

Hitron Technologies Inc. and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Review Report
For the Three Months Ended March 31, 2025 and 2024

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

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Independent Auditors' Review Report

To the Board of Directors
Hitron Technologies Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Hitron Technologies Inc. and its subsidiaries as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2025 and 2024, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Hitron Technologies Inc. and its subsidiaries as of March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chun-Yuan Wu and An-Chih Cheng.

KPMG

Taipei, Taiwan (Republic of China)
April 30, 2025

Notes to Readers

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

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

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2025		December 31, 2024		March 31, 2024		Liabilities and Equity		March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(1))	\$ 3,337,260	34	2,352,742	23	3,070,086	27	2100	Short-term borrowings (note 6(13))	\$ 996,796	10	365,695	4	1,157,649	10
1110	Current financial assets at fair value through profit or loss (note 6(2))	5,100	-	4,902	-	6,019	-	2120	Current financial liabilities at fair value through profit or loss (note 6(2))	136	-	1,436	-	784	-
1136	Current financial assets at amortized cost (note 6(4))	3,450	-	3,372	-	-	-	2130	Current contract liabilities (notes 6(23) and 7)	388,466	4	479,844	5	450,419	4
1170	Notes and accounts receivable, net (note 6(5))	1,475,568	15	2,081,705	21	1,539,457	13	2170	Notes and accounts payable	418,677	4	655,768	7	1,919,549	16
1180	Accounts receivable from related parties, net (notes 6(5) and 7)	41,072	-	118,096	1	752	-	2180	Accounts payable to related parties (note 7)	762,507	8	1,019,418	10	60,127	1
1200	Other receivables	303,396	3	454,644	5	379,987	3	2200	Other payables (note 6(14))	433,411	4	372,772	4	497,135	4
1210	Other receivables from related parties (note 7)	4,397	-	34,578	-	66,167	1	2220	Other payables to related parties (note 7)	33,360	-	22,424	-	86,742	1
1220	Current tax assets (note 6(20))	49,805	-	47,998	-	91,565	1	2230	Current tax liabilities (note 6(20))	57,440	1	83,084	1	86,680	1
130x	Inventories (note 6(6))	2,305,123	23	2,456,281	25	3,605,768	31	2250	Current provisions (note 6(18))	53,889	-	52,767	-	78,777	1
1470	Other current assets (notes 6(12), 7 and 8)	158,869	2	150,140	2	102,049	1	2280	Current lease liabilities (note 6(17))	21,217	-	21,116	-	18,862	-
		<u>7,684,040</u>	<u>77</u>	<u>7,704,458</u>	<u>77</u>	<u>8,861,850</u>	<u>77</u>	2300	Other current liabilities (note 7)	5,827	-	2,809	-	5,268	-
								2320	Current portion of long-term borrowings (note 6(15))	80,000	1	80,000	1	-	-
Non-current assets:										<u>3,251,726</u>	<u>32</u>	<u>3,157,133</u>	<u>32</u>	<u>4,361,992</u>	<u>38</u>
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))	33,218	-	34,142	-	51,152	1	2530	Bonds payable (note 6(16))	-	-	-	-	167,765	1
1550	Investments accounted for using equity method (note 6(7))	95,201	1	95,818	1	-	-	2540	Long-term borrowings (note 6(15))	369,184	4	375,000	4	700,000	6
1600	Property, plant and equipment (notes 6(9) and 7)	1,511,854	15	1,533,531	15	1,780,400	15	2550	Non-current provisions (note 6(18))	30,300	-	45,541	-	32,907	-
1755	Right-of use assets (note 6(10))	251,178	3	254,278	2	270,343	2	2570	Deferred tax liabilities (note 6(20))	11,084	-	33,306	-	219,913	2
1780	Intangible assets (notes 6(11) and 7)	60,270	1	66,710	1	93,203	1	2580	Non-current lease liabilities (note 6(17))	101,664	1	104,723	1	116,940	1
1840	Deferred tax assets (note 6(20))	146,897	1	170,642	2	369,936	3	2600	Other non-current liabilities	906	-	906	-	568	-
1900	Other non-current assets (notes 6(12), (16) and 8)	166,129	2	183,271	2	150,381	1			<u>513,138</u>	<u>5</u>	<u>559,476</u>	<u>5</u>	<u>1,238,093</u>	<u>10</u>
		<u>2,264,747</u>	<u>23</u>	<u>2,338,392</u>	<u>23</u>	<u>2,715,415</u>	<u>23</u>		Total liabilities	<u>3,764,864</u>	<u>37</u>	<u>3,716,609</u>	<u>37</u>	<u>5,600,085</u>	<u>48</u>
									Equity (note 6(21)):						
									Equity attributable to owners of parent:						
								3110	Ordinary share	3,213,172	33	3,213,172	32	3,213,172	28
								3200	Capital surplus	1,153,191	12	1,153,005	11	1,139,529	10
									Retained earnings:						
								3310	Legal reserve	340,989	3	340,989	3	340,989	3
								3350	Accumulated deficits	(68,216)	-	(50,946)	-	(28,205)	-
										<u>272,773</u>	<u>3</u>	<u>290,043</u>	<u>3</u>	<u>312,784</u>	<u>3</u>
								3400	Other equity interest	342,615	3	303,733	3	257,805	2
									Total equity attributable to owners of parent	<u>4,981,751</u>	<u>51</u>	<u>4,959,953</u>	<u>49</u>	<u>4,923,290</u>	<u>43</u>
								36XX	Non-controlling interests	1,202,172	12	1,366,288	14	1,053,890	9
									Total equity	<u>6,183,923</u>	<u>63</u>	<u>6,326,241</u>	<u>63</u>	<u>5,977,180</u>	<u>52</u>
									Total liabilities and equity	<u>\$ 9,948,787</u>	<u>100</u>	<u>10,042,850</u>	<u>100</u>	<u>11,577,265</u>	<u>100</u>
	Total assets	<u>\$ 9,948,787</u>	<u>100</u>	<u>10,042,850</u>	<u>100</u>	<u>11,577,265</u>	<u>100</u>								

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries**Consolidated Statements of Comprehensive Income****For the three months ended March 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars, except for Earnings per share)**

		For the three months ended March 31,			
		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(23) and 7)	\$ 1,895,778	100	2,109,786	100
5000	Operating costs (notes 6(6), (19) and 7)	1,529,220	81	1,709,650	81
	Gross profit from operations	<u>366,558</u>	<u>19</u>	<u>400,136</u>	<u>19</u>
	Operating expenses (notes 6(18), (23) and 7):				
6100	Selling expenses	164,739	9	149,421	7
6200	Administrative expenses	90,535	5	111,998	5
6300	Research and development expenses	100,367	5	111,046	5
6450	Expected credit loss (gain) (note 6(5))	(56)	(1)	7,645	-
	Total operating expenses	<u>355,585</u>	<u>18</u>	<u>380,110</u>	<u>17</u>
	Net operating income	<u>10,973</u>	<u>1</u>	<u>20,026</u>	<u>2</u>
	Non-operating income and expenses:				
7010	Other income (notes 6(26) and 7)	7,641	-	5,967	-
7020	Other gains and losses, net (note 6(27))	(3,451)	-	4,190	-
7050	Finance costs (note 6(28))	(11,730)	-	(19,666)	(1)
7060	Share of loss of associates accounted for using equity method (note 6(7))	(1,183)	-	-	-
7100	Interest income (note 6(25))	9,029	-	5,768	-
	Total non-operating income and expenses	<u>306</u>	<u>-</u>	<u>(3,741)</u>	<u>(1)</u>
7900	Profit before tax	11,279	1	16,285	1
7950	Less: income tax expense (benefit) (note 6(20))	(7,189)	-	4,531	-
8200	Profit	<u>18,468</u>	<u>1</u>	<u>11,754</u>	<u>1</u>
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans	413	-	810	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(924)	-	-	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	83	-	162	-
	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss	<u>(594)</u>	<u>-</u>	<u>648</u>	<u>-</u>
8360	Components of other comprehensive income that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	39,941	2	116,216	6
	Components of other comprehensive income that may be reclassified subsequently to profit or loss	<u>39,941</u>	<u>2</u>	<u>116,216</u>	<u>6</u>
8300	Other comprehensive income, net of income tax	<u>39,347</u>	<u>2</u>	<u>116,864</u>	<u>6</u>
8500	Total comprehensive income	<u>\$ 57,815</u>	<u>3</u>	<u>128,618</u>	<u>7</u>
	Profit (loss) attributable to:				
8610	Owners of parent	\$ (17,600)	(1)	(29,398)	(1)
8620	Non-controlling interests	36,068	2	41,152	2
		<u>\$ 18,468</u>	<u>1</u>	<u>11,754</u>	<u>1</u>
8700	Comprehensive income attributable to:				
8710	Owners of parent	\$ 21,612	1	87,466	5
8720	Non-controlling interests	36,203	2	41,152	2
		<u>\$ 57,815</u>	<u>3</u>	<u>128,618</u>	<u>7</u>
	Earnings (Loss) per share (New Taiwan Dollars) (note 6(22))				
	Basic earnings (loss) per share	<u>\$ (0.05)</u>		<u>(0.09)</u>	
	Diluted earnings (loss) per share	<u>\$ (0.05)</u>		<u>(0.09)</u>	

