

ADLINK Technology Inc. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
ADLINK Technology Inc.

Opinion

We have audited the accompanying consolidated financial statements of ADLINK Technology Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the consolidated financial statements for the year ended December 31, 2024 are stated as follows:

Revenue Recognition

The operating revenue of ADLINK Technology Inc. mainly comes from selling industrial computers. Based on our assessment, there is a risk that sales are recognized from some customers with specific indicator showing a higher revenue change rate than what might not have actually occurred. Thus, we identified the occurrence of operating revenue from customers that met the abovementioned criteria as a key audit matter.

Refer to Notes 4 and 22 to the consolidated financial statements for details on accounting policies and relevant disclosures on revenue recognition.

The key audit procedures that we performed in respect of the recognition of operating revenue were as follows:

1. We obtained an understanding of the internal controls related to the aforementioned sales transactions, assessed and tested the operating effectiveness of the design and implementation of these controls.
2. We performed substantive procedure testing of the aforementioned sales transactions, examined the external documents and recovery of receivables, and verified that such transactions did occur. We also verified that the settlement of payments of major customers was consistent with the payment terms.
3. We checked for any significant sales return of the aforementioned sales after December 31, 2024, and we confirmed that no significant misstatements of revenue were found from the aforementioned customers.

Other Matter

We have also audited the parent company only financial statements of ADLINK Technology Inc. as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Wen-Chin Lin and Yi-Wen Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2025

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 2,055,474	16	\$ 1,841,747	14
Financial assets at fair value through profit or loss (Notes 7 and 29)	-	-	9,162	-
Financial assets at amortized cost	41,724	-	33,109	-
Notes receivable (Note 9)	48,253	-	51,957	-
Trade receivables (Note 9)	2,248,555	18	2,282,895	18
Trade receivables from related parties (Note 29)	61,180	1	36,969	-
Other receivables (Note 29)	87,346	1	73,391	1
Current tax assets	3,656	-	3,783	-
Inventories (Note 10)	2,568,407	20	3,159,285	24
Prepayments (Note 29)	111,715	1	64,818	1
Other current assets	<u>7,862</u>	-	<u>33,719</u>	-
Total current assets	<u>7,234,172</u>	<u>57</u>	<u>7,590,835</u>	<u>58</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 8)	89,958	1	78,328	1
Investments accounted for using the equity method (Note 12)	82,517	1	129,208	1
Property, plant and equipment (Notes 13, 29 and 30)	4,164,344	33	4,218,306	32
Right-of-use assets (Note 14)	166,053	1	149,613	1
Investment properties (Notes 15 and 30)	229,008	2	233,960	2
Intangible assets (Notes 16 and 29)	341,229	3	325,632	3
Deferred tax assets (Note 24)	305,314	2	299,396	2
Prepayments for equipment	1,921	-	8,643	-
Refundable deposits	31,535	-	28,712	-
Other non-current assets	<u>1,681</u>	-	<u>2,490</u>	-
Total non-current assets	<u>5,413,560</u>	<u>43</u>	<u>5,474,288</u>	<u>42</u>
TOTAL	<u>\$ 12,647,732</u>	<u>100</u>	<u>\$ 13,065,123</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 1,087,222	9	\$ 1,434,404	11
Financial liabilities at fair value through profit or loss (Note 7)	1,518	-	401	-
Contract liabilities (Note 22)	196,558	1	249,187	2
Trade payables (Note 18)	1,612,390	13	1,249,147	9
Trade payables to related parties (Note 29)	14,362	-	13,294	-
Other payables (Notes 19 and 29)	825,403	6	876,503	7
Current tax liabilities	84,830	1	112,264	1
Provisions	74,027	1	75,172	-
Lease liabilities (Note 14)	39,751	-	37,252	-
Current portion of long-term borrowings (Note 17)	483,149	4	367,925	3
Other current liabilities	<u>96,537</u>	<u>1</u>	<u>93,902</u>	<u>1</u>
Total current liabilities	<u>4,515,747</u>	<u>36</u>	<u>4,509,451</u>	<u>34</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 17)	2,575,178	20	2,946,599	23
Provisions	36,913	-	43,744	-
Deferred tax liabilities (Note 24)	12,281	-	14,615	-
Lease liabilities (Note 14)	83,635	1	68,814	1
Net defined benefit liabilities (Note 20)	<u>16,534</u>	-	<u>24,086</u>	-
Total non-current liabilities	<u>2,724,541</u>	<u>21</u>	<u>3,097,858</u>	<u>24</u>
Total liabilities	<u>7,240,288</u>	<u>57</u>	<u>7,607,309</u>	<u>58</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Ordinary shares	<u>2,174,973</u>	<u>17</u>	<u>2,174,973</u>	<u>16</u>
Capital surplus	<u>1,290,107</u>	<u>11</u>	<u>1,298,616</u>	<u>10</u>
Retained earnings				
Legal reserve	782,098	6	748,708	6
Special reserve	156,153	1	147,309	1
Unappropriated earnings	<u>982,654</u>	<u>8</u>	<u>1,180,683</u>	<u>9</u>
Total retained earnings	<u>1,920,905</u>	<u>15</u>	<u>2,076,700</u>	<u>16</u>
Other equity	<u>(8,808)</u>	-	<u>(156,153)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	5,377,177	43	5,394,136	41
NON-CONTROLLING INTERESTS	<u>30,267</u>	-	<u>63,678</u>	<u>1</u>
Total equity	<u>5,407,444</u>	<u>43</u>	<u>5,457,814</u>	<u>42</u>
TOTAL	<u>\$ 12,647,732</u>	<u>100</u>	<u>\$ 13,065,123</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 29)	\$ 10,078,338	100	\$ 11,414,519	100
OPERATING COSTS (Notes 10, 23 and 29)	<u>6,282,611</u>	<u>63</u>	<u>7,235,231</u>	<u>63</u>
GROSS PROFIT	3,795,727	37	4,179,288	37
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>(763)</u>	<u>-</u>	<u>(279)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>3,794,964</u>	<u>37</u>	<u>4,179,009</u>	<u>37</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing	1,128,624	11	1,081,308	10
General and administrative	906,374	9	1,078,244	9
Research and development	1,700,337	17	1,693,220	15
Expected credit (gain) loss	<u>(2,054)</u>	<u>-</u>	<u>3,189</u>	<u>-</u>
Total operating expenses	<u>3,733,281</u>	<u>37</u>	<u>3,855,961</u>	<u>34</u>
PROFIT FROM OPERATIONS	<u>61,683</u>	<u>-</u>	<u>323,048</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 29)				
Interest income	23,618	-	24,603	-
Other income	164,394	2	175,657	2
Other gains and losses	(72,589)	(1)	53,796	-
Finance costs	(101,275)	(1)	(92,063)	(1)
Share of loss of associates (Note 12)	<u>(50,021)</u>	<u>-</u>	<u>(28,400)</u>	<u>-</u>
Total non-operating income and expenses	<u>(35,873)</u>	<u>-</u>	<u>133,593</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	25,810	-	456,641	4
INCOME TAX EXPENSE (Note 24)	<u>12,295</u>	<u>-</u>	<u>162,760</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>13,515</u>	<u>-</u>	<u>293,881</u>	<u>3</u>

(Continued)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	\$ 13,503	-	\$ 6,388	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 21)	7,469	-	21,942	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	(2,700)	-	(1,278)	-
	<u>18,272</u>	<u>-</u>	<u>27,052</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	178,819	2	(33,396)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 21 and 24)	(34,969)	-	7,697	-
	<u>143,850</u>	<u>2</u>	<u>(25,699)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>162,122</u>	<u>2</u>	<u>1,353</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 175,637</u>	<u>2</u>	<u>\$ 295,234</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 50,900	-	\$ 328,797	3
Non-controlling interests	<u>(37,385)</u>	<u>-</u>	<u>(34,916)</u>	<u>-</u>
	<u>\$ 13,515</u>	<u>-</u>	<u>\$ 293,881</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 209,048	2	\$ 325,063	3
Non-controlling interests	<u>(33,411)</u>	<u>-</u>	<u>(29,829)</u>	<u>-</u>
	<u>\$ 175,637</u>	<u>2</u>	<u>\$ 295,234</u>	<u>3</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 0.23</u>		<u>\$ 1.51</u>	
Diluted	<u>\$ 0.23</u>		<u>\$ 1.51</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company											
							Other Equity			Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity				
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings						
BALANCE AT JANUARY 1, 2023	\$ 2,174,973	\$ 1,264,450	\$ 666,540	\$ 241,076	\$ 1,378,919	\$ 2,286,535	\$ (132,948)	\$ (14,361)	\$ (147,309)	\$ 5,578,649	\$ 93,507	\$ 5,672,156
Appropriation of 2022 earnings												
Legal reserve	-	-	82,168	-	(82,168)	-	-	-	-	-	-	-
Special reserve	-	-	-	(93,767)	93,767	-	-	-	-	-	-	-
Cash dividends distributed by Company - NT\$2.5 per share	-	-	-	-	(543,742)	(543,742)	-	-	-	(543,742)	-	(543,742)
Compensation costs of share-based payments recognized by the Company	-	6,923	-	-	-	-	-	-	-	6,923	-	6,923
Changes in capital surplus from investments in associates accounted for using the equity method	-	27,243	-	-	-	-	-	-	-	27,243	-	27,243
Net profit for the year ended December 31, 2023	-	-	-	-	328,797	328,797	-	-	-	328,797	(34,916)	293,881
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	5,110	5,110	(30,786)	21,942	(8,844)	(3,734)	5,087	1,353
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	333,907	333,907	(30,786)	21,942	(8,844)	325,063	(29,829)	295,234
BALANCE AT DECEMBER 31, 2023	2,174,973	1,298,616	748,708	147,309	1,180,683	2,076,700	(163,734)	7,581	(156,153)	5,394,136	63,678	5,457,814
Appropriation of 2023 earnings												
Legal reserve	-	-	33,390	-	(33,390)	-	-	-	-	-	-	-
Special reserve	-	-	-	8,844	(8,844)	-	-	-	-	-	-	-
Cash dividends distributed by Company - NT\$1.0 per share	-	-	-	-	(217,498)	(217,498)	-	-	-	(217,498)	-	(217,498)
Compensation costs of share-based payments recognized by the Company	-	16,030	-	-	-	-	-	-	-	16,030	-	16,030
Changes in capital surplus from investments in associates accounted for using the equity method	-	(24,539)	-	-	-	-	-	-	-	(24,539)	-	(24,539)
Net profit for the year ended December 31, 2024	-	-	-	-	50,900	50,900	-	-	-	50,900	(37,385)	13,515
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	10,803	10,803	139,876	7,469	147,345	158,148	3,974	162,122
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	61,703	61,703	139,876	7,469	147,345	209,048	(33,411)	175,637
BALANCE AT DECEMBER 31, 2024	\$ 2,174,973	\$ 1,290,107	\$ 782,098	\$ 156,153	\$ 982,654	\$ 1,920,905	\$ (23,858)	\$ 15,050	\$ (8,808)	\$ 5,377,177	\$ 30,267	\$ 5,407,444

The accompanying notes are an integral part of the consolidated financial statements.

