax liabilities	6(28)	13,058	1	6,431	-
2580	Lease liabilities – non-current		182,760	3	200,431	4
2600	Other non-current liabilities	7	6,911	-	6,832	-
25XX	Total non-current liabilities		<u>213,153</u>	<u>4</u>	<u>222,288</u>	<u>4</u>
2XXX	Total liabilities		<u>1,456,779</u>	<u>24</u>	<u>1,438,000</u>	<u>23</u>
Equity						
	Capital stock	6(17)				
3110	Common stock		3,303,254	54	3,302,554	53
	Capital reserves	6(18)				
3200	Capital reserves		598,676	10	622,678	10
	Retained earnings	6(19)				
3310	Legal reserve		825,257	13	825,257	13
3320	Special reserve		155,470	3	162,392	3
3350	Undistributed earnings		26,706	-	28,086	-
	Other equity	6(20)				
3400	Other equity		(64,804)	(1)	(169,612)	(2)
	Treasury stocks	6(17)				
3500	Treasury stocks		(205,694)	(3)	(1,426)	-
3XXX	Total equity		<u>4,638,865</u>	<u>76</u>	<u>4,769,929</u>	<u>77</u>
3X2X	Total liabilities and equity		<u>\$ 6,095,644</u>	<u>100</u>	<u>\$ 6,207,929</u>	<u>100</u>

Please refer to the notes of the parent company only financial statements, which constitute a part of the parent company only financial report.

Chairman: Gwong-Yih Lee

Manager: Gwong-Yih Lee

Accounting Officer: Kuo-Tung Huang

CyberTAN Technology Inc.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2024 and 2023

Unit: NTD thousand
(Except the unit of earnings (losses) per share is NTD)

	Item	Notes	2024		2023	
			Amount	%	Amount	%
4000	Operating revenue	6(21) and 7	\$ 3,612,341	100	\$ 3,800,028	100
5000	Operating cost	6(6), (26) (27) and 7	(3,394,659)	(94)	(3,619,365)	(95)
5900	Operating gross profit		217,682	6	180,663	5
	Operating expense	6(26) (27) and 7				
6100	Selling expenses		(50,683)	(2)	(37,425)	(1)
6200	Administrative expenses		(106,496)	(3)	(97,842)	(3)
6300	R&D expenses		(293,977)	(8)	(275,382)	(7)
6450	Expected credit impairment gains (losses)	12(2)	(3,882)	-	(12,166)	-
6000	Total operating expenses		(455,038)	(13)	(398,483)	(11)
6900	Operating losses		(237,356)	(7)	(217,820)	(6)
	Non-operating revenue and expenses					
7100	Interest revenue	6(22) and 7	43,379	1	25,112	1
7010	Other revenue	6(23) and 7	139,841	4	71,704	2
7020	Other gains and losses	6(24)	333,046	9	134,947	3
7050	Financial Costs	6(25)	(8,899)	-	(8,906)	-
7070	Share of profit or loss of subsidiaries, affiliated companies and joint ventures recognized under the equity method	6(7)	(253,036)	(7)	(374,160)	(10)
7000	Total non-operating income and expense		254,331	7	151,303	4
7900	Net profit (loss) before tax		16,975	-	369,123	(10)
7950	Income tax benefits (expenses)	6(28)	(14,258)	-	52,293	2
8200	Net profit (loss) for the current period		\$ 2,717	-	(\$ 316,830)	(8)
	Other comprehensive income					
	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit plan	6(14)	\$ 6,641	-	\$ 2,041	-
8330	Share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method – items not reclassified to profit or loss	6(7)	13,389	-	(5,453)	-
8349	Income tax related to items not reclassified	6(28)	(1,328)	-	(408)	-
8310	Total of items not reclassified to profit or loss		18,702	-	(3,820)	-
	Items may be reclassified to profit or loss subsequently					
8361	Exchange difference in the financial statement translation of the foreign operation	6(20)	53,630	2	1,715	-
8380	Share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method – items may be reclassified to profit or loss	6(20)	11,768	-	562	-
8399	Income tax related to items may be reclassified	6(20), (28)	(681)	-	(343)	-
8360	Total of items may be reclassified to profit or loss subsequently		64,717	2	1,934	-
8300	Other comprehensive profit (loss) for the period (after-tax, net)		\$ 83,419	2	(\$ 1,886)	-
8500	Total comprehensive profit (loss) for the period		\$ 86,136	2	(\$ 318,716)	(8)
	Earnings (losses) per share	6(29)				
9750	Basic earnings (losses) per share		\$ 0.01		(\$ 0.97)	
9850	Diluted earnings (losses) per share		\$ 0.01		(\$ 0.97)	

Please refer to the notes of the parent company only financial statements, which constitute a part of the parent company only financial report.

Chairman: Gwong-Yih Lee

Manager: Gwong-Yih Lee

Accounting Officer: Kuo-Tung Huang

CyberTAN Technology Inc.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

	Notes	Common stock	Capital reserves	Retained earnings			Other equity			Treasury stocks	Total
				Legal reserve	Special reserve	Undistributed earnings	Exchange difference in the financial statement translation of the foreign operation	Unrealized profit or loss of financial assets measured at fair value through other comprehensive income	Employees' unearned remuneration		
<u>2023</u>											
Balance at January 1, 2023		\$ 3,302,154	\$ 620,772	\$ 825,257	\$ 122,154	\$ 393,963	(\$ 79,920)	(\$ 82,472)	(\$ 37,041)	\$ -	\$ 5,064,867
Current net loss		-	-	-	-	(316,830)	-	-	-	-	(316,830)
Other comprehensive income for the year	6(20)	-	-	-	-	186	1,934	(4,006)	-	-	(1,886)
Total comprehensive income for the year		-	-	-	-	(316,644)	1,934	(4,006)	-	-	(318,716)
Appropriation and allocation of earnings in 2022:	6(19)										
Allocated special reserve		-	-	-	40,238	(40,238)	-	-	-	-	-
Repurchase of treasury shares	6(17)	-	-	-	-	-	-	-	-	(17,573)	(17,573)
Transfer of treasury shares to employees	6(17)	-	-	-	-	-	-	-	-	16,147	16,147
Issuance of new restricted employee shares	6(15), (17), (18), (20)	1,300	1,364	-	-	-	-	-	(2,664)	-	-
Revocation of restricted employee shares	6(15), (17), (18), (20)	(900)	(1,175)	-	-	-	-	-	2,075	-	-
Share-based payment for remuneration	6(15), (20)	-	-	-	-	-	-	-	23,487	-	23,487
Changes in equity of affiliated companies are not recognized in accordance with the shareholding percentage	6(7), (18)	-	10,953	-	-	-	-	-	-	-	10,953
Disposal of investments accounted for using the equity method	6(18), (20)	-	(9,236)	-	-	(8,995)	-	8,995	-	-	(9,236)
Balance at December 31, 2023		\$ 3,302,554	\$ 622,678	\$ 825,257	\$ 162,392	\$ 28,086	(\$ 77,986)	(\$ 77,483)	(\$ 14,143)	(\$ 1,426)	\$ 4,769,929

Please refer to the notes of the parent company only financial statements, which constitute a part of the parent company only financial report.

Chairman: Gwong-Yih Lee

Manager: Gwong-Yih Lee

Accounting Officer: Kuo-Tung Huang

CyberTAN Technology Inc.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

	Notes	Retained earnings					Other equity				Total
		Common stock	Capital reserves	Legal reserve	Special reserve	Undistributed earnings	Exchange difference in the financial statement translation of the foreign operation	Unrealized profit or loss of financial assets measured at fair value through other comprehensive income	Employees' unearned remuneration	Treasury stocks	
2024											
Balance at January 1, 2024		\$ 3,302,554	\$ 622,678	\$ 825,257	\$ 162,392	\$ 28,086	(\$ 77,986)	(\$ 77,483)	(\$ 14,143)	(\$ 1,426)	\$ 4,769,929
Current net profit		-	-	-	-	2,717	-	-	-	-	2,717
Other comprehensive income for the year	6(20)	-	-	-	-	6,823	64,717	11,879	-	-	83,419
Total comprehensive income for the year		-	-	-	-	9,540	64,717	11,879	-	-	86,136
Appropriation and allocation of earnings in 2023:	6(19)										
Reversal of special reserves		-	-	-	(6,922)	6,922	-	-	-	-	-
Repurchase of treasury shares	6(17)	-	-	-	-	-	-	-	-	(204,268)	(204,268)
Issuance of new restricted employee shares	6(15), (17), (18), (20)	2,600	3,107	-	-	-	-	-	(5,707)	-	-
Revocation of restricted employee shares	6(15), (17), (18), (20)	(1,900)	(3,128)	-	-	-	-	-	5,028	-	-
Share-based payment for remuneration	6(15), (20)	-	-	-	-	-	-	-	8,194	-	8,194
Disposal of investments accounted for using the equity method	6(18), (20)	-	(23,981)	-	-	(17,993)	2,855	17,993	-	-	(21,126)
Disposal of equity instrument measured at fair value through other comprehensive income	6(20)	-	-	-	-	151	-	(151)	-	-	-
Balance at December 31, 2024		\$ 3,303,254	\$ 598,676	\$ 825,257	\$ 155,470	\$ 26,706	(\$ 10,414)	(\$ 47,762)	(\$ 6,628)	(\$ 205,694)	\$ 4,638,865

Please refer to the notes of the parent company only financial statements, which constitute a part of the parent company only financial report.

Chairman: Gwong-Yih Lee

Manager: Gwong-Yih Lee

Accounting Officer: Kuo-Tung Huang

CyberTAN Technology Inc.
Parent Company Only Statement of Cash Flow
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

	Notes	January 1 to December 31, 2024	January 1 to December 31, 2023
<u>Cash flow from operating activities</u>			
Net profit (loss) before tax for the current period		\$ 16,975	(\$ 369,123)
Adjustment items			
Income/expenses items without impact on cash flow			
Depreciation expenses	6(26)	51,326	45,714
Miscellaneous expenses – depreciation expenses	6(24)	18,622	20,694
Amortization expenses	6(26)	7,672	4,590
Expected credit impairment losses (gains)	12(2)	3,882	(12,166)
Net loss from financial assets and liabilities at fair value through profit or loss	6(2), (24)	60,919	24,982
Interest expenses	6(25)	8,899	8,906
Miscellaneous expenses - Interest expenses	6(24)	1,781	2,180
Interest revenue	6(22)	(43,379)	(25,112)
Share of losses of from subsidiaries, affiliated companies and joint ventures recognized under the equity method	6(7)	253,036	374,160
Gains on disposal of investment accounted for using equity method	6(7), (24)	(361,157)	(208,691)
Share-based payment for remuneration	6(15)	8,194	23,487
Profit on write-off of overdue payables		(70,883)	-
Changes of assets/liabilities related to operating activities			
Net changes of assets/liabilities related to operating activities			
Financial assets and liabilities measured at fair value through profit or loss		(39,763)	(26,595)
Accounts receivable		104,767	530,959
Accounts receivable – the related party		(163,251)	490,620
Other receivables- the related party		(153,463)	565,740
Inventory		(36,003)	46,486)
Other current assets		(13,138)	(4,505)
Other non-current assets		14,154	(2,185)
Net changes of liabilities related to operating activities			
Contract liabilities – current		(5,165)	(6,219)
Accounts payable		(218,931)	(201,232)
Accounts payable – the related party		(15,560)	17,066
Other payables		271,865	70,427
Other payables – the related party		19,957	4,613
Liability reserve		(1,974)	(5,572)
Other current liabilities -others		25,934	9,682
Cash inflow (outflow) from operations		(254,684)	1,285,934
Income tax received (paid)		(2,280)	8,530
Net cash inflow (outflow) from operating activities		(256,964)	1,294,464
<u>Cash flow from investing activities</u>			
Disposal (Acquisition) of financial assets measured at amortized cost - current		595,695	(435,721)
Acquisition of financial assets measured at fair value through other comprehensive income		(12,175)	-
Acquisition of investment under equity method	6(7)	(959,043)	(343,865)
Proceeds from disposal of investment under equity method	6(7)	635,856	331,103
Cash dividend distributed by affiliated companies recognized under the equity method	6(7)	1,478	849
Acquisition of property, plant, and equipment	6(8)	(30,102)	(11,652)
Acquisition of intangible asset		(5,457)	(11,517)
Increase in other receivables – related parties		(327,850)	-
Interest received		40,717	22,965
Net cash outflow from investing activities		(60,881)	(447,838)
<u>Cash flow from financing activities</u>			
Increase (decrease) in short-term loans		54,623	(410,038)
Increase in guarantee deposits		79	262
Repayment of lease principal	6(30)	(17,962)	(17,603)
Interest paid		(60,487)	(14,379)
Cost of the repurchase of treasury shares	6(17)	(204,268)	(17,573)
Employee purchase of treasury shares	6(17)	-	16,147
Net cash outflow from financing activities		(228,015)	(443,184)
Increase (decrease) in cash and cash equivalents in the current period		(545,860)	403,442
Balance of cash and cash equivalents, beginning		1,116,036	712,594
Balance of cash and cash equivalents, ending		\$ 570,176	\$ 1,116,036

Please refer to the notes of the parent company only financial statements, which constitute a part of the parent company only financial report.

Chairman: Gwong-Yih Lee

Manager: Gwong-Yih Lee

Accounting Officer: Kuo-Tung Huang

CyberTAN Technology Inc.
Notes to Parent Company Only Financial Statements
2024 and 2023

Unit: NTD thousand
(Unless otherwise specified)

I. Company History and Business Scope

CyberTAN Technology Inc. (hereinafter referred to as the “the Company”) was established in the Republic of China. We mainly engaged in wired communication mechanical equipment manufacturing, electronic components manufacturing, and the R&D, development and sales of broadband Internet routers, gateways, virtual private networks, firewalls, Layer 3 and Layer 4 switches, wired broadband network security router and wireless broadband network security router. The Company’s stock has been listed and traded on the Taiwan Stock Exchange since July 28, 2003.

II. Approval Date and Procedures of the Financial Statements

The parent company only financial report was released after being approved by the board of directors on March 5, 2025.

