

**ARCADYAN TECHNOLOGY CORPORATION AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2024 and 2023**

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

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## Independent Auditors' Review Report

To the Board of Directors of Arcadyan Technology Corporation:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Arcadyan Technology Corporation and its subsidiaries as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in Note (4)(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$1,906,416 thousand and \$1,320,713 thousand, constituting 4% and 3% of consolidated total assets as of March 31, 2024 and 2023, respectively, total liabilities amounting to \$1,444,845 thousand and \$352,528 thousand, constituting 5% and 1% of consolidated total liabilities as of March 31, 2024 and 2023, respectively, and total comprehensive income amounting to \$(11,541) thousand and \$17,938 thousand, constituting (2)% and 4% of consolidated total comprehensive income for the three months ended March 31, 2024 and 2023, respectively.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Arcadyan Technology Corporation and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance as well as its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Szu-Chuan Chien and Keng-Chia Huang.

KPMG

Taipei, Taiwan (Republic of China)  
April 29, 2024

### **Notes to Readers**

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

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

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

Consolidated Balance Sheets

March 31, 2024, December 31, 2023, and March 31, 2023

(Expressed In thousand dollars of TWD)

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note (6)(a))	\$ 10,583,696	25	7,856,971	20	7,185,048	19	2100	Short-term borrowings (note (6)(k))	\$ 959,310	2	1,375,458	3	2,751,046	7
1110	Current financial assets at fair value through profit or loss (note (6)(b))	7,107	-	47,689	-	3,206	-	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	5,725	-	14,884	-	17,430	-
1139	Current financial assets for hedging (note (6)(d))	7,235	-	-	-	5,759	-	2126	Current financial liabilities for hedging (note (6)(d))	-	-	14,246	-	32,882	-
1170	Notes and accounts receivable, net (notes (6)(e) and (t))	6,830,536	16	9,785,739	26	8,174,972	21	2171	Accounts payable (including related parties) (note (7))	15,864,836	37	12,314,903	32	12,871,988	34
1200	Other receivables (notes (6)(e) and (v))	1,866,118	4	993,854	3	374,151	1	2200	Other payables	6,236,038	14	6,441,674	17	4,160,194	11
1310	Inventories, net (note (6)(f))	15,578,157	37	12,377,227	32	15,641,435	41	2216	Dividends payable	1,542,514	4	34	-	1,432,333	4
1410	Prepayments	386,908	1	184,645	-	172,641	-	2230	Current tax liabilities	1,267,287	3	1,072,007	3	922,321	2
1470	Other current assets	118,851	-	112,532	-	119,349	-	2250	Current provisions (note (6)(o))	722,299	2	698,887	2	527,989	2
		<u>35,378,608</u>	<u>83</u>	<u>31,358,657</u>	<u>81</u>	<u>31,676,561</u>	<u>82</u>	2280	Current lease liabilities (note (6)(n))	114,313	-	98,234	-	93,208	-
<b>Non-current assets:</b>								2300	Other current liabilities (note (6)(l))	1,513,451	4	971,533	3	1,230,946	3
1550	Investments accounted for using equity method (note (6)(g))	224,264	1	232,347	1	285,611	1	2322	Long-term borrowings, current portion (note (6)(m))	253,132	1	476,060	1	1,041,638	3
1511	Non-current financial assets at fair value through profit or loss (note (6)(b))	49,676	-	48,112	-	46,569	-			<u>28,478,905</u>	<u>67</u>	<u>23,477,920</u>	<u>61</u>	<u>25,081,975</u>	<u>66</u>
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	26,120	-	35,442	-	46,068	-	<b>Non-Current liabilities:</b>							
1600	Property, plant and equipment (note (6)(h))	5,577,528	13	5,439,395	15	5,124,380	13	2540	Long-term borrowings (note (6)(m))	-	-	-	-	87,501	-
1755	Right-of-use assets (note (6)(i))	448,048	1	444,615	1	471,145	2	2570	Deferred tax liabilities	8,546	-	7,099	-	27,367	-
1780	Intangible assets (note (6)(j))	63,717	-	65,915	-	85,717	-	2580	Non-current lease liabilities (note (6)(n))	34,326	-	51,541	-	89,451	-
1840	Deferred tax assets	806,886	2	811,970	2	488,175	2	2640	Non-current net defined benefit liability	73,075	-	73,651	-	73,856	-
1900	Other non-current assets	141,016	-	112,206	-	168,766	-	2670	Other non-current liabilities	34,044	-	38,381	-	34,311	-
		<u>7,337,255</u>	<u>17</u>	<u>7,190,002</u>	<u>19</u>	<u>6,716,431</u>	<u>18</u>		<b>Total liabilities</b>	<u>28,628,896</u>	<u>67</u>	<u>23,648,592</u>	<u>61</u>	<u>25,394,461</u>	<u>66</u>
<b>Total assets</b>		<u>\$ 42,715,863</u>	<u>100</u>	<u>38,548,659</u>	<u>100</u>	<u>38,392,992</u>	<u>100</u>	<b>Equity:</b>							
								<b>Equity attributable to owners of parent (note (r)):</b>							
								3110	Ordinary share	2,203,543	5	2,203,543	6	2,203,543	6
								3200	Capital surplus	3,652,147	9	3,872,335	10	3,872,443	10
								3300	Retained earnings	8,021,900	19	8,721,653	23	6,798,847	18
								3410	Exchange differences on translation of foreign financial statements	131,857	-	30,147	-	18,151	-
								3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	(23,380)	-	(14,058)	-	(3,432)	-
								3450	Gains (losses) on hedging instrument	5,788	-	(11,396)	-	(21,698)	-
										<u>13,991,855</u>	<u>33</u>	<u>14,802,224</u>	<u>39</u>	<u>12,867,854</u>	<u>34</u>
								3600	Non-controlling interests	95,112	-	97,843	-	130,677	-
									<b>Total equity</b>	<u>14,086,967</u>	<u>33</u>	<u>14,900,067</u>	<u>39</u>	<u>12,998,531</u>	<u>34</u>
								<b>Total liabilities and equity</b>		<u>\$ 42,715,863</u>	<u>100</u>	<u>38,548,659</u>	<u>100</u>	<u>38,392,992</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Comprehensive Income**

