

Hitron Technologies Inc. and Subsidiaries**Consolidated Financial Statements****With Independent Auditors' Review Report
For the Six Months Ended June 30, 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 June 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, as well as the changes in equity and cash flows for the six months ended June 30, 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 June 30, 2025 and 2024, and of its consolidated financial performance for the three months and six months ended June 30, 2025 and 2024, as well as its consolidated cash flows for the six months ended June 30, 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)
July 31, 2025

Notes to Readers

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

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

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Balance Sheets

June 30, 2025, December 31 and June 30, 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2025		December 31, 2024		June 30, 2024		Liabilities and Equity		June 30, 2025		December 31, 2024		June 30, 2024			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:								Current liabilities:									
1100	Cash and cash equivalents (note 6(1))	\$	3,257,467	31	2,352,742	23	2,696,648	25	2100	Short-term borrowings (note 6(14))	\$	1,245,726	12	365,695	4	832,712	7
1110	Current financial assets at fair value through profit or loss (note 6(2))		4,431	-	4,902	-	5,900	-	2120	Current financial liabilities at fair value through profit or loss (note 6(2))		60	-	1,436	-	396	-
1136	Current financial assets at amortised cost (note 6(4))		3,076	-	3,372	-	3,258	-	2130	Current contract liabilities (notes 6(25) and 7)		343,385	3	479,844	5	298,942	3
1170	Notes and accounts receivable, net (note 6(5))		1,926,156	19	2,081,705	21	1,494,463	14	2170	Notes and accounts payable		471,459	5	655,768	7	1,741,273	16
1180	Accounts receivable from related parties, net (notes 6(5) and 7)		44,159	-	118,096	1	17,118	-	2180	Accounts payable to related parties (note 7)		1,287,813	12	1,019,418	10	161,592	1
									2200	Other payables (note 6(15))		457,980	4	372,772	4	521,995	5
1200	Other receivables		454,089	5	454,644	5	438,233	4	2220	Other payables to related parties (note 7)		33,894	-	22,424	-	103,300	1
1210	Other receivables from related parties (note 7)		5,917	-	34,578	-	57,207	-	2230	Current tax liabilities		10,991	-	83,084	1	69,278	1
1220	Current tax assets		43,479	-	47,998	-	94,098	1	2250	Current provisions (note 6(19))		55,598	1	52,767	-	63,286	1
130x	Inventories (note 6(6))		2,444,709	23	2,456,281	25	3,450,622	31	2280	Current lease liabilities (note 6(18))		20,081	-	21,116	-	20,879	-
1470	Other current assets (notes 6(13), 7 and 8)		172,516	2	150,140	2	122,184	1	2300	Other current liabilities (note 7)		5,069	-	2,809	-	5,534	-
			8,355,999	80	7,704,458	77	8,379,731	76	2320	Current portion of long-term borrowings (note 6(16))		160,000	2	80,000	1	-	-
Non-current assets:								Non-Current liabilities:									
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))		34,835	-	34,142	-	38,602	-				4,092,056	39	3,157,133	32	3,819,187	35
1550	Investments accounted for using equity method (note 6(7))		91,518	1	95,818	1	-	-	2530	Bonds payable (note 6(17))		-	-	-	-	130,701	1
									2540	Long-term borrowings (note 6(16))		420,000	4	375,000	4	575,000	5
1600	Property, plant and equipment (notes 6(9) and 7)		969,222	9	1,533,531	15	1,680,842	15	2550	Non-current provisions (note 6(19))		28,873	-	45,541	-	36,680	1
1755	Right-of use assets (note 6(10))		125,004	1	254,278	2	266,268	3	2570	Deferred tax liabilities		11,084	-	33,306	-	220,293	2
1760	Investment property, net (notes 6(11) and (20))		548,686	5	-	-	-	-	2580	Non-current lease liabilities (note 6(18))		95,150	1	104,723	1	114,149	1
1780	Intangible assets (notes 6(12) and 7)		51,345	1	66,710	1	83,825	1	2600	Other non-current liabilities		906	-	906	-	271	-
1840	Deferred tax assets		137,163	1	170,642	2	371,334	3				556,013	5	559,476	5	1,077,094	10
1900	Other non-current assets (notes 6(13), (17) and 8)		167,368	2	183,271	2	165,507	2		Total liabilities		4,648,069	44	3,716,609	37	4,896,281	45
			2,125,141	20	2,338,392	23	2,606,378	24	Equity (note 6(23)):								
								Equity attributable to owners of parent:									
								3110	Ordinary share		3,213,172	31	3,213,172	32	3,213,172	29	
								3200	Capital surplus		1,153,287	11	1,153,005	11	1,144,314	10	
								Retained earnings:									
								3310	Legal reserve		290,043	3	340,989	3	340,989	3	
								3350	Accumulated deficits		(85,006)	(1)	(50,946)	-	(20,260)	-	
											205,037	2	290,043	3	320,729	3	
								3400	Other equity interest		25,558	-	303,733	3	281,921	3	
								Total equity attributable to owners of parent									
											4,597,054	44	4,959,953	49	4,960,136	45	
								36XX	Non-controlling interests		1,236,017	12	1,366,288	14	1,129,692	10	
								Total equity									
											5,833,071	56	6,326,241	63	6,089,828	55	
Total assets								Total liabilities and equity									
		\$	10,481,140	100	10,042,850	100	10,986,109	100		\$	10,481,140	100	10,042,850	100	10,986,109	100	

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 and six months ended June 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, except for Earnings per share)

		For the three months ended June 30,				For the six months ended June 30,			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(25) and 7)	\$ 2,392,703	100	2,438,863	100	4,288,481	100	4,548,649	100
5000	Operating costs (notes 6(6), (21) and 7)	2,057,772	86	1,990,708	82	3,586,992	84	3,700,358	81
	Gross profit from operations	334,931	14	448,155	18	701,489	16	848,291	19
	Operating expenses (notes 6(21), (26) and 7):								
6100	Selling expenses	150,575	6	154,042	6	315,314	7	303,463	7
6200	Administrative expenses	89,379	4	109,636	4	179,914	4	221,634	5
6300	Research and development expenses	97,469	4	115,065	5	197,836	5	226,111	5
6450	Expected credit loss (gain) (note 6(5))	28,406	1	(3,301)	-	28,350	1	4,344	-
	Total operating expenses	365,829	15	375,442	15	721,414	17	755,552	17
	Net operating income (loss)	(30,898)	(1)	72,713	3	(19,925)	(1)	92,739	2
	Non-operating income and expenses:								
7010	Other income (notes 6(28) and 7)	3,745	-	2,870	-	11,386	-	8,837	-
7020	Other gains and losses, net (note 6(29))	(13,729)	-	1,993	-	(17,180)	-	6,183	-
7050	Finance costs (note 6(30))	(14,015)	(1)	(21,423)	(1)	(25,745)	-	(41,089)	(1)
7060	Share of loss of associates accounted for using equity method (note 6(7))	(2,627)	-	-	-	(3,810)	-	-	-
7100	Interest income (note 6(27))	9,903	-	11,110	-	18,932	-	16,878	-
	Total non-operating income and expenses	(16,723)	(1)	(5,450)	(1)	(16,417)	-	(9,191)	(1)
7900	Profit (Loss) before tax	(47,621)	(2)	67,263	2	(36,342)	(1)	83,548	1
7950	Less: income tax expense (benefit) (note 6(22))	(14,289)	(1)	20,529	1	(21,478)	(1)	25,060	1
8200	Profit (Loss)	(33,332)	(1)	46,734	1	(14,864)	-	58,488	-
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	-	648	-
8316	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	1,617	-	(12,550)	(1)	693	-	(12,550)	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	83	-	-	-
	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss	1,617	-	(12,550)	(1)	1,023	-	(11,902)	-
8360	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of foreign financial statements	(319,430)	(13)	36,908	2	(279,489)	(7)	153,124	3
	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss	(319,430)	(13)	36,908	2	(279,489)	(7)	153,124	3
8300	Other comprehensive income (loss), net of income tax	(317,813)	(13)	24,358	1	(278,466)	(7)	141,222	3
8500	Total comprehensive income (loss)	\$ (351,145)	(14)	71,092	2	(293,330)	(7)	199,710	3
	Profit (Loss) attributable to:								
8610	Owners of parent	\$ (67,736)	(2)	7,945	(1)	(85,336)	(2)	(21,453)	(2)
8620	Non-controlling interests	34,404	1	38,789	2	70,472	2	79,941	2
		\$ (33,332)	(1)	46,734	1	(14,864)	-	58,488	
8700	Comprehensive income (loss) attributable to:								
8710	Owners of parent	\$ (384,793)	(15)	32,061	1	(363,181)	(9)	119,527	2
8720	Non-controlling interests	33,648	1	39,031	1	69,851	2	80,183	1
		\$ (351,145)	(14)	71,092	2	(293,330)	(7)	199,710	3
	Earnings (Loss) per share (New Taiwan Dollars) (note 6(24))								
	Basic earnings (loss) per share	\$ (0.21)		0.02		(0.27)		(0.07)	
	Diluted earnings (loss) per share	\$ (0.21)		0.02		(0.27)		(0.07)	