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 25,810	\$ 456,641
Adjustments for:		
Depreciation expenses	248,181	243,229
Amortization expenses	79,735	85,558
Expected credit (gain) loss recognized on trade receivables	(2,054)	3,189
Net loss (gain) of financial assets and liabilities at fair value through profit or loss	7,044	(8,761)
Finance costs	101,275	92,063
Interest income	(23,618)	(24,603)
Dividend income	(430)	(760)
Compensation cost of share-based payments	16,030	6,923
Share of loss of associates accounted for using the equity method	50,021	28,400
(Gain) loss on disposal of property, plant and equipment	(474)	18
Gain on disposal of intangible assets	(5)	-
Gain on disposal of investments accounted for using the equity method	(41,852)	(48,246)
Write-downs of inventories	32,547	84,057
Unrealized gain on the transactions with associates	763	279
Net loss (gain) on foreign currency exchange	7,194	(1,198)
Gain on lease modifications	(82)	(45)
Loss on compensation	116,038	-
Changes in operating assets and liabilities		
Notes receivable	3,704	(10,893)
Trade receivables	17,581	(226,599)
Trade receivables from related parties	(22,571)	(2,092)
Other receivables	(13,955)	(17,393)
Inventories	552,113	503,671
Prepayments	(52,022)	(571)
Other current assets	25,857	(21,640)
Other non-current assets	809	976
Contract liabilities	(52,629)	(29,426)
Trade payables	316,381	(293,518)
Trade payables to related parties	547	639
Other payables	(60,155)	(4,340)
Provisions	(7,976)	5,226
Other current liabilities	2,635	61,887
Net defined benefit liabilities	5,951	(320)
Cash generated from operations	1,332,393	882,351
Interest received	23,618	24,603
Interest paid	(102,119)	(88,969)
Income tax paid	(85,523)	(246,811)
Net cash generated from operating activities	1,168,369	571,174

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ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	\$ (15,854)	\$ (8,270)
Proceeds from sale of financial assets at amortized cost	8,272	8,610
Purchase of financial assets at fair value through profit or loss	(90,198)	-
Proceeds from sale of financial assets at fair value through profit or loss	93,433	-
Acquisition of investments accounted for using the equity method	(25,398)	-
Proceeds from disposal of investments accounted for using the equity method	44,537	66,201
Payments for property, plant and equipment	(68,043)	(204,651)
Proceeds from disposal of property, plant and equipment	2,758	68
Increase in refundable deposits	(2,823)	(5,841)
Payments for intangible assets	(67,185)	(84,597)
Proceeds from disposal of intangible assets	29	-
Increase in prepayments for equipment	(13,558)	(7,641)
Dividends received	<u>430</u>	<u>760</u>
Net cash used in investing activities	<u>(133,600)</u>	<u>(235,361)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,150,739	3,301,882
Repayments of short-term borrowings	(3,515,133)	(2,808,764)
Proceeds from long-term borrowings	587,000	18,260
Repayments of long-term borrowings	(843,197)	(435,442)
Repayment of the principal portion of lease liabilities	(42,630)	(38,756)
Cash dividends paid	<u>(217,498)</u>	<u>(543,742)</u>
Net cash used in financing activities	<u>(880,719)</u>	<u>(506,562)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>59,677</u>	<u>20,118</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	213,727	(150,631)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,841,747</u>	<u>1,992,378</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,055,474</u>	<u>\$ 1,841,747</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

ADLINK Technology Inc. (the “Company”) was incorporated in the Republic of China (ROC) in August 1995. The Company mainly manufactures and sells hardware, software and peripheral devices of industrial computers.

The Company’s shares were previously listed on the Taipei Exchange (TPEX) Mainboard from March 2002 until it became listed on the Taiwan Stock Exchange (TWSE) in November 2004.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 6, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

The above amendments of standards and interpretations did not have the material impact on the Group’s financial position, financial performance and accounting policies.

- c. New IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless stated otherwise, the above New IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11 and Tables 7 and 8 for the detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries and associates in other countries that use currencies different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials and supplies, work-in-process, finished goods and merchandise, which are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

For a transfer of classification from the investment properties to property, plant and equipment, the deemed cost of the property, plant and equipment for subsequent accounting is its carrying amount at the commencement of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination. If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

Intangible assets (computer software) with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

Intangible assets (including trademarks, customer relationship and technological expertise) acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

For those financial assets which are measured at fair value, its fair value is determined in the manner described in Note 28.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Group's financial assets are classified into the following categories:

a) Financial asset at FVTPL

The Group's financial assets mandatorily classified as at FVTPL are investments in equity instruments which are not designated as at FVTOCI, it was measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

b) Financial assets at amortized cost

If the financial assets, which are invested by the Group, are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost.

Subsequent to initial recognition, financial assets are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. On derecognition, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Except for purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial asset; and financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods, interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

The Group's financial assets at amortized cost include cash and cash equivalents, pledge deposits, trade receivables and project deposits at amortized cost, other receivables and refundable deposits. Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition and third-party paying accounts, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Bank balances used by the Group that are subject to third-party contractual restrictions are included as part of cash unless the restrictions result in a bank balance that no longer meets the definition of cash. Contractual restrictions affecting the use of bank balances are disclosed in Note 6. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

Except the financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

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

4) Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Assessment of assets impairment

1) Property, plant and equipment, right-of-use asset, investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of the above assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

2) Investments accounted for using the equity method

The entire carrying amount of investments in associates is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

3) Goodwill

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the

unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

4) Financial assets

The Group assesses the impairment loss of financial assets at amortized cost (including trade receivables) by lifetime expected credit losses on each balance sheet date.

The Group always recognizes lifetime expected credit losses for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If the credit risk on a financial instrument has not increased significantly, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. If the credit risk on a financial instrument has increased significantly, the Group measures the loss allowance for that financial instrument at lifetime expected credit losses.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that situations such as a default or delinquency in interest or principal payments, or internal or external information show that the debtor is unlikely to pay its creditors, indicates that a financial asset is in default (without taking into account any collateral held by the Group).

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group's obligations.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of hardware, software and peripheral devices of industrial computers. Sales of the above goods are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped, because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received prior to delivery of the goods is recognized as a contract liability until the goods have been transferred to the customer.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the provision of self-developed software authorization, software and hardware installation services and extended warranty services.

Revenue from self-developed software authorization is recognized as the right of receiving royalty at the time of signing.

As the Group provides hardware and software installation services and extended warranty services, customers simultaneously receive and consume the benefits provided by the Group's performance. Consequently, the related revenue is recognized when services are rendered.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms. Right-of-use assets and lease liabilities are presented on a separate line in the consolidated balance sheets, respectively.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefits and when the Group recognizes any related restructuring costs.

s. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

t. Taxation

Current and deferred taxes are recognized in profit or loss as income tax expense, except when they are related to items recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits for research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgement, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 313	\$ 155
Checking accounts and demand deposits	1,955,774	1,834,490
Cash equivalents		
Time deposits with original maturities within 3 months	98,355	-
Third-party paying accounts	<u>1,032</u>	<u>7,102</u>
	<u>\$ 2,055,474</u>	<u>\$ 1,841,747</u>

According to the contract with the department of Government, the Group has an obligation to restrict a specified amount of cash in a separate demand deposit based on the contract. The demand deposits with restrictions on use held on December 31, 2024 and 2023 were \$8,942 thousand and \$8,000 thousand, respectively. The restriction ends in February 2025 and February 2024, respectively.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2024	2023
Financial assets mandatorily classified as at FVTPL		
Derivative instruments		
Foreign exchange forward contracts not under hedge accounting	\$ <u>-</u>	\$ <u>9,162</u>
Financial liabilities held for trading		
Derivative instruments		
Foreign exchange forward contracts not under hedge accounting	\$ <u>1,518</u>	\$ <u>401</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2024</u>			
Sell	USD/NTD	January 2025	USD3,500/NTD113,492
Sell	USD/NTD	February 2025	USD2,000/NTD65,128
	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2023</u>			
Sell	EUR/NTD	January 2024	EUR2,000/NTD67,480
Sell	CNY/NTD	January 2024	CNY9,500/NTD41,764
Sell	USD/NTD	January 2024	USD8,700/NTD270,078
Sell	EUR/NTD	February 2024	EUR1,000/NTD33,889
Sell	CNY/NTD	February 2023	CNY11,900/NTD51,872
Sell	USD/NTD	February 2024	USD1,000/NTD31,083
Sell	EUR/NTD	March 2024	EUR1,300/NTD44,468
Sell	USD/NTD	March 2024	USD4,000/NTD124,448
Sell	USD/NTD	April 2024	USD2,000/NTD61,648

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. Therefore, the Group elected not to be accounted for using hedge accounting.

Refer to Table 3 for information relating to the equity instruments held by the Group were classified as financial assets at FVTPL as of December 31, 2024.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2024	2023
<u>Investments in foreign equity instruments</u>		
Unlisted ordinary shares	\$ 89,958	\$ 78,328

Investments in foreign equity instruments, including ordinary shares and convertible preference shares, are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

Refer to Table 3 for information relating to the foreign equity instruments held by the Group were classified as financial assets at FVTOCI on December 31, 2024.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2024	2023
<u>Notes receivable</u>		
Gross carrying amount at amortized cost	\$ 48,253	\$ 51,957
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 48,253</u>	<u>\$ 51,957</u>
<u>Trade receivables</u>		
Gross carrying amount at amortized cost	\$ 2,267,839	\$ 2,303,748
Less: Allowance for impairment loss	<u>(19,284)</u>	<u>(20,853)</u>
	<u>\$ 2,248,555</u>	<u>\$ 2,282,895</u>

The average credit period of sales of goods is 30 to 90 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the trade receivables are over certain days past due, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2024

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,922,593	\$ 243,092	\$ 55,130	\$ 47,024	\$ 2,267,839
Loss allowance	<u>-</u>	<u>(869)</u>	<u>(11,198)</u>	<u>(7,217)</u>	<u>(19,284)</u>
Amortized cost	<u>\$ 1,922,593</u>	<u>\$ 242,223</u>	<u>\$ 43,932</u>	<u>\$ 39,807</u>	<u>\$ 2,248,555</u>

December 31, 2023

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,917,380	\$ 164,123	\$ 65,812	\$ 156,433	\$ 2,303,748
Loss allowance	<u>-</u>	<u>-</u>	<u>(12,120)</u>	<u>(8,733)</u>	<u>(20,853)</u>
Amortized cost	<u>\$ 1,917,380</u>	<u>\$ 164,123</u>	<u>\$ 53,692</u>	<u>\$ 147,700</u>	<u>\$ 2,282,895</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 20,853	\$ 18,373
Add: Net remeasurement of loss allowance	-	3,189
Less: Net reversal of loss allowance	(2,054)	-
Less: Amounts written off	-	(693)
Foreign exchange gains and losses	<u>485</u>	<u>(16)</u>
Balance at December 31	<u>\$ 19,284</u>	<u>\$ 20,853</u>

10. INVENTORIES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Raw materials and supplies	\$ 1,509,592	\$ 1,735,202
Work in progress	270,625	253,438
Finished goods	562,286	993,741
Merchandise	<u>225,904</u>	<u>176,904</u>
	<u>\$ 2,568,407</u>	<u>\$ 3,159,285</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 included inventory write-downs of \$32,547 thousand and \$84,057 thousand, respectively, and unallocated manufacturing expenses of \$171,589 thousand and \$141,637 thousand, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2024	2023	
The Company	ADLINK Technology Singapore Pte Ltd.	Selling of industrial computers and investment activities	100.0	100.0	-
The Company	ADLINK Technology Japan Corporation	Selling of industrial computers	100.0	100.0	-
The Company	ADLINK Technology Korea Ltd.	Selling of industrial computers	100.0	100.0	-
The Company	ADLINK International Co., Ltd.	Investment activities	100.0	100.0	-
The Company	Zettascale Technology Cayman Limited	Investment activities	100.0	100.0	-
The Company	ADLINK Edge Computing Limited	Software development, authorization and service	100.0	100.0	-
The Company	Autonomous Mobility Ltd.	Investment activities	-	100.0	Note 4
ADLINK Technology Singapore Pte Ltd.	ADLINK Technology India Private Limited	Selling of industrial computers	100.0	-	Note 1
ADLINK Technology Singapore Pte Ltd.	ADLINK Intelligence Technology Co., Limited	Investment activities	100.0	-	Notes 2 and 3
ADLINK Intelligence Technology Co., Limited	Shanghai ADLINK Intelligence Technology Co., Ltd.	Selling of industrial computers	100.0	-	Notes 2 and 3
ADLINK International Co., Ltd.	Ampro ADLINK Technology Inc	Manufacturing and selling of industrial computers	100.0	100.0	-
ADLINK International Co., Ltd.	ADLINK Technology Holding GmbH	Investment activities	100.0	100.0	-
ADLINK International Co., Ltd.	ADLINK Technology (HK) Co., Ltd.	Investment activities	100.0	100.0	-
Zettascale Technology Cayman Limited	Zettascale Technology Limited	Software development, authorization and service	69.5	69.5	-
ADLINK Technology Holding GmbH	ADLINK Technology GmbH	Manufacturing and selling of industrial computers	100.0	100.0	-
Ampro ADLINK Technology Inc.	ADLINK Technology Corporation	Software authorization and service	100.0	100.0	-
Zettascale Technology Limited	Zettascale Technology SARL	Software development, authorization and service	100.0	100.0	-
Zettascale Technology Limited	Zettascale Technology BV	Software development	100.0	100.0	-
ADLINK Technology (HK) Co., Ltd.	ADLINK Technology (China) Co., Ltd.	Manufacturing and selling of industrial computers	100.0	100.0	-
ADLINK Technology (China) Co., Ltd.	Dongguan Lingyao Electronic Technology Co., Ltd	Manufacturing and selling of electronic parts	100.0	100.0	-

Note 1: In order to expand and build a closer partnership with foreign clients, the Group established ADLINK Technology India Private Limited in January 2024.