**For the three months ended March 31, 2024 and 2023**

(Expressed In thousand dollars of TWD, except for earnings per share)

		For the three months ended March 31,			
		2024		2023	
		Amount	%	Amount	%
4000	<b>Operating revenues (notes (6)(d) and (t)):</b>	\$ 12,546,684	100	11,021,138	100
5000	<b>Operating costs (notes (6)(f), (p), (7) and (12))</b>	<u>10,686,676</u>	<u>85</u>	<u>9,454,766</u>	<u>86</u>
	<b>Gross profit from operating</b>	<u>1,860,008</u>	<u>15</u>	<u>1,566,372</u>	<u>14</u>
	<b>Operating expenses (notes (6)(p), (7) and (12)):</b>				
6100	Selling expenses	250,494	2	164,771	2
6200	Administrative expenses	178,125	2	131,911	1
6300	Research and development expenses	<u>673,547</u>	<u>5</u>	<u>577,513</u>	<u>5</u>
	<b>Total operating expenses</b>	<u>1,102,166</u>	<u>9</u>	<u>874,195</u>	<u>8</u>
	<b>Net operating income</b>	<u>757,842</u>	<u>6</u>	<u>692,177</u>	<u>6</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income	41,766	-	30,234	-
7020	Other gains or losses	18,597	-	7,823	-
7230	Foreign exchange gains, net (note (6)(v))	81,509	-	23,021	-
7635	Gains (losses) on financial assets (liabilities) at fair value through profit or loss (notes (6)(b) and (d))	(58,616)	-	(11,592)	-
7770	Share of loss of associates and joint ventures accounted for using equity method (note (6)(g))	(8,265)	-	(13,740)	-
7510	Interest expense (note (n))	<u>(17,433)</u>	<u>-</u>	<u>(73,994)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>57,558</u>	<u>-</u>	<u>(38,248)</u>	<u>-</u>
	<b>Income before tax</b>	815,400	6	653,929	6
7950	Less: Income tax expenses (note (6)(q))	<u>195,993</u>	<u>1</u>	<u>157,890</u>	<u>1</u>
	<b>Net income</b>	<u>619,407</u>	<u>5</u>	<u>496,039</u>	<u>5</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income (note (6)(c))	(9,322)	-	(82)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(q))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>	<u>(9,322)</u>	<u>-</u>	<u>(82)</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	101,928	1	(22,020)	-
8368	Gains (losses) on hedging instrument (note (6)(d))	21,480	-	20,686	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss (note (6)(g))	17	-	19	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(q))	<u>4,296</u>	<u>-</u>	<u>4,137</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>119,129</u>	<u>1</u>	<u>(5,452)</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>109,807</u>	<u>1</u>	<u>(5,534)</u>	<u>-</u>
	<b>Total comprehensive income</b>	<u>\$ 729,214</u>	<u>6</u>	<u>490,505</u>	<u>5</u>
	<b>Net income, attributable to:</b>				
	Owners of parent	\$ 622,373	5	496,615	5
8620	Non-controlling interests	<u>(2,966)</u>	<u>-</u>	<u>(576)</u>	<u>-</u>
		<u>\$ 619,407</u>	<u>5</u>	<u>496,039</u>	<u>5</u>
	<b>Comprehensive income attributable to:</b>				
	Owners of parent	\$ 731,945	6	491,849	5
	Non-controlling interests	<u>(2,731)</u>	<u>-</u>	<u>(1,344)</u>	<u>-</u>
		<u>\$ 729,214</u>	<u>6</u>	<u>490,505</u>	<u>5</u>
	<b>Earnings per share (note (6)(s))</b>				
9750	Basic earnings per share	<u>\$ 2.82</u>		<u>2.25</u>	
9850	Diluted earnings per share	<u>\$ 2.80</u>		<u>2.22</u>	