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 six months ended June 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	Total other equity interest										
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	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						
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)	-	-	-	(21,453)	(21,453)	-	-	-	(21,453)	79,941	58,488
Other comprehensive income	-	-	-	648	648	152,882	(12,550)	140,332	140,980	242	141,222
Total comprehensive income (loss)	-	-	-	(20,805)	(20,805)	152,882	(12,550)	140,332	119,527	80,183	199,710
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	488	(488)	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	(37,903)	(37,903)	-	-	-	(37,903)	-	(37,903)
Cash dividends from capital surplus	-	(58,492)	-	-	-	-	-	-	(58,492)	-	(58,492)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(175,179)	(175,179)
Changes in conversion of convertible bonds in subsidiaries	-	17,502	-	-	-	-	-	-	17,502	122,013	139,515
Balance at June 30, 2024	\$ 3,213,172	1,144,314	340,989	(20,260)	320,729	259,167	22,754	281,921	4,960,136	1,129,692	6,089,828
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)	-	-	-	(85,336)	(85,336)	-	-	-	(85,336)	70,472	(14,864)
Other comprehensive income	-	-	-	330	330	(278,868)	693	(278,175)	(277,845)	(621)	(278,466)
Total comprehensive income (loss)	-	-	-	(85,006)	(85,006)	(278,868)	693	(278,175)	(363,181)	69,851	(293,330)
Appropriation and distribution of retained earnings:											
Legal reserve used to offset accumulated deficits	-	-	(50,946)	50,946	-	-	-	-	-	-	-
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	-	282	-	-	-	-	-	-	282	577	859
Balance at June 30, 2025	\$ 3,213,172	1,153,287	290,043	(85,006)	205,037	6,571	18,987	25,558	4,597,054	1,236,017	5,833,071

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 six months ended June 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30,	
	2025	2024
Cash flows from operating activities:		
Profit (Loss) before tax	\$ (36,342)	83,548
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	65,829	111,448
Amortization expense	17,793	19,871
Expected credit loss	28,350	4,344
Net loss on financial assets or liabilities at fair value through profit or loss	471	242
Finance costs	25,745	41,089
Interest income	(18,932)	(16,878)
Loss on disposal of property, plant and equipment	924	585
Provisions for inventory obsolescence and devaluation loss (reversed)	21,448	(32,093)
Share of loss of associates accounted for using equity method	3,810	-
Lease modification benefit	(3)	(15)
Adjustment for other non-cash-related losses, net	4,612	-
Total adjustments to reconcile profit	150,047	128,593
Changes in operating assets and liabilities:		
Notes and accounts receivable	15,877	398,763
Accounts receivables from related parties	73,937	(13,578)
Other receivables	255	(109,852)
Other receivables from related parties	30,010	(25,656)
Inventories	(142,383)	(69,345)
Other operating assets	(22,376)	(12,826)
Contract liabilities	(136,459)	(263,898)
Notes and accounts payable	(184,309)	144,803
Accounts payable to related parties	268,395	129,945
Other payables	(100,757)	(71,936)
Other payables to related parties	(3,645)	26,916
Provisions	(12,815)	(39,301)
Other current liabilities	884	402
Other non-current liabilities	-	31
Total changes in operating assets and liabilities	(213,386)	94,468
Total adjustments	(63,339)	223,061

(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 six months ended June 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30,	
	2025	2024
Cash flows generated from (used in) operations	(99,681)	306,609
Interest received	19,232	16,563
Interest paid	(25,364)	(41,940)
Income taxes paid	(49,022)	(40,747)
Net cash flows from (used in) operating activities	(154,835)	240,485
Cash flows from investing activities:		
Proceeds from disposal of financial assets at amortized cost	-	37,742
Acquisition of property, plant and equipment	(6,301)	(15,422)
Proceeds from disposal of property, plant and equipment	7,268	138,896
Decrease (increase) in refundable deposits	15,986	(35,148)
Acquisition of intangible assets	(2,921)	(1,164)
Decrease in other non-current assets	1,363	2,002
Net cash flows from investing activities	15,395	126,906
Cash flows from financing activities:		
Increase in short-term borrowings	932,190	416,701
Proceeds from long-term borrowings	125,000	-
Repayments of long-term borrowings	-	(125,000)
Decrease in guarantee deposits received	-	(169)
Payments of lease liabilities	(11,992)	(15,220)
Net cash flows from financing activities	1,045,198	276,312
Effect of exchange rate changes on cash and cash equivalents	(1,033)	72,308
Increase in cash and cash equivalents	904,725	716,011
Cash and cash equivalents at beginning of period	2,352,742	1,980,637
Cash and cash equivalents at end of period	\$ 3,257,467	2,696,648

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
June 30, 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 six months ended June 30, 2025 and 2024 were authorized for issuance by the Board of Directors on July 31, 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:

Standards or Interpretations	Content of amendment	Effective date per IASB
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

Standards or Interpretations	Content of amendment	Effective date per IASB
	<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”

(Continued)

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

- 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
- 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. The consolidated financial statements do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed 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		
			June 30, 2025	December 31, 2024	June 30, 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%	34.53%
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
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Name of Investor	Name of Subsidiary	Main Activities	Shareholding		
			June 30, 2025	December 31, 2024	June 30, 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%	100.00%

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) Property, plant and equipment

Reclassification to investment property

A property is reclassified to investment property at it's carrying amount when the use of the property changes from owner occupied to investment property.

(f) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently accounted for using the cost model. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Rental income from investment property is recognized as non-operating income on a straight-line basis over the term of the lease.