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings		Exchange differences on translation of foreign financial statements	Total other equity interest		Total equity attributable to owners of parent company	Non-controlling interests	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings (Accumulated deficits)		Total retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income				Total other equity interest
Balance at January 1, 2024	\$ 3,213,172	1,185,304	340,501	38,936	379,437	106,285	35,304	141,589	4,919,502	1,102,675	6,022,177
Profit (Loss)	-	-	-	(29,398)	(29,398)	-	-	-	(29,398)	41,152	11,754
Other comprehensive income	-	-	-	648	648	116,216	-	116,216	116,864	-	116,864
Total comprehensive income (loss)	-	-	-	(28,750)	(28,750)	116,216	-	116,216	87,466	41,152	128,618
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	488	(488)	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	(58,492)	-	(37,903)	(37,903)	-	-	-	(96,395)	-	(96,395)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(175,179)	(175,179)
Changes in conversion of convertible bonds in subsidiaries	-	12,717	-	-	-	-	-	-	12,717	85,242	97,959
Balance at March 31, 2024	\$ 3,213,172	1,139,529	340,989	(28,205)	312,784	222,501	35,304	257,805	4,923,290	1,053,890	5,977,180
Balance at January 1, 2025	\$ 3,213,172	1,153,005	340,989	(50,946)	290,043	285,439	18,294	303,733	4,959,953	1,366,288	6,326,241
Profit (Loss)	-	-	-	(17,600)	(17,600)	-	-	-	(17,600)	36,068	18,468
Other comprehensive income	-	-	-	330	330	39,806	(924)	38,882	39,212	135	39,347
Total comprehensive income (loss)	-	-	-	(17,270)	(17,270)	39,806	(924)	38,882	21,612	36,203	57,815
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(200,699)	(200,699)
Changes in the share of associates accounted for using the equity method	-	186	-	-	-	-	-	-	186	380	566
Balance at March 31, 2025	\$ 3,213,172	1,153,191	340,989	(68,216)	272,773	325,245	17,370	342,615	4,981,751	1,202,172	6,183,923

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries**Consolidated Statements of Cash Flows****For the three months ended March 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31,	
	2025	2024
Cash flows from operating activities:		
Profit before tax	\$ 11,279	16,285
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	36,233	59,298
Amortization expense	9,121	10,195
Expected credit loss (reversal gain)	(56)	7,645
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(198)	31
Finance costs	11,730	19,666
Interest income	(9,029)	(5,768)
Loss on disposal of property, plant and equipment	956	575
Provisions for inventory obsolescence and devaluation loss (reversed)	4,130	(36,467)
Share of loss of associates accounted for using equity method	1,183	-
Lease modification benefit	-	(15)
Total adjustments to reconcile profit	<u>54,070</u>	<u>55,160</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable	610,084	340,798
Accounts receivables from related parties	77,024	2,788
Other receivables	151,102	(52,023)
Other receivables from related parties	30,181	(34,616)
Inventories	206,205	(199,320)
Other operating assets	(8,729)	7,554
Contract liabilities	(91,378)	(112,421)
Notes and accounts payable	(237,091)	333,842
Accounts payable to related parties	(256,911)	28,480
Other payables	(125,797)	(104,079)
Other payables to related parties	(4,179)	10,358
Provisions	(14,119)	(28,005)
Other current liabilities	1,718	(260)
Other non-current liabilities	-	288
Total changes in operating assets and liabilities	<u>338,110</u>	<u>193,384</u>
Total adjustments	<u>392,180</u>	<u>248,544</u>

(Continued)

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
For the three months ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2025	2024
Cash flows generated from operations	403,459	264,829
Interest received	9,175	5,870
Interest paid	(10,878)	(17,726)
Income taxes paid	(15,700)	(392)
Net cash flows from operating activities	386,056	252,581
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	(78)	-
Proceeds from disposal of financial assets at amortized cost	-	41,000
Proceeds from disposal of financial assets at fair value through profit or loss	-	79
Acquisition of financial liabilities at fair value through profit or loss	-	784
Acquisition of property, plant and equipment	(2,947)	(7,279)
Proceeds from disposal of property, plant and equipment	3,570	63,934
Decrease (increase) in refundable deposits	17,004	(18,546)
Acquisition of intangible assets	(2,595)	(1,001)
Increase in other non-current assets	(292)	(294)
Net cash flows from investing activities	14,662	78,677
Cash flows from financing activities:		
Increase in short-term borrowings	624,198	727,209
Repayment of long-term borrowings	(5,816)	-
Decrease in guarantee deposits received	-	(129)
Payments of lease liabilities	(7,786)	(5,423)
Net cash flows from financing activities	610,596	721,657
Effect of exchange rate changes on cash and cash equivalents	(26,796)	36,534
Increase in cash and cash equivalents	984,518	1,089,449
Cash and cash equivalents at beginning of period	2,352,742	1,980,637
Cash and cash equivalents at end of period	\$ 3,337,260	3,070,086

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Hitron Technologies Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history:

Hitron Technologies Inc. (the “Company”) was incorporated on March 24, 1986 as a company limited by shares under the Company Act of the Republic of China (R.O.C). The Company and its subsidiaries (hereinafter referred to as the “Group”) are mainly engaged in system integration for communication products as well as the production and sale of telecommunication products. Alpha Networks Inc. (“Alpha”) is the parent company after the acquisition. Qisda Corporation (“Qisda”) is the ultimate parent of the Company.

2. Approval date and procedures of the consolidated financial statements:

These consolidated financial statements for the three months ended March 31, 2025 and 2024 were authorized for issuance by the Board of Directors on April 30, 2025 .

3. New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS 21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

- (2) The impact of IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.	January 1, 2027

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
	<ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

4. Summary of material accounting policies:

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

(1) Statement of compliance

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

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

(2) Basis of consolidation

A. List of subsidiaries in the consolidated financial statements was as follow:

Name of Investor	Name of Subsidiary	Main Activities	Shareholding		
			March 31, 2025	December 31, 2024	March 31, 2024
The Company	Hitron Technologies (Samoa) Inc. (Hitron Samoa)	International trade	100.00%	100.00%	100.00%
The Company	Interactive Digital Technologies Inc. (Interactive Digital) (notes 1, 2)	Telecommunication and broadband network system services	32.82%	32.82%	35.03%
The Company	Hitron Technologies Europe Holding B.V. (Hitron Europe)	International trade	100.00%	100.00%	100.00%
The Company	Hitron Technologies (America) Inc. (Hitron America)	International trade	100.00%	100.00%	100.00%

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities	Shareholding		
			March 31, 2025	December 31, 2024	March 31, 2024
The Company	Innoauto Technologies Inc. (Innoauto Technologies)	Investment and automotive electronics products	100.00%	100.00%	100.00%
The Company	Hitron Technologies (Vietnam) Inc. (Hitron Vietnam)	Production and sale of broadband telecommunication products	100.00%	100.00%	100.00%
Hitron Samoa	Hitron Technologies (SIP) Inc. (Hitron Suzhou)	Research and development of broadband telecommunication products	100.00%	100.00%	100.00%
Hitron Samoa	Jietech Trading (Suzhou) Inc. (Jietech Suzhou)	Sale of broadband network products and related services	100.00%	100.00%	100.00%
Interactive Digital	Hwa Chi Technologies (Shanghai) Inc. (Hwa Chi Technologies)	Technical consultation on electronic communication, technology research and development, maintenance and after-sales service	100.00%	100.00%	100.00%
Interactive Digital	Transnet Co., Ltd (Transnet) (note 3)	Integrated supply of network communication products, system services, and import and export of network equipment	80.00%	80.00%	- %

Note 1: The shareholding of the Company decreased to 32.82% as a result of the conversion of convertible bonds issued by Interactive Digital into ordinary shares.

Note 2: The Group did not own more than half of the ownership of the entity. As the Group has the power to control the management and operating policies of the entity, the entity has been included in the Group's consolidated entities.

Note 3: In June 2024, Transnet agreed to transfer 100% equity to Interactive Digital. After conducting a cash capital increase in the third quarter of 2024, Interactive Digital's shareholding was reduced to 80%.

B. Subsidiaries excluded from the consolidated financial statements: None.

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Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(3) Employee benefits

The defined benefit pension cost for an interim period is calculated on a year to date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time, as well as significant curtailments settlement, or other significant one-time events.

(4) Income tax

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense for the period is best estimated by multiplying pretax income for the reporting period by the effective annual tax rate as forecasted by the management. This is recognized fully as income tax expense for the current period.

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” endorsed by the FSC requires management to make judgments, and estimates the future, including climate-related risks and opportunities that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

The preparation of the consolidated financial statements, the major sources of accounting judgments, estimations and assumptions of uncertainty are applied consistently with note 5 of the consolidated financial statements for the year ended December 31, 2024.

6. Explanation of significant accounts:

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

(1) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 901	924	986
Checking and savings accounts	1,982,439	938,432	2,190,021
Time deposits	1,353,920	1,183,386	879,079
Cash equivalents – Repurchase agreements	-	230,000	-
	<u>\$ 3,337,260</u>	<u>2,352,742</u>	<u>3,070,086</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Please refer to note 6(29) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

As of March 31, 2025 and December 31, 2024, deposits with original maturities of more than three months, were \$3,450 thousand and \$3,372 thousand respectively, and were recorded in financial assets measured at amortized cost. Please refer to note 6(4).