Note 2: In order to collaborate with partnership in China and develop an innovative and competitive business model on the existing foundation sustainably, the Group established Shanghai ADLINK Intelligence Technology Co., Ltd. in March 2024.

Note 3: In order to develop an innovative and competitive business model in the Chinese market on the existing foundation sustainably, the Group established ADLINK Intelligence Technology Co., Limited and transferred the ownership of Shanghai ADLINK Intelligence Technology Co., Ltd. from ADLINK Technology Singapore Pte Ltd. to ADLINK Intelligence Technology Co., Limited in May 2024.

Note 4: The liquidation of Autonomous Mobility Ltd. was completed in September 2024.

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

c. Subsidiaries that have material non-controlling interests: None.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2024	% of Owner-ship	2023	% of Owner-ship
<u>Associates that are not individually material</u>				
JY Technology (Shanghai)	\$ 36,466	18.15	\$ 60,511	20.56
JY Technology (Korea)	2,106	28.16	2,653	28.16
Farobot Technology Ltd.	<u>43,945</u>	49.00	<u>66,044</u>	49.00
	<u>\$ 82,517</u>		<u>\$ 129,208</u>	

Refer to Tables 7 and 8 for the nature of activities, principal place of business and country of incorporation of the associate.

The Group, Shanghai Cehai Business Information Consulting Partnership (Shanghai Cehai) and Shanghai Armillary Business Information Consulting Partnership (Shanghai Armillary), jointly set up Shanghai Tuibu Enterprise Management Co., Ltd. through the partial equity of JY Technology (Shanghai). The Group invested 27.97% of its original equity interest in Shanghai Tuibu Enterprise Management Co., Ltd. but did not have control over this investee. In July 2023, Shanghai Tuibu Enterprise Management Co., Ltd. declared to reduce and repay shareholders all ordinary shares. In November 2023, the liquidation of Shanghai Tuibu Enterprise Management Co., Ltd. was completed. Since there was a change in the abovementioned investment, the Group still invested the same equity interest in JY Technology (Shanghai).

In July 2023, The Group sold a partial equity interest in JY Technology (Shanghai) to IDG for a total sale price of CNY15,000 thousand (or NT\$66,201 thousand); thus, a disposal gain of CNY10,932 thousand (or NT\$48,246 thousand) was recognized for the years ended December 31, 2023. Meanwhile, JY Technology (Shanghai) issued ordinary shares and was acquired by Shanghai Cehai, Shanghai Armillary and IDG, respectively, with a payment of CNY42,000 thousand (or NT\$181,789 thousand). The Group did not subscribe for newly issued shares of JY Technology (Shanghai); the Group records the change in its equity in the associate's net assets as an adjustment to investments, with a corresponding amount credited to the capital surplus of NT\$27,243 thousand. This transaction did not affect the Group's significant influence over JY Technology (Shanghai). Since there was a change in the abovementioned investment, the Group's ownership percentage in JY Technology (Shanghai) decreased from 38.38% to 20.56%.

In July 2024, JY Technology (Shanghai) repurchased the original ordinary shares it held from IDG and declared to reduce its ordinary shares simultaneously. The Group did not participate in the reduced shares of JY Technology (Shanghai); the Group recorded the change in its equity in the associate's net assets as an adjustment to investments, with a corresponding amount credited to the capital surplus of NT\$(19,205) thousand. This transaction did not affect the Group's significant influence over JY Technology (Shanghai). Since there was a change in the abovementioned investment, the Group's ownership percentage in JY Technology (Shanghai) increased from 20.56% to 22.34%.

In December 2024, The Group sold a partial equity interest in JY Technology (Shanghai) to Shanghai Cehai and Shanghai Armillary for a total sale price of CNY9,818 thousand (or NT\$44,537 thousand); thus, a disposal gain of CNY9,226 thousand (or NT\$41,852 thousand) was recognized for the years ended December 31, 2024. The Group recorded the change as an adjustment to investments based on selling percentage from this transaction, with a corresponding amount credited to the capital surplus of NT\$(5,334) thousand. This transaction did not affect the Group's significant influence over JY Technology (Shanghai). Since there was a change in the abovementioned investment, the Group's ownership percentage in JY Technology (Shanghai) decreased from 22.34% to 18.15%.

In May and December 2024, the Group subscribed for total 781 thousand shares of Farobot Technology Ltd. with the same amount of payment of US\$391 thousand (approximately NT\$12,688 thousand and NT\$12,710 thousand, respectively) at the same percentage as its existing ownership percentage. This transaction did not affect the Group's significant influence over Farobot Technology Ltd.

Aggregate Information of Associates That Are Not Individually Material

	For the Year Ended December 31	
	2024	2023
The Group's share of loss from continuing operations	<u>\$ (50,021)</u>	<u>\$ (28,400)</u>

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of investee which have not been audited.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost								
Balance at January 1, 2024	\$ 2,410,533	\$ 2,080,499	\$ 699,754	\$ 2,182	\$ 212,223	\$ 590,861	\$ -	\$ 5,996,052
Additions	-	7,899	11,815	-	606	49,542	3,146	73,008
Disposals	-	(6,383)	(28,415)	-	(1,804)	(42,951)	-	(79,553)
Reclassification	-	143	3,852	-	-	(143)	(3,146)	706
Transfers from prepayments for equipment	-	11,507	698	-	-	7,519	-	19,724
Effect of foreign currency exchange differences	<u>14,126</u>	<u>50,256</u>	<u>11,933</u>	<u>147</u>	<u>13,293</u>	<u>11,159</u>	<u>-</u>	<u>100,914</u>
Balance at December 31, 2024	<u>\$ 2,424,659</u>	<u>\$ 2,143,921</u>	<u>\$ 699,637</u>	<u>\$ 2,329</u>	<u>\$ 224,318</u>	<u>\$ 615,987</u>	<u>\$ -</u>	<u>\$ 6,110,851</u>
Accumulated depreciation								
Balance at January 1, 2024	\$ -	\$ 652,176	\$ 636,647	\$ 666	\$ 32,883	\$ 455,374	\$ -	\$ 1,777,746
Depreciation expense	-	90,783	22,924	352	9,500	73,703	-	197,262
Disposals	-	(6,383)	(28,410)	-	(1,804)	(40,672)	-	(77,269)
Reclassification	-	-	150	-	-	-	-	150
Effect of foreign currency exchange differences	<u>-</u>	<u>26,607</u>	<u>10,961</u>	<u>52</u>	<u>1,556</u>	<u>9,442</u>	<u>-</u>	<u>48,618</u>
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 763,183</u>	<u>\$ 642,722</u>	<u>\$ 1,070</u>	<u>\$ 42,135</u>	<u>\$ 497,847</u>	<u>\$ -</u>	<u>\$ 1,946,507</u>
Carrying amounts at December 31, 2024	<u>\$ 2,424,659</u>	<u>\$ 1,380,738</u>	<u>\$ 57,365</u>	<u>\$ 1,259</u>	<u>\$ 182,183</u>	<u>\$ 118,140</u>	<u>\$ -</u>	<u>\$ 4,164,344</u>
Cost								
Balance at January 1, 2023	\$ 2,410,567	\$ 2,039,041	\$ 668,516	\$ 524	\$ 209,039	\$ 520,436	\$ 819	\$ 5,848,942
Additions	-	23,188	42,014	1,682	3,212	78,866	43,492	192,454
Disposals	-	(13,714)	(9,123)	-	-	(19,918)	-	(42,755)
Reclassification	-	44,311	-	-	-	-	(44,311)	-
Transfers from right of use assets	-	-	-	-	-	11,432	-	11,432
Transfers from prepayments for equipment	-	-	214	-	-	1,783	-	1,997
Effect of foreign currency exchange differences	<u>(34)</u>	<u>(12,327)</u>	<u>(1,867)</u>	<u>(24)</u>	<u>(28)</u>	<u>(1,738)</u>	<u>-</u>	<u>(16,018)</u>
Balance at December 31, 2023	<u>\$ 2,410,533</u>	<u>\$ 2,080,499</u>	<u>\$ 699,754</u>	<u>\$ 2,182</u>	<u>\$ 212,223</u>	<u>\$ 590,861</u>	<u>\$ -</u>	<u>\$ 5,996,052</u>
Accumulated depreciation								
Balance at January 1, 2023	\$ -	\$ 584,044	\$ 623,097	\$ 524	\$ 24,225	\$ 393,005	\$ -	\$ 1,624,895
Depreciation expense	-	90,297	24,535	144	8,799	72,476	-	196,251
Disposals	-	(13,714)	(9,123)	-	-	(19,832)	-	(42,669)
Transfers from right of use assets	-	-	-	-	-	11,432	-	11,432
Effect of foreign currency exchange differences	<u>-</u>	<u>(8,451)</u>	<u>(1,862)</u>	<u>(2)</u>	<u>(141)</u>	<u>(1,707)</u>	<u>-</u>	<u>(12,163)</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 652,176</u>	<u>\$ 636,647</u>	<u>\$ 666</u>	<u>\$ 32,883</u>	<u>\$ 455,374</u>	<u>\$ -</u>	<u>\$ 1,777,746</u>
Carrying amounts at December 31, 2023	<u>\$ 2,410,533</u>	<u>\$ 1,428,323</u>	<u>\$ 63,107</u>	<u>\$ 1,516</u>	<u>\$ 179,340</u>	<u>\$ 135,487</u>	<u>\$ -</u>	<u>\$ 4,218,306</u>

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Main buildings	20-50 years
Mechanical and electrical accessories	2-20 years
Decoration	2-10 years
Machinery equipment	3-10 years
Transportation equipment	5 years
Leasehold improvements	3-15 years
Other equipment	1-15 years

Property, plant and equipment pledged by the Group as collateral for bank borrowing facilities are set out in Note 30.

14. LEASE ARRANGEMENTS

The Group's important lease projects include leasing the plants from other companies for the use of the plants and warehouses. The lease terms are 2 to 50 years. The Group does not have bargain purchase options to acquire lease items at the end of lease terms. In addition, the Group leases building and office equipment which qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases. Refer to the consolidated balance sheet for the balance of right-of-use assets and lease liabilities of lease arrangement as of balance sheet date.

Other significant lease related information are as follows:

	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 62,257</u>	<u>\$ 52,811</u>
Depreciation charge for right-of-use assets	<u>\$ 45,967</u>	<u>\$ 42,027</u>
Expenses relating to short-term and low-value asset leases	<u>\$ 19,001</u>	<u>\$ 24,343</u>
Total cash outflow for leases	<u>\$ 64,940</u>	<u>\$ 65,953</u>

15. INVESTMENT PROPERTIES

Except for depreciation expenses recognized, the Group did not recognize significant additions, disposal or impairment loss of investment properties for the year ended December 31, 2024 and 2023. The fair value of investment properties as of December 31, 2024, which was arrived at by reference to market evidence of transaction prices for similar properties, was approximately \$798,492 thousand. Refer to the consolidated balance sheet for the balance as of balance sheet date, investment properties are buildings. Investment properties are depreciated on a straight-line basis over their estimated useful lives which are 50 years.

Lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2024	2023
Lease commitments of investment properties	<u>\$ 55,735</u>	<u>\$ 100,322</u>

Investment property pledged by the Company as collateral for bank borrowing facilities are set out in Note 30.

16. INTANGIBLE ASSETS

	Computer Software	Goodwill	Trademarks	Customer Relationship	Technological Expertise	Golf license	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 162,557	\$ 626,289	\$ 163,289	\$ 334,659	\$ 125,480	\$ 5,685	\$ 1,417,959
Additions	72,119	-	-	-	-	-	72,119
Disposals	(58,675)	-	-	-	-	-	(58,675)
Transfers from prepayments for equipment	5,575	-	-	-	-	-	5,575
Reclassification	(600)	-	-	-	-	-	(600)
Effect of foreign currency exchange differences	2,090	33,129	7,408	15,563	4,671	-	62,861
Balance at December 31, 2024	<u>\$ 183,066</u>	<u>\$ 659,418</u>	<u>\$ 170,697</u>	<u>\$ 350,222</u>	<u>\$ 130,151</u>	<u>\$ 5,685</u>	<u>\$ 1,499,239</u>
<u>Accumulated amortization and impairment</u>							
Balance at January 1, 2024	\$ 102,216	\$ 456,686	\$ 73,286	\$ 334,659	\$ 125,480	\$ -	\$ 1,092,327
Amortization expense	79,735	-	-	-	-	-	79,735
Disposals	(58,651)	-	-	-	-	-	(58,651)
Reclassification	(150)	-	-	-	-	-	(150)
Effect of foreign currency exchange differences	1,564	21,640	1,311	15,563	4,671	-	44,749
Balance at December 31, 2024	<u>\$ 124,714</u>	<u>\$ 478,326</u>	<u>\$ 74,597</u>	<u>\$ 350,222</u>	<u>\$ 130,151</u>	<u>\$ -</u>	<u>\$ 1,158,010</u>
Carrying amounts at December 31, 2024	<u>\$ 58,352</u>	<u>\$ 181,092</u>	<u>\$ 96,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,685</u>	<u>\$ 341,229</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 170,433	\$ 603,826	\$ 161,160	\$ 327,983	\$ 119,490	\$ -	\$ 1,382,892
Additions	69,424	-	-	-	-	5,685	75,109
Disposals	(77,514)	-	-	-	-	-	(77,514)
Transfer from prepayments for equipment	90	-	-	-	-	-	90
Effect of foreign currency exchange differences	124	22,463	2,129	6,676	5,990	-	37,382
Balance at December 31, 2023	<u>\$ 162,557</u>	<u>\$ 626,289</u>	<u>\$ 163,289</u>	<u>\$ 334,659</u>	<u>\$ 125,480</u>	<u>\$ 5,685</u>	<u>\$ 1,417,959</u>
<u>Accumulated amortization and impairment</u>							
Balance at January 1, 2023	\$ 93,892	\$ 434,196	\$ 71,142	\$ 327,983	\$ 119,490	\$ -	\$ 1,046,703
Amortization expense	85,558	-	-	-	-	-	85,558
Disposals	(77,514)	-	-	-	-	-	(77,514)
Effect of foreign currency exchange differences	280	22,490	2,144	6,676	5,990	-	37,580
Balance at December 31, 2023	<u>\$ 102,216</u>	<u>\$ 456,686</u>	<u>\$ 73,286</u>	<u>\$ 334,659</u>	<u>\$ 125,480</u>	<u>\$ -</u>	<u>\$ 1,092,327</u>
Carrying amounts at December 31, 2023	<u>\$ 60,341</u>	<u>\$ 169,603</u>	<u>\$ 90,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,685</u>	<u>\$ 325,632</u>

Computer software is amortized on a straight-line basis over their following estimated useful lives which is 1-10 years.

17. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Unsecured bank loans	<u>\$ 1,087,222</u>	<u>\$ 1,434,404</u>
Expected repayment period	2025.2-2025.12	2024.1-2024.12
Interest rate	1.90%-4.50%	1.68%-4.95%

Refer to Note 28 for related information on utilized and unutilized bank loan facilities.

b. Long-term borrowings

	December 31	
	2024	2023
Unsecured bank loans	\$ 1,716,927	\$ 1,853,124
Secured bank loans (Note 30)	1,341,400	1,461,400
Less: Current portions	<u>(483,149)</u>	<u>(367,925)</u>
Long-term borrowings	<u>\$ 2,575,178</u>	<u>\$ 2,946,599</u>
Expected repayment period	2026.11-2033.3	2024.10-2033.3
Interest rate	1.38%-2.30%	1.25%-1.83%

Refer to Note 28 for related information on utilized and unutilized bank loan facilities.

18. TRADE PAYABLES

Trade payables are generated from operating activities. The average credit period for purchase of certain goods is 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER PAYABLES

	December 31	
	2024	2023
Salaries and bonuses	\$ 446,643	\$ 430,039
Annual leave	61,554	63,372
Insurance	38,650	40,294
Compensation to employees	9,459	44,622
Others	<u>269,097</u>	<u>298,176</u>
	<u>\$ 825,403</u>	<u>\$ 876,503</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company of the Group adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Overseas subsidiaries have to contribute amounts at certain percentage of salaries to the local governments. Employees of these subsidiaries will receive retirement pension from the local governments after retirement.

b. Defined benefit plans

The defined benefit plan adopted by the Company of the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31	
	2024	2023
Present value of defined benefit obligation	\$ 90,104	\$ 89,451
Fair value of plan assets	<u>(73,570)</u>	<u>(65,365)</u>
Net defined benefit liabilities	<u>\$ 16,534</u>	<u>\$ 24,086</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2024	<u>\$ 89,451</u>	<u>\$ (65,365)</u>	<u>\$ 24,086</u>
Current service cost	804	-	804
Past service cost	6,510	-	6,510
Net interest expense (income)	<u>1,060</u>	<u>(782)</u>	<u>278</u>
Recognized in profit or loss	<u>8,374</u>	<u>(782)</u>	<u>7,592</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,782)	(5,782)
Actuarial gain			
Changes in demographic assumptions	(339)	-	(339)
Changes in financial assumptions	(3,071)	-	(3,071)
Experience adjustments	<u>(4,311)</u>	<u>-</u>	<u>(4,311)</u>
Recognized in other comprehensive income (loss)	<u>(7,721)</u>	<u>(5,782)</u>	<u>(13,503)</u>
Contributions from the employer	<u>-</u>	<u>(1,641)</u>	<u>(1,641)</u>
Balance at December 31, 2024	<u>\$ 90,104</u>	<u>\$ (73,570)</u>	<u>\$ 16,534</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	\$ 93,075	\$ (62,281)	\$ 30,794
Current service cost	1,051	-	1,051
Net interest expense (income)	1,201	(813)	388
Recognized in profit or loss	<u>2,252</u>	<u>(813)</u>	<u>1,439</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(512)	(512)
Actuarial loss (gain)			
Changes in demographic assumptions	(1,017)	-	(1,017)
Changes in financial assumptions	835	-	835
Experience adjustments	<u>(5,694)</u>	<u>-</u>	<u>(5,694)</u>
Recognized in other comprehensive income (loss)	<u>(5,876)</u>	<u>(512)</u>	<u>(6,388)</u>
Contributions from the employer	<u>-</u>	<u>(1,759)</u>	<u>(1,759)</u>
Balance at December 31, 2023	<u>\$ 89,451</u>	<u>\$ (65,365)</u>	<u>\$ 24,086</u>

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2024	2023
Discount rate(s)	1.65%	1.20%
Expected rate(s) of salary increase	3.80%	3.80%

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2024	2023
Discount rate(s)		
0.25% increase	<u>\$ (1,901)</u>	<u>\$ (2,006)</u>
0.25% decrease	<u>\$ 1,971</u>	<u>\$ 2,080</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 1,925</u>	<u>\$ 2,022</u>
0.25% decrease	<u>\$ (1,867)</u>	<u>\$ (1,961)</u>

The above sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2024	2023
Expected contributions to the plan for the next year	<u>\$ 1,907</u>	<u>\$ 1,879</u>
Average duration of the defined benefit obligation	8.7 years	9.1 years

21. EQUITY

a. Ordinary shares

	December 31	
	2024	2023
Number of shares authorized (in thousands)	<u>280,000</u>	<u>280,000</u>
Shares authorized	<u>\$ 2,800,000</u>	<u>\$ 2,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>217,497</u>	<u>217,497</u>
Shares issued	<u>\$ 2,174,973</u>	<u>\$ 2,174,973</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

A total of 20,000 thousand shares of the Company's authorized shares were reserved for the issuance of employee share options.

As of December 31, 2024, the number of ordinary shares issued through private placements, has not yet been applied to be listed, was 14,708 thousand shares.

b. Capital surplus

	December 31	
	2024	2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 566,881	\$ 566,881
Conversion of bonds	207,034	207,034
Arising from employee restricted shares vested	97,689	97,689
Arising from employee share options exercised	43,453	43,453
Treasury share transactions	17,579	17,579
Arising from employee share options expired	12,073	12,073
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries and associates (2)	322,445	346,984
<u>May not be used for any purpose</u>		
Employee share options	<u>22,953</u>	<u>6,923</u>
	<u>\$ 1,290,107</u>	<u>\$ 1,298,616</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from changes in capital surplus of subsidiaries and associate accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation (the "Articles"), where the Company made post-tax profit for the period and other profit or loss items adjusted to the current year's undistributed earnings other than post-tax profit for the period in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit unless the total legal reserve accumulated has already reached the amount of the Company's authorized capital. When a special reserve is appropriated from the prior unappropriated earnings for cumulative net debit balance reserves from prior period, the sum of net profit for the current period and items other than net profit that are included directly in the unappropriated earnings for the current period shall be used if the prior unappropriated earnings is not sufficient, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. The distributable dividends and bonuses, capital surplus or legal reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholders' meeting, and then resolutions adopted by the shareholders' meeting of the above dividends policy are not required. For the Company's policies on distribution of employees' compensation and remuneration of directors, refer to "Employees' compensation and remuneration of directors" in Note 23-f.

The Articles stipulate that the Company adopts a residual dividend policy. After setting aside amounts based on the Company's capital budget plan, the residual profits shall be distributed as cash dividends. The Articles also prescribe that distribution of cash dividends shall not be less than 10% of total dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022, issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2023 and 2022 were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 33,390	\$ 82,168
Special reserve	\$ 8,844	\$ (93,767)
Cash dividends	\$ 217,498	\$ 543,742
Cash dividends per share (NT\$)	\$ 1.0	\$ 2.5

The appropriations of earnings for 2024 were proposed by the Company's board of directors. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 6,171	
Special reserve	(147,345)	
Cash dividends	202,877	\$ 0.93

The appropriation of earnings for 2024 was resolved in the shareholders' meeting held on June 20, 2025.

d. Other equity items

	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income
<u>For the year ended December 31, 2024</u>		
Balance at January 1	\$ (163,734)	\$ 7,581
Exchange differences on translation of the financial statements of foreign operations	174,845	-
Unrealized gain on equity instruments	-	7,469
Related income tax	<u>(34,969)</u>	<u>-</u>
Balance at December 31	<u>\$ 23,858</u>	<u>\$ 15,050</u>
<u>For the year ended December 31, 2023</u>		
Balance at January 1	\$ (132,948)	\$ (14,361)
Exchange differences on translation of the financial statements of foreign operations	(38,483)	-
Unrealized gain on equity instruments	-	21,942
Related income tax	<u>7,697</u>	<u>-</u>
Balance at December 31	<u>\$ (163,734)</u>	<u>\$ 7,581</u>

22. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from the sale of goods	\$ 9,953,788	\$ 11,304,394
Software authorization and service revenue	<u>124,550</u>	<u>110,125</u>
	<u>\$ 10,078,338</u>	<u>\$ 11,414,519</u>

a. Contract balances

Contract liabilities are recognized from sale of goods. The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment. Refer to the consolidated balance sheet for the balance of contract liabilities as of balance date.

b. Disaggregation of revenue

Refer to Note 34 for information of the disaggregation of revenue.