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

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

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Hitron Technologies Inc. and Subsidiaries
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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

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand	\$ 860	924	961
Checking and savings accounts	1,983,726	938,432	1,350,856
Time deposits	1,122,881	1,183,386	1,294,831
Cash equivalents – Repurchase agreements	<u>150,000</u>	<u>230,000</u>	<u>50,000</u>
	<u>\$ 3,257,467</u>	<u>2,352,742</u>	<u>2,696,648</u>

Please refer to note 6(31) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

As of June 30, 2025, December 31 and June 30, 2024, deposits with original maturities of more than three months, were \$3,076 thousand, \$3,372 thousand and \$3,258 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

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets mandatorily measured at fair value through profit or loss-current:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ -	-	109
Non-derivative financial assets			
Stocks listed on domestic markets	<u>4,431</u>	<u>4,902</u>	<u>5,791</u>
	<u>\$ 4,431</u>	<u>4,902</u>	<u>5,900</u>
Financial liabilities held for trading-current:			
Derivative instruments not used for hedging			
Forward exchange contracts	<u>\$ 60</u>	<u>1,436</u>	<u>396</u>

(Continued)

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

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:

June 30, 2025			
	Nominal principal (in thousands)	Currency	Maturity date
Forward exchange contracts	USD 750	USD to RMB	2025.07.28~2025.08.27
December 31, 2024			
	Nominal principal (in thousands)	Currency	Maturity date
Forward exchange contracts	USD 2,000	USD to RMB	2025.01.21~2025.03.27
June 30, 2024			
	Nominal principal (in thousands)	Currency	Maturity date
Forward exchange contracts	EUR 800	EUR to NTD	2024.07.24
Forward exchange contracts	USD 810	USD to RMB	2024.07.29~2024.08.28
Forward exchange contracts	USD 6,000	USD to NTD	2024.07.26

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

	June 30, 2025	December 31, 2024	June 30, 2024
Equity instruments:			
Stock unlisted on domestic markets– Chao Long Motor Parts Corp.	\$ <u>34,835</u>	<u>34,142</u>	<u>38,602</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 June 30, 2025, December 31 and June 30, 2024, the above-mentioned financial assets were not pledged.

(4) Current financial assets at amortized cost

	June 30, 2025	December 31, 2024	June 30, 2024
Current:			
Time deposits	\$ <u>3,076</u>	<u>3,372</u>	<u>3,258</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
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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 June 30, 2025, December 31 and June 30, 2024, the Group held domestic time deposits, with the interest rates of 1.28% to 4.38%, 1.23% to 4.61% and 1.13% to 5.2%, respectively.

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

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable – from operating activities	\$ -	4,500	2,601
Accounts receivable – measured at amortized cost	2,010,618	2,207,338	1,523,847
Less: loss allowances	(40,303)	(12,037)	(14,867)
	<u>\$ 1,970,315</u>	<u>2,199,801</u>	<u>1,511,581</u>

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 form related parties) was as follows:

	June 30, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,703,788	- %	-
Less than 90 days past due	141,612	2.34%	3,310
91 to 180 days past due	131,799	20.00%	26,354
More than 365 days past due	33,419	31.84%	10,639
	<u>\$ 2,010,618</u>		<u>40,303</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	33,419	31.84%	10,639
	<u>\$ 2,211,838</u>		<u>12,037</u>

(Continued)

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

	June 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,302,541	- %	-
Less than 90 days past due	174,839	2.33%	4,068
91 to 180 days past due	952	- %	-
More than 181 days past due	48,116	22.44%	10,799
	<u>\$ 1,526,448</u>		<u>14,867</u>

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

	For the six months ended June 30,	
	2025	2024
Balance at January 1	\$ 12,037	10,427
Impairment losses recognized	28,350	4,344
Effect of changes in exchange rates	(84)	96
Balance at June 30	<u>\$ 40,303</u>	<u>14,867</u>

(6) Inventories

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	\$ 424,356	422,650	1,145,238
Work in progress and semi-finished products	1,110	6,313	73,512
Finished goods and merchandises	1,376,887	1,386,060	1,613,137
Consigned goods and project inventory	642,356	641,258	618,735
	<u>\$ 2,444,709</u>	<u>2,456,281</u>	<u>3,450,622</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, but have not yet been recognized as revenue.

The components of operating costs were as below:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Cost of goods sold	\$ 2,040,454	1,986,334	3,565,544	3,732,451
Losses on (Reversal of) inventory write-downs, obsolescence, and write-offs	17,318	4,374	21,448	(32,093)
	<u>\$ 2,057,772</u>	<u>1,990,708</u>	<u>3,586,992</u>	<u>3,700,358</u>

As of June 30, 2025, December 31 and June 30, 2024, the Group's inventories were not pledged.

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

(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>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Carrying amount of individually insignificant associates' equity	\$ <u>91,518</u>	<u>95,818</u>	<u>-</u>
	<u>For the three months ended June 30, 2025</u>	<u>For the six months ended June 30, 2024</u>	<u>2025</u>
Attributable to the Group:			
Loss	\$ (35,644)	-	(50,528)
Other comprehensive income (loss)	-	-	-
Comprehensive income (loss)	\$ <u>(35,644)</u>	<u>-</u>	<u>(50,528)</u>

As of June 30, 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.

For the three and six months ended June 30, 2025 the share of net loss from associated companies attributable to the Group are \$2,627 thousand and \$3,810 thousand respectively.

(8) Material non-controlling interests of subsidiaries

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

		<u>Percentage of non-controlling interests</u>		
<u>Subsidiaries</u>	<u>Main operation place</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Interactive Digital	Taiwan	67.18%	67.18%	65.47%

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.

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

Interactive Digital's and subsidiaries' collective financial information:

	June 30, 2025	December 31, 2024	June 30, 2024
Current assets	\$ 2,227,279	2,435,128	2,240,878
Non-current assets	1,002,626	1,019,579	935,211
Current liabilities	(1,355,483)	(1,351,005)	(1,251,762)
Non-current liabilities	(38,274)	(72,369)	(195,627)
Net assets	<u>\$ 1,836,148</u>	<u>2,031,333</u>	<u>1,728,700</u>
Equity attributable to non-controlling interests	<u>\$ 1,237,625</u>	<u>1,368,494</u>	<u>1,131,780</u>
Equity attributable to shareholders	<u>\$ 598,523</u>	<u>662,839</u>	<u>596,920</u>

	For the three months ended June 30, 2025	2025	For the six months ended June 30, 2025	2024
Operating revenue	\$ 486,626	641,928	900,573	1,074,846
Net profit	\$ 50,448	61,006	103,625	124,476
Other comprehensive income (loss)	(1,127)	87	(926)	372
Total comprehensive income	<u>\$ 49,321</u>	<u>61,093</u>	<u>102,699</u>	<u>124,848</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 33,046</u>	<u>38,442</u>	<u>68,946</u>	<u>79,576</u>
Comprehensive income attributable to shareholders	<u>\$ 16,275</u>	<u>22,651</u>	<u>33,753</u>	<u>45,272</u>

	For the six months ended June 30, 2025	2024
Net cash flows from operating activities	\$ 26,800	69,950
Net cash flows from investing activities	10,290	3,163
Net cash flows from (used in) financing activities	(28,022)	8,994
Effect of exchange rate changes on cash and cash equivalents	(915)	366
Net increase in cash and cash equivalents	<u>\$ 8,153</u>	<u>82,473</u>

(Continued)

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

(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	-	251	1,649	4,401	6,301
Disposals	-	(163)	(40,123)	(3,594)	(43,880)
Reclassification to investment property	-	(654,522)	(8,019)	(320)	(662,861)
Effect of changes in exchange rates and others	-	(77,101)	(9,503)	(2,203)	(88,807)
Balance at June 30, 2025	<u>\$ 641,026</u>	<u>593,691</u>	<u>104,847</u>	<u>205,442</u>	<u>1,545,006</u>
Balance at January 1, 2024	\$ 641,026	1,274,552	645,545	239,370	2,800,493
Additions	-	1,439	4,886	9,097	15,422
Disposals	-	(149)	(267,554)	(50,550)	(318,253)
Effect of changes in exchange rates and others	-	42,528	27,880	1,166	71,574
Balance at June 30, 2024	<u>\$ 641,026</u>	<u>1,318,370</u>	<u>410,757</u>	<u>199,083</u>	<u>2,569,236</u>
Depreciation:					
Balance at January 1, 2025	\$ 8,984	504,103	127,054	160,581	800,722
Depreciation	-	31,667	6,083	12,721	50,471
Disposals	-	(163)	(32,012)	(3,513)	(35,688)
Reclassification to investment property	-	(197,882)	(4,863)	(310)	(203,055)
Effect of changes in exchange rates and others	-	(26,210)	(8,483)	(1,973)	(36,666)
Balance at June 30, 2025	<u>\$ 8,984</u>	<u>311,515</u>	<u>87,779</u>	<u>167,506</u>	<u>575,784</u>
Balance at January 1, 2024	\$ 8,984	422,028	345,581	168,079	944,672
Depreciation	-	35,731	42,819	17,399	95,949
Disposals	-	(130)	(142,195)	(36,447)	(178,772)
Effect of changes in exchange rates and others	-	10,202	15,535	808	26,545
Balance at June 30, 2024	<u>\$ 8,984</u>	<u>467,831</u>	<u>261,740</u>	<u>149,839</u>	<u>888,394</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 June 30, 2025	<u>\$ 632,042</u>	<u>282,176</u>	<u>17,068</u>	<u>37,936</u>	<u>969,222</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 June 30, 2024	<u>\$ 632,042</u>	<u>850,539</u>	<u>149,017</u>	<u>49,244</u>	<u>1,680,842</u>

In June 2025, the Group resolved to lease property and right-of-use assets in Vietnam to a third party, and the property was reclassified as investment property based on its book value at the time of change of use.