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Financial assets mandatorily measured at fair value through profit or loss-current:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ -	-	61
Non-derivative financial assets		-	
Stocks listed on domestic markets	<u>5,100</u>	<u>4,902</u>	<u>5,958</u>
	<u>\$ 5,100</u>	<u>4,902</u>	<u>6,019</u>
Financial liabilities held for trading-current:			
Derivative instruments not used for hedging			
Forward exchange contracts	<u>\$ 136</u>	<u>1,436</u>	<u>784</u>

The Group uses derivative financial instruments to hedge the certain currency risk arising from its operating activities. The following derivative instruments, which were not qualified for hedge accounting, held by the Group, were recognized as financial assets at fair value through profit or loss and held-for-trading financial liabilities:

	<u>March 31, 2025</u>		
	<u>Nominal principal (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Forward exchange contracts	USD 750	USD to RMB	2025.04.28~2025.05.28
	<u>December 31, 2024</u>		
	<u>Nominal principal (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Forward exchange contracts	USD 2,000	USD to RMB	2025.01.21~2025.03.27

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Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

March 31, 2024

	Nominal principal (in thousands)	Currency	Maturity date
Forward exchange contracts	EUR 1,700	EUR to NTD	2024.04.25~2024.06.26
Forward exchange contracts	USD 810	USD to RMB	2024.04.26~2024.05.28
Forward exchange contracts	USD 2,000	USD to NTD	2024.04.16

(3) Non-current financial assets at fair value through other comprehensive income

	March 31, 2025	December 31, 2024	March 31, 2024
Equity instruments:			
Stock unlisted on domestic markets– Chao Long Motor Parts Corp.	\$ <u>33,218</u>	<u>34,142</u>	<u>51,152</u>

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long term strategic purposes.

As of March 31, 2025, December 31 and March 31, 2024, the above-mentioned financial assets were not pledged.

(4) Current financial assets at amortized cost

	March 31, 2025	December 31, 2024	March 31, 2024
Current:			
Time deposits	\$ <u>3,450</u>	<u>3,372</u>	<u>-</u>

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

On March 31, 2025 and December 31, 2024, the Group held domestic time deposits, with the interest rates of 1.28% to 4.20% and 1.23% to 4.61%, respectively.

(5) Notes and accounts receivable, net (including related parties)

	March 31, 2025	December 31, 2024	March 31, 2024
Notes receivable – from operating activities	\$ -	4,500	4,684
Accounts receivable – measured at amortized cost	1,528,636	2,207,338	1,553,699
Less: loss allowances	(11,996)	(12,037)	(18,174)
	<u>\$ 1,516,640</u>	<u>2,199,801</u>	<u>1,540,209</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information.

The analysis of expected credit loss on notes and accounts receivable, (including receivable from related parties) was as follows:

	March 31, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,463,606	- %	-
Less than 90 days past due	31,153	4.35%	1,357
91 to 180 days past due	458	- %	-
More than 181 days past due	<u>33,419</u>	31.84%	<u>10,639</u>
	<u><u>\$ 1,528,636</u></u>		<u><u>11,996</u></u>
	December 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,092,340	- %	-
Less than 90 days past due	86,079	1.62%	1,398
More than 181 days past due	<u>33,419</u>	31.84%	<u>10,639</u>
	<u><u>\$ 2,211,838</u></u>		<u><u>12,037</u></u>
	March 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,367,928	- %	-
Less than 90 days past due	116,146	2.85%	3,312
91 to 180 days past due	58,836	20.00%	11,767
More than 365 days past due	<u>15,473</u>	20.00%	<u>3,095</u>
	<u><u>\$ 1,558,383</u></u>		<u><u>18,174</u></u>

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Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

The movements in the allowance for notes and accounts receivable were as follows:

	For the three months ended	
	March 31,	
	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ 12,037	10,427
Impairment losses recognized (reversed)	(56)	7,645
Effect of changes in exchange rates	<u>15</u>	<u>102</u>
Balance at March 31	<u><u>\$ 11,996</u></u>	<u><u>18,174</u></u>

(6) Inventories

	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2025</u>	<u>2024</u>	<u>2024</u>
Raw materials	\$ 442,004	422,650	1,115,295
Work in progress and semi-finished products	4,846	6,313	264,242
Finished goods and merchandises	1,212,552	1,386,060	1,587,115
Consigned goods and project inventory	<u>645,721</u>	<u>641,258</u>	<u>639,116</u>
	<u><u>\$ 2,305,123</u></u>	<u><u>2,456,281</u></u>	<u><u>3,605,768</u></u>

Consigned goods and project inventory refers to the labor cost and related inventory that have been invested in projects by the subsidiary of the Group, namely Interactive Digital Technologies, but have not yet been recognized as revenue.

The components of operating costs were as below:

	For the three months ended	
	March 31,	
	<u>2025</u>	<u>2024</u>
Cost of goods sold	\$ 1,525,090	1,746,117
Losses on (Reversal of) inventory write-downs, obsolescence, and write-offs	<u>4,130</u>	<u>(36,467)</u>
	<u><u>\$ 1,529,220</u></u>	<u><u>1,709,650</u></u>

As of March 31, 2025, December 31 and March 31, 2024, the Group's inventories were not pledged.

(7) Investments accounted for using equity method

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2025</u>	<u>2024</u>	<u>2024</u>
Carrying amount of individually insignificant associates' equity	<u><u>\$ 95,201</u></u>	<u><u>95,818</u></u>	<u><u>-</u></u>

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Hitron Technologies Inc. and Subsidiaries
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	For the three months ended	
	March 31,	
	2025	2024
Attributable to the Group:		
Loss	\$ (14,884)	-
Other comprehensive income (loss)	-	-
Comprehensive income (loss)	\$ (14,884)	-

As of March 31, 2025, the Group's investments accounted for equity method were not pledged.

Interactive Digital invested \$96,930 thousand in cash in Fiber Logic Communications, Inc. ("Fiber Logic") for a 6% equity stock in 2024. Interactive Digital also holds one of the five director seats in Fiber Logic; thus it is considered to have significant influence over Fiber Logic and uses the equity method for valuation.

From January 1 to March 31, 2025, the share of net loss from associated companies attributable to the Group is \$1,183 thousand.

(8) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests		
		March 31, 2025	December 31, 2024	March 31, 2024
Interactive Digital Technologies Inc.	Taiwan	67.18%	67.18%	64.97%

The following information of the aforementioned subsidiaries have been prepared in accordance with the IFRS Accounting Standards endorsed by the FSC. Intragroup transactions were not eliminated in this information.

Interactive Digital's collective financial information:

	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	\$ 2,155,034	2,435,128	2,173,326
Non-current assets	999,442	1,019,579	918,039
Current liabilities	(1,316,228)	(1,351,005)	(1,261,805)
Non-current liabilities	(51,715)	(72,369)	(203,510)
Net assets	\$ 1,786,533	2,031,333	1,626,050
Equity attributable to non-controlling interests	\$ 1,204,078	1,368,494	1,056,445
Equity attributable to shareholders	\$ 582,455	662,839	569,605

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Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

	For the three months ended	
	March 31,	
	2025	2024
Operating revenue	\$ <u>413,947</u>	<u>432,918</u>
Net profit	\$ 53,177	63,470
Other comprehensive income	201	285
Total comprehensive income	\$ <u>53,378</u>	<u>63,755</u>
Total comprehensive income attributable to non-controlling interests	\$ <u>35,900</u>	<u>41,134</u>
Comprehensive income attributable to shareholders	\$ <u>17,478</u>	<u>22,621</u>

	For the three months ended	
	March 31,	
	2025	2024
Net cash flows from operating activities	\$ 149,264	172,640
Net cash flows from investing activities	14,546	19,353
Net cash flows used in financing activities	(7,247)	(1,505)
Effect of exchange rate changes on cash and cash equivalents	199	280
Net increase in cash and cash equivalents	\$ <u>156,762</u>	<u>190,768</u>

(9) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Total</u>
Cost:					
Balance at January 1, 2025	\$ 641,026	1,325,226	160,843	207,158	2,334,253
Additions	-	167	198	2,582	2,947
Disposals	-	-	(27,615)	(2,509)	(30,124)
Effect of changes in exchange rates and others	-	12,241	1,904	471	14,616
Balance at March 31, 2025	\$ <u>641,026</u>	<u>1,337,634</u>	<u>135,330</u>	<u>207,702</u>	<u>2,321,692</u>
Balance at January 1, 2024	\$ 641,026	1,274,552	645,545	239,370	2,800,493
Additions	-	-	1,000	6,279	7,279
Disposals	-	(23)	(127,702)	(3,552)	(131,277)
Effect of changes in exchange rates and others	-	30,643	21,764	863	53,270
Balance at March 31, 2024	\$ <u>641,026</u>	<u>1,305,172</u>	<u>540,607</u>	<u>242,960</u>	<u>2,729,765</u>
Depreciation:					
Balance at January 1, 2025	\$ 8,984	504,103	127,054	160,581	800,722
Depreciation	-	18,124	3,459	6,805	28,388
Disposals	-	-	(23,168)	(2,430)	(25,598)
Effect of changes in exchange rates and others	-	4,245	1,667	414	6,326
Balance at March 31, 2025	\$ <u>8,984</u>	<u>526,472</u>	<u>109,012</u>	<u>165,370</u>	<u>809,838</u>

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Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Total</u>
Balance at January 1, 2024	\$ 8,984	422,028	345,581	168,079	944,672
Depreciation	-	17,661	24,200	9,785	51,646
Disposals	-	(9)	(64,082)	(2,677)	(66,768)
Effect of changes in exchange rates and others	-	7,339	11,881	595	19,815
Balance at March 31, 2024	<u>\$ 8,984</u>	<u>447,019</u>	<u>317,580</u>	<u>175,782</u>	<u>949,365</u>
Carrying amounts:					
Balance at January 1, 2025	<u>\$ 632,042</u>	<u>821,123</u>	<u>33,789</u>	<u>46,577</u>	<u>1,533,531</u>
Balance at March 31, 2025	<u>\$ 632,042</u>	<u>811,162</u>	<u>26,318</u>	<u>42,332</u>	<u>1,511,854</u>
Balance at January 1, 2024	<u>\$ 632,042</u>	<u>852,524</u>	<u>299,964</u>	<u>71,291</u>	<u>1,855,821</u>
Balance at March 31, 2024	<u>\$ 632,042</u>	<u>858,153</u>	<u>223,027</u>	<u>67,178</u>	<u>1,780,400</u>

As of March 31, 2025, December 31 and March 31, 2024, the Group's property, plant and equipment were not pledged.