III. New Standards, Amendments, and Interpretations Adopted

(I) Effect of adopting the new promulgated or amended IFRS endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the “FSC”)

The following table sets forth the standards and interpretations of new releases, amendments, and amendments of the IFRSs applicable in 2024 that were approved and promulgated by the FSC:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective Date per IASB</u>
Amendments to IFRS 16, “Lease Liabilities in a Sale and Leaseback”	January 1, 2024
Classification of liabilities as current or non-current (Amendments to IAS 1)	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with contractual clauses”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”	January 1, 2024

The Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Company.

(II) The impact of not yet adopting the new and revised IFRSs recognized by the FSC

The following table summarizes the newly issued, amended, and revised International Financial Reporting Standards (IFRS) and interpretations applicable for the year 2025, as endorsed by the FSC:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective Date per IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

The Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Company.

(III) Impacts of IFRSs issued by the IASB but not yet endorsed by the FSC

The following table summarizes the standards and interpretations of new releases,

amendments, and amendments to the IFRSs issued by the IASB but not yet endorsed by the FSC:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective Date per IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendment to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be decided by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures of Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the Company has assessed that the standards and interpretations above have no significant impact on the Company’s financial position and financial performance:

IFRS 18 “Presentation and Disclosures of Financial Statements”

IFRS 18 “Presentation and Disclosures of Financial Statements” replaces IAS 1 and updates the structure of the statement of comprehensive income, adds the disclosure of management-defined performance measures, and enhances the guidance on the organization and grouping of information in the primary financial statements and the notes.

IV. Summary of Significant Accounting Policies

The major accounting policies applied to prepare the parent company only financial statements are as follows. Unless otherwise stated, these policies apply consistently throughout the reporting period.

(I) Compliance Statement

The present company only financial report has been duly worked out in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers.

(II) Basis of preparation

1. Except the following important items, the parent company only financial report has been duly prepared on the basis of historical costs:
 - (1) Financial assets (including derivatives) measured at fair value through profit or loss based on fair value.
 - (2) Financial assets measured at fair value through other comprehensive income based on fair value.
 - (3) Defined benefit assets stated based on the net after pension fund assets less the present value of defined benefit obligations.

2. The preparation of financial statements in compliance with the International Financial Reporting Standards and International Accounting Standards and Interpretations (hereinafter referred to as IFRSs) endorsed and issued into effect by the FSC requires the use of some important accounting estimates. In the process of applying the Company's accounting policies, it also requires management. Please refer to Note 5 for details that involve high level of judgment or complexity, or significant assumptions and estimates in the parent company only financial statements.

(III) Translation of foreign currency

Each item listed in the parent company only financial statements of the Company is measured by the currency of the primary economic environment in which the business department situated (i.e. functional currency). The parent company only financial report was prepared in the Company's functional currency, "NTD."

1. Foreign currency transaction and balance
 - (1) Foreign currency transaction converts the conversion difference generated by the transaction to functional currency adopting the spot exchange rate on the date of transactions or measurement date and recognizes the difference as current profit or loss.
 - (2) The monetary assets and balance of liabilities in foreign currency are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by adjustment is recognized as current profit or loss.
 - (3) For non-monetary assets and balance of liabilities in foreign currency, those measured at fair value through profit or loss are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by the adjustment is recognized as current profit or loss. Those measured at fair value through other comprehensive income are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by the adjustment is recognized as another comprehensive income item. Those not measured at fair value are measured at the historical exchange rate on the initial transaction date.
 - (4) All exchange gain or loss is listed in "Other Profit and Loss" of profit and loss statement.
2. Translation of the foreign operation
 - (1) For all Company's entities, affiliated companies and joint agreements with differences in functional currency and presentation currency, the business result and financial status is converted to presentation currency by the following method:
 - A. The assets and liabilities presented in each balance sheet were translated based on the exchange rates closed on every balance sheet date;
 - B. The profits and losses presented in each statement of comprehensive income were translated in accordance with the average exchange rates in current period; and
 - C. All resulting exchange differences were recognized under other comprehensive income.
 - (2) When the foreign operation for partial disposal or selling is a subsidiary, the accumulated exchange differences recognized under other comprehensive income are reattributed proportionally as non-controlling equity of the subsidiary. However, when the Company maintains partial rights of the former subsidiary but loses the control over the subsidiary included in the foreign operation institutions, it is conducted based on the disposal of all equity in the foreign operation institutions.

(IV) Classification of assets and liabilities as current and non-current

1. Assets that match any of the following conditions shall be classified as current assets:

- (1) Assets expected to be realized, intent to be sold or consumed over the normal operating cycles.
- (2) Primarily for trading purposes.
- (3) Assets expected to be realized within 12 months after the balance sheet date.
- (4) Assets in cash or cash equivalents, except for those that are used for an exchange or to settle a liability, or otherwise remain restricted for more than 12 months after the balance sheet date.

The Company listed all assets that did not comply with the following conditions as non-current assets.

2. Assets that match any of the following conditions shall be classified as current liabilities:

- (1) Liabilities expected to be settled in normal business cycle.
- (2) Primarily for trading purposes.
- (3) Liabilities expected to be settled within 12 months after the balance sheet date.
- (4) Entities that do not have the right to defer settlement of a liability for at least 12 months after the reporting period.

The Company listed all assets that did not comply with the following conditions as non-current liabilities.

(V) Cash equivalents

Cash equivalent includes short-term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value. The time deposits that fall into the above definition and are intended to satisfy the short-term cash commitment shall be classified as cash equivalents.

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

1. This refers to financial assets not measured at amortized cost or measured at fair value through other comprehensive income.
2. The Company adopts the trade date accounting for financial assets in accordance with the general trade practice measured at fair value through profit or loss.
3. It is initially recognized at fair value by the Company while the transaction cost is recognized in profit or loss upon incurred. Subsequent valuation is based on the fair value measurement and the resulting gain or loss is recognized as profit or loss.

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

1. This refers to the irrevocable choice at initial recognition to recognize the later fair value change of the equity instrument investment held not for transaction in other comprehensive profit or loss; or at the same time, the debt instrument investment meets the following conditions:
 - (1) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows or to sell.
 - (2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. The Company adopts the trade date accounting for financial assets in accordance with the general trade practice measured at fair value through profit or loss.
3. It is initially recognized at fair value plus the transaction cost by the Company and the subsequent valuation is measured at fair value:

- (1) The changes in fair value belonging to equity instrument investment are recognized as other comprehensive income. During derecognition, accumulated profit or loss previously recognized in other comprehensive income shall not be subsequently reclassified as profit or loss but classified as retained earnings. When the Company is entitled to collect dividends, the economic effect related to the dividend may inflow and the amount of revenue can be measured reliably. Therefore, the related dividend revenue shall be recognized as profit or loss.
- (2) The changes in fair value belonging to equity instrument investment is recognized as other comprehensive income. The impairment loss, interest income and exchange gain or loss in foreign currency before derecognition is recognized as profit or loss. During derecognition, the accumulated profit or loss previously recognized in other comprehensive income will be reclassified from equity to profit or loss.

(VIII) Financial assets measured at amortized cost

1. This refers to those meeting the following conditions at the same time:
 - (1) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
 - (2) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. The Company adopts the trade date accounting for financial assets in accordance with the general trade practice measured at amortized cost.
3. The time deposit not complying with cash equivalents held by the Company is measured at investment amount since the impact of discounting was insignificant.

(IX) Accounts receivable

1. This refers to accounts from the rights to receive consideration without any condition due to commodity transfer or labor service based on contract agreement.
2. This belongs to short-term accounts receivable with unpaid interest. The invoice payable was measured at the initial per value by the Company since the impact of discounting was insignificant.

(X) Impairment of financial assets

For debt instrument investments measured at fair value through other comprehensive income, financial assets measured at amortized cost, and accounts receivable that comprise material financial parts, the Company measures the loss allowance based on 12-month expected credit losses for those without a significant increase in credit risk after initial recognition, after taking reasonable and supporting materials into consideration (including forward-looking ones) on each balance sheet date. For those with a significant increase in credit risk after initial recognition, the loss allowance is measured based on the amount of the expected credit losses over the duration. For accounts receivable excluding material financial parts, the loss allowance is measured at the amount of the expected credit losses over the duration.

(XI) Derecognition of the financial assets

The Company will derecognize financial assets only in the event where the interests on a contract for financial assets-based cash flow ceased to be effective.

(XII) Lease transactions of lessor – operating lease

The lease income from operating lease deducting any given incentives of the lessee is amortized and recognized as current profit or loss under straight-line method over the lease period.

(XIII) Inventory

Inventories are measured at the lower of cost or net realizable value while the cost is determined by weighted average method. The cost of finished product and goods in process includes material, direct manpower, other direct costs and manufacturing expenses related to production (amortized based on normal productivity) without loan cost. The item-by-item comparison method is adopted when comparing the cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost of sales balance.

(XIV) Investment/subsidiaries and affiliated companies under the equity method

1. Subsidiaries mean the entities controlled by the Company. When the Company is exposed to changes in the remuneration participated by the entities or is entitled to changes in remuneration, and is able to influence the remuneration by virtue of its power over the entities, the Company is considered to be controlling the entities.
2. Unrealized gains and losses on transactions between the Company and subsidiaries were written off. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The shares of profit or loss acquired from subsidiaries by the Company were recognized as current profit or loss and shares of other comprehensive income were recognized as other comprehensive income. In the event that the shares of loss in the subsidiaries recognized by the Company are equal to or greater than its equity in the subsidiaries, the Company will continue to recognize the losses based on the shareholding ratio.
4. The affiliated companies refer to the entity in which the Company has significant impact upon and often holds more than 20% of voting shares directly or indirectly. The investment of the Company in the affiliated companies adopts the equity method for disposal and is recognized based on cost upon acquisition.
5. The shares in profit or loss acquired from affiliated companies by the Company was recognized as current profit or loss and shares of other comprehensive income was recognized as other comprehensive income. In the event that the Company's shares of loss in the affiliated companies is equal to or exceed its equity in the affiliated companies (including other unsecured receivables), the Company does not recognize further losses, unless in the event of occurrence of legal obligations, presumed obligations or within the scope that the Company made payment on behalf of the affiliated companies.
6. When changes to equity irrespective of profit and loss or comprehensive income occur to affiliated companies with no impact on the shareholding ratio of the Company, all of changes in equity will be recognized as "capital reserves" based on the shareholding ratio by the Company.
7. The unrealized profit or loss deriving from the transactions between the Company and the affiliated companies were written off based on the equity ratio of the affiliated companies; the unrealized loss was written off unless the evidence displayed the impairment of transferred assets in such transaction. Accounting policies of the affiliated companies have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
8. When the Company forfeits its material influence over the affiliated companies, if the Group disposes of the affiliated companies, the accounting treatment for the values related to the affiliated companies as stated in other comprehensive income previously is identical to the basis for the Company's direct disposition of related assets or liabilities. Namely, if the gain or loss stated in other comprehensive income previously would be reclassified into income when the related assets or liabilities are disposed of, the gain or loss shall be reclassified into income from equity when the Company has no significant impact on the affiliated companies. Provided that where it still has material influence over the affiliated companies, the amount

previously recognized in other comprehensive income is transferred according to the method stated above based on the proportion.

9. According to the regulations of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current income and other comprehensive income as presented in the parent company only financial statements shall be identical with the current income and other comprehensive income attributable to the proportion allocated to the parent shareholder as presented in the financial statement prepared on the basis of consolidation. The shareholders' equity as presented in the parent company only financial statements shall be identical with the parent shareholders' equity as presented in the financial statement prepared on the basis of consolidation.

(XV) Property, plant and equipment

1. Property, plant and equipment is accounted at acquisition cost at initiation and the relevant interest is capitalized during the purchase and construction period.
2. The subsequent cost is included in the book value of assets or recognized as single asset only when future economic benefits related to such item will probable inflow to the Company and the cost of such item can be measured reliably. The book value of the replaced part shall be derecognized. All other repair expenses are recognized as profit or loss upon occurring.
3. The subsequent measurement of property, plant, and equipment adopts the cost model and the depreciation is calculated over the estimated useful lives in accordance with the straight-line method. The property, plant and equipment are depreciated and for each and every major part individually.

4. The Company at least reviews the residual value, estimated useful life and depreciation method of each asset at the end of each fiscal year. If the expected values of the residual value and useful years are different from the previous estimate or the expected consumption pattern used in the future economic benefits of such an asset has significant changes, it is conducted based on the accounting estimate of IFRS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” since the date of change. The useful life of each asset are as follows:

House and buildings	3 – 41 years
(The useful life of interior construction is 3–10 years)	
Machinery and equipment	3 – 10 years
Transportation equipment	5 years
Office equipment	2 – 10 years
Other equipment	2 – 5 years

(XVI) Lease transactions of lessee – right-of-use assets/lease liabilities

1. The lease asset is recognized as right-of-use assets and lease liabilities upon the date available for use by the Company. When the lease contract is a short-term lease or a low-valued underlying asset lease, the lease payment is recognized as expenses on a straight-line method within the lease period.
2. The unpaid lease payment is recognized as lease liability based on present value discounted at the Company’s incremental borrowing rate of interest on the start date of lease. The lease payment belongs to fixed payment deducting any received lease incentives.

Subsequently, it is measured at the amortized cost under the interest method, and the interest expense are recognized during the lease period. When changes in lease term or lease payment are not caused by contract modification, lease liabilities will be reevaluated, and the remeasurement will be used to adjust right-of-use assets.

3. The right-of-use assets are recognized based on the cost on the starting date of the lease, the cost includes:
 - (1) The original measured amount of lease liability;
 - (2) Any lease payment paid before or on the starting date;
 - (3) Initial direct costs incurred.

The subsequence is measured by cost model and the right-of-use assets provide depreciation from the starting date of lease, up to the durable life expires or the lease period expires, the earlier prevails. When the lease liabilities are reassessed, the right-of-use assets will adjust any remeasurement of the lease liabilities.

(XVII) Intangible assets

Computer software

The computer software is recognized by acquisition cost and is amortized under straight-line method based on 1 years of useful life.

(XVIII) Impairment of non-financial assets

The Company will estimate the recoverable amount of the assets which show signs of impairment on the balance sheet date, and an impairment loss will be recognized if the recoverable amount falls below the asset's carrying amount. The recoverable amount is the fair value of an asset less the disposition cost or the use value, whichever is higher. Impairment loss recognized in previous years on assets may be reversed if the basis of impairment no longer exists or is reduced. Notwithstanding, the increase in book value of the asset resulting from the reversal must not exceed the face value of the asset less depreciation or amortization without impairment.