As of June 30, 2025, December 31 and June 30, 2024, the Group's property, plant and equipment were not pledged.

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(10) Right-of-use assets

The Group leases many assets including land, buildings and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Other facilities</u>	<u>Total</u>
Cost:					
Balance at January 1, 2025	\$ 191,502	136,300	10,452	224	338,478
Additions	-	9,092	2,289	-	11,381
Disposals	-	(2,832)	(5,393)	-	(8,225)
Reclassification to investment property	(122,810)	-	-	-	(122,810)
Effect of changes in exchange rates and others	(14,853)	(13,159)	-	-	(28,012)
Balance at June 30, 2025	<u>\$ 53,839</u>	<u>129,401</u>	<u>7,348</u>	<u>224</u>	<u>190,812</u>
Balance at January 1, 2024	\$ 185,088	126,251	9,728	224	321,291
Additions	-	4,375	2,293	-	6,668
Disposals	(3,262)	(2,135)	(886)	-	(6,283)
Effect of changes in exchange rates and others	8,107	5,593	(650)	-	13,050
Balance at June 30, 2024	<u>\$ 189,933</u>	<u>134,084</u>	<u>10,485</u>	<u>224</u>	<u>334,726</u>
Depreciation:					
Balance at January 1, 2025	\$ 33,101	43,275	7,639	185	84,200
Depreciation	2,476	11,556	1,287	39	15,358
Disposals	-	(2,835)	(5,393)	-	(8,228)
Reclassification to investment property	(18,396)	-	-	-	(18,396)
Effect of changes in exchange rates and others	(2,764)	(4,362)	-	-	(7,126)
Balance at June 30, 2025	<u>\$ 14,417</u>	<u>47,634</u>	<u>3,533</u>	<u>224</u>	<u>65,808</u>
Balance at January 1, 2024	\$ 26,585	21,364	6,123	106	54,178
Depreciation	2,763	11,191	1,505	40	15,499
Disposals	(406)	(2,140)	(896)	-	(3,442)
Effect of changes in exchange rates and others	1,137	1,086	-	-	2,223
Balance at June 30, 2024	<u>\$ 30,079</u>	<u>31,501</u>	<u>6,732</u>	<u>146</u>	<u>68,458</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 June 30, 2025	<u>\$ 39,422</u>	<u>81,767</u>	<u>3,815</u>	<u>-</u>	<u>125,004</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 June 30, 2024	<u>\$ 159,854</u>	<u>102,583</u>	<u>3,753</u>	<u>78</u>	<u>266,268</u>

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

(11) Investment Property

	<u>Ow ned property</u>	<u>Right-of-use</u>	
	<u>Building</u>	<u>assets</u>	
		<u>Land</u>	<u>Total</u>
Cost :			
Balance at January 1, 2025	\$ -	-	-
Reclassification from property, plant and equipment	662,861	-	662,861
Reclassification from right-of-use assets	-	122,810	122,810
Effect of changes in exchange rates	(13,974)	(2,484)	(16,458)
Balance at June 30, 2025	<u><u>\$ 648,887</u></u>	<u><u>120,326</u></u>	<u><u>769,213</u></u>
Depreciation :			
Balance at January 1, 2025	\$ -	-	-
Reclassification from property, plant and equipment	203,055	-	203,055
Reclassification from right-of-use assets	-	18,396	18,396
Depreciation	4,352	260	4,612
Effect of changes in exchange rates	(5,157)	(379)	(5,536)
Balance at June 30, 2025	<u><u>\$ 202,250</u></u>	<u><u>18,277</u></u>	<u><u>220,527</u></u>
Carrying amount:			
Balance at June 30, 2025	<u><u>\$ 446,637</u></u>	<u><u>102,049</u></u>	<u><u>548,686</u></u>
Fair value:			
Balance at June 30, 2025			<u><u>\$ 774,692</u></u>

Investment properties include owned assets held by the Group as well as right-of-use assets representing leased rights, which are leased to third parties under operating leases. These assets are reclassified as investment properties at their carrying amount when there is a change in use. The lease agreements stipulate that the lessee has the option to extend the lease upon expiration.

The fair value of investment properties is based on valuations conducted by independent appraisers who possess recognized professional qualifications and have recent experience in the location and type of the investment properties being valued. The valuation is conducted based on market value.

As of June 30, 2025, the Group's investment properties were not pledged.

(Continued)

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

(12) Intangible asset

	Software cost	Other intangible assets	Total
Carrying amount:			
Balance at January 1, 2025	\$ <u>50,645</u>	<u>16,065</u>	<u>66,710</u>
Balance at June 30, 2025	\$ <u>37,745</u>	<u>13,600</u>	<u>51,345</u>
Balance at January 1, 2024	\$ <u>78,003</u>	<u>23,116</u>	<u>101,119</u>
Balance at June 30, 2024	\$ <u>64,921</u>	<u>18,904</u>	<u>83,825</u>

There were no significant additions, disposal or recognition and reversal of impairment losses of the intangible assets for the six months ended June 30, 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.

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

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

	June 30, 2025	December 31, 2024	June 30, 2024
Guarantee deposits paid (note 8)	\$ 142,097	159,204	152,914
Business taxes refundable	46,471	43,556	38,830
Prepaid insurance premiums	8,152	14,490	9,016
Prepayments for equipment	12,894	11,434	771
Restricted bank deposits (note 8)	4,567	5,197	3,097
Prepaid pension cost	2,749	2,749	2,307
Advance payment	32,285	508	9,468
Others	90,669	96,273	71,288
	<u>\$ 339,884</u>	<u>333,411</u>	<u>287,691</u>
Other current assets	\$ 172,516	150,140	122,184
Other non-current assets	167,368	183,271	165,507
	<u>\$ 339,884</u>	<u>333,411</u>	<u>287,691</u>

(14) Short-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank loans	\$ <u>1,245,726</u>	<u>365,695</u>	<u>832,712</u>
Unused short-term credit lines	\$ <u>6,191,727</u>	<u>7,394,191</u>	<u>9,932,653</u>
Range of interest rates	<u>3.30%~5.50%</u>	<u>3.90%~5.35%</u>	<u>4.50%~6.25%</u>

(Continued)

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Notes to the Consolidated Financial Statements

Issuance and repayment of loans

For the six months ended June 30, 2025 and 2024, the newly added amounts were \$2,859,185 thousand and \$2,861,429 thousand, respectively. The maturity dates were from July 2025 to December 2025 and July 2024 to November 2024, respectively. The repaid amounts were \$1,926,995 thousand and \$2,444,728 thousand, respectively.