(10) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Other facilities</u>	<u>Total</u>
Carrying amount:					
Balance at January 1, 2025	<u>\$ 158,401</u>	<u>93,025</u>	<u>2,813</u>	<u>39</u>	<u>254,278</u>
Balance at March 31, 2025	<u>\$ 158,919</u>	<u>88,392</u>	<u>3,848</u>	<u>19</u>	<u>251,178</u>
Balance at January 1, 2024	<u>\$ 158,503</u>	<u>104,887</u>	<u>3,605</u>	<u>118</u>	<u>267,113</u>
Balance at March 31, 2024	<u>\$ 162,268</u>	<u>103,503</u>	<u>4,473</u>	<u>99</u>	<u>270,343</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of the right-of-use assets for the three months ended March 31, 2025 and 2024. Please refer to note 6(10) of the consolidated financial statements for the year ended December 31, 2024 for other related information.

(11) Intangible asset

	<u>Software cost</u>	<u>Other intangible assets</u>	<u>Total</u>
Carrying amount:			
Balance at January 1, 2025	<u>\$ 50,645</u>	<u>16,065</u>	<u>66,710</u>
Balance at March 31, 2025	<u>\$ 44,234</u>	<u>16,036</u>	<u>60,270</u>
Balance at January 1, 2024	<u>\$ 78,003</u>	<u>23,116</u>	<u>101,119</u>
Balance at March 31, 2024	<u>\$ 71,919</u>	<u>21,284</u>	<u>93,203</u>

There were no significant additions, disposal or recognition and reversal of impairment losses of the intangible assets for the three months ended March 31, 2025 and 2024. Please refer to note 12 for current period amortization. Please refer to note 6(11) of the consolidated financial statements for the year ended December 31, 2024 for other related information.

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Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(12) Other current assets and other non-current assets

The other current assets and other non-current assets of the Group were as follows:

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2024</u>
Guarantee deposits paid (note 8)	\$ 142,960	159,204	136,750
Business taxes refundable	50,886	43,556	31,306
Prepaid insurance premiums	12,876	14,490	12,081
Prepayments for equipment	11,351	11,434	1,921
Restricted bank deposits (note 8)	4,425	5,197	5,523
Prepaid pension cost	2,749	2,749	2,307
Advance payment	1,586	508	2,640
Others	98,165	96,273	59,902
	<u>\$ 324,998</u>	<u>333,411</u>	<u>252,430</u>
Other current assets	\$ 158,869	150,140	102,049
Other non-current assets	166,129	183,271	150,381
	<u>\$ 324,998</u>	<u>333,411</u>	<u>252,430</u>

(13) Short-term borrowings

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2024</u>
Unsecured bank loans	\$ <u>996,796</u>	<u>365,695</u>	<u>1,157,649</u>
Unused short-term credit lines	\$ <u>6,917,236</u>	<u>7,394,191</u>	<u>9,222,151</u>
Range of interest rates	<u>3.45%~5.75%</u>	<u>3.90%~5.35%</u>	<u>4.40%~6.10%</u>

Issuance and repayment of loans

As of March 31, 2025 and 2024, the newly added amounts were \$1,563,853 thousand and \$1,760,329 thousand, respectively, with interest rates ranging from 3.45% to 5.75% and 4.40% to 6.10%, respectively. The maturity dates were from April 2025 to June 2025 and April 2024 to June 2024, respectively. The repaid amounts were \$939,655 thousand and \$1,033,120 thousand, respectively.

(14) Other payables

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2024</u>
Dividends payable	\$ 185,584	-	196,124
Payroll and bonus payable	171,300	257,613	184,495
Business taxes payable	4,571	29,031	14,444
Payables on equipment	2,793	346	735
Others	69,163	85,782	101,337
	<u>\$ 433,411</u>	<u>372,772</u>	<u>497,135</u>

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Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(15) Long-term borrowings and current portion of long-term liabilities

March 31, 2025				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	2.09%	2026 (note 2)	\$ 400,000
	NTD	1.88%	2027 (note 2)	30,000
	NTD	0.50%	2029	19,184
Subtotal				449,184
Less: current portion				(80,000)
Total				\$ 369,184
December 31, 2024				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	2.06%	2026 (note 2)	\$ 400,000
	NTD	1.88%	2027 (note 2)	30,000
	NTD	0.50%	2029	25,000
Subtotal				455,000
Less: current portion				(80,000)
Total				\$ 375,000
Unused long-term credit lines				\$ 10,000
March 31, 2024				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.79050%	2025 (note 1)	\$ 300,000
	NTD	1.89617%	2026 (note 2)	400,000
Subtotal				700,000
Less: current portion				-
Total				\$ 700,000
Unused long-term credit lines				\$ 100,000

Note 1: The first period of repayment is 18 months after the first loan is used, and the subsequent installments are due every 6 months, with the principal repaid in 2 equal installments. The repayment deadline for the amounts drawn down should be no later than 2 years after the date of initial drawdown.

Note 2: The first period of repayment is 24 months after the first loan is used, and the subsequent installments are due every 6 months. The principal shall be repaid in 3 equal installments. 20% of the outstanding principal shall be repaid in the 1st and 2nd installments. The outstanding principal balance shall be repaid in full in the 3rd installment. Interest is charged on a monthly basis.

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Hitron Technologies Inc. and Subsidiaries
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In 2023, long-term loan agreements were entered into with the Export-Import Bank of the Republic of China and KGI Bank. The financial commitments for the loan with KGI Bank were as follows (i.e., after the initial drawdown, the following financial ratios shall be maintained for the duration of the facility):

- A. Current ratio (Current assets/current liabilities): was no less than 100%.
- B. Debt ratio (total liabilities/net value): was no more than 150%
- C. (Cash and cash equivalents + yearly EBITDA)/(short-term borrowings + medium or long-term borrowings mature within 1 year) was no less than one.

Examined once every half year, the financial commitment ratios above are based on the consolidated annual and semi-annual financial statements audited or reviewed by independent auditors. Any breach of the above-mentioned financial commitments during the loan period will result in immediate and full settlement. As of the balance sheet date of this report, there was no risk of breach.

(16) Bonds payable

Secured convertible bonds of Interactive Digital Technologies Inc., were as follows:

	December 31, 2024	March 31, 2024
Total amount of convertible bonds issued	\$ 600,000	600,000
Unamortized balance of corporate bond discount payable	-	(5,535)
Cumulative converted amount	(600,000)	(426,700)
Total bonds payable at the end of the period	<u>\$ -</u>	<u>167,765</u>
Embedded derivatives – call and put options (included in other non-current assets)	<u>\$ -</u>	<u>17</u>
Equity component – conversion option	<u>\$ -</u>	<u>18,376</u>

On October 24, 2022, the Board of Directors of Interactive Digital Technologies Inc., the Company's subsidiary, resolved to issue the second domestic secured convertible corporate bonds to supplement the working capital. This issue was approved by the FSC on December 19, 2022, and issued from January 11, 2023 to January 11, 2026 with a period of three years, with a total face value of \$600,000 thousand and a coupon rate of 0%. The conversion price was \$60.7 per share. On July 23, 2024, Interactive Digital Technologies Inc. adjusted the conversion price of its corporate bonds from \$60.7 to \$53.3. Except in the cases of conversion of the bond into ordinary shares issued by Interactive Digital Technologies Inc. pursuant to Article 10 of the Regulations Governing the Issue of this Corporate Bond, or early redemption by Interactive Digital Technologies Inc. pursuant to Article 18, or cancellation by Interactive Digital Technologies Inc. through repurchase from the securities dealer, Interactive Digital Technologies Inc. shall make a repayment in the full amount of the bond's par value in cash within 10 business days after the maturity date.

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Notes to the Consolidated Financial Statements

The convertible bond is guaranteed by First Commercial Bank Co., Ltd. The guarantee period extends from the date of full receipt of the bond amount to the date of full repayment. The guarantee covers the balance of the corporate bond and the burden subordinate to the primary liability.

As of December 31, 2024 and March 31, 2024, the second convertible corporate bonds issued by Interactive Digital Technologies Inc., has been converted into 10,640 thousand and 7,432 thousand ordinary shares, respectively.

(17) Lease liabilities

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2024</u>
Current	\$ <u>21,217</u>	<u>21,116</u>	<u>18,862</u>
Non-current	\$ <u>101,664</u>	<u>104,723</u>	<u>116,940</u>

For the maturity analysis, please refer to note 6(29).