(XIX) Loans

This refers to the short-term amounts borrowed from the bank. Loans of the Company is measured based on the fair value less trading cost at the time of initial recognition. The subsequent measurement of any difference between the price lessing trading cost and redemption value, its interest expenses shall be recognized in profit or loss based on amortized procedure under effective interest method within the outstanding period.

(XX) Accounts payable

1. This means debt generated from the purchase of materials, commodities or labor services on credit.
2. This belongs to short-term accounts payable with unpaid interest. The invoice payable was measured at the initial par value by the Company since the impact of discounting was insignificant.

(XXI) Financial liabilities measured at fair value through profit or loss

1. Refers to financial liabilities held for trading with the main purpose of repurchasing them in the near future, and derivative financial instruments that are not designated as hedging instruments by hedge accounting. When a financial liability meets one of the following conditions, the Company designates it to be measured at fair value through profit or loss at the time of initial recognition:
 - (1) It is a hybrid (combined) contract; or
 - (2) The measurement or recognition inconsistency can be eliminated or significantly reduced; or
 - (3) It is a tool for managing and evaluating its performance on a fair value basis in accordance with documented risk management policies.
2. It is initially recognized at fair value by the Company while the transaction cost is recognized in profit or loss upon incurred. Subsequent valuation is based on the fair value measurement and the resulting gain or loss is recognized as profit or loss.

(XXII) Derecognition of the financial liabilities

The Company will have the financial liabilities derecognized when the contractual obligation is performed, discharged, or expired.

(XXIII) Offsetting of financial assets and liabilities

The financial assets and liabilities may be offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts of the financial assets and liabilities and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXIV) Liability reserve

The reserve for warranty liabilities shall be recognized when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The reserve for liabilities is measured by the best estimated present value paid to settle the obligation on the balance sheet date. The discount rate adopts the pre-tax discount rate that reflects the specific risk assessment of the current market toward the time value of money and the liabilities. The discounted amortization is then recognized as interest expenses. The future operating loss shall not be recognized in the reserve for liabilities.

(XXV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at non-discounted amount expected to be paid, and stated as expenses when the relevant services are provided.

2. Pension

(1) Defined appropriation plan

Under the defined contribution plan, every contribution made to the pension fund is recognized as pension cost in the period occurred using the accrual basis. The prepaid contribution may be stated as assets, insofar as it may be refunded in cash or the future payment is reduced.

(2) Defined benefit plan

A. The net obligation under the defined benefit pension plan is converted to the present value based on the future benefit earned from the services provided by the employees under various benefit plans in the current period or in the past, and the present value of defined benefit obligations on the balance sheet date less the fair value of the planned assets. An actuary uses the Projected Unit Credit Method estimates defined benefit obligations each year. The discount rate is based on the market yield rate of government bonds (on the balance sheet date) that have the same currency exposure and maturity date as the obligations on the balance sheet date.

B. The remeasurement generated from the defined benefit plan is stated as other comprehensive income in the period when it is incurred, and presented in the retained earnings.

3. Remuneration to employees and directors

The remuneration to employees and directors/supervisors shall be recognized as expenses and liabilities only when legal or constructive obligation and the value thereof may be estimated reasonably. Subsequently, if the actual distributed amount resolved is different from the estimate, the difference shall be treated as a change in the accounting estimate. If the remuneration to employees is paid with stock shares, the basis for calculating the number of shares shall be the closing price on the day preceding the day of resolution made by the shareholders' meeting.

(XXVI) Employees' share-based payment for remuneration

New restricted employee shares:

1. Remuneration costs are recognized over the vesting period on the basis of the fair value of the equity instrument given on the grant date.
2. If the right to participate in the distribution of dividends is not restricted, and employees do not need to return the dividends they have received if they resign during the vested period, then on the date of dividend declaration, the part of dividends to employees who are expected to resign during the vested period is recognized as remuneration cost according to the fair value of the dividends.

(XXVII) Income Tax

1. The income tax expenses consist of current income tax and deferred income tax. The income tax is recognized in the profit or loss except for the income taxes relevant to the items that are recognized under other comprehensive income or directly counted into the items of equity, which are recognized under other comprehensive income or directly counted into equity respectively.
2. The Company calculates the income tax related to the current period based on the statutory tax rate or tax rate substantially enacted in the countries where the Company is operating and generating taxable income on the balance sheet date. The management shall evaluate the status of the income tax return within the statutory period defined by the related income tax laws, and shall be responsible for the income tax expected to be paid to the tax collection authority. Income tax will be levied on any undistributed earnings. This will be stated in the year following the year in which the earnings were generated once the motion for allocation of earnings is approved at a shareholders' meeting.
3. Deferred tax is stated based on the temporary differences between taxation basis for assets and liabilities and the face value thereof on the parent company only balance sheet using the balance sheet method. The deferred income tax liabilities resulting from the initial recognition of goodwill shall not be recognized. The deferred income tax resulting from the initial recognition of assets or liabilities in a transaction (exclusive of business merger) shall not be recognized, insofar as the accounting profit or taxable income (taxable loss) is not affected by the transaction. All taxable provisional differences generated from investment in subsidiaries and affiliated companies, of which the time of reverse is controllable by the Company and which is not likely to be reversed in the foreseeable future, shall not be recognized. The deferred income tax assets and liabilities are measured at the tax rate in the current period of which the assets are expected to be realized or liabilities to be repaid. The tax rate shall be based on the tax rate and tax laws already legislated or substantially legislated at the end of the reporting period.
4. Deferred income tax assets shall be recognized insofar as the temporary difference is very likely to be credited against future taxable income, and deferred income tax assets which are recognized and unrecognized shall be reevaluated on each balance sheet date.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and

there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

6. Unused tax credits derived from purchase of equipment or technology, R&D expenditure and equity investment can be added to deductible temporary differences and recognized as deferred tax assets, to the extent that the Company is likely to earn taxable income to offset against.

(XXVIII) Capital stock

Common share is classified as equity. The net amount directly attributable to new shares issuing or additional cost of stock option is recognized as deduction of proceeds in the equity after deducting income tax.

(XXIX) Allocation of dividends

The dividends allocated to the Company's shareholders are recognized in the financial report upon allocation of dividends resolved by the shareholders' meeting of the Company. The distributed cash dividend is recognized as a liability and the distributed stock dividend is recognized as a stock dividend to be distributed and reclassified as common shares on the date of new share issuance.

(XXX) Recognition of revenue

1. Sale of goods

- (1) The Company researches, develops, manufactures, and sells products related to wire communication and wireless broadband networks. The sales revenue is recognized upon the transfer of product control to the customer, i.e. the timing when the product is delivered to the buyer; the buyer has the discretionary power regarding the selling channels and prices of the product, and the Company has no unfulfilled contract obligations that may affect the reception of such product by the buyer. When the product is delivered to the specified location, the risk of obsolescence and loss is transferred to the buyer and the buyer accepts the product based on the sales contract or there is objective evidence indicating all acceptance standards has been met, the commodity delivery is thus completed.
- (2) The sales revenue of communication products is recognized by net amount of contract price deducting estimated sales discount. Generally, the sales discount for the customer is calculated based on accumulated sale volume of 12 months. The Company adopts expected value method to estimate sales discount based on historical experience. The revenue amount is recognized only within the scope of height may not result in significant reversal and the estimate is updated on each balance sheet date. As of the balance sheet date, the estimated sales discount payable to the customer related to the sales is recognized as refund liabilities. The collection conditions of trading are agreed upon based on the general business trading model.
- (3) The Company provides standard warranty for products sold and has responsibility to provide refund for products with defect, which is recognized in reserve for liabilities upon sales.
- (4) The accounts receivable is recognized upon the delivery of product to the customer because the Company has unconditional rights to contract proceeds since that timing and can collect consideration from the customer after that time.

2. Cost of acquiring customer contract

The Company expected to recover the additional cost generated from the acquisition of customer contract. However, the related contract term is less than one year so such cost shall be recognized in expenses when incurred.

(XXXI) Government grants

The government subsidies shall be stated at fair value when it is reasonable to ensure that an enterprise will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively. If the government subsidies, in nature, are intended to compensate the expenses incurred by the Company, the government subsidies shall be stated as the current income on a systematic basis when the related expenses are incurred.

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

When preparing the parent company only financial report of the Company, the management decided the adopted accounting policy by their judgment and made accounting estimates and assumptions based on the reasonable expectation toward future events subject to current circumstances on the balance sheet date. The actual results might be different from the major accounting estimates and assumptions, so the historical experience and other factors will be considered for constant evaluation and adjustment. The risk description of the assumptions and estimates which may cause major adjustments to the book amount of assets and liabilities in the following financial year. The Company has taken into account the economic impact of COVID-19 in its critical accounting estimates and will continue to evaluate the impact of COVID-19 on its financial position and performance. The following are the description of uncertainty to significant accounting judgments, estimates and assumptions:

(I) Significant judgments on choice of accounting policy

None.

(II) Accounting estimates and assumptions

Valuation of inventory

Inventory shall be evaluated on the basis of the lower of the cost and net realizable value. As a result, the Company must make judgment and estimate to determine the net realizable value of the inventory on the balance sheet date. Due to the repaid transformation of technology, the Company assesses the amount of normal wearing out and phasing out of inventory or inventory with no market price and writes off the cost of inventory from net realizable value on the balance sheet date. The valuation of inventory is mainly estimated according to the product demand within a certain period in the future, therefore significant changes may occur.

As of December 31, 2024, the book value of the Company's inventory was NTD 184,151.

VI. Explanation of Important Accounting Titles

(I) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and working fund	\$ 287	\$ 292
Current deposit	199,735	104,202
Time deposit	-	522,353
Cash equivalents – repurchase bonds	370,154	489,189
Total	<u>\$ 570,176</u>	<u>\$ 1,116,036</u>

1. The financial institutions trading with the Company are reputable banks and the Company trades with various financial institutions to spread the credit risk. Therefore, the probability of anticipated default is low.
2. The Company has reclassified time deposit with an initial maturity date over three months and restricted use to the item of “Financial assets measured at amortized cost.” Please refer to the description in Note 6(4).

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

Asset item	December 31, 2024	December 31, 2023
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Cross currency swap	<u>\$ -</u>	<u>\$ 1,613</u>

Liabilities	December 31, 2024	December 31, 2023
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Cross currency swap	<u>\$ 19,543</u>	<u>\$ -</u>

1. Financial assets and liabilities measured at fair value through profit or loss are recognized in the income statement as follows:

	2024	2023
Financial assets mandatorily measured at fair value through profit or loss		
Cross currency swap	<u>(\$ 60,919)</u>	<u>(\$ 24,982)</u>

- The information for the transactions and contracts of derivative financial assets not entitled to hedging accounting undertaken by the Company is as follows:

	December 31, 2024		
Financial liabilities	Contract amount (nominal principal) (in thousands)		Contract term
Current items:			
Cross-currency swap contracts	TWD(BUY)	1,134,430	2024.08.19-2025.03.24
	USD(SELL)	35,000	2024.08.19-2025.03.24

	December 31, 2023		
Financial assets	Contract amount (nominal principal) (in thousands)		Contract term
Current items:			
Cross-currency swap contracts	TWD(BUY)	95,400	2023.08.28-2024.02.27
	USD(SELL)	3,000	2023.08.28-2024.02.27

Cross-currency swap contracts

The cross-currency swap contracts entered into by the Company are to meet the needs of capital allocation. In terms of foreign currency exchange, the principal of the two currencies is swapped at the same exchange rate at the beginning and the end of the period, so there is no exchange rate risk. In terms of interest rate swap, the fixed interest rate between the two currencies is exchanged with a fixed interest rate, and there is no interest rate fluctuation risk.

- Please refer to Note 12(3) for the fair value of financial assets measured at fair value through profit or loss.

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

Item	December 31, 2024	December 31, 2023
Non-current items:		
Equity instruments		
TWSE/TPEX listed stocks	12,175	-
Valuation adjustment	-	-
Total	<u>\$ 12,175</u>	<u>\$ -</u>

- The Company classified the equity instrument investment belonging to strategic investments as financial assets measured at fair value through other comprehensive income. The fair values of these investments as of December 31, 2024 and 2023 were NTD 12,175 and NTD 0, respectively.
- For information related to the credit risk of financial assets measured at fair value through other comprehensive income, please refer to Note 12(2).

(IV) Financial assets measured at amortized cost

<u>Item</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current items:		
Time deposit expired over three months	\$ 100,000	\$ 695,720
Pledged time deposit	-	3,695
Total	<u>\$ 100,000</u>	<u>\$ 699,415</u>
Non-current items:		
Ordinary corporate bonds	\$ 290,000	\$ 290,000
Pledged time deposit	22,529	18,809
Total	<u>\$ 312,529</u>	<u>\$ 308,809</u>

1. Without taking into account the collaterals or credit enhancement held by the Company, for the financial assets measured at amortized cost that best represents the Company, the maximum amounts of credit risk exposure as of December 31, 2024 and 2023 were the book balance.
2. For pledged financial assets measured at amortized cost by the Company, please refer to Note 8.
3. The Company's investments in time deposits and ordinary corporate bonds are with financial institutions of good credit quality with a very low likelihood of default expected.

(V) Accounts receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	\$ 706,157	\$ 810,924
Accounts receivable – the related party	325,600	162,349
Less: Allowance loss	(11,358)	(7,476)
	<u>\$ 1,020,399</u>	<u>\$ 965,797</u>

1. For aging analysis of accounts receivable (including the related party), please refer to Note 12(2).
2. The balances of accounts receivable on December 31, 2024 and 2023 were generated by the customer's contract. Also, the balance of accounts receivable from the customer's contract was NTD 1,975,210 as of January 1, 2023.
3. The accounts receivable (including the related party) of the Company does not include collaterals.
4. Without taking into account the collaterals or credit enhancement held by the Company, for the accounts receivable that best represents the Company, the maximum credit risk exposure amount as of December 31, 2024 and 2023 was the book balance.
5. Please refer to Note 12(2) for details on the credit risk of accounts receivable.