(15) Other payables

	June 30, 2025	December 31, 2024	June 30, 2024
Dividends payable	\$ 185,584	-	196,124
Payroll and bonus payable	184,115	257,613	206,673
Business taxes payable	10,693	29,031	8,433
Payables on equipment	2,336	346	347
Others	75,252	85,782	110,418
	<u>\$ 457,980</u>	<u>372,772</u>	<u>521,995</u>

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

June 30, 2025				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	2.09%	2026 (note 2)	\$ 400,000
	NTD	1.88%	2027 (note 2)	180,000
Subtotal				580,000
Less: current portion				(160,000)
Total				<u>\$ 420,000</u>
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				<u>\$ 375,000</u>
Unused long-term credit lines				<u>\$ 10,000</u>

(Continued)

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June 30, 2024				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.9239%	2025 (note 1)	\$ 150,000
	NTD	1.89675%	2026 (note 2)	400,000
	NTD	0.5%	2029	25,000
Subtotal				575,000
Less: current portion				-
Total				<u>\$ 575,000</u>
Unused long-term credit lines				<u>\$ 10,000</u>

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.

In 2023, long-term loan agreements were entered into with the Export-Import Bank 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. $(\text{Cash and cash equivalents} + \text{yearly EBITDA}) / (\text{short-term borrowings} + \text{medium or long-term borrowings mature within 1 year})$ 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.

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

(17) Bonds payable

Secured convertible bonds of Interactive Digital, were as follows:

	December 31, 2024	June 30, 2024
Total amount of convertible bonds issued	\$ 600,000	600,000
Unamortized balance of corporate bond discount payable	-	(3,699)
Cumulative converted amount	<u>(600,000)</u>	<u>(465,600)</u>
Total bonds payable at the end of the period	<u>\$ -</u>	<u>130,701</u>
Equity component – conversion option	<u>\$ -</u>	<u>14,251</u>

On October 24, 2022, the Board of Directors of Interactive Digital, 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 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 pursuant to Article 10 of the Regulations Governing the Issue of this Corporate Bond, or early redemption by Interactive Digital pursuant to Article 18, or cancellation by Interactive Digital through repurchase from the securities dealer, Interactive Digital shall make a repayment in the full amount of the bond's par value in cash within 10 business days after the maturity date.

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 June 30, 2024, the second convertible corporate bonds issued by Interactive Digital Technologies Inc., has been converted into 10,640 thousand and 8,119 thousand ordinary shares, respectively.

(18) Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Current	<u>\$ 20,081</u>	<u>21,116</u>	<u>20,879</u>
Non-current	<u>\$ 95,150</u>	<u>104,723</u>	<u>114,149</u>

For the maturity analysis, please refer to note 6(31).

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Interest expense on lease liabilities	<u>\$ 1,906</u>	<u>2,197</u>	<u>3,931</u>	<u>4,386</u>
Expenses relating to short-term leases and leases of low-value assets	<u>\$ 4,803</u>	<u>5,130</u>	<u>10,135</u>	<u>10,043</u>

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

	For the six months ended June 30,	
	2025	2024
Total cash outflow for leases	<u>\$ 26,058</u>	<u>29,649</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.

(19) Provisions

	Warranties	Onerous contracts	Total
Balance at January 1, 2025	\$ 98,308	-	98,308
Provisions made during the period	17,016	-	17,016
Provisions used during the period	(29,831)	-	(29,831)
Effect of changes in foreign exchange rates	(1,022)	-	(1,022)
Balance at June 30, 2025	<u>\$ 84,471</u>	<u>-</u>	<u>84,471</u>
Balance at January 1, 2024	\$ 128,035	11,232	139,267
Provisions made (reversed) during the period	4,294	(11,232)	(6,938)
Provisions used during the period	(32,940)	-	(32,940)
Effect of changes in foreign exchange rates	577	-	577
Balance at June 30, 2024	<u>\$ 99,966</u>	<u>-</u>	<u>99,966</u>

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

	June 30, 2025	December 31, 2024	June 30, 2024
Current	\$ 55,598	52,767	63,286
Non-current	28,873	45,541	36,680
	<u>\$ 84,471</u>	<u>98,308</u>	<u>99,966</u>

(Continued)

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

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.

(20) Operating lease

The Group leases out its investment property. Since substantially all the risks and rewards incidental to ownership of the underlying asset have not been transferred, the lease agreements are classified as operating leases.

The maturity analysis of lease payments is presented in the following table based on the total undiscounted lease payments to be received after the reporting date:

	June 30, 2025
Less than one year	\$ 78,324
One to two years	81,848
Above two years	<u>85,532</u>
Total undiscounted lease payments	<u><u>\$ 245,704</u></u>

For the six months ended June 30, 2025, the rental income generated from investment properties was amounted to \$0 thousand.

(21) 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 \$8,933 thousand, \$11,879 thousand, \$18,570 thousand and \$24,053 thousand for the three and six months ended June 30, 2025 and 2024, respectively.

(22) Income taxes

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Current tax expenses (benefit)	<u>\$ (14,289)</u>	<u>20,529</u>	<u>(21,478)</u>	<u>25,060</u>

(Continued)

Hitron Technologies Inc. and Subsidiaries
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As of June 30, 2025, the Company's income tax returns for the years up to 2023 were assessed by the Tax Administration.

(23) 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 six months ended June 30, 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 June 30, 2025, December 31 and June 30, 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 six months ended June 30, 2025 and 2024 were both amounted to 3,213,172 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

	June 30, 2025	December 31, 2024	June 30, 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	186,677	186,395	177,704
Employee share options	2,480	2,480	2,480
Others	236	236	236
	<u><u>\$ 1,153,287</u></u>	<u><u>1,153,005</u></u>	<u><u>1,144,314</u></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 for the portion in excess of 25% of the paid-in-capital.

(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 / deficit compensation

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	\$ <u>488</u>
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)	<u>58,492</u>
	\$ <u>96,395</u>

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, therefore approved by the shareholders' meeting on May 26, 2025. A total amount of \$50,946 thousand was offset against the deficit using legal earnings reserve. The actual deficit compensation was consistent with the resolutions approved by the Board of Directors. The related information would be available at the Market Observation Post System website.

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Hitron Technologies Inc. and Subsidiaries
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	(278,868)	-	(621)	(279,489)
Unrealized losses from financial assets measured at FVOCI	-	693	-	693
Cash dividends paid by subsidiaries	-	-	(200,699)	(200,699)
Changes in the share of associates accounted for using the equity method	-	-	577	577
Changes in non-controlling interest	-	-	70,472	70,472
Balance at June 30, 2025	<u>\$ 6,571</u>	<u>18,987</u>	<u>1,236,017</u>	<u>1,261,575</u>
Balance at January 1, 2024	\$ 106,285	35,304	1,102,675	1,244,264
Exchange differences on translation of foreign financial statements	152,882	-	242	153,124
Unrealized gains from financial assets measured at FVOCI	-	(12,550)	-	(12,550)
Conversion of subsidiary's convertible bonds	-	-	122,013	122,013
Cash dividends paid by subsidiaries	-	-	(175,179)	(175,179)
Changes in non-controlling interests	-	-	79,941	79,941
Balance at June 30, 2024	<u>\$ 259,167</u>	<u>22,754</u>	<u>1,129,692</u>	<u>1,411,613</u>

(24) Earnings (Loss) per share

A. Basic earnings (loss) per share

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Profit (Loss) attributable to shareholders of the Company	<u>\$ (67,736)</u>	<u>7,945</u>	<u>(85,336)</u>	<u>(21,453)</u>
Weighted-average number of shares outstanding (in thousands of shares)	<u>321,317</u>	<u>321,317</u>	<u>321,317</u>	<u>321,317</u>
Basic earnings (loss) per share (in dollars)	<u>\$ (0.21)</u>	<u>0.02</u>	<u>(0.27)</u>	<u>(0.07)</u>

(Continued)