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	\$ <u>2,025</u>	<u>2,189</u>
Expenses relating to short-term leases and leases of low-value assets	\$ <u>5,332</u>	<u>4,913</u>

The amounts recognized in the statement of cash flows were as follows:

	For the three months ended March 31,	
	<u>2025</u>	<u>2024</u>
Total cash outflow for leases	\$ <u>15,143</u>	<u>12,525</u>

The Group's leased assets comprise land, buildings and structures, transportation equipment and other equipment, and the lease contracts run for a period of 2 to 39 years. The lease contracts do not impose covenants, but leased assets may not be used as security for borrowings.

(18) Provisions

	<u>Warranties</u>	<u>Onerous contracts</u>	<u>Total</u>
Balance at January 1, 2025	\$ 98,308	-	98,308
Provisions made during the year	2,485	-	2,485
Provisions used during the year	(16,729)	-	(16,729)
Effect of changes in foreign exchange rates	<u>125</u>	-	<u>125</u>
Balance at March 31, 2025	\$ <u>84,189</u>	<u>-</u>	<u>84,189</u>

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	<u>Warranties</u>	<u>Onerous contracts</u>	<u>Total</u>
Balance at January 1, 2024	\$ 128,035	11,232	139,267
Provisions made (reversed) during the year	3,226	(11,232)	(8,006)
Provisions used during the year	(19,999)	-	(19,999)
Effect of changes in foreign exchange rates	422	-	422
Balance at March 31, 2024	<u>\$ 111,684</u>	<u>-</u>	<u>111,684</u>

The carrying amounts of the Group's provisions were as follows:

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2024</u>
Current	\$ 53,889	52,767	78,777
Non-current	30,300	45,541	32,907
	<u>\$ 84,189</u>	<u>98,308</u>	<u>111,684</u>

The Group's warranty liability provisions are primarily related to product sales and service provision. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects the majority of the liability will occur over the year after sales.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group, from a non-cancelable contract signed with supplier is lower than the unavoidable cost of meeting its obligations under the contract.

(19) Employee benefits

A. Defined benefit plans

Given that there were no significant market fluctuations since that time no significant curtailments, settlements, or other significant one-off event in the prior fiscal year, pension costs in the financial statements are measured and disclosed according to the actuarial results determined on December 31, 2024 and 2023.

B. Defined contribution plans

The pension costs under contribution plans amounted to \$9,637 thousand and \$12,174 thousand for the years ended March 31, 2025 and 2024, respectively.

(20) Income taxes

A. The Group's income tax expenses (benefit) were as follows:

	<u>For the three months ended</u> <u>March 31,</u>	
	<u>2025</u>	<u>2024</u>
Current tax expenses (benefit)	<u>\$ (7,189)</u>	<u>4,531</u>

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As of March 31, 2025, the Company's income tax returns for the years up to 2023 were assessed by the Tax Administration.

(21) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Group's capital and other equity interest for the three months ended March 31, 2025 and 2024. For related information about the shareholders' equity, please refer to note 6(21) of the consolidated financial statements for the year ended December 31, 2024.

A. Issue of ordinary shares

As of March 31, 2025, December 31 and March 31, 2024, the Company's authorized share capital amounted to 4,000,000 thousand (including 300,000 thousand reserved for employee stock option plan and conversion of convertible bond into shares); the issued capital for the three months ended March 31, 2025 and 2024 were both amounted to 3,213,172 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Capital surplus—premium	\$ 742,718	742,718	742,718
Convertible bonds payable—premium	221,176	221,176	221,176
Changes in ownership interests in subsidiaries	186,581	186,395	172,919
Employee share options	2,480	2,480	2,480
Others	236	236	236
	<u>\$ 1,153,191</u>	<u>1,153,005</u>	<u>1,139,529</u>

C. Retained earnings

The Company's Articles of Incorporation stipulate that the Company's net earnings shall first be used to offset prior years' losses, if any, before paying any income taxes. Of the remaining portion, 10% is to be appropriated as legal reserve, unless the amount of the legal reserve has already reached the Company's paid-in capital. In addition, special reserve shall be appropriated according to laws and regulations as well as the Company's operating needs. After the above appropriations, the remainder plus prior-period earnings that remain undistributed, will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to decide on this matter. The above-mentioned distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and be reported in a shareholder meeting.

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Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(a) Legal reserve

In accordance with the R.O.C. Company Act, 10% of a company's net profit after tax shall be appropriated as legal reserve until the amount of accumulated legal reserve equals that of total paid-in capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. The Company shall make allocation of special reserve for the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than the after-tax net profit in the period that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of the undistributed prior-period earnings shall be reclassified to special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

D. Earnings distribution

The amounts of cash dividends on the 2023 earnings distribution had been approved during the board meeting on February 26, 2024. The amounts of cash dividends and other earnings distribution in 2023 that were approved by the shareholders' meeting on May 27, 2024 were as follows:

	2023
Appropriation of legal reserve	\$ 488
Dividends distributed to ordinary shareholders:	
Cash dividends distributed from retained earnings (dividends was \$0.12 per share)	\$ 37,903
Cash dividends distributed from capital surplus (dividends was \$0.18 per share)	58,492
	\$ 96,395

The appropriation of retained earnings is consistent with the resolutions approved by the Board of Directors. The related information would be available at the Market Observation Post System website.

The deficit compensation for 2024 was presented for a resolution in the Board of Directors' meeting on February 26, 2025, which are then to be approved in annual stockholders' meeting. The information will be available on the Market Observation Post System website.

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Notes to the Consolidated Financial Statements

E. Other equity and non-controlling interest

	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Non- controlling interests	Total
Balance at January 1, 2025	\$ 285,439	18,294	1,366,288	1,670,021
Exchange differences on translation of foreign financial statements	39,806	-	135	39,941
Unrealized losses from financial assets measured at FVOCI	-	(924)	-	(924)
Cash dividends paid by subsidiaries	-	-	(200,699)	(200,699)
Changes in the share of associates accounted for using the equity method	-	-	380	380
Changes in non-controlling interest	-	-	36,068	36,068
Balance at March 31, 2025	<u>\$ 325,245</u>	<u>17,370</u>	<u>1,202,172</u>	<u>1,544,787</u>
Balance at January 1, 2024	\$ 106,285	35,304	1,102,675	1,244,264
Exchange differences on translation of foreign financial statements	116,216	-	-	116,216
Changes in capital surplus of subsidiaries	-	-	85,242	85,242
Cash dividends paid by subsidiaries	-	-	(175,179)	(175,179)
Changes in non-controlling interests	-	-	41,152	41,152
Balance at March 31, 2024	<u>\$ 222,501</u>	<u>35,304</u>	<u>1,053,890</u>	<u>1,311,695</u>

(22) Earnings (Loss) per share

A. Basic earnings (loss) per share

	For the three months ended March 31,	
	2025	2024
Loss attributable to shareholders of the Company	\$ <u>(17,600)</u>	<u>(29,398)</u>
Weighted-average number of shares outstanding (in thousands of shares)	<u>321,317</u>	<u>321,317</u>
Basic earnings (loss) per share (in dollars)	\$ <u>(0.05)</u>	<u>(0.09)</u>

B. Diluted earnings (loss) per share

	For the three months ended March 31,	
	2025	2024
Loss attributable to shareholders of the Company	\$ <u>(17,600)</u>	<u>(29,398)</u>
Weighted-average number of shares outstanding (in thousands of shares)	<u>321,317</u>	<u>321,317</u>
Diluted earnings (loss) per share (in dollars)	\$ <u>(0.05)</u>	<u>(0.09)</u>

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(23) Revenue from contracts with customers

A. Details of revenues

	For the three months ended March	
	31,	
	2025	2024
Primary geographical markets:		
America	\$ 943,993	1,147,587
Taiwan	571,368	596,870
Other	<u>380,417</u>	<u>365,329</u>
	<u>\$ 1,895,778</u>	<u>2,109,786</u>
	For the three months ended March	
	31,	
	2025	2024
Main products:		
Wireless broadband network products	\$ 1,490,668	1,689,593
Other network-related products	<u>405,110</u>	<u>420,193</u>
	<u>\$ 1,895,778</u>	<u>2,109,786</u>

B. Contract balances

	March 31,	December 31,	March 31,
	2025	2024	2024
Notes and accounts receivable (including related parties), net	<u>\$ 1,516,640</u>	<u>2,199,801</u>	<u>1,540,209</u>
Contract liabilities	<u>\$ 388,466</u>	<u>479,844</u>	<u>450,419</u>

For details on notes and accounts receivable, and loss allowances, please refer to note 6(5).

For details on onerous contracts as of March 31, 2025, December 31 and March 31, 2024, please refer to note 6(18).

The amount of revenue recognized for the three months ended March 31, 2025 and 2024 that were included in the contract liability balance at the beginning of the period were \$140,159 thousand and \$280,595 thousand, respectively.

Contract liabilities related to products primarily arise from advance payments received for product sales contracts of the Group. The Group will recognize these amounts as revenue when the products are delivered to the customers.

Contract liabilities related to services primarily arise from advance payments received for product development service contracts of the Group. The Group recognizes these amounts as revenue based on the proportion of the actual services provided to the total services.