23. NET PROFIT FOR THE YEAR

a. Other income

	For the Year Ended December 31	
	2024	2023
Rental income (Note 29)	\$ 68,900	\$ 55,631
Grant revenue	15,692	31,097
Compensation income	3,537	10,267
Others	<u>76,265</u>	<u>78,662</u>
	<u>\$ 164,394</u>	<u>\$ 175,657</u>

b. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Gain on disposal of investment accounted for using the equity method (Note 12)	\$ 41,852	\$ 48,246
Net foreign exchange gains	34,490	5,705
Gain (loss) on disposal of property, plant and equipment	474	(18)
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	(7,044)	8,761
Loss on compensation	(116,038)	-
Others	<u>(26,323)</u>	<u>(8,898)</u>
	<u>\$ (72,589)</u>	<u>\$ 53,796</u>

c. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on bank loans	\$ 97,963	\$ 89,209
Interest on lease liabilities	<u>3,312</u>	<u>2,854</u>
	<u>\$ 101,275</u>	<u>\$ 92,063</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Cost of goods sold	\$ 66,489	\$ 67,529
Operating expenses	<u>181,692</u>	<u>175,700</u>
	<u>\$ 248,181</u>	<u>\$ 243,229</u>

(Continued)

	For the Year Ended December 31	
	2024	2023
An analysis of amortization by function		
Cost of goods sold	\$ 4,523	\$ 2,254
Operating expenses	<u>75,212</u>	<u>83,304</u>
	<u>\$ 79,735</u>	<u>\$ 85,558</u>
		(Concluded)

e. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 115,667	\$ 115,164
Defined benefit plans (Note 20)	<u>7,592</u>	<u>1,439</u>
	123,259	116,603
Equity-settled share-based payments (Note 26)	16,030	6,923
Other employee benefits	<u>3,024,467</u>	<u>3,126,378</u>
	<u>\$ 3,163,756</u>	<u>\$ 3,249,904</u>
An analysis of employee benefits expense by function		
Cost of goods sold	\$ 596,549	\$ 583,224
Operating expenses	<u>2,567,207</u>	<u>2,666,680</u>
	<u>\$ 3,163,756</u>	<u>\$ 3,249,904</u>

f. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates from 3% to 20% and no higher than 3%, respectively, of net profit before income tax (the parent company only financial statements), employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2024 and 2023, respectively, which have been approved by the Company's board of directors respectively, were as follows:

	For the Year Ended December 31			
	2024		2023	
	Cash	Accrual Rate (%)	Cash	Accrual Rate (%)
Employees' compensation	\$ 9,459	17.50	\$ 43,000	9.23
Remuneration of directors	541	1.00	3,700	0.79

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAXES

- a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 72,031	\$ 127,306
Income tax on unappropriated earnings	-	6,700
Adjustments for prior years	<u>(18,660)</u>	<u>107</u>
	<u>53,371</u>	<u>134,113</u>
Deferred tax		
In respect of the current year	<u>(41,076)</u>	<u>28,647</u>
Income tax expense recognized in profit or loss	<u>\$ 12,295</u>	<u>\$ 162,760</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2024	2023
Profit before tax	<u>\$ 25,810</u>	<u>\$ 456,641</u>
Income tax expense calculated at the statutory rate	\$ 5,162	\$ 91,328
Tax-exempt income	(1,765)	(2,352)
Nondeductible expenses in determining taxable income	1,132	941
Income tax on unappropriated earnings	-	6,700
Unrecognized temporary differences	34,077	15,421
Unrecognized loss carryforwards	(409)	(2,520)
Effect of different tax rate of entities of group entities operating in other jurisdictions	(7,242)	53,135
Adjustments for prior years' tax	<u>(18,660)</u>	<u>107</u>
Income tax expense recognized in profit or loss	<u>\$ 12,295</u>	<u>\$ 162,760</u>

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
<u>Deferred tax in respect of the current year</u>		
Translation of foreign operations	\$ (34,969)	\$ 7,697
Remeasurement of defined benefit plans	<u>(2,700)</u>	<u>(1,278)</u>
Income tax recognized in other comprehensive income	<u>\$ (37,669)</u>	<u>\$ 6,419</u>

c. Deferred tax assets and liabilities

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Unrealized intercompany gains	\$ 18,693	\$ 1,142	\$ -	\$ -	\$ 19,835
Defined benefit obligation	4,817	1,190	(2,700)	-	3,307
Allowance for write-down of inventories	44,277	(3,669)	-	1,105	41,713
Foreign investment loss	20,079	42,597	-	-	62,676
Exchange differences on translation of the financial statements of foreign operations	40,887	-	(34,969)	-	5,918
Invested company impairment loss	83,801	(1,574)	-	-	82,227
Others	86,842	(1,578)	-	4,374	89,638
	<u>\$ 299,396</u>	<u>\$ 38,108</u>	<u>\$ (37,669)</u>	<u>\$ 5,479</u>	<u>\$ 305,314</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized exchange gains	\$ 2,355	\$ 2,508	\$ -	\$ -	\$ 4,863
Property, plant and equipment	10,508	(3,724)	-	634	7,418
Others	1,752	(1,752)	-	-	-
	<u>\$ 14,615</u>	<u>\$ (2,968)</u>	<u>\$ -</u>	<u>\$ 634</u>	<u>\$ 12,281</u>

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Unrealized intercompany gains	\$ 27,691	\$ (8,998)	\$ -	\$ -	\$ 18,693
Defined benefit obligation	6,252	(157)	(1,278)	-	4,817
Allowance for write-down of inventories	51,442	(6,804)	-	(361)	44,277
Foreign investment loss	38,699	(18,620)	-	-	20,079
Exchange differences on translation of the financial statements of foreign operations	33,190	-	7,697	-	40,887
Invested company impairment loss	83,801	-	-	-	83,801
Others	81,707	5,963	-	(828)	86,842
	<u>\$ 322,782</u>	<u>\$ (28,616)</u>	<u>\$ 6,419</u>	<u>\$ (1,189)</u>	<u>\$ 299,396</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized exchange gains	\$ 9,928	\$ (7,573)	\$ -	\$ -	\$ 2,355
Property, plant and equipment	4,741	5,852	-	(85)	10,508
Others	-	1,752	-	-	1,752
	<u>\$ 14,669</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ (85)</u>	<u>\$ 14,615</u>

d. Income tax assessments

The Company's income tax returns through 2022 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2024	2023
Earnings used in the computation of basic and diluted earnings per share	\$ <u>50,900</u>	\$ <u>328,797</u>

Shares

	(In Thousands of Shares)	
	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	217,497	217,497
Effect of potentially dilutive ordinary shares:		
Employees' compensation	241	918
Employee share options	<u>139</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>217,877</u>	<u>218,415</u>

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potentially dilutive shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. EMPLOYEE SHARE OPTION PLAN

Qualified employees of the Company were granted 2,198 and 1,434 options in September 2024 and May 2023, respectively. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 6 years and exercisable at 100% after the second anniversary year from the grant date. Information on the number of options granted and exercise prices was as follows:

	Grant Date	
	September 18, 2024	May 2, 2023
Number of options granted	2,198	1,434
Exercise price per share granted (equal to the closing price of the Company's ordinary shares listed on the TWSE on the grant date) (NT\$)	\$ 67.40	\$ 60.80
Exercise price per share as of independent auditors' report date (revised in accordance with relevant regulations) (NT\$)	\$ 67.40	\$ 57.97

Information on options granted for the year ended December 31, 2024 and 2023 was as follows:

a. Movements of the number of options and the related price were as follows:

	For the Year Ended December 31, 2024		For the Year Ended December 31, 2023	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (NT\$)
Balance at January 1	1,434	\$ 58.71	-	\$ -
Options granted	2,198	67.40	1,434	60.80
Options exercised	-	-	-	-
Options expired	-	-	-	-
Balance at December 31	<u>3,632</u>	63.97	<u>1,434</u>	58.71
Options exercisable, end of the period	<u>-</u>		<u>-</u>	
Weighted-average fair value of options granted (NT\$)	\$ 17.58		\$ 15.47	

b. Information on outstanding options at the end of the reporting period was as follows:

	December 31, 2024	December 31, 2023
Range of exercise price (NT\$)	\$57.97/\$67.40	\$ 58.71
Weighted-average remaining contractual life (in years)	1.18	1.33

The fair value of options granted were priced using the Black-Scholes pricing model and the inputs to the model on the grant date were as follows:

	September 18, 2024	May 2, 2023
Grant-date share price (NT\$)	\$67.40	\$60.80
Exercise price (NT\$)	\$67.40	\$60.80
Expected volatility (%)	33.26	30.24
Expected life (in years)	4	6
Risk-free interest rate (%)	1.38	1.09

The compensation costs from employee share options were \$16,030 thousand and \$6,923 thousand for the year ended December 31, 2024 and 2023, respectively.

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and total assets balance. The Group's overall strategy is expected to remain unchanged for the year ahead.

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares, and the amount of new debt issued.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Management considers that the carrying amounts of the financial instruments recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

The Group measured foreign exchange forward contracts at fair value under Level 2, respectively. The financial assets at fair value through other comprehensive income were measured by the Group at fair value under Levels 3.

There were no transfers between Levels 1 and 2 for the years ended December 31, 2024 and 2023.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Foreign exchange forward contracts measured at discounted cash flows basis, which are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

These are determined by using the asset approach. In the asset approach, the total market value of individual asset and liability of the evaluated target is evaluated by taking into account the risk factors (e.g., lack of marketability) to estimate the fair value.

c. Categories of financial instruments

	December 31	
	2024	2023
<u>Financial assets</u>		
Financial assets at FVTPL	\$ -	\$ 9,162
Financial assets at amortized cost (1)	4,574,067	4,311,078
Financial assets at FVTOCI	89,958	78,328
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	1,518	401
Financial liabilities at amortized cost (2)	6,605,943	6,905,440

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits and project deposits, notes receivable, trade and other receivables (including related parties) and refundable deposits.

- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, trade and other payable (including related parties), long-term borrowings (including current portion) and guarantee deposits received (classified as other current liabilities).

d. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, trade payables and borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. To manage operating funds effectively and create short-term capital gains, the Group used the partial of operating funds to invest in foreign equity instruments. The Group considered price risk arising from investment in foreign equity instruments is not significant based on nature and amount of the investment.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had sales and purchases denominated in foreign currency, which exposed the Group to foreign currency risk. Based on the approval range of policy, the Group managed the partial of foreign currency risk through foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 32.

Sensitivity analysis

The Group was mainly exposed to the USD, CNY and EUR.

The Group's sensitivity of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates.