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

B. Diluted earnings (loss) per share

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Profit (Loss) attributable to shareholders of the Company	\$ <u>(67,736)</u>	<u>7,945</u>	<u>(85,336)</u>	<u>(21,453)</u>
Weighted-average number of shares outstanding (in thousands of shares)	\$ <u>321,317</u>	<u>321,317</u>	<u>321,317</u>	<u>321,317</u>
Diluted earnings (loss) per share (in dollars)	\$ <u>(0.21)</u>	<u>0.02</u>	<u>(0.27)</u>	<u>(0.07)</u>

(25) Revenue from contracts with customers

A. Details of revenues

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Primary geographical markets:				
America	\$ 1,032,442	1,170,682	1,976,435	2,318,269
Taiwan	694,894	776,305	1,266,262	1,373,175
Other	<u>665,367</u>	<u>491,876</u>	<u>1,045,784</u>	<u>857,205</u>
	<u>\$ 2,392,703</u>	<u>2,438,863</u>	<u>4,288,481</u>	<u>4,548,649</u>
	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Main products:				
Wireless broadband network products	\$ 1,920,407	1,808,804	3,411,075	3,498,397
Other network-related products	<u>472,296</u>	<u>630,059</u>	<u>877,406</u>	<u>1,050,252</u>
	<u>\$ 2,392,703</u>	<u>2,438,863</u>	<u>4,288,481</u>	<u>4,548,649</u>

B. Contract balances

	June 30, 2025	December 31, 2024	June 30, 2024
Notes and accounts receivable (including related parties), net	\$ <u>1,970,315</u>	<u>2,199,801</u>	<u>1,511,581</u>
Contract liabilities	<u>\$ 343,385</u>	<u>479,844</u>	<u>298,942</u>

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

For details on onerous contracts as of June 30, 2025, December 31 and June 30, 2024, please refer to note 6(19).

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

The amount of revenue recognized for the six months ended June 30, 2025 and 2024 that were included in the contract liability balance at the beginning of the period were \$213,725 thousand and \$363,836 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.

(26) 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. The compensation allocated to grassroots employees shall not be less than 10% of the total employee compensation mentioned above. 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 both three and six months ended June 30, 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.

(27) Interest income

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Bank deposits	\$ 9,903	11,110	18,932	16,878

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Notes to the Consolidated Financial Statements

(28) Other income

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Rental income	\$ 1,462	338	2,904	1,003
Other income	2,283	2,532	8,482	7,834
	<u>\$ 3,745</u>	<u>2,870</u>	<u>11,386</u>	<u>8,837</u>

(29) 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 June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Foreign exchange gain (loss), net	\$ (7,364)	2,189	(7,763)	6,999
Gain (Loss) on disposals of property, plant and equipment	32	(10)	(924)	(585)
Loss on financial assets (liabilities) at fair value through profit or loss, net	(669)	(211)	(471)	(242)
Other gains or losses, net	(5,728)	25	(8,022)	11
	<u>\$ (13,729)</u>	<u>1,993</u>	<u>(17,180)</u>	<u>6,183</u>

(30) Finance costs

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Interest expense of borrowings, etc.	\$ 12,109	19,226	21,814	36,703
Interest expense of lease liabilities	1,906	2,197	3,931	4,386
	<u>\$ 14,015</u>	<u>21,423</u>	<u>25,745</u>	<u>41,089</u>

(31) 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.

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Notes to the Consolidated Financial Statements

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 June 30, 2025, December 31 and June 30, 2024, 63%, 64% and 38%, 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.

(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>
June 30, 2025					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,245,726	(1,266,197)	(1,266,197)	-	-
Notes and accounts payables (including related parties)	1,759,272	(1,759,272)	(1,759,272)	-	-
Other payables (including related parties)	491,874	(491,874)	(491,874)	-	-
Lease liabilities (current and non-current)	115,231	(136,581)	(26,609)	(92,491)	(17,481)
Long-term borrowings (including maturity within 1 year)	580,000	(597,473)	(170,682)	(426,791)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	60	(21,975)	(21,975)	-	-
Inflow	-	21,915	21,915	-	-
	<u>\$ 4,192,163</u>	<u>(4,251,457)</u>	<u>(3,714,694)</u>	<u>(519,282)</u>	<u>(17,481)</u>

(Continued)

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Notes to the Consolidated Financial Statements

	<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>
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><u>\$ 3,018,352</u></u>	<u><u>(3,064,723)</u></u>	<u><u>(2,558,133)</u></u>	<u><u>(476,917)</u></u>	<u><u>(29,673)</u></u>
June 30, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 832,712	(841,263)	(841,263)	-	-
Notes and accounts payables (including related parties)	1,902,865	(1,902,865)	(1,902,865)	-	-
Other payables (including related parties)	625,295	(625,295)	(625,295)	-	-
Lease liabilities (current and non-current)	135,028	(141,815)	(27,568)	(90,003)	(24,244)
Long-term borrowings	575,000	(598,164)	(10,598)	(587,566)	-
Bonds payables	134,400	(134,400)	-	(134,400)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	396	(220,985)	(220,985)	-	-
Inflow	(109)	27,886	27,886	-	-
	<u><u>\$ 4,205,587</u></u>	<u><u>(4,436,901)</u></u>	<u><u>(3,600,688)</u></u>	<u><u>(811,969)</u></u>	<u><u>(24,244)</u></u>

C. Currency risk

(a) Exposure to currency risk

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

	<u>June 30, 2025</u>			<u>December 31, 2024</u>			<u>June 30, 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	\$ 27,111	29.30	794,341	18,066	32.785	592,287	19,263	32.45	625,084
EUR	16	34.35	544	19	34.132	636	33	34.71	1,145
CAD	687	21.43	14,727	717	22.809	16,362	783	23.67	18,534
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	87,050	29.30	2,550,570	46,275	32.785	1,517,117	37,245	32.45	1,208,600
VND	684,548	0.0011	769	863,855	0.0013	1,111	8,470,313	0.0013	11,011

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(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 June 30, 2025 and 2024, would have increased or decreased the profit before tax by \$87,086 thousand and \$28,742 thousand, respectively. The analysis assumed that all other variables remain constant, and performed on the same basis for both periods.

(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 three months and six months ended June 30, 2025 and 2024, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(7,364) thousand, \$2,189 thousand, \$(7,763) thousand and \$6,999 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 \$1,794 thousand and \$1,615 thousand, respectively for the six months ended June 30, 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 six months ended June 30, 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:

<u>Securities price on the reporting date</u>	For the six months ended	
	June 30,	
	2025	2024
Financial assets at fair value through profit or loss		
Increasing 5%	\$ <u>222</u>	\$ <u>290</u>
Decreasing 5%	\$ <u>(222)</u>	\$ <u>(290)</u>
Financial assets at fair value through other comprehensive income		
Increasing 5%	\$ <u>1,742</u>	\$ <u>1,930</u>
Decreasing 5%	\$ <u>(1,742)</u>	\$ <u>(1,930)</u>

(Continued)

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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:

June 30, 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	\$ 4,431	4,431	-	-	4,431
Financial assets at fair value through other comprehensive income-stocks	<u>34,835</u>	<u>-</u>	<u>-</u>	<u>34,835</u>	<u>34,835</u>
Total	<u><u>\$ 39,266</u></u>	<u><u>4,431</u></u>	<u><u>-</u></u>	<u><u>34,835</u></u>	<u><u>39,266</u></u>
Financial liability measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss – derivative financial liabilities	<u>\$ 60</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>60</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	<u>34,142</u>	<u>-</u>	<u>-</u>	<u>34,142</u>	<u>34,142</u>
Total	<u><u>\$ 39,044</u></u>	<u><u>4,902</u></u>	<u><u>-</u></u>	<u><u>34,142</u></u>	<u><u>39,044</u></u>

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December 31, 2024					
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liability measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss – derivative financial liabilities	\$ 1,436	-	1,436	-	1,436
June 30, 2024					
		Fair Value			
	Carrying amount	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 – derivative financial assets	\$ 109	-	109	-	109
Financial assets mandatorily at fair value through profit or loss – stocks	5,791	5,791	-	-	5,791
Non-current financial assets at fair value through other comprehensive income	38,602	-	-	38,602	38,602
Total	\$ 44,502	5,791	109	38,602	44,502
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss – derivative financial liabilities	\$ 396	-	396	-	396

(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.