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(24) Remuneration to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute 5% to 20% of the profit as employee compensation and less than 1% as directors' remuneration when there is profit for the year. However, if the company has accumulated deficits, the profit should be reserved to offset the deficit. Employees who are entitled to receive the above-mentioned employee compensation, in share or cash, may include the employees serve in the subsidiaries of the Company who meet certain specific requirements.

The estimated amounts mentioned above are calculated based on the net profit before tax, deduction of the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations are recorded under operating costs or operating expenses. The Company incurred losses for the three months ended March 31, 2025 and 2024, compensation to employees and directors were not accrued. The differences between the actual amounts and the estimations recognized in the financial statement, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the following year. If the Board of Directors approve to distribute employee remuneration in the form of stock, the number of the shares of the employee remuneration is determined based on the closing price of the day before the Board of Directors' meeting. Related information would be available at the Market Observation Post System website.

For the year ended 2024, the remunerations to employees and directors amounted to \$0 thousand. The appropriation of remunerations is consistent with the resolutions approved by the Board of Directors. Related information would be available at the Market Observation Post System website.

(25) Interest income

The details of the Group's interest income of 2025 and 2024 were as follows:

	For the three months ended	
	March 31,	
	2025	2024
Bank deposits	\$ 9,029	5,768

(26) Other income

The details of the Group's other income of 2025 and 2024 were as follows:

	For the three months ended	
	March 31,	
	2025	2024
Rental income	\$ 1,442	665
Other income	6,199	5,302
	\$ 7,641	5,967

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(27) Other gains and losses

The details of the Group's other gains and losses of 2025 and 2024 were as follows:

	For the three months ended March 31,	
	2025	2024
Foreign exchange gain (loss), net	\$ (399)	4,810
Loss on disposals of property, plant and equipment	(956)	(575)
Gain (losses) on financial assets (liabilities) at fair value through profit or loss, net	198	(31)
Gain on lease modification	-	15
Other gains or losses, net	(2,294)	(29)
	\$ (3,451)	4,190

(28) Finance costs

The details of the Group's finance costs of 2025 and 2024 were as follows:

	For the three months ended March 31,	
	2025	2024
Interest expense of borrowings, etc.	\$ 9,705	17,477
Interest expense of lease liabilities	2,025	2,189
	\$ 11,730	19,666

(29) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk, liquidity risk and market risk. For related information about the fair value on financial instruments, please refer to note 6(29) of the consolidated financial statements for the year ended December 31, 2024.

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The major customers of the Group are centralized in the networking related industries. The Group generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Group is mainly influenced by the networking industry. As of March 31, 2025, December 31 and March 31, 2024, 55%, 64% and 56%, respectively, of the Group's accounts receivable (including related parties) were from the top 5 customers. Although there is a potential in concentration of credit risk, the Group routinely assesses the collectability of its accounts receivable and makes a corresponding allowance for doubtful accounts.

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(c) Credit risk associated with receivables

Risk exposure information for notes receivable and accounts receivable, please refer to note 6(5).

Other financial assets measured at amortized cost include time deposits with maturities of more than three months and restricted bank deposits, please refer to note 6(4) for details of relevant investments.

B. Liquidity risk

The following are the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>More than 5 years</u>
March 31, 2025					
Non-derivative financial liabilities					
Short-term borrowings	\$ 996,796	(1,005,355)	(1,005,355)	-	-
Notes and accounts payables (including related parties)	1,181,184	(1,181,184)	(1,181,184)	-	-
Other payables (including related parties)	466,771	(466,771)	(466,771)	-	-
Lease liabilities (current and non-current)	122,881	(148,136)	(28,687)	(103,309)	(16,140)
Long-term borrowings (including maturity within 1 year)	449,184	(463,406)	(88,485)	(374,921)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	136	(24,904)	(24,904)	-	-
Inflow	-	24,768	24,768	-	-
	<u>\$ 3,216,952</u>	<u>(3,264,988)</u>	<u>(2,770,618)</u>	<u>(478,230)</u>	<u>(16,140)</u>
December 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 365,695	(368,730)	(368,730)	-	-
Notes and accounts payables (including related parties)	1,675,186	(1,675,186)	(1,675,186)	-	-
Other payables (including related parties)	395,196	(395,196)	(395,196)	-	-
Lease liabilities (current and non-current)	125,839	(152,802)	(28,778)	(94,351)	(29,673)
Long-term borrowings (including maturity within 1 year)	455,000	(471,373)	(88,807)	(382,566)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	1,436	(65,570)	(65,570)	-	-
Inflow	-	64,134	64,134	-	-
	<u>\$ 3,018,352</u>	<u>(3,064,723)</u>	<u>(2,558,133)</u>	<u>(476,917)</u>	<u>(29,673)</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>More than 5 years</u>
March 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,157,649	(1,171,783)	(1,171,783)	-	-
Notes and accounts payables (including related parties)	1,979,676	(1,979,676)	(1,979,676)	-	-
Other payables (including related parties)	583,877	(583,877)	(583,877)	-	-
Lease liabilities (current and non-current)	135,802	(139,386)	(19,257)	(74,731)	(45,398)
Long-term borrowings	700,000	(729,372)	(12,956)	(716,416)	-
Bonds payables	167,765	(173,300)	-	(173,300)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	784	(120,940)	(120,940)	-	-
Inflow	(61)	27,526	27,526	-	-
	<u>\$ 4,725,492</u>	<u>(4,870,808)</u>	<u>(3,860,963)</u>	<u>(964,447)</u>	<u>(45,398)</u>

C. Currency risk

(a) Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>March 31, 2025</u>			<u>December 31, 2024</u>			<u>March 31, 2024</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 15,669	33.205	520,280	18,066	32.785	592,287	21,220	32.00	679,040
EUR	56	35.96	2,016	19	34.132	636	66	34.47	2,275
CAD	600	23.16	13,894	717	22.809	16,362	667	23.61	15,750
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	54,452	33.205	1,808,087	46,275	32.785	1,517,117	47,238	32.00	1,511,616
VND	867,731	0.0013	1,128	863,855	0.0013	1,111	4,762,982	0.0013	6,192

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange gains and losses resulted from the translation of cash and cash equivalents, accounts receivables, other receivables, short-term borrowings, accounts payables and other payables which are denominated in foreign currencies. A strengthening (weakening) of 5% of the NTD against the USD, EUR, CAD and the VND as of March 31, 2025 and 2024, would have increased or decreased the profit before tax by \$63,651 thousand and \$41,037 thousand, respectively. The analysis assumed that all other variables remain constant, and performed on the same basis for both periods.

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(c) Exchange gains and losses on monetary items

Since the Group has different functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed in aggregate amount. For the years ended March 31, 2025 and 2024, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(399) thousand and \$4,810 thousand, respectively.

D. Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities. The following sensitivity analysis was based on the exposure to the interest rate risk. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Group's profit before tax would have increased or decreased by \$1,184 thousand and \$758 thousand, respectively for the three months ended March 31, 2025 and 2024 with all other variable factors remaining constant. The movements were mainly due to the Group's cash and cash equivalents, current and non-current financial assets at amortized cost, short-term borrowings and long-term borrowings with variable interest rates.

E. Other market price risk

For the three months ended March 31, 2025 and 2024, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Securities price on the reporting date	For the three months ended March 31,	
	2025	2024
Financial assets at fair value through profit or loss		
Increasing 5%	\$ 255	298
Decreasing 5%	\$ (255)	(298)
Financial assets at fair value through other comprehensive income		
Increasing 5%	\$ 1,661	2,558
Decreasing 5%	\$ (1,661)	(2,558)

F. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for lease liabilities, disclosure of fair value information is not required:

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	March 31, 2025				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets mandatorily at fair value through profit or loss – stocks	\$ 5,100	5,100	-	-	5,100
Financial assets at fair value through other comprehensive income - stocks	33,218	-	-	33,218	33,218
Total	<u>\$ 38,318</u>	<u>5,100</u>	<u>-</u>	<u>33,218</u>	<u>38,318</u>
Financial liability measured at fair value under repetitive bass					
Financial liabilities at fair value through profit or loss – derivative financial liabilities	\$ <u>136</u>	<u>-</u>	<u>136</u>	<u>-</u>	<u>136</u>
	December 31, 2024				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets mandatorily at fair value through profit or loss - stocks	\$ 4,902	4,902	-	-	4,902
Financial assets at fair value through other comprehensive income - stocks	34,142	-	-	34,142	34,142
Total	<u>\$ 39,044</u>	<u>4,902</u>	<u>-</u>	<u>34,142</u>	<u>39,044</u>
Financial liability measured at fair value under repetitive bass					
Financial liabilities at fair value through profit or loss – derivative financial liabilities	\$ <u>1,436</u>	<u>-</u>	<u>1,436</u>	<u>-</u>	<u>1,436</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

	March 31, 2024				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value under repetitive basis					
Financial assets mandatorily at fair value through profit or loss – derivative financial assets	\$ 61	-	61	-	61
Financial assets mandatorily at fair value through profit or loss – stocks	5,958	5,958	-	-	5,958
Non-current financial assets at fair value through other comprehensive income	51,152	-	-	51,152	51,152
Total	<u>\$ 57,171</u>	<u>5,958</u>	<u>61</u>	<u>51,152</u>	<u>57,171</u>
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss – derivative financial liabilities	<u>\$ 784</u>	<u>-</u>	<u>784</u>	<u>-</u>	<u>784</u>

(b) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

Fair values of financial instruments were measured based on quoted market prices if these prices were available in active markets. The prices of financial instruments quoted by main exchanges and popular bonds quoted by the Taipei Exchange can be adopted as a benchmark to determine the fair values of equity instruments issued by listed entities and quoted debt instruments with an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Otherwise, the market is deemed to be inactive. Only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The categories and nature of the fair value for the Group's financial instruments which have an active market are presented as follows:

Shares in listed companies are financial assets and financial liabilities with standard terms and conditions and are traded in active markets, and their fair values are determined with reference to quoted market prices.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The fair values of the Group's financial instruments without an active market are presented according to categories and attributes as follows:

The fair values of equity instruments without a public quoted price are measured based on net asset values of comparable companies. The main assumption is based on the market multiples derived from investees' net value per share and quoted prices of EV/EBIT's comparable listed companies. The estimate has been adjusted for the discount on equity securities arising from lack of liquidity.

ii. Derivative financial instruments

Fair value of forward currency is usually determined by the forward currency exchange rate.