(VI) Inventory

December 31, 2024			
	Costs	Allowance for valuation loss	Book amount
Materials	\$ 19,580	(\$ 121)	\$ 19,459
Semi-finished goods	524	(82)	442
Finished products	168,831	(4,581)	164,250
Total	<u>\$ 188,935</u>	<u>(\$ 4,784)</u>	<u>\$ 184,151</u>

December 31, 2023			
	Costs	Allowance for valuation loss	Book amount
Materials	\$ 128,872	(\$ 524)	\$ 128,348
Semi-finished goods	378	(87)	291
Finished products	20,794	(1,285)	19,509
Total	<u>\$ 150,044</u>	<u>(\$ 1,896)</u>	<u>\$ 148,148</u>

The inventory cost recognized in expenses in current period by the Company:

	2024	2023
Cost of sold inventory	\$ 3,391,771	\$ 3,620,335
Valuation loss (Recovery profit)	2,888	(970)
	<u>\$ 3,394,659</u>	<u>\$ 3,619,365</u>

In 2023, the Company generated a profit on recovery of inventory valuation due to inventory de-stocking.

(VII) Investment at equity method

	2024	2023
January 1	\$ 1,451,362	\$ 1,606,377
Increase in investment at equity method	959,043	343,865
Disposal of investments accounted for using the equity method	(295,825)	(131,648)
Cash dividend distributed from investment under the equity method	(1,478)	(849)
Share of profit or loss from investment under the equity method	(253,036)	(374,160)
Changes in capital reserve	-	10,953
Other comprehensive income under the equity method	13,389	(5,453)
Exchange difference in the financial statement translation of the foreign operation	65,398	2,277
December 31	<u>\$ 1,938,853</u>	<u>\$ 1,451,362</u>

For information of the Company's subsidiaries, please refer to Note 4(3) in the 2024 consolidated financial statements of the Company and its subsidiaries.

1. The investment gains (losses) recognized under the equity method in 2024 and 2023 are as follows:

	2024	2023
Subsidiaries:		
CyberTAN Corp.(U.S.A)	(\$ 861)	(\$ 1,828)
CyberTAN (B.V.I) Investment Corp.	(111,862)	(245,627)
Ta Tang Investment Co., Ltd.	1,829	(645)
SonicFi INC.	37	3
Affiliated companies:		
Microelectronics Technology, Inc. (Microelectronics Technology)	(142,853)	(127,705)
Mega Power Ventures Inc.	674	1,642
Total	<u>(\$ 253,036)</u>	<u>(\$ 374,160)</u>

2. The basic information about affiliated companies important to the Company is stated as follows:

Company name	Principal business place	Shareholding ratio	Shareholding ratio	Nature of relationship	Measurement method
		December 31, 2024	December 31, 2023		
Microelectronics Technology	Taiwan	11.22%	18.86%	Invested company under the equity method by the Company	Equity method

3. The summarized financial information of affiliated companies important to the Company is stated as follows:

	Microelectronics Technology	
	December 31, 2024	December 31, 2023
Current assets	\$ 2,183,643	\$ 3,529,793
Non-current assets	1,777,450	1,948,608
Current liabilities	(2,388,851)	(2,809,723)
Non-current liabilities	<u>(758,733)</u>	<u>(786,659)</u>
Total net assets	<u>\$ 813,509</u>	<u>\$ 1,882,019</u>
Shares of the affiliates' net assets	\$ 100,437	\$ 354,874
Goodwill	248,151	428,151
Others	<u>(5,711)</u>	<u>(13,165)</u>
Book value of affiliated companies	<u>\$ 342,877</u>	<u>\$ 769,860</u>

	Microelectronics Technology	
	2024	2023
Revenue	\$ 1,669,989	\$ 3,353,797
Net loss of continuing operations for the year	(\$ 1,146,172)	(\$ 619,758)
Other comprehensive income (after tax)	77,662	22,409
Total comprehensive income for the year	<u>(\$ 1,068,510)</u>	<u>(\$ 597,349)</u>

4. As the affiliated company important to the Company, Microelectronics Technology has the open quotation. Its fair value as of December 31, 2024 and 2023 were NTD 1,136,353 and NTD 1,782,092, respectively.
5. In 2023, the Company sold 8,760 thousand shares of affiliate Microelectronics Technology Inc. for a total sale price of NTD 331,103. This was recognized as an investment gain of NTD 208,691 accounted for under the equity method. Additionally, Microelectronics Technology Inc. issued new shares in December 2023, and the Company did not subscribe in accordance with the shareholding ratio, resulting in a decrease in the shareholding ratio. The recognized capital reserve was NTD 10,953, and the shareholding was reduced from 22.72% to 18.86% in the current period.
6. In 2024, the Company sold 19,256 thousand shares of affiliate Microelectronics Technology for a total sale price of NTD 635,856. This was recognized as an investment gain of NTD 361,157 accounted for under the equity method, decreasing its shareholding from 18.86% to 11.22%.
7. The Company holds 11.22% of Microelectronics's shares, which is the single largest shareholder of such company. However, the shareholding does not exceed half of total shares and does not exceed the majority vote of the shareholders present at the meeting. Also, the Company has no control over the financial affair, operation and personnel guidelines of Microelectronics Technology without any actual guidance of relevant activities. Therefore, it is determined that the Company has no control over such company but only significant impact thereof.

(VIII) Property, plant and equipment

	House and buildings	Machinery and equipment	Other equipment	Total
January 1, 2024				
Costs	\$ 872,704	\$ 105,748	\$ 109,999	\$ 1,088,451
Accumulated depreciation	(355,300)	(78,593)	(88,855)	(522,748)
	<u>\$ 517,404</u>	<u>\$ 27,155</u>	<u>\$ 21,144</u>	<u>\$ 565,703</u>
<u>2024</u>				
January 1	\$ 517,404	\$ 27,155	\$ 21,144	\$ 565,703
Increase	6,091	6,840	17,171	30,102
Disposal (cost)	-	(515)	(703)	(1,218)
Disposal (accumulated depreciation)	-	515	703	1,218
Depreciation expenses	(24,351)	(12,822)	(13,766)	(50,939)
December 31	<u>\$ 499,144</u>	<u>\$ 21,173</u>	<u>\$ 24,549</u>	<u>\$ 544,866</u>
December 31, 2024				
Costs	\$ 878,795	\$ 112,073	\$ 126,467	\$ 1,117,335
Accumulated depreciation	(379,651)	(90,900)	(101,918)	(572,469)
	<u>\$ 499,144</u>	<u>\$ 21,173</u>	<u>\$ 24,549</u>	<u>\$ 544,866</u>

	House and buildings	Machinery and equipment	Other equipment	Total
January 1, 2023				
Costs	\$ 873,594	\$ 104,254	\$ 107,390	\$ 1,085,238
Accumulated depreciation	(334,310)	(71,406)	(78,064)	(483,780)
	<u>\$ 539,284</u>	<u>\$ 32,848</u>	<u>\$ 29,326</u>	<u>\$ 601,458</u>
<u>2023</u>				
January 1	\$ 539,284	\$ 32,848	\$ 29,326	\$ 601,458
Increase	2,186	6,423	3,043	11,652
Disposal (cost)	(3,076)	(4,929)	(434)	(8,439)
Disposal (accumulated depreciation)	3,076	4,929	434	8,439
Depreciation expenses	(24,066)	(12,116)	(11,225)	(47,407)
December 31	<u>\$ 517,404</u>	<u>\$ 27,155</u>	<u>\$ 21,144</u>	<u>\$ 565,703</u>
December 31, 2023				
Costs	\$ 872,704	\$ 105,748	\$ 109,999	\$ 1,088,451
Accumulated depreciation	(355,300)	(78,593)	(88,855)	(522,748)
	<u>\$ 517,404</u>	<u>\$ 27,155</u>	<u>\$ 21,144</u>	<u>\$ 565,703</u>

The property, plant, and equipment of the Company were not provided as collateral or capitalized interest.

(IX) Lease transactions – Lessee

1. The underlying assets leased by the Company include land, buildings and transportation equipment. The term of lease contract is usually 3 to 20 years. The lease contract adopts individual negotiation and includes various different terms and conditions. Besides the rented assets shall not be used as loan guarantee, there were no other restrictions.
2. The lease terms of parking space rented by the Company are less than 12 months, and the underlying leased assets of low value are water dispensers and photocopiers.

3. The following information is the book value and recognized depreciation expenses of right-of-use assets:

	December 31, 2024	December 31, 2023
	Book amount	Book amount
Land	\$ 188,344	\$ 205,684
House	-	198
Transportation equipment	969	2,007
	<u>\$ 189,313</u>	<u>\$ 207,889</u>

	2024	2023
	Depreciation expenses	Depreciation expenses
Land	\$ 17,340	\$ 17,341
House	199	323
Transportation equipment	1,470	1,337
	<u>\$ 19,009</u>	<u>\$ 19,001</u>

4. The increase in right-of-use asset of the Company in 2024 and 2023 were NTD 433 and NTD 0, respectively.
5. The following is information regarding the profit or loss items related to lease contracts:

	2024	2023
<u>Item influencing current profit or loss</u>		
Interest expenses of lease liabilities	\$ 4,397	\$ 4,748
Expenses for short-term lease contracts	1,514	160
Expenses for lease of low-price assets	191	240
	<u>\$ 6,102</u>	<u>\$ 5,148</u>

6. The Company's total cash outflow of lease in 2024 and 2023 were NTD 24,064 and NTD 22,751, respectively.

(X) Lease transactions – Lessor

- The underlying assets leased by the Company is the building and the term of lease contract is usually 1 to 20 years. The lease contract adopts individual negotiation and includes various different terms and conditions. To ensure the use condition of the leased assets, it is often required that the lessee shall not use the leased assets for loan guarantee.
- The Company recognized NTD 68,833 and NTD 71,533 of rent revenue based on the operating lease contract in 2024 and 2023, respectively, and there were no variable lease payments.

3. The maturity analysis of lease payment based on operating lease of the Company is as follows:

	December 31, 2024	December 31, 2023
Not more than 1 year	\$ 63,428	\$ 66,391
2 to 5 years	32,722	101,869
More than 5 years	786	971
Total	<u>\$ 96,936</u>	<u>\$ 169,231</u>

(XI) Other non-current assets

	December 31, 2024	December 31, 2023
Offset against business tax payable	\$ 148,980	\$ 163,624
Net defined benefit assets	56,652	49,521
Others	72	72
Total	<u>\$ 205,704</u>	<u>\$ 213,217</u>

(XII) Short-term loans

Nature of loan	December 31, 2024	Interest rate range	Collateral
Bank loans – credit loans	<u>\$ 94,539</u>	5.60%-5.62	None

Nature of loan	December 31, 2023	Interest rate range	Collateral
Bank loans – credit loans	<u>\$ 39,916</u>	6.15%	None

(XIII) Other payables

	December 31, 2024	December 31, 2023
Payables for purchase advance	\$ 700,711	\$ -
Payables for discount	87,958	57,244
Salaries and bonuses payable	51,205	59,737
Others	44,175	53,430
	<u>\$ 884,049</u>	<u>\$ 170,411</u>

(XIV) Pension

- (1) The Company has established the regulation for retirement with welfare in accordance with the “Labor Standards Act,” which is applicable to the years of service for full-time employees before the implementation of the “Labor Pension Act” on July 1, 2005, and the employees continued to adopt the “Labor Standards Act” after the “Labor Pension Act” has come into effect. Employees who meet the retirement requirements will be paid the pension based on their years of service and average salary or wage of the last six (6) months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit is accrued for each additional year thereafter, up to a maximum of 45 units. The Company contributes 2% of the total salary on a monthly basis to the pension fund and deposits it at the special pension account under the title of the Pension Reserve Monitoring Committee Taiwan, the Bank of Taiwan. Before the end of the fiscal year, the Company calculates the balance of the said labor pension fund account. If the pension account balance is insufficient to pay for the pension of employees expecting to

meet the retirement conditions in the following year, the spread amount shall be deposited by the Company in a lump sum before the end of March in the following year.

(2) The amount recognized in the balance sheet is stated as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current values of the ascertained fringe benefit obligations	(\$ 20,036)	(\$ 20,103)
Fair values of the planned assets	<u>76,688</u>	<u>69,624</u>
Net defined benefit assets	<u>\$ 56,652</u>	<u>\$ 49,521</u>

(3) Changes in the net defined benefit assets are as follows:

	<u>Current values of the ascertained fringe benefit obligations</u>	<u>Fair values of the planned assets</u>	<u>Net defined benefit assets</u>
2024			
Balance, January 1	(\$ 20,103)	\$ 69,624	\$ 49,521
Service cost in the current period	(104)	-	(104)
Interest (expenses) revenue	(220)	814	594
	<u>(20,427)</u>	<u>70,438</u>	<u>50,011</u>
Remeasurement amount:			
Return on plan assets (excluding amount included in interest income or expenses)	-	6,250	6,250
Effects of changes in financial assumptions	650	-	650
Adjustment through experience	(259)	-	(259)
	<u>391</u>	<u>6,250</u>	<u>6,641</u>
Balance, December 31	<u>(\$ 20,036)</u>	<u>\$ 76,688</u>	<u>\$ 56,652</u>

	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Net defined benefit assets
2023			
Balance, January 1	(\$ 22,845)	\$ 68,072	\$ 45,227
Service cost in the current period	(100)	-	(100)
Interest (expenses) revenue	(285)	896	611
Service cost in the previous period	<u>1,639</u>	<u>-</u>	<u>1,639</u>
	<u>(21,591)</u>	<u>68,968</u>	<u>47,377</u>
Remeasurement amount:			
Return on plan assets (excluding amount included in interest income or expenses)	-	553	553
Effects of changes in financial assumptions	(212)	-	(212)
Adjustment through experience	<u>1,700</u>	<u>-</u>	<u>1,700</u>
	<u>1,488</u>	<u>553</u>	<u>2,041</u>
Pension contributed	<u>-</u>	<u>103</u>	<u>103</u>
Balance, December 31	<u>(\$ 20,103)</u>	<u>\$ 69,624</u>	<u>\$ 49,521</u>

- (4) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (the scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.) The utilization of the fund is supervised by Supervisory Committee for Labor Pension Reserve. With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Any deficits thereof shall be made up by the national treasury upon approval of the competent authority. As the Company was not entitled to participate in operation and management of the Fund, it was not impossible for the Company to disclose the classification of fair value of the planned assets in accordance with Paragraph 142 of No. 19 of IAS. For the fair value of the total assets under the fund on December 31, 2024 and 2023, please refer to the labor pension fund utilization report published by the government each year.