A positive number below indicates an increase in pre-tax profit that would result if the New Taiwan dollar (the functional currency) weakened 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	For the Year Ended December 31	
	2024	2023
USD impact	\$ 7,963	\$ 7,146
CNY impact	3,381	3,503
EUR impact	3,329	6,015

The impact listed above was mainly attributable to the exposure on outstanding USD, CNY and EUR deposits, receivables, payables and borrowings.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 147,044	\$ 25,371
Financial liabilities	1,028,309	1,125,481
Cash flow interest rate risk		
Financial assets	1,650,869	1,328,738
Financial liabilities	3,240,626	3,729,513

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2024 and 2023 would have decreased/increased by \$9,699 thousand and \$12,004 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation, could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties. Before accepting new customers, the Group evaluated the potential customer's credit quality through internal credit reporting and sales management department to determine credit limits. Credit limits and rating will be re-evaluated regularly every year.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group's concentration of credit risk by geographical locations was mainly in the U.S.A., mainland China and Europe. As of December 31, 2024 and 2023, the proportion of trade receivables from those mentioned above to total trade receivables were as follows:

	December 31	
	2024	2023
U.S.A.	31%	27%
Mainland China	27%	28%
Europe	16%	19%

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the Group had available unutilized bank facilities as set out in (b) below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2024

	Less than 1 Year	1-3 Year	3+ Years
Non-interest bearing liabilities	\$ 2,460,394	\$ -	\$ -
Variable interest rate liabilities	723,129	1,451,333	1,264,802
Fixed interest rate liabilities	931,405	-	-
Lease liabilities	<u>42,678</u>	<u>79,818</u>	<u>14,102</u>
	<u>\$ 4,157,606</u>	<u>\$ 1,531,151</u>	<u>\$ 1,278,904</u>

December 31, 2023

	Less than 1 Year	1-3 Year	3+ Years
Non-interest bearing liabilities	\$ 2,147,728	\$ -	\$ -
Variable interest rate liabilities	847,239	1,311,334	1,803,762
Fixed interest rate liabilities	1,038,608	-	-
Lease liabilities	<u>39,492</u>	<u>49,602</u>	<u>22,722</u>
	<u>\$ 4,073,067</u>	<u>\$ 1,360,936</u>	<u>\$ 1,826,484</u>

b) Financing facilities

	December 31	
	2024	2023
Unsecured bank facilities:		
Amount used	\$ 2,804,149	\$ 3,287,528
Amount unused	<u>4,763,863</u>	<u>4,534,595</u>
	<u>\$ 7,568,012</u>	<u>\$ 7,822,123</u>
Secured bank facilities:		
Amount used	\$ 1,341,400	\$ 1,461,400
Amount unused	<u>-</u>	<u>-</u>
	<u>\$ 1,341,400</u>	<u>\$ 1,461,400</u>

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Related Party Category
Chroma ATE Inc.	Investor with significant influence over the Group
AUO Corp.	Investor with significant influence over the Group
Testar Electronics Corporation.	Subsidiary of investor with significant influence over the Group
Adivic Technology Co., Ltd.	Subsidiary of investor with significant influence over the Group
Darwin Precisions Corp.	Subsidiary of investor with significant influence over the Group
Edgetech Data Technologies (Suzhou) Corp., Ltd.	Subsidiary of investor with significant influence over the Group
AUO Display Plus Corporation	Subsidiary of investor with significant influence over the Group
AUO Digitech Taiwan Inc.	Subsidiary of investor with significant influence over the Group
AUO Optoelectronics (Suzhou) Co., Ltd.	Subsidiary of investor with significant influence over the Group
AUO Envirotech Inc.	Subsidiary of investor with significant influence over the Group
JY Technology (Korea)	Associate
JY Technology (Shanghai)	Associate
Farobot Inc.	Associate
Farobot Technology Ltd.	Associate
Zenitron Corporation	Other related party
eeWare SAS	Other related party (the Company is its director but as a non-related party after May 2024)
Fen Zhan Cheng Yi (Beijing)	Other related party
AutoCore Technology (Nanjing) Co., Ltd.	Other related party

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Investors with significant influence over the Group	\$ 68,645	\$ 28,178
Subsidiaries of investors with significant influence over the Group	4,848	13,164
Associates	<u>103,645</u>	<u>67,294</u>
	<u>\$ 177,138</u>	<u>\$ 108,636</u>

Transactions with related parties were made at prices and terms comparable to those that would be obtained in similar transactions with non-related parties.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Investors with significant influence over the Group	\$ 312	\$ 312
Subsidiaries of investors with significant influence over the Group	60,277	48,701
Associates	3,519	-
Others	<u>12,881</u>	<u>26,385</u>
	<u>\$ 76,989</u>	<u>\$ 75,398</u>

Transactions with related parties were made at prices and terms comparable to those that would be obtained in similar transactions with non-related parties.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2024	2023
Trade receivables	Investors with significant influence over the Group	\$ 12,749	\$ 6,460
	Subsidiaries of investors with significant influence over the Group	1,105	7,682
	Associates	<u>47,326</u>	<u>22,827</u>
		<u>\$ 61,180</u>	<u>\$ 36,969</u>
Other receivables	Investors with significant influence over the Group	\$ 2,327	\$ 3,347
	Subsidiaries of investors with significant influence over the Group	<u>2,479</u>	<u>2,440</u>
		<u>\$ 4,806</u>	<u>\$ 5,787</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2024 and 2023, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2024	2023
Trade payables	Investors with significant influence over the Group	\$ 3	\$ 82
	Subsidiaries of investors with significant influence over the Group	8,041	8,547
	Associates	1,652	-
	Others	<u>4,666</u>	<u>4,665</u>
		<u>\$ 14,362</u>	<u>\$ 13,294</u>
Other payables	Investors with significant influence over the Group	\$ 188	\$ 3,826
	Subsidiaries of investors with significant influence over the Group	89	239
	Associates	-	15,075
	Others	<u>131</u>	<u>86</u>
		<u>\$ 408</u>	<u>\$ 19,226</u>

The outstanding trade payables to related parties are unsecured.

f. Prepayments

Related Party Category/Name	December 31	
	2024	2023
Subsidiaries of investors with significant influence over the Group	\$ 5,367	\$ -
Associates		
Farobot Inc.	<u>19,856</u>	<u>-</u>
	<u>\$ 25,223</u>	<u>\$ -</u>

g. Intangible assets acquired

Related Party Category/Name	Price For the Year Ended December 31	
	2024	2023
Investors with significant influence over the Group		
Chroma ATE Inc.	\$ -	\$ 5,750
AUO Corp.	1,515	-
Subsidiaries of investors with significant influence over the Group	-	800
Others	<u>-</u>	<u>82</u>
	<u>\$ 1,515</u>	<u>\$ 6,632</u>

h. Property, plant and equipment acquired

Related Party Category/Name	Price	
	For the Year Ended December 31 2024	2023
Investors with significant influence over the Group	\$ -	\$ 1,399
Subsidiaries of investors with significant influence over the Group		
AUO Digitech Taiwan Inc.	5,800	941
Associates	<u>25</u>	<u>7,627</u>
	<u>\$ 5,825</u>	<u>\$ 9,967</u>

i. Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2024	2023
Rental expenses	Others	<u>\$ 8,037</u>	<u>\$ 7,884</u>
Rental income	Investors with significant influence over the Group	\$ 35,120	\$ 35,189
	Subsidiaries of investors with significant influence over the Group	<u>10,341</u>	<u>10,360</u>
		<u>\$ 45,461</u>	<u>\$ 45,549</u>

The rental expenses were paid semi-annually, and the rental income was received monthly, respectively, which based on local normal commercial rates.

j. Disposal of financial assets

For the Year Ended December 31, 2024

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Proceeds	Gain on Disposal
Others					
eeWare SAS	Financial assets at fair value through profit or loss	932	Ordinary shares	<u>\$ 3,235</u>	<u>\$ 3,235</u>

In April 2024, the Group's other related party, eeWare SAS, repurchased its ordinary shares. Gain on disposal was recognized as net gain on fair value changes of financial assets and liabilities at fair value through profit or loss.

k. Endorsements and guarantees

Information on the endorsements or guarantees for subsidiaries was as follows:

	December 31	
	2024	2023
ADLINK Technology GmbH	\$ 921,780	\$ 883,480
Ampro ADLINK Technology Inc.	\$ -	\$ 92,115

l. Remuneration of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 29,674	\$ 35,104
Share-based payment	2,014	855
Post-employment benefits	216	311
	<u>\$ 31,904</u>	<u>\$ 36,270</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of the Company and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The assets pledged as collaterals for bank facilities were as follows:

	December 31	
	2024	2023
Land	\$ 2,202,003	\$ 2,202,003
Investment properties	229,008	233,960
Buildings	<u>954,876</u>	<u>1,021,144</u>
	<u>\$ 3,385,887</u>	<u>\$ 3,457,107</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Contingent Liabilities

The facilities that the Group provided endorsements or guarantees for its subsidiaries refer to Note 29 for information.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 59,669	32.79 (USD:NTD)	\$ 1,956,554
USD	20,096	7.19 (USD:CNY)	658,955
USD	4,917	156.19 (USD:JPY)	161,219
USD	8,558	0.96 (USD:EUR)	280,603
USD	190	0.80 (USD:GBP)	6,242
USD	458	1,459.71 (USD:KRW)	15,021
CNY	74,684	4.56 (CNY:NTD)	340,621
EUR	8,856	34.14 (EUR:NTD)	302,337
EUR	1,674	0.83 (EUR:GBP)	<u>57,148</u>
			<u>\$ 3,778,700</u>
<u>Financial liabilities</u>			
Monetary items			
USD	31,137	32.79 (USD:NTD)	\$ 1,020,982
USD	14,949	7.19 (USD:CNY)	490,190
USD	2,206	156.19 (USD:JPY)	72,331
USD	20,329	0.96 (USD:EUR)	666,583
USD	982	1,459.71 (USD:KRW)	32,216
CNY	550	4.56 (CNY:NTD)	2,508
EUR	769	24.14 (EUR:NTD)	26,240
EUR	10	0.83 (EUR:GBP)	<u>338</u>
			<u>\$ 2,311,388</u>
Non-monetary items			
Derivative instruments			
USD	5,500	32.79 (USD:NTD)	<u>\$ 1,518</u>

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 49,948	30.71 (USD:NTD)	\$ 1,533,904
USD	15,613	7.08 (USD:CNY)	479,485
USD	5,022	141.37 (USD:JPY)	154,238
USD	10,793	0.90 (USD:EUR)	331,463
USD	304	0.78 (USD:GBP)	9,325
USD	482	1,284.19 (USD:KRW)	14,808
CNY	82,452	4.34 (CNY:NTD)	357,447
EUR	10,188	33.98 (EUR:NTD)	346,194
EUR	7,936	0.87 (EUR:GBP)	<u>269,668</u>
			<u>\$ 3,496,532</u>
Non-monetary items			
Derivative instruments			
USD	15,700	30.71 (USD:NTD)	\$ 7,519
CNY	21,400	4.34 (CNY:NTD)	1,069
EUR	2,300	33.98 (EUR:NTD)	<u>574</u>
			<u>\$ 9,162</u>
<u>Financial liabilities</u>			
Monetary items			
USD	25,688	30.71 (USD:NTD)	\$ 788,884
USD	14,374	7.08 (USD:CNY)	441,434
USD	2,541	141.37 (USD:JPY)	78,033
USD	15,199	0.90 (USD:EUR)	466,768
USD	51	0.78 (USD:GBP)	1,558
USD	1,039	1,284.19 (USD:KRW)	31,911
CNY	1,652	4.34 (CNY:NTD)	7,161
EUR	369	33.98 (EUR:NTD)	12,525
EUR	54	0.87 (EUR:GBP)	<u>1,824</u>
			<u>\$ 1,830,098</u>
Non-monetary items			
Derivative instruments			
EUR	2,000	33.98 (EUR:NTD)	<u>\$ 401</u>

The Group entered into foreign exchange forward contracts as derivative instruments under non-monetary items, and its foreign currency amounts are contractual amounts.

It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

33. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Table 3 (attached)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
- 9) Trading in derivative instruments: Notes 7 and 28
- 10) Others: Intercompany relationships and significant intercompany transactions: Table 6 (attached)

b. Information on investees: Table 7 (attached)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 8 (attached)
- 2) Any of the following significant transactions with invested companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 4 (attached)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 4 (attached)
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2 (attached)

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1 (attached)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: Table 6 (attached)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9 (attached).

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the regions where the Group operates. Specifically, the Group's reportable segments were as follows:

Asia Pacific - ADLINK Technology Inc., ADLINK Technology Japan Corporation, ADLINK Technology Singapore Pte Ltd., ADLINK Technology Korea Ltd and ADLINK Technology India Private Limited (Incorporated in January 2024).

Mainland China - ADLINK Technology (China) Co., Ltd., Shanghai ADLINK Intelligence Technology Co., Ltd. (Incorporated in March 2024) and Dongguan Lingyao Electronic Technology Co., Ltd.

America - Ampro ADLINK Technology Inc. and ADLINK Technology Corporation.