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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.

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 both three and six months ended June 30, 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	<u>693</u>
Balance on June 30, 2025	<u><u>\$ 34,835</u></u>

(Continued)

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	Fair value through other comprehensive income
Balance on January 1, 2024	\$ 51,152
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(12,550)
Balance on June 30, 2024	<u><u>\$ 38,602</u></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.

As of June 30, 2025, December 31 and June 30, 2024, quantified information on significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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 1.11 as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively)	The higher the P/B ratio, the higher the fair value.
		P/E ratio of industry peers (15.15, 16.31 and 25.66 as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively)	The higher the P/E ratio, the higher the fair value.
		Market liquidity discount rate (17.41%, 17.41% and 18.34% as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively)	The higher the discount for lack of marketability, the lower the fair value.

(32) 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.

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(33) 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.

(34) 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).

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

	January 1, 2025	Cash flows	Exchange rate movements and others	June 30, 2025
Short-term borrowings	\$ 365,695	932,190	(52,159)	1,245,726
Long-term borrowings (Including maturity within 1 year)	455,000	125,000	-	580,000
Lease liabilities	125,839	(11,992)	1,384	115,231
Total liabilities from financing activities	<u>\$ 946,534</u>	<u>1,045,198</u>	<u>(50,775)</u>	<u>1,940,957</u>

	January 1, 2024	Cash flows	Exchange rate movements and others	June 30, 2024
Short-term borrowings	\$ 396,227	416,701	19,784	832,712
Long-term borrowings	700,000	(125,000)	-	575,000
Bonds payable	264,612	-	(133,911)	130,701
Lease liabilities	135,189	(15,220)	15,059	135,028
Total liabilities from financing activities	<u>\$ 1,496,028</u>	<u>276,481</u>	<u>(99,068)</u>	<u>1,673,441</u>

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.

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

(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:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Qisda	Ultimate parent company
Alpha	Parent company
Alpha Networks (Hong Kong) Limited	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
Metaage Corporation (Metaage)	Qisda's subsidiary
Qisda Vietnam Co., Ltd (QVH)	Qisda's subsidiary
AdvancedTEK International Corp. (AdvancedTEK)	Qisda's subsidiary
Golden Spirit CO., LTD. (Golden)	Qisda's subsidiary
BenQ Asia Pacific Corp (BQP)	Qisda's subsidiary
Global Intelligence Network Co., Ltd. (Ginnet)	Qisda's subsidiary
ACE Energy Co., Ltd. (AEG)	Qisda's subsidiary
Topview Optronics Corporation (Topview)	Qisda's associate
Unictron Technologies Corporation (UTC)	Qisda's associate
Darfon Electronics Corp. (DFN)	Qisda's associate
Darwin Precisions Corporation (DARWIN)	Qisda's associate

(3) Significant related-party transactions

A. Operating revenue

The amounts of sales to related parties were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Parent company	\$ 125	6,289	5,983	6,609
Other related parties	1,774	6,830	2,371	6,830
	<u>\$ 1,899</u>	<u>13,119</u>	<u>8,354</u>	<u>13,439</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.

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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 and six months ended June 30, 2025, the Company sales to the parent company and other related parties amounted to \$30,535 thousand and \$51,839 thousand respectively. 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 June 30, 2025, the cumulative balance of deferred gains amounted to \$2,340 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 June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Parent company	\$ 2,005,499	141,311	3,082,129	186,925
Other related parties	29,626	30,448	54,592	57,917
	\$ 2,035,125	171,759	3,136,721	244,842

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:

Account	Relationship	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable from related parties	Parent company	\$ 19,714	29,315	11,601
	Other related parties	24,445	88,781	5,517
		\$ 44,159	118,096	17,118

D. Payables to related parties

The payables to related parties were as follows:

Account	Relationship	June 30, 2025	December 31, 2024	June 30, 2024
Accounts payable to related parties	Parent company	\$ 1,261,350	984,599	127,863
	Other related parties	26,463	34,819	33,729
		\$ 1,287,813	1,019,418	161,592

(Continued)

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E. Prepayments

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Prepayments (recorded in other current assets)	Parent company	\$ 24	14	291
	Other related parties	4,105	241	-
		<u>\$ 4,129</u>	<u>255</u>	<u>291</u>

F. Property transactions

(a) Acquisition of property, plant and equipment

	<u>Acquisition price</u>			
	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Ultimate parent company	\$ -	-	-	3,917
Parent company	-	481	-	481
Other related parties	-	142	87	2,142
	<u>\$ -</u>	<u>623</u>	<u>87</u>	<u>6,540</u>

(b) Disposal of property, plant, and equipment

	<u>Disposal price</u>			
	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Parent company	\$ -	19,746	-	19,746
Other related parties	3,666	55,216	4,453	119,150
	<u>\$ 3,666</u>	<u>74,962</u>	<u>4,453</u>	<u>138,896</u>

(c) Acquisition of intangible assets

	<u>Acquisition price</u>			
	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Other related parties	\$ -	-	314	544

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(d) Disposal of intangible assets

	Disposal price			
	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
	<u>\$</u>	<u></u>	<u></u>	<u></u>
Other related parties	\$ -	34	-	34

G. Other operating costs

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
	<u></u>	<u></u>	<u></u>	<u></u>
	<u>\$</u>	<u></u>	<u></u>	<u></u>
Parent company	\$ (476)	47	25,662	87

H. Operating expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
	<u></u>	<u></u>	<u></u>	<u></u>
	<u>\$</u>	<u></u>	<u></u>	<u></u>
Ultimate parent company	\$ 6	19	9	86
Parent company	18,011	26,831	34,793	32,733
Other related parties	361	8	587	46
	<u>\$ 18,378</u>	<u>26,858</u>	<u>35,389</u>	<u>32,865</u>

I. Other receivables

Account	Relationship	June 30, 2025	December 31, 2024	June 30, 2024
Other receivables	Parent company	\$ -	-	316
	Other related parties	4,567	34,578	56,891
		<u>\$ 4,567</u>	<u>34,578</u>	<u>57,207</u>
Dividends receivable	Other related parties	<u>\$ 1,350</u>	<u>-</u>	<u>-</u>

Before 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.

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.

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J. Other payables

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Other payables	Ultimate parent company	\$ 6	271	11
	Parent company	18,773	21,806	27,839
	Other related parties	-	347	-
		<u>\$ 18,779</u>	<u>22,424</u>	<u>27,850</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>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Contract liabilities	Parent company	\$ 22,310	28,168	12,610
	Other related parties	54	-	-
		<u>\$ 22,364</u>	<u>28,168</u>	<u>12,610</u>

L. Leases

<u>Account</u>	<u>Relationship</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Rental expense	Parent company	<u>\$ 21</u>	<u>26</u>	<u>35</u>	<u>26</u>
Rental revenue	Other related parties	<u>\$ 990</u>	<u>-</u>	<u>1,980</u>	<u>-</u>

M. Other revenue

<u>Account</u>	<u>Relationship</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Other revenue	Other related parties	<u>\$ 959</u>	<u>103</u>	<u>959</u>	<u>103</u>

(4) Key management personnel compensation

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 12,443	15,383	33,758	36,844
Retirement benefits	297	297	594	594
	<u>\$ 12,740</u>	<u>15,680</u>	<u>34,352</u>	<u>37,438</u>

(Continued)

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

8. Pledged assets:

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

Pledged assets	Object	June 30, 2025	December 31, 2024	June 30, 2024
Time deposits (recorded in other current assets)	Guarantees for forward exchange	\$ -	-	715
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	10,660	11,347	11,776
Refundable deposit (recorded in other non-current assets)	Guarantee for customer contracts	110,008	123,231	138,969
		<u>\$ 123,050</u>	<u>136,960</u>	<u>153,842</u>

9. Commitments and contingencies:

(1) As of June 30, 2025, December 31 and June 30, 2024, the Group's deposited notes and guarantees in the bank amounting to \$8,017,453 thousand, \$8,224,886 thousand and \$11,350,365 thousand, respectively.