- (5) Actuarial hypotheses about pension are summarized as follows:

	2024	2023
Discount rate	<u>1.65%</u>	<u>1.20%</u>
Future raise rate	<u>3.00%</u>	<u>3.00%</u>

The hypotheses of future mortality rate are estimated based on the statistics published by each country and experience.

Due to the change in principal actuarial assumptions adopted, the affected present value of the defined benefit obligation is as follows:

	Discount rate		Future raise rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2024				
Effect on present value of defined benefit obligation	(\$ 346)	\$ 357	\$ 351	(\$ 342)
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 386)	\$ 398	\$ 391	(\$ 380)

Said analysis of sensitivity refers to the analysis of the effect produced by any change of single hypothesis under the circumstance that the other hypotheses remain unchanged. In practice, a lot of changes in hypotheses might be linked with each other. The analysis of sensitivity adopted the same method used for calculation of net pension liability on the balance sheet.

The methods and hypotheses used by the analysis of sensitivity prepared in the current period are identical with those used in the previous period.

- (6) In February 2024, the Science Park Administration approved the Company to suspend the appropriation of the labor pension reserve.
- (7) The Company schedules to contribute NTD 0 to the pension plan in 2024.
- (8) Until December 31, 2024, the weighted average duration of the pension plan has been 8 years. The maturity analysis on pension contribution is as follows:

Less than 1 year	\$ 3,551
1–2 years	617
2–5 years	10,965
Over 5 years	<u>13,004</u>
	<u>\$ 28,137</u>

- (9) In 2024 and 2023, the pension cost recognized by the Company in accordance with the above regulations were both NTD 0.

2. (1) As of July 1, 2005, the Company instituted the defined contribution pension plan according to the “Labor Pension Act” applicable to the native employees. The Company shall contribute the amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at Labor Insurance Bureau, with respect to the labor pension system under the “Labor Pension Act” chosen by employees. Retired employees may claim for pension disbursement in accordance with the status of their individual accounts and the cumulative contribution in the account through monthly payment or in lump sum.
- (2) The principal of the pension cost recognized by the Company according to the said pension regulations were NTD 12,934 and NTD 8,747 in 2024 and 2023, respectively.

(XV) Share-based payment for remuneration

1. The share-based payment for remuneration agreements of the Company in 2024 and 2023 were as follows:

Type of agreement	Grant date	Amount given	Contract period	Criteria for vesting
New restricted employee shares plan	2022.09.13	1,110 thousand shares	3 years	Descriptions (1) and (6)
New restricted employee shares plan	2022.11.08	500 thousand shares	3 years	Descriptions (2) and (6)
New restricted employee shares plan	2023.08.11	100 thousand shares	3 years	Descriptions (3) and (6)
New restricted employee shares plan	2023.11.10	30 thousand shares	3 years	Descriptions (4) and (6)
New restricted employee shares plan	2024.05.10	260 thousand shares	3 years	Descriptions (5) and (6)

- (1) According to different lengths of continued service by employees (ranging from one to three years), new restricted employee shares will be exercised in batches at ratios of 40%, 30%, and 30%, with the expiration date on September 12, 2025.
- (2) According to different lengths of continued service by employees (ranging from one to three years), new restricted employee shares will be exercised in batches at ratios of 40%, 30%, and 30%, with the expiration date on November 7, 2025.
- (3) According to different lengths of continued service by employees (ranging from one to three years), new restricted employee shares will be exercised in batches at ratios of 40%, 30%, and 30%, with the expiration date on August 10, 2026.
- (4) According to different lengths of continued service by employees (ranging from one to three years), new restricted employee shares will be exercised in batches at ratios of 40%, 30%, and 30%, with the expiration date on November 9, 2026.
- (5) According to different lengths of continued service by employees (ranging from one to three years), new restricted employee shares will be exercised in batches at ratios of 40%, 30%, and 30%, with the expiration date on May 9, 2027.

(6) The new restricted employee shares issued by the Company are issued without consideration and may not be transferred during the vesting period. However, they are not restricted in terms of voting rights or the right to participate in dividend distributions. If an employee resigns during the vested period, he/she must return the shares but not the dividends received.

(7) The above share-based payment agreements are all settled through equity.

2. The details of the above share-based payment agreements are shown below:

	2024	2023
	Quantity (thousand shares)	Quantity (thousand shares)
New restricted employee shares on January 1	1,042	1,610
Issued in the current period	260	130
Vested in the current period	(498)	(608)
Canceled in the current period	(190)	(90)
New restricted employee shares on December 31	<u>614</u>	<u>1,042</u>

3. The company's share-based payment transactions granted on the grant date are valued using the fair value of the estimated stock options, which is calculated as the grant date stock price minus the exercise price. Relevant information is as follows:

Type of agreement	Grant date	Stock price	Fulfillment price	Expected volatility	Expected duration	Expected dividends	Risk-free rate	Fair value per unit
New restricted employee shares plan	2022.09.13	29.7	-	-	3 years	-	-	29.70
New restricted employee shares plan	2022.11.08	23.05	-	-	3 years	-	-	23.05
New restricted employee shares plan	2023.08.11	20.05	-	-	3 years	-	-	20.05
New restricted employee shares plan	2023.11.10	21.95	-	-	3 years	-	-	21.95
New restricted employee shares plan	2024.05.10	21.95	-	-	3 years	-	-	21.95

4. The expenses generated from share-based payment transactions are as follows:

	2024	2023
Equity settled	<u>\$ 8,194</u>	<u>\$ 23,487</u>

(XVI) Liability reserve

	Warranty	
	2024	2023
Balance, January 1	\$ 12,939	\$ 18,511
Increase in liability reserve in current period	10,424	9,679
Used liability reserve in current period	(12,398)	(12,881)
Unused amount reversed in this period	-	(2,370)
Balance, December 31	<u>\$ 10,965</u>	<u>\$ 12,939</u>

The analysis of liability reserve is as follows:

	December 31, 2024	December 31, 2023
Current	<u>\$ 541</u>	<u>\$ 4,345</u>
Non-current	<u>\$ 10,424</u>	<u>\$ 8,594</u>

The Company's reserve for warranty liabilities is estimated according to the historical warranty information of such product to estimate possible after-sale service in the future. The warranty liabilities of the Company estimated to be used in 2025 and 2026 are NTD 541 and NTD 10,424, respectively.

(XVII) Capital stock

1. As of December 31, 2024, the Company's authorized capital was NTD 5,000,000, which was divided into 500,000 thousand shares (including 14,000 thousand shares exercisable under employee stock options). The paid-in capital was NTD 3,303,254 at NTD 10 per share. All shares issued by the Company were paid in full.

The Company's outstanding common stock at beginning and ending is reconciled as follows:

	2024	2023
January 1	330,190	330,215
Issuance of new restricted employees shares	260	130
Cancellation of new restricted employee shares	(190)	(90)
Recovery of shares	(6,581)	(65)
December 31	<u>323,679</u>	<u>330,190</u>

2. The Company's board of directors resolved to issue new restricted employee shares on May 10, 2024, August 9, 2023, and November 10, 2023 (please refer to Note 6(14)). The respective issuance reference dates for the new shares were May 10, 2024, August 11, 2023, and November 10, 2023. Employees did not need to pay to acquire the new restricted employee shares. The rights and obligations of the common shares issued this time are the same as other previously issued common stocks, except for the restriction on the transferability of shares, until the vested conditions are met by the employees.
3. On August 9, 2023, the Company's board of directors resolved to cancel 90 thousand shares of restricted stock units bought back, reducing the capital by NTD 900. The reduction date was set as August 10, 2023 and the change of registration was completed on August 29, 2023.

4. On March 11, 2024, the Company's board of directors resolved to cancel 20 thousand shares of restricted stock units reclaimed, reducing the capital by NTD 200. The reduction date was set as March 13, 2024, and the change of registration was completed on March 27, 2024.
5. On August 9, 2024, the Company's board of directors resolved to cancel 50 thousand shares of restricted stock units bought back, reducing the capital by NTD 500. The reduction date was set as August 9, 2024 and the change of registration was completed on August 27, 2024.
6. On November 13, 2024, the Company's board of directors resolved to cancel 120 thousand shares of restricted stock units reclaimed, reducing the capital by NTD 1,200. The reduction date was set as November 13, 2024, and the change of registration was completed on November 28, 2024.
7. Treasury stocks

(1) Reasons for the redemption of shares and their quantities:

		December 31, 2024	
Name of Company Holding Shares	Reason for redemption	Number of shares	Book amount
The Company	For transfer of shares to employees	6,646	\$ 205,694

		December 31, 2023	
Name of Company Holding Shares	Reason for redemption	Number of shares	Book amount
The Company	For transfer of shares to employees	65	\$ 1,426

- (2) On May 10, 2024, the Company's board of directors resolved to buy back 5,000 thousand shares of the Company from May 13 to July 12, 2024, at the price of NTD 15.50 - NTD 33.60 per share to protect the Company's credit and shareholders' equity, and when the market price falls below the lower limit of the original price range, the repurchase of the Company's shares will continue; as of the expiration of the exercise period, a total of 2,650 thousand shares have been repurchased at a total cost of NTD 78,605 thousand.
- (3) On August 9, 2024, the Company's board of directors resolved to buy back 3,000 thousand shares of the Company from August 12 to October 11, 2024, at the price of NTD 17.80 - NTD 33.00 per share to protect the Company's credit and shareholders' equity, and when the market price falls below the lower limit of the original price range, the repurchase of the Company's shares will continue; as of the expiration of the exercise period, a total of 1,785 thousand shares have been repurchased at a total cost of NTD 56,912 thousand.
- (4) On November 13, 2024, the Company's board of directors resolved to buy back 3,000 thousand shares of the Company from November 14, 2024 to January 13, 2025, at the price of NTD 24.85 - NTD 37.30 per share to protect the Company's credit and shareholders' equity, and when the market price is lower than the lower limit of the original price range, the repurchase of the Company's shares will continue; as of December 31, 2024, a total of 2,146 thousand shares have been repurchased at a total cost of NTD 68,751 thousand.
- (5) Pursuant to the Securities and Exchange Act, the amount of the outstanding shares repurchased by the Company shall not exceed ten percent of the total number of issued shares. The total amount of the repurchased shares shall not exceed 10% of the

Company's retained earnings plus the premium of the outstanding shares and the realized capital stock.

- (6) According to the Securities and Exchange Act, the treasury stock held by the Company shall not be pledged and shall not be entitled to the rights of shareholders before transfer.
- (7) Pursuant to the Securities and Exchange Act, shares repurchased due to transfer of shares to employees shall be transferred within five years from the repurchase date. Failure to transfer the shares within this period will be treated as if the Company has not issued the shares, and the company must proceed to change registration to cancel the shares. For the repurchased shares to protect the Company's credit and shareholders' rights and interests, a change of registration shall be made to cancel the shares within six months from the date of repurchase.
- (8) In 2024 and 2023, the numbers of treasury shares transferred to the Company's employees were 0 and 730 thousand, amounting to NTD 0 and NTD 16,147, respectively.

(XVIII) Capital reserves

According to the Company Act, for the capital reserves including shares issued at premium exceeding the par value and the gains in the form of gifts, besides covering losses, the Company shall distribute the capital reserve by issuing new shares or in cash in proportion to the original shareholding ratio of the shareholders when the Company incurs no loss. In addition, according to relevant regulation of Securities and Exchange Act, the capital surplus mentioned above that can be capitalized annually shall not exceed 10% of the total paid-in capital. When the reserve is insufficient to cover the capital losses, the Company shall not use capital reserve for offset.

	2024				
	Stock premium	Changes in net worth of equity of affiliated companies and joint ventures recognized under equity method	New restricted employee shares	Others	Total
January 1	\$484,632	\$ 59,187	\$ 69,891	\$8,968	\$622,678
Issuance of new restricted employee shares	-	-	3,107	-	3,107
Cancellation of new restricted employee shares	-	-	(3,128)	-	(3,128)
Disposal of investments accounted for using the equity method	-	(23,981)	-	-	(23,981)
December 31	<u>\$484,632</u>	<u>\$ 35,206</u>	<u>\$ 69,870</u>	<u>\$8,968</u>	<u>\$598,676</u>

	Stock premium	Changes in net worth of equity of affiliated companies and joint ventures recognized under equity method	New restricted employee shares	Others	Total
January 1	\$484,632	\$ 57,470	\$ 69,702	\$8,968	\$620,772
Issuance of new restricted employee shares	-	-	1,364	-	1,364
Redemption of new restricted employee shares	-	-	(1,175)	-	(1,175)
Disposal of investments accounted for using the equity method	-	(9,236)	-	-	(9,236)
Changes in equity of affiliated companies are not recognized in accordance with the shareholding percentage	-	10,953	-	-	10,953
December 31	<u>\$484,632</u>	<u>\$ 59,187</u>	<u>\$ 69,891</u>	<u>\$8,968</u>	<u>\$622,678</u>

(XIX) Retained earnings

1. If the Company has profit at the year's final accounting, it shall first be used to pay the income tax and make up any cumulative losses in accordance with laws, and 10% of the balance shall be appropriated as legal reserve, unless the existing legal reserve reaches the amount of the Company's paid-in capital. The rest of the balance shall be used for provision/reversal of special reserves pursuant to laws. The residual balance, if any, shall be added to cumulative undistributed earnings. The Board of Directors shall draft a proposal for allocation of the residual balance plus the undistributed earnings, and submit the same to the shareholders' meeting to resolve whether shareholder bonuses shall be distributed.
2. The Company authorizes the Board of Directors to make a resolution with respect to payment of all or part of the distributable dividends, bonuses, capital reserves or legal reserves in cash by a majority vote at a meeting attended by over two-thirds of the directors and report such payment to the shareholders' meeting without being subject to the resolution of the shareholders' meeting referred to in the preceding paragraph.
3. The dividend policy of the Company is as follows: CyberTAN is currently in the growth stage. Its policy for the distribution of bonuses to shareholders must be based on the current and future investment environment, funding needs, domestic and international competition, capital budget, and other factors, and it must take into account shareholders' interests and CyberTAN's long-term financial plan. Bonuses to shareholders shall be allocated from the accumulated distributable earnings and shall be no less than 15% of the distributable earnings of the current year. No distribution is required if the distributable earnings of the current year are less than 3% of the paid-in capital. Cash dividends shall account for no less than 10% of the bonuses to shareholders.
4. The legal reserve shall not be used unless for covering losses or issuing new shares or in cash in proportion to the original shareholding ratio of the shareholders. The new shares or cash allocated shall be no more than 25% of the paid-in capital.