Europe - ADLINK Technology GmbH, ADLINK Edge Computing Limited, Zettascale Technology Limited, Zettascale Technology SARL and Zettascale Technology OpenSplice B.V.

a. Segment revenue and results

	For the Year Ended December 31, 2024					
	Asia Pacific	Mainland China	America	Europe	Elimination	Total
Sales						
Revenue from external customers	\$ 4,936,057	\$ 1,919,928	\$ 2,669,480	\$ 552,873	\$ -	\$ 10,078,338
Inter-segment revenue	<u>4,210,625</u>	<u>1,675,660</u>	<u>-</u>	<u>47,449</u>	<u>(5,933,734)</u>	<u>-</u>
Segment revenue	<u>\$ 9,146,682</u>	<u>\$ 3,595,588</u>	<u>\$ 2,669,480</u>	<u>\$ 600,322</u>	<u>\$ (5,933,734)</u>	<u>\$ 10,078,338</u>
Interest income	\$ 6,051	\$ 5,864	\$ 5,812	\$ 5,891	\$ -	\$ 23,618
Finance costs	61,397	14,603	6	25,269	-	101,275
Depreciation expense	164,635	42,194	19,239	22,113	-	248,181
Amortization expense	74,375	4,842	422	96	-	79,735
Segment income (loss)	<u>\$ 1,853,720</u>	<u>\$ 33,815</u>	<u>\$ 20,139</u>	<u>\$ (215,665)</u>	<u>\$ -</u>	<u>1,692,009</u>
Unallocated amounts:						
Headquarters' administration costs and remuneration of directors and supervisors						<u>1,666,199</u>
Profit before income tax						<u>\$ 25,810</u>

For the Year Ended December 31, 2023						
	Asia Pacific	Mainland China	America	Europe	Elimination	Total
Sales						
Revenue from external customers	\$ 3,892,342	\$ 1,842,701	\$ 2,736,408	\$ 2,943,068	\$ -	\$ 11,414,519
Inter-segment revenue	<u>5,718,753</u>	<u>1,994,894</u>	<u>-</u>	<u>40,662</u>	<u>(7,754,309)</u>	<u>-</u>
Segment revenue	<u>\$ 9,611,095</u>	<u>\$ 3,837,595</u>	<u>\$ 2,736,408</u>	<u>\$ 2,983,730</u>	<u>\$ (7,754,309)</u>	<u>\$ 11,414,519</u>
Interest income	\$ 9,026	\$ 9,370	\$ 4,206	\$ 2,001	\$ -	\$ 24,603
Finance costs	61,375	9,274	5	21,409	-	92,063
Depreciation expense	157,359	47,078	16,679	22,113	-	243,229
Amortization expense	<u>79,301</u>	<u>5,490</u>	<u>384</u>	<u>383</u>	<u>-</u>	<u>85,558</u>
Segment income (loss)	<u>\$ 2,219,840</u>	<u>\$ 82,330</u>	<u>\$ 98,620</u>	<u>\$ (138,844)</u>	<u>\$ -</u>	<u>2,261,946</u>
Unallocated amounts:						
Headquarters' administration costs and remuneration of directors and supervisors						<u>1,805,305</u>
Profit before income tax						<u>\$ 456,641</u>

b. Revenue from major products and services

Refer to Note 22 for information.

c. Information on major customers

There was no revenue from any individual customer exceeded 10% of the Group's revenue for the years ended December 31, 2024 and 2023.

TABLE 1

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Requirement Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)	Note
													Item	Value			
0	The Company	ADLINK Technology (China) Co., Ltd.	Other receivables	Y	\$ 197,010	\$ 196,710 (US\$ 6,000)	\$ -	-	b	\$ -	Operation requirement	\$ -	-	\$ -	\$ 537,718	\$ 2,150,871	Note 4
1	ADLINK International Co., Ltd.	ADLINK Technology (China) Co., Ltd.	Other receivables	Y	98,505	98,355 (US\$ 3,000)	-	-	b	-	Operation requirement	-	-	-	1,599,074	1,599,074	Note 4
2	Ampro ADLINK Technology Inc.	ADLINK Technology GmbH	Other receivables	Y	65,670	65,570 (US\$ 2,000)	65,570	4	b	-	Operation requirement	-	-	-	636,090	636,090	Note 4

Note 1: Fill in 0 for the Company, 1 for ADLINK International Co., Ltd., 2 for Ampro ADLINK Technology Inc.

Note 2: The aggregate financing limit and financing limit for each borrower is specified below:

- a. 1 for transactions.
- b. 2 for short-term financing.

Note 3: The aggregate financing limit and financing limit for each borrower is specified below:

- a. Transactions: The aggregate financing limit for each borrower shall not exceed 20% of the lender’s net equity in the latest financial statements. Meanwhile, the financing limit for each borrower shall not exceed the number of transactions with each other in the most recent year. The above-mentioned transactions are measured at the higher of purchases and sales with each other.
- b. Short-term financing: When the lender is the Company, the aggregate financing limit for each borrower shall not exceed 40% of the lender’s net equity in the latest financial statements. Meanwhile, the financing limit for each borrower shall not exceed 10% of the lender’s net equity in the latest financial statements.
- c. When foreign borrower was held 100% of voting shares directly and indirectly by the Company, there is financing provided to others with each other or the Company. The aggregate financing limit and financing limit for each borrower both shall not exceed 70% of the lender’s net equity in latest financial statements.

Note 4: It has been eliminated when preparing the consolidated financial statements.

TABLE 2

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	Ampro ADLINK Technology Inc.	a. and b.	\$ 2,688,589	\$ 98,505	\$ -	\$ -	\$ -	-	\$ 2,688,589	Y	-	-
		ADLINK Technology GmbH	a. and b.	2,688,589	959,040	921,780 (EUR 27,000)	491,616	-	17.14	2,688,589	Y	-	-

Note 1: Fill in 0 for the Company.

Note 2: Relationships between the endorsement/guarantee and the Company are specified as follows:

a. Companies that have business dealings with the Company.

b. Companies in which the Company directly and indirectly holds more than 50% of the voting shares.

Note 3: The subsidiaries of the Company in which the Company directly or indirectly holds 100% of shares shall be capped at 50% of the net value of the Company’s latest financial statements. Other companies shall be capped at 20% of the net value of the Company’s latest financial statements.

Note 4: The total endorsement and guarantee amount shall be capped at 50% of the net value of the Company’s latest financial statements.

TABLE 3

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES AND ASSOCIATES)
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 2)	
The Company	<u>Shares - ordinary shares</u>							
	Netio Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	385	\$ -	15.00	\$ -	-
	Applied Green Light Taiwan, Inc.	-	"	143	-	3.03	-	-
ADLINK Technology (China) Co., Ltd.	<u>Shares - ordinary shares</u>							
	AutoCore Technology (Nanjing) Co., Ltd.	-	Financial assets at fair value through other comprehensive income	Note 3	89,958	3.95	89,958	-
Ampro ADLINK Technology Inc.	<u>Shares - convertible preference shares</u>							
	Rover Robotics, Inc.	-	Financial assets at fair value through other comprehensive income	500	-	9.89	-	-

Note 1: Marketable securities in this table is shares, bonds, mutual funds and securities derived from the mentioned above under the range of IFRS 9 “Financial Instruments”.

Note 2: The fair value of open market value was calculated based on the closing price as of balance sheet date. In contrast, it was calculated based on the appropriate valuation techniques and inputs.

Note 3: It is a limited company so that no specific shares or units are disclosed.

TABLE 4

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/(Sale)	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	ADLINK Technology Japan Corporation	Subsidiary	(Sale)	\$ (490,380)	(7.36)	Net 120 days	-	-	\$ 95,931	4.54	Note
ADLINK Technology Japan Corporation	The Company	Parent company	Purchase	490,380	98.04	Net 120 days	-	-	(95,931)	(99.04)	Note
The Company	Ampro ADLINK Technology Inc.	Indirectly owned subsidiary	(Sale)	(1,825,989)	(27.39)	Net 60 days	-	-	315,863	14.59	Note
Ampro ADLINK Technology Inc.	The Company	Parent company	Purchase	1,825,989	93.27	Net 60 days	-	-	(315,863)	(98.8)	Note
The Company	ADLINK Technology GmbH	Indirectly owned subsidiary	(Sale)	(1,304,654)	(19.57)	Net 150 days	-	-	714,915	33.84	Note
ADLINK Technology GmbH	The Company	Parent company	Purchase	1,304,654	89.22	Net 150 days	-	-	(714,915)	(99.07)	Note
The Company	ADLINK Technology (China) Co., Ltd.	Indirectly owned subsidiary	(Sale)	(318,939)	(4.78)	Net 150 days	-	-	211,973	10.03	Note
ADLINK Technology (China) Co., Ltd.	The Company	Parent company	Purchase	318,939	13.14	Net 150 days	-	-	(211,973)	(23.77)	Note
ADLINK Technology (China) Co., Ltd.	The Company	Parent company	(Sale)	(1,247,627)	(40.59)	Net 60 days	-	-	486,250	39.11	Note
The Company	ADLINK Technology (China) Co., Ltd.	Indirectly owned subsidiary	Purchase	1,247,627	31.59	Net 60 days	-	-	(486,250)	(35.49)	Note
ADLINK Technology (China) Co., Ltd.	Shanghai ADLINK Intelligence Technology Co., Ltd.	Same parent company	(Sales)	(346,518)	(11.27)	Net 90 days	-	-	331,369	26.65	Note
Shanghai ADLINK Intelligence Technology Co., Ltd.	ADLINK Technology (China) Co., Ltd.	Same parent company	Purchases	346,518	80.03	Net 90 days	-	-	(331,369)	(79.85)	Note

Note: It has been eliminated when preparing the consolidated financial statements.

TABLE 5

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 1)	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
The Company	Ampro ADLINK Technology Inc.	Indirectly owned subsidiary	Trade receivables \$ 315,863 Other receivables <u>-</u> \$ 315,863	6.26	\$ -	-	\$ 312,120	\$ -	Note 2
	ADLINK Technology GmbH	Indirectly owned subsidiary	Trade receivables \$ 714,915 Other receivables <u>751</u> \$ 715,666	1.75	\$ -	-	\$ -	\$ -	Note 2
	ADLINK Technology (China) Co., Ltd.	Indirectly owned subsidiary	Trade receivables \$ 211,973 Other receivables <u>2,815</u> \$ 214,788	1.17	\$ -	-	\$ 95,766	\$ -	Note 2
ADLINK Technology (China) Co., Ltd.	The Company	Parent company	Trade receivables \$ 486,250 Other receivables <u>1,022</u> \$ 487,272	2.99	\$ -	-	\$ 268,837	\$ -	Note 2
	Shanghai ADLINK Intelligence Technology Co., Ltd.	Same parent company	Trade receivables \$ 331,369 Other receivables <u>-</u> \$ 331,369	2.09	\$ -	-	\$ 105,870	\$ -	Note 2

Note 1: It was the subsequent amount received as of March 6, 2025.

Note 2: It has been eliminated when preparing the consolidated financial statements.