- (c) There was no transfer between the different levels of fair value hierarchy for the three months ended March 31, 2025 and 2024.
- (d) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
Balance on January 1, 2025	\$ 34,142
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(924)
Balance on March 31, 2025	<u>\$ 33,218</u>
Balance January 1, 2024 (Same as Balance on March 31, 2024)	<u>\$ 51,152</u>

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

The Group's financial instruments that use Level 3 inputs to measure fair value include investments in financial assets measured at fair value through other comprehensive income.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

As of March 31, 2025, December 31 and March 31, 2024, quantified information on significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – equity investment without an active market	P/B and P/E ratio method	P/B ratios of industry peers (0.90, 1.50 and 1.75 as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively)	The higher the P/B ratio, the higher the fair value.
		P/E ratio of industry peers (19.84, 16.31 and 23.21 as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively)	The higher the P/E ratio, the higher the fair value.
		Market liquidity discount rate (17.41%, 17.41% and 23.21% as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively)	The higher the discount for lack of marketability, the lower the fair value.

(30) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management from those in the consolidated financial statement for the year ended December 31, 2024. For related information about the financial risk management, please refer to note 6(30) of the consolidated financial statements for the year ended December 31, 2024.

(31) Capital management

The Group's objectives, policies and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2024. There were no significant changes in quantified factors of capital management from those in the consolidated financial statement for the year ended December 31, 2024. For related information about the capital management, please refer to note 6(31) of the consolidated financial statements for the year ended December 31, 2024.

(32) Non-cash investing and financing activities

The Group's investing and financing activities which did not affect the current cash flow were as follows:

A. For right-of-use assets obtained due to lease, please refer to note 6(10).

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

B. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2025	Cash flows	Exchange rate movements and others	March 31, 2025
Short-term borrowings	\$ 365,695	624,198	6,903	996,796
Long-term borrowings (Including maturity within 1 year)	455,000	(5,816)	-	449,184
Lease liabilities	125,839	(7,786)	4,828	122,881
Total liabilities from financing activities	\$ 946,534	610,596	11,731	1,568,861

	January 1, 2024	Cash flows	Exchange rate movements and others	March 31, 2024
Short-term borrowings	\$ 396,227	727,209	34,213	1,157,649
Long-term borrowings	700,000	-	-	700,000
Bonds payable	264,612	-	(96,847)	167,765
Lease liabilities	135,189	(5,423)	6,036	135,802
Total liabilities from financing activities	\$ 1,496,028	721,786	(56,598)	2,161,216

7. Related-party transactions:

- (1) Parent company and ultimate controlling company

Alpha Networks Inc. (Alpha) is the Group's parent company and Qisda Corporation (Qisda) is the Group's ultimate controlling party. Alpha held 62.24% of the Group's outstanding shares and has issued the consolidated financial statements available for public use.

- (2) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statement:

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Ultimate parent company
Alpha Networks Inc. (Alpha)	Parent company
Alpha Networks (Hong Kong) Limited (Alpha HK)	Parent's subsidiary
Alpha Networks Vietnam Company Limited (Alpha VN)	Parent's subsidiary
Fiber Logic Communications Inc. (Fiber Logic)	Parent's subsidiary
Enrich Investment Corporation (Enrich)	Parent's subsidiary

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
Metaage Corporation (Metaage)	Qisda's subsidiary
Qisda Vietnam Co., Ltd (QVH)	Qisda's subsidiary
AdvancedTEK International Corp. (AdvancedTEK)	Qisda's subsidiary
Global Intelligence Network Co., Ltd. (Ginnet)	Qisda's subsidiary
Unictron Technologies Corporation (UTC)	Qisda's associate
Darfon Electronics Corp. (DFN)	Qisda's associate

(3) Significant related-party transactions

A. Operating revenue

The amounts of sales to related parties were as follows:

	For the three months ended	
	March 31,	
	<u>2025</u>	<u>2024</u>
Parent company	\$ 5,858	320
Other related parties	597	-
	<u>\$ 6,455</u>	<u>320</u>

The prices for sales to the above related parties were determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

The collection terms for related parties were 30 to 120 days, which were same as the collection terms given to other customers.

Starting from third quarter of 2024, the Company has a new transaction pattern with the parent company and other related parties. The Company supplies raw materials to the parent company and other related parties for processing and repurchase the processed goods after the processing completed. For the three months ended March 31, 2025, the Company sales to the parent company and other related parties amounted to \$21,304 thousand. These sales were not recognized as sales revenue and cost of goods sold; instead, the difference was adjusted to deferred gains. The realized gains will be recognized when these processed goods are resold to customers. As of March 31, 2025, the cumulative balance of deferred gains amounted to \$613 thousand, which is accounted for as other current liabilities.

B. Purchases

The amounts of purchases by the Group from related parties were as follows:

	For the three months ended	
	March 31,	
	<u>2025</u>	<u>2024</u>
Parent company	\$ 1,076,630	45,614
Other related parties	24,966	27,469
	<u>\$ 1,101,596</u>	<u>73,083</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

The prices for purchase to the above related parties were determined by general market conditions and adjusted by considering the geographic purchase area and purchase volumes. The prices for purchase with related parties were not materially different from those with third parties. The payment terms for purchase from related parties were 30 to 120 days after purchase.

C. Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts receivable from related parties	Parent company	\$ 25,357	29,315	752
	Other related parties	15,715	88,781	-
		<u>\$ 41,072</u>	<u>118,096</u>	<u>752</u>

D. Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts payable to related parties	Parent company	\$ 741,415	984,599	29,079
	Other related parties	21,092	34,819	31,048
		<u>\$ 762,507</u>	<u>1,019,418</u>	<u>60,127</u>

E. Prepayments

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
	Parent company	\$ -	14	481
	Other related parties	444	241	-
		<u>\$ 444</u>	<u>255</u>	<u>481</u>

F. Property transactions

(a) Acquisition of property, plant and equipment

	<u>Acquisition price</u>	
	<u>For the three months ended</u>	
	<u>March 31,</u>	
	<u>2025</u>	<u>2024</u>
Ultimate parent company	\$ -	3,917
Other related parties	87	2,000
	<u>\$ 87</u>	<u>5,917</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(b) Disposal of property, plant, and equipment

<u>Disposal price</u>	
<u>For the three months ended</u>	
<u>March 31,</u>	
<u>2025</u>	<u>2024</u>
Other related parties	\$ <u>787</u> <u>63,934</u>

(c) Acquisition of intangible assets

<u>Acquisition price</u>	
<u>For the three months ended</u>	
<u>March 31,</u>	
<u>2025</u>	<u>2024</u>
Other related parties	\$ <u>314</u> <u>544</u>

G. Other operating costs

<u>For the three months ended</u>	
<u>March 31,</u>	
<u>2025</u>	<u>2024</u>
Parent company	\$ <u>26,138</u> <u>40</u>

H. Operating expenses

<u>For the three months ended</u>	
<u>March 31,</u>	
<u>2025</u>	<u>2024</u>
Ultimate parent company	\$ 3 67
Parent company	16,782 5,902
Other related parties	<u>226</u> <u>38</u>
	<u>\$ 17,011</u> <u>6,007</u>

I. Other receivables

<u>Account</u>	<u>Relationship</u>	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
		<u>2025</u>	<u>2024</u>	<u>2024</u>
Other receivables	Parent company	\$ -	-	112
	Other related parties	<u>4,397</u>	<u>34,578</u>	<u>66,055</u>
		<u>\$ 4,397</u>	<u>34,578</u>	<u>66,167</u>

Starting from the second quarter of 2024, the Company has adopted a new transaction pattern with its parent company. The Company purchases raw materials from its parent company and sends them to Hitron Vietnam for processing. After Hitron Vietnam completes the processing, the Company sells the finished goods back to its parent company.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

The transaction was recorded on a net basis. Unsold raw materials at the end of the period were recorded as other receivables from related parties.