5. Pursuant to laws, when allocating earnings, the Company shall provide the special reserve from the credit balance under other equities on the balance sheet date in the current year. The Company may then allocate the earnings. If the credit balance under other equities is reversed, the reversed amount may be included in the allocable earnings.
6. The 2023 and 2022 earnings distribution proposals of the Company approved at the regular shareholders' meeting held separately on June 25, 2024 and June 27, 2023 are stated as follows:

	2023	2022
	Amount	Amount
	Dividends per share (NTD)	Dividends per share (NTD)
(Reversal) Appropriation of special reserves	(\$ 6,922)	\$ 40,238

7. On March 5, 2025, the Board of Directors approved, by resolution, the distribution of earnings of 2024 as follows:

	2024
	Amount
	Dividends per share (NTD)
Reversal of special reserves	\$ 97,294

(XX) Other items of interest

	Financial assets measured at fair value through other comprehensive income	Translation of foreign currency	Employees' unearned remuneration	Total
January 1, 2024	(\$ 77,483)	(\$ 77,986)	(\$ 14,143)	(\$169,612)
Valuation adjustment – Subsidiaries and affiliated companies	11,879	-	-	11,879
Valuation adjustment transferred to retained earnings – Subsidiaries and affiliated companies	(151)	-	-	(151)
Currency translation differences:				
- the Company and subsidiaries	-	53,630	-	53,630
- tax of the Company and subsidiaries	-	(681)	-	(681)
- Affiliated companies	-	11,768	-	11,768
Cancellation of new restricted employee shares	-	-	5,028	5,028

Issuance of new restricted employee shares	-	-	(5,707)	(5,707)
Share-based payment for remuneration	-	-	8,194	8,194
Disposal of investments accounted for using the equity method	<u>17,993</u>	<u>2,855</u>	<u>-</u>	<u>20,848</u>
December 31, 2024	<u>(\$ 47,762)</u>	<u>(\$ 10,414)</u>	<u>(\$ 6,628)</u>	<u>(\$ 64,804)</u>
	Financial assets measured at fair value through other comprehensive income	Translation of foreign currency	Employees' unearned remuneration	Total
January 1, 2023	(\$ 82,472)	(\$ 79,920)	(\$ 37,041)	(\$199,433)
Valuation adjustment – Subsidiaries and affiliated companies	(4,006)	-	-	(4,006)
Valuation adjustment transferred to retained earnings – Subsidiaries and affiliated companies	8,995	-	-	8,995
Currency translation differences:				
- the Company and subsidiaries	-	1,715	-	1,715
- tax of the Company and subsidiaries	-	(343)	-	(343)
- Affiliated companies	-	562	-	562
Cancellation of new restricted employee shares	-	-	2,075	2,075
Issuance of new restricted employee shares	-	-	(2,664)	(2,664)
Share-based payment for remuneration	<u>-</u>	<u>-</u>	<u>23,487</u>	<u>23,487</u>
December 31, 2023	<u>(\$ 77,483)</u>	<u>(\$ 77,986)</u>	<u>(\$ 14,143)</u>	<u>(\$169,612)</u>

(XXI) Operating revenue

	2024	2023
Revenue from customer contracts	<u>\$ 3,612,341</u>	<u>\$ 3,800,028</u>

1. Details of revenue from customer contracts

The revenue of the Company is mainly from providing products transferred in certain timing and the revenue can be classified by the following main product lines and geographical area:

2024	Communication product in America	Communication product in Europe	Communication product in Asia	Communication product in Australia	Other departments	Total
Revenue from external customer contracts	<u>\$1,977,396</u>	<u>\$980,247</u>	<u>\$227,877</u>	<u>\$ -</u>	<u>\$426,821</u>	<u>\$3,612,341</u>

2023	Communication product in America	Communication product in Europe	Communication product in Asia	Communication product in Australia	Other departments	Total
Revenue from external customer contracts	<u>\$1,850,084</u>	<u>\$928,615</u>	<u>\$96,728</u>	<u>\$103,347</u>	<u>\$821,254</u>	<u>\$3,800,028</u>

2. Contract liabilities

(1) The Company's balance of contract liabilities – advance sale receipts related to revenue from customer contract recognized on December 31, 2024, December 31, 2023 and January 1, 2023 were NTD 41,443, NTD 48,601 and NTD 54,820, respectively.

(2) Contract liabilities at the beginning recognized in the revenue in current period

	2024	2023
Balance of the contract liabilities at the beginning recognized in the revenue in current period	<u>\$ 48,246</u>	<u>\$ 26,862</u>

(XXII) Interest revenue

	2024	2023
Interest revenue	<u>\$ 43,379</u>	<u>\$ 25,112</u>

(XXIII) Other revenue

	2024	2023
Profit on write-off of overdue payables	<u>\$ 70,833</u>	<u>\$ -</u>
Rental revenue	<u>68,833</u>	<u>71,533</u>
Miscellaneous income	<u>175</u>	<u>171</u>
Total	<u>\$ 139,841</u>	<u>\$ 71,704</u>

(XXIV) Other gains and losses

	2024	2023
Gains on disposal of investment	\$ 361,157	\$ 208,691
Net profit (loss) on foreign currency exchange	71,128	(22,558)
Miscellaneous expenses – depreciation expenses	(18,622)	(20,694)
Miscellaneous expenses - Interest expenses	(1,781)	(2,180)
Losses from financial assets at fair value through profit or loss	(60,919)	(24,982)
Miscellaneous expenses	(17,917)	(3,330)
Total	<u>\$ 333,046</u>	<u>\$ 134,947</u>

(XXV) Financial Costs

	2024	2023
Interest expenses:		
Bank loans	\$ 6,283	\$ 6,338
Lease liabilities	2,616	2,568
Financial Costs	<u>\$ 8,899</u>	<u>\$ 8,906</u>

(XXVI) Additional Information on the Nature of Expense

	2024	2023
Employee benefit expenses	\$ 305,958	\$ 315,532
Depreciation expenses of property, plant and equipment	39,959	35,369
Depreciation expenses of right-of-use assets	11,367	10,345
Amortization expense of intangible assets	7,672	4,590
	<u>\$ 364,956</u>	<u>\$ 365,836</u>

(XXVII) Employee benefit expenses

	2024	2023
Salary expenses	\$ 258,993	\$ 276,831
Expenses for labor and health insurance	21,025	19,891
Pension expenses	12,444	8,747
Other employment expenses	13,496	10,063
	<u>\$ 305,958</u>	<u>\$ 315,532</u>

1. According to the Articles of Incorporation, if there is a profit after the annual closing, the Company shall allocate 7%–9% thereof as remuneration to employees. However, the earnings must first be used to offset any cumulative losses, if any, before being distributed to the employees and directors as their remuneration at the percentage.
2. The Company estimated the remuneration for employees to be NTD 1,476 and NTD 0 in 2024 and 2023 respectively, and estimated the remuneration for directors to be NTD 0 in both years. The said amounts were accounted for in salary expenses.

In 2024, the amounts were estimated at 8% and 0% respectively based on the profit for the

year. The actual distributed amounts approved by the Board of Directors were NTD 1,476 and NTD 0, among which the remuneration for employees would be distributed in cash.

As resolved by the board of directors, no remuneration to employees and remuneration of directors and supervisors will be distributed for 2023, which is consistent with the recognized amount in the 2023 financial statements.

3. Please refer to the “Market Observation Post System” for information related to the remuneration to employees, directors, and supervisors of the Company approved by the board of directors and resolved by a shareholders’ meeting.

(XXVIII) Income Tax

1. Income tax expenses (benefits)

- (1) Components of income tax benefits:

	2024	2023
Income tax in the current period:		
Income tax generated from the current income	\$ -	\$ -
Underestimated (overestimated) income tax in previous year	(6)	1,059
Total income tax in the current period	(6)	1,059
Deferred income tax:		
Initial occurrence and reversal of temporary difference	14,264	(53,352)
Total deferred income tax	14,264	(53,352)
Income tax expenses (benefits)	\$ 14,258	(\$ 52,293)

- (2) Income tax benefits related to other comprehensive income:

	2024	2023
Remeasurement of defined benefit obligation	(\$ 1,328)	(\$ 408)
Exchange differences on the translation of the foreign operation	(681)	(343)
	(\$ 2,009)	(\$ 751)

2. Relationship between income tax benefits and accounting profit:

	2024	2023
Income tax calculated based on net loss before tax at the statutory tax rate	\$ 3,627	(\$ 73,825)
Excluded expenses by the tax laws	50,549	25,341
Exemption by the tax laws	(72,231)	(41,738)
Taxable loss of unrecognized deferred income tax assets	32,319	36,870
Underestimated (overestimated) income tax in previous year	(6)	1,059
Income tax expenses (benefits)	<u>\$ 14,258</u>	<u>(\$ 52,293)</u>

3. The amount of deferred income tax assets and liabilities due to temporary difference are shown in the following:

	2024			
	January 1	Recognized into profit and/or loss	Recognized in other comprehensive net profit	December 31
Deferred income tax assets:				
- Temporary difference:				
Loss on inventory valuation	\$ 379	\$ 578	\$ -	\$ 957
Warranty reserve	2,589	(395)	-	2,194
Bonus payable for unused vacation	1,435	(530)	-	905
Foreign investment losses under equity method	87,832	173	-	88,005
Exchange differences on the translation of the foreign operation	15,436	-	(681)	14,755
Refund liabilities	559	(559)	-	-
Unrealized exchange loss	8,232	(8,232)	-	-
Subtotal	<u>\$ 116,462</u>	<u>(\$ 8,965)</u>	<u>(\$ 681)</u>	<u>\$ 106,816</u>
- Deferred income tax liabilities:				
Unrealized exchange gain	\$ -	(\$ 5,299)	\$ -	(\$ 5,299)
Remeasurement of defined benefit plan	(6,431)	-	(1,328)	(7,759)
Subtotal	<u>(\$ 6,431)</u>	<u>(\$ 5,299)</u>	<u>(\$ 1,328)</u>	<u>(\$ 13,058)</u>
Total	<u>\$ 110,031</u>	<u>(\$ 14,264)</u>	<u>(\$ 2,009)</u>	<u>\$ 93,758</u>

2023				
	January 1	Recognized into profit and/or loss	Recognized in other comprehensive net profit	December 31
Deferred income tax assets:				
- Temporary difference:				
Loss on inventory valuation	\$ 574	(\$ 195)	\$ -	\$ 379
Warranty reserve	3,702	(1,113)	-	2,589
Bonus payable for unused vacation	1,435	-	-	1,435
Foreign investment losses under equity method	38,342	49,490	-	87,832
Exchange differences on the translation of the foreign operation	15,779	-	(343)	15,436
Refund liabilities	929	(370)	-	559
Unrealized exchange loss	<u>2,242</u>	<u>5,990</u>	<u>-</u>	<u>8,232</u>
Subtotal	<u>\$ 63,003</u>	<u>\$ 53,802</u>	<u>(\$ 343)</u>	<u>\$ 116,462</u>
- Deferred income tax liabilities:				
Remeasurement of defined benefit plan	<u>(\$ 5,573)</u>	<u>(\$ 450)</u>	<u>(\$ 408)</u>	<u>(\$ 6,431)</u>
Total	<u>\$ 57,430</u>	<u>\$ 53,352</u>	<u>(\$ 751)</u>	<u>\$ 110,031</u>

4. The validity period and unrecognized deferred income tax assets the Company's unused income tax losses are as follows:

December 31, 2024

Year of occurrence	Declared/Approved	Amount not yet deducted	Amount of unrecognized deferred income tax assets	Final deduction year
2021	\$ 96,111	\$ 96,111	\$ 96,111	2031
2022	56,340	56,340	56,340	2032
2023	184,348	184,348	184,348	2033
2024	161,595	161,595	161,595	2034

December 31, 2023

Year of occurrence	Declared/Approved	Amount not yet deducted	Amount of unrecognized deferred income tax assets	Final deduction year
2021	\$ 96,111	\$ 96,111	\$ 96,111	2031
2022	56,340	56,340	56,340	2032
2023	184,348	184,348	184,348	2033

5. The Company's profit-seeking business income tax have been certified by the tax authority up until 2022.

(XXIX) Earnings (losses) per share

2024			
	After-tax income	Weighted average outstanding shares (thousand shares)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Net profit attributable to the parent company's common stock shareholders	\$ 2,717	327,346	\$ 0.01
<u>Diluted earnings per share</u>			
Net profit attributable to the parent company's common stock shareholders	\$ 2,717	327,346	
Impacts of dilutive potential common shares			
Remuneration to employees	-	45	
Restricted stock	-	368	
Impacts of net profit attributable to the parent company's common stock shareholders plus potential common stocks	\$ 2,717	327,759	\$ 0.01
2023			
	After-tax income	Weighted average outstanding shares (thousand shares)	Losses per share (NTD)
<u>Basic losses per share</u>			
Net loss for the period attributable to the parent company's common stock shareholders	(\$ 316,830)	327,962	(\$ 0.97)

The Company had a net loss in 2023, and the inclusion of the potential common shares will have an anti-dilutive effect, so the diluted loss per share is not calculated.

(XXX) Changes in liability reserve from financing activities

	Lease liabilities	
	2024	2023
January 1	\$ 217,947	\$ 235,989
Changes in cash flow from financing activities	(17,962)	(17,603)
New in current period	433	-
Other non-cash changes	-	(439)
December 31	<u>\$ 200,418</u>	<u>\$ 217,947</u>

Except for lease liabilities, the Company's changes in liabilities from financing activities in 2024 and 2023 were changes in cash flows from financing activities without any non-cash changes. Please refer to the statement of cash flows.