TABLE 6

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Company Name	Counterparty	Flow of Transactions (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Account	Amount (Note 4)	Transaction Terms	
0	The Company	ADLINK Technology Singapore Pte Ltd.	a	Trade receivables	\$ 12,548	Based on regular terms	-
		ADLINK Technology Singapore Pte Ltd.	a	Operating revenue	88,522	Based on regular terms	1
		ADLINK Technology Japan Corporation	a	Trade receivables	95,931	Based on regular terms	1
		ADLINK Technology Japan Corporation	a	Operating revenue	490,380	Based on regular terms	5
		ADLINK Technology Korea Ltd.	a	Trade receivables	32,208	Based on regular terms	-
		ADLINK Technology Korea Ltd.	a	Operating revenue	92,448	Based on regular terms	1
		Ampro ADLINK Technology Inc.	a	Trade receivables	315,863	Based on regular terms	2
		Ampro ADLINK Technology Inc.	a	Operating revenue	1,825,989	Based on regular terms	18
		ADLINK Technology GmbH	a	Trade receivables	714,915	Based on regular terms	6
		ADLINK Technology GmbH	a	Operating revenue	1,304,654	Based on regular terms	13
		ADLINK Technology GmbH	a	Purchase	20,238	Based on regular terms	-
		ADLINK Technology GmbH	a	Other payables	12,258	Based on regular terms	-
		ADLINK Technology GmbH	a	R&D design expense	37,218	Based on regular terms	-
		ADLINK Technology (China) Co., Ltd.	a	Trade receivables	211,973	Based on operating requirements	2
		ADLINK Technology (China) Co., Ltd.	a	Operating revenue	318,939	Based on regular terms	3
		ADLINK Technology (China) Co., Ltd.	a	Trade payables	486,250	Based on regular terms	4
		ADLINK Technology (China) Co., Ltd.	a	Purchase	1,247,627	Based on regular terms	12
		Dongguan Lingyao Electronic Technology Co., Ltd.	a	Purchase	37,724	Based on regular terms	-
		Shanghai ADLINK Intelligence Technology Co., Ltd.	a	Operating revenue	78,266	Based on regular terms	1
1	Zettascale Technology Limited	ADLINK Technology Corporation	c	Trade receivables	12,029	Based on regular terms	-
		ADLINK Technology Corporation	c	Operating revenue	26,463	Based on regular terms	-
		Zettascale Technology SARL	c	Operating revenue	10,432	Based on regular terms	-
2	Ampro ADLINK Technology Inc.	ADLINK Technology GmbH	c	Other receivables	66,911	Based on regular terms	1
3	ADLINK Technology (China) Co., Ltd	Dongguan Lingyao Electronic Technology Co., Ltd.	c	Operating revenue	13,848	Based on regular terms	-
		Dongguan Lingyao Electronic Technology Co., Ltd.	c	Trade payables	12,845	Based on regular terms	-
		Dongguan Lingyao Electronic Technology Co., Ltd.	c	Purchase	41,944	Based on regular terms	-
		Shanghai ADLINK Intelligence Technology Co., Ltd.	c	Trade receivables	331,369	Based on regular terms	3
		Shanghai ADLINK Intelligence Technology Co., Ltd.	c	Operating revenue	346,518	Based on regular terms	3

(Continued)

Note 1: Intercompany relationships should be specified as below:

- a. Fill in 0 for the parent company.
- b. Subsidiaries fill in the number from 1, respectively.

Note 2: Transactions with related parties are specified as below:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Between subsidiaries.

Note 3: According to the account of transaction details, the percentage was calculated of total consolidated assets or total operating revenue, respectively.

Note 4: Intercompany transaction which be disclosed was amounting to at least NT\$10,000 thousand.

Note 5: It has been eliminated when preparing the consolidated financial statements.

(Concluded)

TABLE 7

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Shares	%	Carrying Amount			
The Company	ADLINK International Co., Ltd.	Samoa	Investment activities	US\$ 61,872	US\$ 61,872	61,872,494	100.00	\$ 2,196,615	\$ (37,660)	\$ (37,660)	Subsidiary
	ADLINK Technology Singapore Pte Ltd.	Singapore	Selling of industrial automatic control cards, industrial motherboards, etc.	SGD 659	SGD 659	7,659,200	100.00	314,084	(50,241)	(50,241)	Subsidiary
	ADLINK Technology Japan Corporation	Japan	Selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 4,200	JPY 98,000	1,960	100.00	105,616	16,007	16,007	Subsidiary
	ADLINK Technology Korea Ltd.	Korea	Selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 300	US\$ 300	(Note 3)	100.00	32,364	(1,778)	(1,778)	Subsidiary
	Zettascale Technology Cayman Limited	Cayman Islands	Investment activities	GBP 9,050	GBP 9,050	61,155,000	100.00	68,971	(85,189)	(85,189)	Subsidiary
	ADLINK Edge Computing Limited	United Kingdom	Software development, authorization and service	GBP 500	GBP 500	500,000	100.00	8,622	(5,864)	(5,864)	Subsidiary
	Autonomous Mobility Ltd.	Cayman Islands	Investment activities	(Note 4)	(Note 4)	-	-	-	-	-	Subsidiary
	JY Technology (Korea)	Korea	Selling of industrial automatic control cards, industrial motherboards, computers and peripherals, etc.	US\$ 300	US\$ 300	66,624	28.16	2,106	(1,451)	(409)	Associate
	Farobot Technology Ltd.	Cayman Islands	Investment activities	US\$ 5,858	US\$ 5,076	5,858,140	49.00	43,945	(97,658)	(47,852)	Associate
	Farobot Technology Ltd.	Taiwan	Manufacturing and selling and developing software of autonomous mobile robots	NT\$ 451,741	NT\$ 400,000	45,174,090	100.00	182,924	(96,824)	-	Associate
ADLINK International Co., Ltd.	ADLINK Technology (HK) Co., Ltd.	Hong Kong	Investment activities	US\$ 24,255	US\$ 24,255	24,255,369	100.00	US\$ 51,006	US\$ 1,053	-	Indirectly owned subsidiary
	Ampro ADLINK Technology Inc.	California, USA	Manufacturing and selling of industrial computers	US\$ 20,789	US\$ 20,789	39,743,137	100.00	US\$ 36,172	US\$ 627	-	Indirectly owned subsidiary
	ADLINK Technology Holding GmbH	Germany	Investment activities	EUR 12,609	EUR 12,609	12,609,356	100.00	US\$ (21,144)	US\$ (2,899)	-	Indirectly owned subsidiary
ADLINK Technology Singapore Pte Ltd.	ADLINK Technology India Private Limited	India	Selling of industrial automatic control cards, industrial motherboards, etc.	INR 8,000	-	800,000	100.00	SGD 50	SGD (2)	-	Indirectly owned subsidiary
	ADLINK Intelligence Technology Co., Limited	Hong Kong	Investment activities	US\$ 4,200	-	4,200,000	100.00	SGD 3,216	SGD (2,427)	-	Indirectly owned subsidiary
Zettascale Technology Cayman Limited	Zettascale Technology Limited	United Kingdom	Software development, authorization and service	GBP 22,029	GBP 22,029	36,584,052	69.50	GBP 1,674	GBP (2,986)	-	Indirectly owned subsidiary
ADLINK Technology Holding GmbH	ADLINK Technology GmbH	Germany	Manufacturing and selling of industrial computers	EUR 12,409	EUR 12,409	750,000	100.00	EUR (20,398)	EUR (2,679)	-	Indirectly owned subsidiary
Ampro ADLINK Technology Inc.	ADLINK Technology Corporation	Massachusetts, USA	Software authorization and service	US\$ 12,701	US\$ 12,701	1,000	100.00	US\$ (667)	US\$ 43	-	Indirectly owned subsidiary
Zettascale Technology Limited	Zettascale Technology SARL	France	Software development, authorization and service	EUR 221	EUR 221	(Note 2)	100.00	EUR (1,286)	EUR (1,823)	-	Indirectly owned subsidiary
	Zettascale Technology OpenSplice B.V.	Netherlands	Software development	EUR 18	EUR 18	180	100.00	EUR 11	EUR 2	-	Indirectly owned subsidiary

Note 1: Refer to Table 8 for information on investments in Mainland China.

Note 2: No number of shares were available on Zettascale Technology SARL’s license except for its original investment amount.

Note 3: It is a limited company so that there is no record of the number of shares.

Note 4: Autonomous Mobility Ltd. was incorporated in January 2022 and no amount of investment was recorded on the license. The liquidation was completed in September 2024.

Note 5: ADLINK Technology India Private Limited was incorporated in January 2024.

Note 6: ADLINK Intelligence Technology Co., Limited was incorporated in May 2024.

Note 7: It has been eliminated when preparing the consolidated financial statements.

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2)	Carrying Amount as of December 31, 2024 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
Shanghai ADLINK Intelligence Technology Co., Ltd.	Selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 4,200 (NT\$ 137,718)	b. ADLINK Intelligence Technology Co., Limited (Note 8)	\$ -	US\$ 4,200 (NT\$ 137,718)	\$ -	US\$ 4,200 (NT\$ 137,718)	CNY (12,942) (NT\$ (58,368))	100.00	CNY (12,942) (NT\$ (58,368))	CNY 17,010 (NT\$ 77,566)	\$ -	Note 9
ADLINK Technology (China) Co., Ltd.	Manufacturing and selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 26,670 (NT\$ 874,509)	b. ADLINK Technology (HK) Co., Ltd.	HK\$ 7,283 US\$ 22,671 (NT\$ 774,116) (Notes 5 and 7)	-	-	HK\$ 7,238 US\$ 22,671 (NT\$ 774,116) (Notes 5 and 7)	CNY 7,515 (NT\$ 33,893)	100.00	CNY 7,515 (NT\$ 22,893)	CNY 365,193 (NT\$ 1,665,280)	-	Note 9
Dongguan Lingyao Electronic Technology Co., Ltd.	Selling of electronic parts	CNY 2,000 (NT\$ 9,120)	c. ADLINK Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	CNY 642 (NT\$ 2,895)	100.00	CNY 642 (NT\$ 2,895)	CNY 10,908 (NT\$ 49,740)	-	Note 9
JY Technology (Shanghai)	Selling of industrial automatic control cards, industrial motherboards, etc.	CNY 49,892 (NT\$ 227,508)	c. ADLINK Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	CNY (1,746) (NT\$ (7,874))	18.15	CNY (390) (NT\$ (1,760))	CNY 8,163 (NT\$ 36,466)	-	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$911,834 (HK\$7,283, US\$26,871)	\$1,008,592 (HK\$7,305, US\$29,819)	\$3,226,306 (Note 3)

Note 1: Methods of investment have the following type:

a. Direct investment in mainland China.

b. Indirect investment in mainland China through an existing company in a third region.

c. Other - direct investment in subsidiaries of mainland China.

Note 2: Except for JY Technology (Shanghai), the others are all based on audited financial statements.

Note 3: Calculated based on 60% of the net equity of the latest financial statements of the Company as of December 31, 2024.

Note 4: Investment gain (loss) was translated into the New Taiwan dollar at the average rate of HK\$1=NT\$4.12, US\$1=NT\$32.11, CNY1=NT\$4.51 for the year ended December 31, 2024; the others are translated into the New Taiwan dollars at the rates of HK\$1=NT\$4.22, US\$1=NT\$32.79, CNY1=NT\$4.56 prevailing on December 31, 2024.

Note 5: Excluded the investment amount of HK\$22 thousand in ADLINK Technology (China) Co., Ltd. and US\$148 thousand in ADLINK Technology (China) Co., Ltd. from ADLINK Technology (HK) Co., Ltd.’s capital surplus.

Note 6: Excluded ADLINK Technology (China) Co., Ltd.’s investment amount, CNY2,000 thousand in Dongguan Lingyao Electronic Technology Co., Ltd. and CNY15,000 thousand in JY Technology (Shanghai), respectively.

Note 7: ADLINK Technology (Shenzhen) Co., Ltd. was liquidated in November 2020. ADLINK Technology (HK) Co., Ltd. withdrew the inward investment of US\$2,850 thousand, which included the amounts of accumulated outward remittance of investment from Taiwan of HK\$7,283 thousand and US\$298 thousand. The Company indirectly invested in ADLINK Technology (China) Co., Ltd. through ADLINK Technology (HK) Co., Ltd.

Note 8: Shanghai ADLINK Intelligence Technology Co., Ltd. was incorporated in March 2024. In May 2024, the Group transferred the ownership of Shanghai ADLINK Intelligence Technology Co., Ltd. from ADLINK Technology Singapore Pte Ltd. to ADLINK Intelligence Technology Co., Limited.

Note 9: It has been eliminated when preparing the consolidated financial statements.

TABLE 9**ADLINK TECHNOLOGY INC.****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
AUO Corp.	42,310,407	19.45
Konly Venture Corp.	15,944,000	7.33
Keysight Technologies Inc. investment account entrusted Citi (Taiwan) Commercial Bank	14,707,559	6.76
Chroma ATE Inc.	13,401,253	6.16
Ronly Venture Corp.	13,175,000	6.05

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by The Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.