J. Other payables

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Other payables	Ultimate parent company	\$ 2	271	4,066
	Parent company	17,913	21,806	6,461
	Other related parties	330	347	765
		<u>\$ 18,245</u>	<u>22,424</u>	<u>11,292</u>
Dividends payable	Parent company	\$ -	-	60,000
	Other related parties	15,115	-	15,450
		<u>\$ 15,115</u>	<u>-</u>	<u>75,450</u>

K. Contract liabilities

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Contract liabilities	Parent company	<u>\$ 22,310</u>	<u>28,168</u>	<u>2,100</u>

L. Leases

<u>Account</u>	<u>Relationship</u>	<u>For the three months ended March 31,</u>	
		<u>2025</u>	<u>2024</u>
Rental expense	Parent company	<u>\$ 14</u>	<u>-</u>
Rental revenue	Other related parties	<u>\$ 990</u>	<u>-</u>

(4) Key management personnel compensation

	<u>For the three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 21,315	21,461
Retirement benefits	297	297
	<u>\$ 21,612</u>	<u>21,758</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

8. Pledged assets:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Time deposits (recorded in other current assets)	Guarantees for forward exchange	\$ -	-	709
Restricted time deposits (recorded in other non-current assets)	Guarantees for land lease and import customs clearance	2,382	2,382	2,382
Refundable deposit (recorded in other non-current assets)	Guarantee to local authority for sales to abroad customers	11,520	11,347	12,261
Refundable deposit (recorded in other non-current assets)	Guarantee for customer contracts	112,373	123,231	114,330
		<u>\$ 126,275</u>	<u>136,960</u>	<u>129,682</u>

9. Significant commitments and contingencies:

- (1) As of March 31, 2025, December 31 and March 31, 2024, the Group's deposited notes and guarantees in the bank amounting to \$8,363,216 thousand, \$8,224,886 thousand and \$11,079,800 thousand, respectively.
- (2) Others:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Guaranteed notes payable for tender contract	\$ 9,412	8,456	16,798
Guarantee for construction projects	\$ 111,151	107,799	71,468

10. Losses due to major disasters

11. Subsequent events: None

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

12. Other:

A summary of employee benefits, depreciation, and amortization, by function, was as follows:

By item	By function	For the three months ended March 31,					
		2025			2024		
		Cost of sales	Operation expenses	Total	Cost of sales	Operation expenses	Total
Employee benefits							
Salary		5,294	190,683	195,977	34,473	203,010	237,483
Labor and health insurance		318	12,292	12,610	2,886	13,537	16,423
Pension		135	9,502	9,637	466	11,708	12,174
Remuneration of directors		-	5,216	5,216	-	4,670	4,670
Others		162	5,680	5,842	2,229	5,622	7,851
Depreciation		9,411	26,822	36,233	28,205	31,093	59,298
Amortization		395	8,726	9,121	764	9,431	10,195

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- A. Loans to other parties: None
- B. Guarantees and endorsements for other parties: None
- C. Securities held as of March 31, 2025 (excluding investment in subsidiaries, associates and joint ventures): None
- D. Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock: Please refer to Table 1.
- E. Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock: Please refer to Table 2.
- F. Business relationships and significant intercompany transactions: Please refer to Table 3.

(2) Information on investees: Please refer to Table 4.

(3) Information on investment in Mainland China:

- A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 5.
- B. Limitation on investment in Mainland China: Please refer to Table 5.

(Continued)

Hitron Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

C. Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

14. Segment information:

Information on reportable segments and their measurement and reconciliations

The Group’s operating segment information and reconciliation were as follows:

	For the three months ended March 31, 2025			
	System integration	Manufacturing	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 405,110	1,490,668	-	1,895,778
Intersegment revenue	8,837	-	(8,837)	-
Total revenue	<u>\$ 413,947</u>	<u>1,490,668</u>	<u>(8,837)</u>	<u>1,895,778</u>
Interest expenses	<u>\$ 53</u>	<u>11,679</u>	<u>(2)</u>	<u>11,730</u>
Depreciation and amortization	<u>\$ 6,671</u>	<u>38,836</u>	<u>(153)</u>	<u>45,354</u>
Reportable segment profit or loss	<u>\$ 53,177</u>	<u>(17,600)</u>	<u>(17,109)</u>	<u>18,468</u>
	March 31, 2025			
	System integration	Manufacturing	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 3,154,476</u>	<u>7,483,824</u>	<u>(689,513)</u>	<u>9,948,787</u>
Reportable segment liabilities	<u>\$ 1,367,942</u>	<u>2,502,073</u>	<u>(105,151)</u>	<u>3,764,864</u>
	For the three months ended March 31, 2024			
	System integration	Manufacturing	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 420,193	1,689,593	-	2,109,786
Intersegment revenue	12,725	-	(12,725)	-
Total revenue	<u>\$ 432,918</u>	<u>1,689,593</u>	<u>(12,725)</u>	<u>2,109,786</u>
Interest expenses	<u>\$ 1,174</u>	<u>18,494</u>	<u>(2)</u>	<u>19,666</u>
Depreciation and amortization	<u>\$ 6,442</u>	<u>63,820</u>	<u>(769)</u>	<u>69,493</u>
Reportable segment profit or loss	<u>\$ 63,470</u>	<u>(29,398)</u>	<u>(22,318)</u>	<u>11,754</u>
	March 31, 2024			
	System integration	Manufacturing	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 3,091,365</u>	<u>9,168,257</u>	<u>(682,357)</u>	<u>11,577,265</u>
Reportable segment liabilities	<u>\$ 1,465,315</u>	<u>4,244,967</u>	<u>(110,197)</u>	<u>5,600,085</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock
For the three months ended March 31, 2025

Table 1

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Hitron America	Parent and subsidiary	(Sales)	(601,983)	61.79%	120 days	Agreed by both parties	Same	1,565,763	75.72%	
The Company	Alpha	Parent and subsidiary	Purchase	1,076,630	94.81%	60 days	Agreed by both parties	Same	(741,415)	70.50%	

Hitron Technologies Inc. and Subsidiaries
Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock
March 31, 2025

Table 2

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Loss Allowance	Note
					Amount	Action taken			
The Company	Hitron America	Parent and subsidiary	1,565,763	1.29	-	-	406,232	-	Note 2
Hitron Vietnam	The Company	Parent and subsidiary	254,342	0.03	-	-	-	-	Note 2

Note 1: The amount recovered as of April 23, 2025.

Note 2: The relevant transactions and ending balance have been eliminated in the consolidated financial statements.

Hitron Technologies Inc. and Subsidiaries
Business relationships and significant intercompany transactions
For the three months ended March 31, 2025

Table 3

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account	Amount	Payment terms	Percentage of the consolidated operating revenue or total assets
0	The Company	Hitron America	Parent to subsidiary	Sales	601,983	-	31.75%
0	The Company	Hitron America	Parent to subsidiary	Accounts receivable	1,565,763	120 days	15.74%
0	The Company	Hitron Vietnam	Parent to subsidiary	Accounts payable	254,342	60 days	2.56%
0	The Company	Alpha	Subsidiary to parent	Purchases	1,076,630	-	56.79%
0	The Company	Alpha	Subsidiary to parent	Accounts payable	741,415	60 days	7.45%

Note: The significant transaction listed in this table reach 1% of consolidated revenue or total assets ratio.

Hitron Technologies Inc. and Subsidiaries
Information on investees (excluding information on investees in China)
For the three months ended March 31, 2025

Table 4

(In Thousands of New Taiwan Dollars/In Thousands of shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2025			Net income (losses) of investee	Share of profits/ losses of investee	Note
				March 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Hitron Samoa	Samoa	International trade	172,179	172,179	5,850	100.00 %	233,918	18,686	19,434	
The Company	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	32.82 %	588,469	53,054	17,662	
The Company	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunication products	1,511,735	1,511,735	-	100.00 %	2,079,707	(23,745)	(23,841)	
The Company	Hitron America	USA	International trade	90,082	90,082	300	100.00 %	320,336	2,130	(27,902)	
The Company	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	71,284	(4,430)	(4,760)	
The Company	Innoauto Technologies	Taiwan	Investments	20,000	20,000	2,000	100.00 %	3,175	-	-	
Interactive Digital	Transnet	Taiwan	Engaging in the integrated supply of system services for network communication products and the import and export trading of network equipment	36,236	36,236	4,000	80.00 %	47,350	614	note 1	
Interactive Digital	Fiber Logic	Taiwan	Production and sales of broadband transmission equipment and service routers	96,930	96,930	1,350	6.00 %	95,201	(14,884)	note 1	

Note 1: Recognized through subsidiaries.

Hitron Technologies Inc. and Subsidiaries
The names of investees in Mainland China, the main businesses and products, and other information
For the three months ended March 31, 2025

Table 5

(In Thousands of New Taiwan Dollars)

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2025	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note 3)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Hitron Suzhou	Broadband telecommunications product research and development	171,245 (RMB34,800)	(2) note 1	171,245	-	-	171,245	4,147	100.00%	4,147	232,954	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (RMB5,425)	(2) note 1	31,139	-	-	31,139	(1)	100.00%	(1)	3,868	-
Hwa Chi Technologies	Technical consulting, researching, maintenance and after service regarding electronic communication products	2,907 (USD100)	(3) note 2	8,854	-	-	8,854	1,030	32.82%	338	3,486	30,079

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of March 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
Hitron Technologies Inc.	211,238	214,432	2,989,051

Note 1: Through investing in an existing company in the third area, which is Hitron Samoa.

Note 2: Hwa Chi Technologies was originally a mainland China company invested through the subsidiary, Hitron Samoa. However, in 2012, the Board of Directors resolved to adjust the investment structure, changing it to an indirect investment through the subsidiary, Interactive Digital.

Note 3: Investment profits (losses) are recognized based on financial statements audited by independent auditors.

Note 4: Calculated as 60% (the upper limit on investment) of the Group's net worth on March 31, 2025, in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China, amended on August 29, 2008.