VII. Transactions of the Related Party

(I) Name of the related party and relationship

Name of the related party	Relationship with the Company
Gwong-Yih Lee	Key management of the Company
CyberTAN Corp.(U.S.A)	Subsidiary of the Company
SonicFi INC.	"
Fuhongkang Technology (Shenzhen) Co., Ltd.	The Company is the ultimate parent company of such company
Chongqing Hongdaofu Technology Co., Ltd.	"
HON YAO FU Technology Company Limited (HON YAO FU)	"
FU HAI Technology Company Limited	"
Microelectronics Technology, Inc. and its subsidiaries	Affiliated companies
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Other related parties
FOXCONN Technology Co., Ltd. and its subsidiaries	"
Garuda Technology Co., Ltd. and its subsidiaries	"
Pan-International Industrial Corp.	"
Cloud Network Technology Singapore Pte. Ltd.	"

(II) Significant transactions with the related party

1. Operating revenue

	2024	2023
Sale of goods:		
Subsidiaries	\$ 37,056	\$ 8,678
Affiliated companies	27,717	32,343
Other related parties		
-Cloud Network	980,880	880,094
- Others	134,495	156,932
	<u>\$ 1,180,148</u>	<u>\$ 1,078,047</u>

Except for transactions with no similar transactions to follow, where the transaction terms are negotiated and determined by both parties, the selling prices of the Company to the aforementioned related parties are similar to the selling prices to ordinary customers. The mode of collection adopts NET 20 days, and the collection period is O/A 120 days. The mode of collection for general customers is O/A 60 days.

2. Purchase

	2024	2023
Purchase of commodities:		
Subsidiaries		
-HON YAO FU	\$ 3,370,250	\$ 2,770,742
- Others	-	18
Affiliated companies	31,129	112,934
Other related parties	-	143,941
	<u>\$ 3,401,379</u>	<u>\$ 3,027,635</u>

Except for transactions with no similar transactions to follow, where the transaction terms are negotiated and determined by both parties, all other transactions of our company involve purchasing from related parties at prevailing market prices. The mode of collection adopts NET 30 days, and the collection period is O/A 120 days. The mode of collection for general vendors is O/A 60 days.

3. Accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivable – the related party		
Subsidiaries	\$ 21,582	\$ 2,769
Affiliated companies	10,817	-
Other related parties		
-Cloud Network	237,667	159,573
- Others	55,534	7
	<u>\$ 325,600</u>	<u>\$ 162,349</u>

4. Other receivables

	December 31, 2024	December 31, 2023
Other receivables – the related party		

Subsidiaries		
-HON YAO FU	\$ 439,450	\$ 343,488
- Others	1,082	1,027
Affiliated companies	92,602	35,316
Other related parties	<u>1,039</u>	<u>879</u>
	<u>\$ 534,173</u>	<u>\$ 380,710</u>

Other receivables from the related party mainly are the purchase amount on behalf of the related party and rental revenue.

5. Accounts payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable – the related party		
Subsidiaries		
-HON YAO FU	\$ 8,996	\$ -
Affiliated companies	12,051	19,485
Other related parties	<u>-</u>	<u>17,122</u>
	<u>\$ 21,047</u>	<u>\$ 36,607</u>

6. Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other payables – the related party		
Subsidiaries	\$ 398	\$ 203
Other related parties	26,449	7,367
Affiliated companies	<u>1,079</u>	<u>399</u>
	<u>\$ 27,926</u>	<u>\$ 7,969</u>

Other payables to the related party are mainly purchase advances by the related party, payables of processing fees payable and service fees payable.

7. Processing expenses

	<u>2024</u>	<u>2023</u>
Other related parties	<u>\$ 3,347</u>	<u>\$ 3,070</u>

8. Labor service fee

	<u>2024</u>	<u>2023</u>
Other related parties	<u>\$ 2,592</u>	<u>\$ 2,488</u>

9. Property transaction

Acquisition of financial assets

(2024: None.)

	Account item	Number of shares traded	Target traded	2023 Price of acquisition
Affiliated companies	Investment at equity method	2,212 thousand shares	Amount paid in shares	\$ 63,042
- Microelectronics Technology				

10. Funds loaned to related parties

(1) Loans to related parties

A. Ending balance:

	December 31, 2024	December 31, 2023
Subsidiaries		
-HON YAO FU	\$ 327,850	\$ -

B. Interest revenue

	2024	2023
Subsidiaries		
-HON YAO FU	\$ 10,817	\$ -

The loan terms for subsidiaries are that interest will be paid on a semi-annual basis after the loan. For 2024 and 2023, interest was received at the annual rates of 4.5% and 0%, respectively.

11. Service and repair fee

	2024	2023
Subsidiaries	\$ 10,424	\$ 9,679

12. Rental revenue

	2024	2023
Affiliated companies		
- Microelectronics Technology and its subsidiaries	\$ 61,312	\$ 66,082
Other related parties	7,149	5,004
	\$ 68,461	\$ 71,086

In 2024 and 2023, the Company leased property, plant and equipment to the related party. Under the lease contract, the rent was agreed with reference to the market price and was collected on a quarterly basis.

13. Deposit received

	2024	2023
Affiliated companies		
- Microelectronics Technology and its subsidiaries	\$ 5,765	\$ 5,765
Other related parties	690	611
	<u>\$ 6,455</u>	<u>\$ 6,376</u>

14. Other transactions

The related party Gwong-Yih Lee served as the joint guarantor of bank loans and joint writer of guaranteeing invoice by the Company in 2024 and 2023.

(III) Information on the remuneration to the key management:

	2024	2023
Salary and other short-term employee benefits	\$ 20,933	\$ 30,515
Benefits after severance/retirement	539	570
Total	<u>\$ 21,472</u>	<u>\$ 31,085</u>

VIII. Pledged Assets

The details of the Company's assets provided as collateral are as follows:

Asset item	Book value		Purpose of collateral
	December 31, 2024	December 31, 2023	
Time deposit (listed financial superficialities guarantee deposits and assets measured at amortized cost – current and non-current)	<u>\$ 22,529</u>	<u>\$ 22,504</u>	Guarantees for customs duties

IX. Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts

(I) Contingency

None.

(II) Commitments

None.

X. Losses Due to Major Disasters

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital Management

The Company's capital management objective is intended to protect the Company's continued operation and maintain optimal capital structure to reduce capital cost and provide remuneration to the shareholder. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce liabilities.

(II) Financial instruments

1. Categories of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ 1,613
Financial assets measured at fair value through other comprehensive income	12,175	-
Financial assets measured at amortized cost	<u>2,865,199</u>	<u>3,470,839</u>
	<u>\$ 2,877,374</u>	<u>\$ 3,472,452</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities</u>		
Financial liabilities measured at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 19,543	\$ -
Financial liabilities measured at amortized cost	1,124,116	1,061,890
Lease liabilities	<u>200,418</u>	<u>217,947</u>
	<u>\$ 1,344,077</u>	<u>\$ 1,279,837</u>

Note: The financial assets carried at amortized cost including cash and cash equivalents, financial assets measured at amortized cost, accounts receivables (including the related party), other receivables and guaranteed deposits paid; the financial liabilities measured at amortized cost include the short-term loans, accounts payable (including the related party), other payables (including the related party) and deposits received.

2. Risk management policy

(1) Various financial risks have impact on the daily operation of the Company, including the market risk (including the exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. To reduce adverse impact of uncertainty on the Company's financial performance, the Company used forward exchange contracts to hedge the risk of exchange rate. The derivative tools used by the Company is for hedging purpose instead of trading or speculation.

- (2) The risk management work is executed by the Company's financial department based on the policy approved by the board of directors. The Company's financial department is responsible for identifying, evaluating and hedging financial risks by the close cooperation with each business unit in the Company. The board of directors has established written principles for the overall risk management while providing written policy for certain scope and matters, such as exchange rate risk, interest rate risk, credit risk, utilization of the financial and non-financial instruments and the investment principles of remained current funds.

3. Nature and degree of important financial risk

(1) Market risk

Exchange rate risk

- A. The Company is a multinational corporation. Therefore, the exchange rate risk resulted from transactions with functional currency relatively different from the Company mainly involve USD and RMB. Related exchange rate risks come from the future commercial transactions and recognized assets and liabilities.
- B. The management of the Company has established policy that regulates the management of the exchange rate risk which is relative to the functional currency of the companies in the Company. Each company shall adopt hedging policy against the overall exchange rate risk via the Company's financial department. The exchange rate risk is measured by the expected transactions with high possibility to generate USD and RMB expenses which adopt forward exchange contract to reduce impact of exchange rate fluctuation on the expected purchase inventory cost.
- C. The Company's business lines involved some non-functional currencies (the functional currency of the Company is NTD). Therefore, the Company would be subject to the effect produced by fluctuation in foreign exchange rate. The information about assets and liabilities denominated in foreign currency exposed to significant effect produced by fluctuation in foreign exchange rate is stated as follows:

December 31, 2024							
(Foreign currency: functional currency)	Sensitivity analysis						
	Foreign currency (thousand dollars)		Exchange rate	Book amount (NTD)	Range of change	Profit or loss affected	Other comprehensive income affected
	<u>Financial assets</u>						
	<u>Monetary items</u>						
USD : NTD	\$	31,310	32.785	\$ 1,026,498	2%	\$ 16,424	\$ -
RMB : NTD		2,157	4.478	9,659	2%	155	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD : NTD	\$	41,945	32.785	\$ 1,375,167	2%	\$ 22,003	\$ -

					Sensitivity analysis		
					Range of change	Profit or loss affected	Other comprehensive income affected
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD : NTD	\$	30,279	30.705	\$ 929,717	2%	\$ 14,875	\$ -
RMB : NTD		2,150	4.327	9,303	2%	149	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD : NTD	\$	23,071	30.705	\$ 708,395	2%	\$ 11,334	\$ -

- D. The Company's total amount of all exchange profit (loss) (including the realized and unrealized) from monetary items due to significant impact of exchange rate fluctuation were NTD 71,128 and NTD (22,558) in 2024, and 2023, respectively.

Price risk

- A. The Company's equity instruments exposed to price risk are the holding financial assets measured at the fair value through profit or loss. To manage the price risk of the equity instrument investment, the Company separated the investment portfolio and the separation method is based on the limited amount set by the Company.
- B. The Company mainly invests in the equity instruments issued by companies at home, and the price of such equity instruments is affected by the uncertainty of the investment target's future value. If the price of the equity instrument increases or decreases by 1% and all other factors remain unchanged, the other comprehensive income in 2024 and 2023 will increase or decrease by NTD 97 and NTD 0 as a result of the profit or loss in the equity instrument measured at fair value through other comprehensive income.

(2) Credit risk

- A. The Group's credit risk is the risk of financial loss that would be incurred by the Group if its customers or financial instrument trading counterparties fail to perform the contracts. This is mainly due to the trading counterparties being unable to pay the accounts payable based on the payment conditions and financial assets classified to be measured at amortized cost.
- B. The Company established the credit risk management in the Company's aspect. For trading banks and financial institutes, only those with good credit can be accepted as trading counterparties. According to the loan policy defined by the Company, each business unit within the Company shall conduct the management and credit risk analysis on each new customer before setting payment and proposing the delivery terms and conditions. The internal risk control evaluates customers' credit quality by taking into consideration the customers' financial position, past experience and other factors. The individual risk limit is set by the board of directors according to the internal or external ratings. The management will also control the periodic draw down of credit limits.

- C. The Company adopts IFRS 9 for presumption that when the contract payment past due for over 90 days based on the agreed payment terms, the Company takes it as a default of the contract.
- D. The following presumption provided by the Company adopts IFRS 9 as the basis to determine whether the credit risk of financial instrument increases significantly after the initial recognition:
- (A) When the contract payment past due for over 30 days based on the agreed payment terms, it is determined that the credit risk of financial instrument increased significantly after the initial recognition.
- (B) For bond investment traded in Taipei Exchange, those financial assets with investment grading rated by any external credit rating agency on balance sheet date are considered with low credit risk.
- E. The Company's indexes used to determine the debt instrument as credit impairment are as follows:
- (A) Issuer has major financial difficulty or likely to wind up or proceed with other financial reorganizations;
- (B) The active market of financial assets might extinguish due to financial difficulty of the issuer;
- (C) Overdue or non-performance of interest or principal payment by the issuer;
- (D) National or regional adverse economic changes related to the default of issuer.
- F. The Company classified the customer's accounts receivable based on customer rating and the characteristics of customers and used the reserve matrix as the basis with a simplified approach to estimate the expected credit losses.
- G. The Company offsets the amount of recoverable financial assets which cannot be reasonably expected after the recourse procedure. However, the Company will continue the legal recourse procedure to protect the creditor's right. As of December 31, 2024 and 2023, the Company does not have creditor's right which was written off with means of recourse.
- H. The Company adopted the business indicators of the National Development Council for the future forward-looking considerations to adjust the established loss ratio based on a certain period of history and current information to estimate the allowance for loss of the accounts receivable (including the related parties). The reserve matrix on December 31, 2024, and 2023 is as follows:

	Undue	Overdue 1– 30 days	Overdue 31– 60 days	Overdue 61– 90 days	Overdue more than 90 days	Total
<u>December 31,</u> <u>2024</u>						
Expected loss ratio	0.89%	12.46%	12.48%	12.49%	100.00%	
Total book value	\$ 1,004,786	\$25,870	\$ 1,101	\$ -	\$ -	\$ 1,031,757
Allowance loss	7,997	3,224	137	-	-	11,358

	Undue	Overdue 1– 30 days	Overdue 31– 60 days	Overdue 61– 90 days	Overdue more than 90 days	Total
<u>December 31, 2023</u>						
Expected loss ratio	1.26%	1.38%	1.50%	1.92%	100.00%	
Total book value	\$ 962,482	\$10,791	\$ -	\$ -	\$ -	\$ 973,273
Allowance loss	7,327	149	-	-	-	7,476

I. The aging analysis of accounts receivable (including the related party) is as follows:

	Accounts receivable	
	December 31, 2024	December 31, 2023
Undue	\$ 1,004,786	\$ 962,482
Within 30 days	25,870	10,791
31–60 days	1,101	-
	<u>\$ 1,031,757</u>	<u>\$ 973,273</u>

The aging analysis stated above was based on the number of overdue days.