(2) Others:

	June 30, 2025	December 31, 2024	June 30, 2024
Guaranteed notes payable for tender contract	\$ 9,731	8,456	16,808
Guarantee for construction projects	\$ 98,143	107,799	76,457

10. Losses due to major disasters: None

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 June 30,					
		2025			2024		
		Cost of sales	Operation expenses	Total	Cost of sales	Operation expenses	Total
Employee benefits							
	Salary	2,083	174,389	176,472	35,095	201,572	236,667
	Labor and health insurance	173	11,602	11,775	2,132	12,357	14,489
	Pension	84	8,849	8,933	399	11,480	11,879
	Remuneration of directors	-	4,978	4,978	-	5,938	5,938
	Others	159	6,365	6,524	2,127	6,449	8,576
Depreciation		5,747	23,849	29,596	23,603	28,547	52,150
Amortization		181	8,491	8,672	778	8,898	9,676

By item	By function	For the six months ended June 30,					
		2025			2024		
		Cost of sales	Operation expenses	Total	Cost of sales	Operation expenses	Total
Employee benefits							
Salary		7,377	365,072	372,449	69,568	404,582	474,150
Labor and health insurance		491	23,894	24,385	5,018	25,894	30,912
Pension		219	18,351	18,570	865	23,188	24,053
Remuneration of directors		-	10,194	10,194	-	10,608	10,608
Others		321	12,045	12,366	4,356	12,071	16,427
Depreciation		15,158	50,671	65,829	51,808	59,640	111,448
Amortization		576	17,217	17,793	1,542	18,329	19,871

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 June 30, 2025 (excluding investment in subsidiaries, associates and joint ventures): None

(Continued)

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

- 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.
 - 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:

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

	For the three months ended June 30, 2025			
	System integration	Manufacturing	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 472,296	1,920,407	-	2,392,703
Intersegment revenue	14,330	-	(14,330)	-
Total revenue	<u>\$ 486,626</u>	<u>1,920,407</u>	<u>(14,330)</u>	<u>2,392,703</u>
Interest expenses	<u>\$ 169</u>	<u>13,848</u>	<u>(2)</u>	<u>14,015</u>
Depreciation and amortization	<u>\$ 6,870</u>	<u>31,551</u>	<u>(153)</u>	<u>38,268</u>
Reportable segment profit or loss	<u>\$ 50,448</u>	<u>(67,736)</u>	<u>(16,044)</u>	<u>(33,332)</u>

(Continued)

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

For the three months ended June 30, 2024				
	System integration	Manufacturing	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 630,059	1,808,804	-	2,438,863
Intersegment revenue	11,869	-	(11,869)	-
Total revenue	<u>\$ 641,928</u>	<u>1,808,804</u>	<u>(11,869)</u>	<u>2,438,863</u>
Interest expenses	<u>\$ 975</u>	<u>20,451</u>	<u>(3)</u>	<u>21,423</u>
Depreciation and amortization	<u>\$ 6,769</u>	<u>55,827</u>	<u>(770)</u>	<u>61,826</u>
Reportable segment profit or loss	<u>\$ 61,006</u>	<u>7,945</u>	<u>(22,217)</u>	<u>46,734</u>
For the six months ended June 30, 2025				
	System integration	Manufacturing	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 877,406	3,411,075	-	4,288,481
Intersegment revenue	23,167	-	(23,167)	-
Total revenue	<u>\$ 900,573</u>	<u>3,411,075</u>	<u>(23,167)</u>	<u>4,288,481</u>
Interest expenses	<u>\$ 222</u>	<u>25,527</u>	<u>(4)</u>	<u>25,745</u>
Depreciation and amortization	<u>\$ 13,541</u>	<u>70,387</u>	<u>(306)</u>	<u>83,622</u>
Reportable segment profit or loss	<u>\$ 103,625</u>	<u>(85,336)</u>	<u>(33,153)</u>	<u>(14,864)</u>
June 30, 2025				
	System integration	Manufacturing	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 3,229,905</u>	<u>7,959,595</u>	<u>(708,360)</u>	<u>10,481,140</u>
Reportable segment liabilities	<u>\$ 1,393,757</u>	<u>3,362,541</u>	<u>(108,229)</u>	<u>4,648,069</u>
For the six months ended June 30, 2024				
	System integration	Manufacturing	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 1,050,252	3,498,397	-	4,548,649
Intersegment revenue	24,594	-	(24,594)	-
Total revenue	<u>\$ 1,074,846</u>	<u>3,498,397</u>	<u>(24,594)</u>	<u>4,548,649</u>
Interest expenses	<u>\$ 2,149</u>	<u>38,945</u>	<u>(5)</u>	<u>41,089</u>
Depreciation and amortization	<u>\$ 13,211</u>	<u>119,647</u>	<u>(1,539)</u>	<u>131,319</u>
Reportable segment profit or loss	<u>\$ 124,476</u>	<u>(21,453)</u>	<u>(44,535)</u>	<u>58,488</u>

(Continued)

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

	June 30, 2024			
	System integration	Manufacturing	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 3,176,089</u>	<u>8,519,885</u>	<u>(709,865)</u>	<u>10,986,109</u>
Reportable segment liabilities	<u>\$ 1,447,389</u>	<u>3,559,750</u>	<u>(110,858)</u>	<u>4,896,281</u>

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 six months ended June 30, 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)	(2,150,264)	67.73%	120 days	Agreed by both parties	Same	1,839,895	71.44%	Note
The Company	Alpha	Parent and subsidiary	Purchase	3,081,515	95.90%	60 days	Agreed by both parties	Same	(1,260,705)	95.79%	Note

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

Hitron Technologies Inc. and Subsidiaries
Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock
June 30, 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	1,839,895	2.14	-	-	223,502	-	Note 2

Note 1: The amount recovered as of July 24, 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 six months ended June 30, 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	2,150,264	-	50.14%
0	The Company	Hitron America	Parent to subsidiary	Accounts receivable	1,839,895	120 days	17.55%
0	The Company	Alpha	Subsidiary to parent	Purchases	3,081,515	-	71.86%
0	The Company	Alpha	Subsidiary to parent	Accounts payable	1,260,705	60 days	12.03%

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 six months ended June 30, 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 June 30, 2025			Net income (losses) of investee	Share of profits/ losses of investee	Note
				June 30, 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 %	211,419	20,885	22,383	
The Company	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	32.82 %	604,786	102,843	34,253	
The Company	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunication products	1,511,735	1,511,735	-	100.00 %	1,828,005	(34,079)	(34,308)	
The Company	Hitron America	USA	International trade	90,082	90,082	300	100.00 %	174,669	(26,960)	(53,565)	
The Company	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	55,202	(10,602)	(9,597)	
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 %	49,986	3,909	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 %	91,518	(53,187)	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 six months ended June 30, 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 June 30, 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	20,903	100.00%	20,903	210,145	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (RMB5,425)	(2) note 1	31,139	-	-	31,139	(19)	100.00%	(19)	3,439	-
Hwa Chi Technologies	Technical consulting, researching, maintenance and after service regarding electronic communication products	2,907 (USD100)	(3) note 2	8,854	-	-	8,854	1,220	32.82%	400	3,179	30,079

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of June 30, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
Hitron Technologies Inc.	211,238	214,528	2,758,232

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 reviewed financial statements audited by independent auditors.

Note 4: Calculated as 60% (the upper limit on investment) of the Group's net worth on June 30, 2025, in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China, amended on August 29, 2008.