J. The Company's statement of changes in the allowance loss for accounts receivable using the simplified approach is as follows:

	2024	2023
	Accounts receivable (including the related party)	Accounts receivable (including the related party)
January 1	\$ 7,476	\$ 19,642
Impairment loss accounted for (reversed)	<u>3,882</u>	<u>(12,166)</u>
December 31	<u>\$ 11,358</u>	<u>\$ 7,476</u>

(3) Liquidity risk

A. The cash flow forecast is executed by each business department in the Company and summarized by the Company's finance department. The finance department of the Company supervises the forecast of the Company's current fund demand to ensure there are sufficient fund to support the operating needs.

- B. The following table refers to the Company's non-derivative financial liabilities and grouped subject to the relevant expiry dates. The non-derivative financial liabilities are analyzed based on the residual period from the date of balance sheet until the expiry date. The contractual cash flow amount disclosed in the following statement is the undiscounted amount.

Non-derivative financial liabilities

December 31, 2024	Within 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years
Deposit received	\$ 349	\$ 341	\$ 5,765	\$ 456
Lease liabilities	21,474	20,784	61,920	121,658
	<u>\$ 21,823</u>	<u>\$21,125</u>	<u>\$67,685</u>	<u>\$122,114</u>

Non-derivative financial liabilities

December 31, 2023	Within 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years
Deposit received	\$ 262	\$ 349	\$ 5,765	\$ 456
Lease liabilities	22,222	21,326	61,908	142,294
	<u>\$ 22,484</u>	<u>\$21,675</u>	<u>\$67,673</u>	<u>\$142,750</u>

Except for those specified above, the non-derivative financial liabilities of the Company will expire within the coming year.

(III) Fair value information

1. The levels of the valuation technique adopted to measure the fair value of the financial and non-financial instruments are defined as follows:

- Level 1: The quotation of the same asset or liability in an active market on the measurement date acquired by the enterprise (before adjustment). The active market means the market in which there are frequent and large volumes of transactions to provide the information about pricing on an ongoing basis.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of derivatives invested by the Company all belongs to this level.
- Level 3: Inputs for the asset or liability that are not based on.

2. The following is the analysis regarding the Company's classification of the financial instruments measured at fair value based on the nature, characteristics and risks of the assets and liabilities as well as the levels of fair value:

December 31, 2024	Level 1	Level 2	Level 3	Total
<u>Recurring fair value assets:</u>				
Financial assets measured at fair value through other comprehensive income	\$ 12,175	\$ -	\$ -	\$ 12,175
<u>Recurring fair value liability:</u>				
Financial liabilities measured at fair value through profit or loss	\$ -	\$ 19,543	\$ -	\$ 19,543
December 31, 2023	Level 1	Level 2	Level 3	Total
<u>Recurring fair value assets:</u>				
Financial assets measured at fair value through profit or loss	\$ -	\$ 1,613	\$ -	\$ 1,613

3. The methods and assumptions used by the Company to measure fair value is as follows:
- (1) The Company's fair value inputs (i.e. Level 1) adopting the quoted market price are listed in the following based on the characteristics of the instruments:

	TWSE/TPEX listed stocks
Quoted market price	Closing price

- (2) Except for the financial instrument in the active market, the fair value of other financial instruments is based on the evaluation technology or the quotation of the counterparty. The fair value acquired through the evaluation technology can take reference from other substantial conditions and similar financial instruments' current fair value and discounted cash flow method or other evaluation technology, including the market information that can be acquired on the date of preparing the parent company only balance sheet. The information is then used on a calculation model (such as yield curve referred by Taipei Exchange and the average quotation of Reuters commercial paper rate).
- (3) When evaluating unstandardized financial instruments with low complexity such as debt instrument without active market, interest rate swap contract, exchange swap contract and options, the Company adopts evaluation technology widely used in the market participants. The parameters used by the evaluation model of such financial instruments usually are information observable in the market.
- (4) The Company includes the credit valuation adjustment in the consideration for the fair value calculation of financial and non-financial instruments to reflect the credit risk of the trading counterparty and the credit quality of the Company, respectively.
4. There was no transfer between level 1 and level 2 and no transfer-in and transfer-out from level 3 in 2024 and 2023.

XIII. Noted Disclosures

(I) Information related to material transactions

1. Loaning of funds to others: Please refer to Attachment I.
2. Endorsement and guarantee made for others: None.
3. Marketable securities held at year-end (excluding investments in subsidiaries, affiliated companies, and joint venture): Please refer to Attachment II.
4. Accumulated amount of the same marketable security purchased or sold reaching NTD 300 million or more than 20% of the paid-in capital: Please refer to Attachment III.
5. Amount on acquisition of property reaching NTD 300 million or more than 20% of the paid-in capital: Please refer to Attachment IV.
6. Amount on disposal of property reaching NTD 300 million or more than 20% of the paid-in capital: None.
7. Purchase/sale amount of transactions with the related party reaching NTD 100 million or more than 20% of the paid-in capital: Please refer to Attachment V.
8. Accounts receivable from the related party reaching NTD 100 million or more than 20% of the paid-in capital: Please refer to Attachment VI.
9. Engagement in derivative transactions: Please refer to Note 6(2).
10. Business relationship and major transactions between parent company and subsidiaries and among subsidiaries and amounts: Please refer to Attachment VII.

(II) Information related to reinvested enterprises

Information related to the invested company, such as names and locations (excluding the invested company in China): Please refer to Attachment VIII.

(III) Information about investment in Mainland China

1. Basic information: Please refer to Attachment IX.
2. Major transactions with the invested company in China either directly or indirectly with occurrence through third regions: None.

(IV) Major Shareholder information

Major Shareholder information: None.

XIV. Business Segment Information

N/A.

(Blank)

CyberTAN Technology Inc.
Cash and cash equivalents
December 31, 2024

Statement 1

Unit: NTD thousand

Item	Summary	Amount
Cash on hand and working fund		\$ 287
Current deposit		
- Current deposits in NTD		80,619
- Current deposits in foreign currency	Demand deposit in USD 3,322 thousand at an exchange rate of 32.785	108,928
	Demand deposit in RMB 2,157 thousand at an exchange rate of 4.478	9,644
	Current deposit in other foreign currency	544
Cash equivalents – repurchase bonds		<u>370,154</u>
Total		<u>\$ 570,176</u>

CyberTAN Technology Inc.
Accounts receivable, net
December 31, 2024

Statement 2

Unit: NTD thousand

Customer name	Amount	Remarks
Accounts receivable		
Customer A	\$ 381,554	
Customer B	238,483	
Customer C	55,518	
Others	30,602	Balance of each customer not exceeding 5% of the account amount
Subtotal	706,157	
Less: Allowance loss	(11,358)	
Total	<u>\$ 694,799</u>	
Accounts receivable – the related party		
Cloud Network	\$ 237,667	
Hon Hai Precision Ind. Co., Ltd.	55,534	
Others	32,399	Balance of each customer not exceeding 5% of the account amount
Total	<u>\$ 325,600</u>	

CyberTAN Technology Inc.
Changes in long-term equity investment under the equity method
January 1 to December 31, 2024

Statement 3

Unit: NTD thousand

Name of invested company	Balance, beginning		Increases in the current period (Note 1)		Decrease in the current period (Note 2)		Balance at ending of period			Total net value of market price or equity	Collateral and mortgage
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount		
CyberTAN Corp.(U.S.A)	600,000	\$ 50,421	-	\$ 3,404	-	(\$ 862)	600,000	100	\$ 52,963	\$ 52,963	None
Ta Tang Investment Co., Ltd.	10,000,000	209,485	-	1,829	-	(5,284)	10,000,000	100	206,030	206,030	"
CyberTAN (B.V.I) Investment Corp.	31,043,717	402,916	40,000,000	1,009,270	-	(111,947)	71,043,717	100	1,300,239	1,300,239	"
Microelectronics Technology, Inc.	47,522,756	769,860	-	16,132	(19,256,000)	(443,115)	28,266,756	11.22	342,877	1,136,353	"
Mega Power Ventures Inc.	1,400,000	13,677	-	19,506	-	(1,478)	1,400,000	25	31,705	31,705	"
SonicFi INC.	500,000	<u>5,003</u>	-	<u>36</u>	-	<u>-</u>	500,000	100	<u>5,039</u>	5,039	"
		<u>\$ 1,451,362</u>		<u>\$ 1,050,177</u>		<u>(\$ 562,686)</u>			<u>\$ 1,938,853</u>		

Note 1: The increase in the current period is the investment interest recognized under the equity method, the cash capital increase of the investment under the equity method in the current period, and the share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method in current period.

Note 2: The decrease in current period is the investment loss recognized under the equity method, disposal of investment under the equity method, the share of other comprehensive income of subsidiaries, affiliated companies and joint ventures recognized under the equity method, and cash dividends received from affiliated companies recognized under the equity method.

CyberTAN Technology Inc.
Operating revenue
January 1 to December 31, 2024

Statement 4

Unit: NTD thousand

Item	Quantity	Amount	Remarks
Operating revenue			
Communication product	1,145,413	\$ 3,185,520	
Others		426,821	
		\$ 3,612,341	

CyberTAN Technology Inc.
Operating cost
January 1 to December 31, 2024

Statement 5

Unit: NTD thousand

Item	Amount
Raw materials, beginning	\$ 128,872
Less: Raw materials, ending	(19,580)
Reclassified as expenses	(1,650)
Materials consumed in current period	107,642
Manufacturing expenses	50,598
Current manufacturing costs	158,240
Semi-finished goods, beginning	378
Less: Reclassified as expenses	(206)
Semi-finished goods, ending	(524)
Current finished product cost	157,888
Plus: Finished products, beginning	20,794
Current purchase	3,385,945
Less: Finished products, ending	(168,831)
Reclassified as expenses	(4,025)
Production and marketing costs	3,391,771
Loss on inventory devaluation	2,888
Operating cost	<u>\$ 3,394,659</u>

CyberTAN Technology Inc.
Manufacturing expenses
January 1 to December 31, 2024

Statement 6

Unit: NTD thousand

Item	Amount	Remarks
Salary expenses	\$ 18,908	
After-sale service fee	10,424	
Freight costs	4,085	
Outsourced processing expenses	3,968	
		Balance of each account not exceeding 5% of the account amount
Others	13,213	
	<u>\$ 50,598</u>	

CyberTAN Technology Inc.
Selling expenses
January 1 to December 31, 2024

Statement 7

Unit: NTD thousand

Item	Amount	Remarks
Salary expense	\$ 24,885	
Sample fee	6,872	
Travel expense	3,219	
Royalty	2,804	
		Balance of each account not exceeding 5% of the account amount
Others	12,903	
	<u>\$ 50,683</u>	

CyberTAN Technology Inc.
Administrative expenses
January 1 to December 31, 2024

Statement 8

Unit: NTD thousand

Item	Amount	Remarks
Salary expense	\$ 42,170	
Labor service fee	11,968	
Depreciation	9,920	
Insurance premium	6,877	
Others	35,561	Balance of each account not exceeding 5% of the account amount
	<u>\$ 106,496</u>	

CyberTAN Technology Inc.
R&D expenses
January 1 to December 31, 2024

Statement 9

Unit: NTD thousand

Item	Amount	Remarks
Salary expense	\$ 171,230	
Depreciation	37,385	
Certification fee	18,361	
Insurance premium	15,311	
		Balance of each account not exceeding 5% of the account amount
Others	51,690	
	<u>\$ 293,977</u>	

CyberTAN Technology Inc.
Summary of employee benefits, depreciation, depletion and amortization expenses of the year by function
January 1 to December 31, 2024 and 2023

Statement 10

Unit: NTD thousand

By function		2024			2023							
		As operating costs	As operating expenses	Total	As operating costs	As operating expenses	Total					
By nature												
Employee benefit expenses												
Salary expenses	\$	18,908	\$	238,285	\$	257,193	\$	31,717	\$	243,314	\$	275,031
Expenses for labor and health insurance		1,580		19,445		21,025		1,697		18,194		19,891
Pension expenses		867		11,577		12,444		725		8,022		8,747
Remuneration to Directors		-		1,800		1,800		-		1,800		1,800
Other employee benefit expenses		1,083		12,413		13,496		1,005		9,058		10,063
Depreciation expenses		2,243		49,083		51,326		2,186		43,528		45,714
Amortization expenses		-		7,672		7,672		-		4,590		4,590

Note:

1. The average number of the Company's employees in current and previous years were 218 and 204, respectively; among them, four directors did not concurrently serve as employees.
2. The company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the information as follow:
 - (1) The average employee benefit expense in current year was NTD 1,421 ("total employee benefit expenses in current year - total remuneration to directors" / "number of employees in current year - number of directors not concurred as employees").
The average employee benefit expense in previous year was NTD 1,569 ("total employee benefit expenses in previous year - total remuneration to directors" / "number of employees in previous year - number of directors not concurred as employees").
 - (2) The average employee salary expense in current year was NTD 1,202 (total salary expenses in current year - "number of employees in current year - number of directors not concurred as employees").
The average employee benefit expense in previous year was NTD 1,375 (total salary expenses in previous year - "number of employees in previous year - number of directors not concurred as employees").
 - (3) The change in average employee salary expense was by (12.58%) ("average employee salary expenses in current year - average employee salary expenses in previous year" / average employee salary expenses in previous year").

CyberTAN Technology Inc.

Summary of employee benefits, depreciation, depletion and amortization expenses of the year by function (continued)

January 1 to December 31, 2024 and 2023

Statement 10

Unit: NTD thousand

3. The Company has established an Audit Committee to replace the authority of the supervisors; therefore, there is no remuneration to supervisors.
4. Please refer to Note 6(25) for the Company's allowance policy of employee remuneration.
5. CyberTAN Technology pays attention to the treatment and benefit of employees and establish a reward system with internal reasonableness and external competitiveness.
 - (1) Directors and managers: The Company fully considers business performance of the Company (including financial and non-financial aspects), individual performance and duties and connection and reasonableness between industrial development trends and future economic risks to establish a reasonable remuneration after referring to the external market level. The Company also submits the individual remuneration to directors and managers reviewed by the remuneration committee to the board of directors for resolution.
 - (2) Employees: By conducting regular market surveys and reviews, the Company provides a remuneration level that is better than that provided under the law, with external competitiveness. For the internal salary of employees, the Company plans competitive remuneration based on position, educational background, professional seniority, and work performance while taking into consideration the comparison results of external market salary surveys, regardless of factors such as gender, age, marriage, race, nationality, religion, and politics. In this case, the Company is devoted to forming a quality work environment with complete welfare.