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Changes in Equity  
For the three months ended March 31, 2024 and 2023  
(Expressed in thousand dollars of TWD)

	Equity attributable to owners of parent												
	Retained earnings						Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
<b>Balance at January 1, 2023</b>	\$ 2,203,543	4,091,729	1,330,667	267,078	5,916,436	7,514,181	39,384	(3,350)	(38,247)	(2,213)	13,807,240	132,021	13,939,261
Net income for the three months ended March 31, 2023	-	-	-	-	496,615	496,615	-	-	-	-	496,615	(576)	496,039
Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	-	(21,233)	(82)	16,549	(4,766)	(4,766)	(768)	(5,534)
Comprehensive income for the three months ended March 31, 2023	-	-	-	-	496,615	496,615	(21,233)	(82)	16,549	(4,766)	491,849	(1,344)	490,505
Appropriation and distribution of retained earnings:													
Cash dividends of ordinary share	-	-	-	-	(1,211,949)	(1,211,949)	-	-	-	-	(1,211,949)	-	(1,211,949)
Cash dividends from capital surplus	-	(220,354)	-	-	-	-	-	-	-	-	(220,354)	-	(220,354)
Changes in equity of associates and subsidiaries accounted for using equity method	-	1,068	-	-	-	-	-	-	-	-	1,068	-	1,068
<b>Balance at March 31, 2023</b>	\$ 2,203,543	3,872,443	1,330,667	267,078	5,201,102	6,798,847	18,151	(3,432)	(21,698)	(6,979)	12,867,854	130,677	12,998,531
<b>Balance at January 1, 2024</b>	\$ 2,203,543	3,872,335	1,534,292	2,213	7,185,148	8,721,653	30,147	(14,058)	(11,396)	4,693	14,802,224	97,843	14,900,067
Net income for the three months ended March 31, 2024	-	-	-	-	622,373	622,373	-	-	-	-	622,373	(2,966)	619,407
Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	-	101,710	(9,322)	17,184	109,572	109,572	235	109,807
Comprehensive income for the three months ended March 31, 2024	-	-	-	-	622,373	622,373	101,710	(9,322)	17,184	109,572	731,945	(2,731)	729,214
Appropriation and distribution of retained earnings:													
Cash dividends of ordinary share	-	-	-	-	(1,322,126)	(1,322,126)	-	-	-	-	(1,322,126)	-	(1,322,126)
Cash dividends from capital surplus	-	(220,354)	-	-	-	-	-	-	-	-	(220,354)	-	(220,354)
Changes in equity of associates and subsidiaries accounted for using equity method	-	166	-	-	-	-	-	-	-	-	166	-	166
<b>Balance at March 31, 2024</b>	\$ 2,203,543	3,652,147	1,534,292	2,213	6,485,395	8,021,900	131,857	(23,380)	5,788	114,265	13,991,855	95,112	14,086,967

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Cash Flows**  
**For the three months ended March 31, 2024 and 2023**  
**(Expressed in thousand dollars of TWD)**

	For the three months ended March 31,	
	2024	2023
<b>Cash flows from (used in) operating activities:</b>		
Income before tax	\$ 815,400	653,929
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	217,511	193,388
Amortization expense	13,447	13,294
Reversal of expected credit losses	(17,126)	(9,246)
Interest expense	17,433	73,994
Interest income	(41,766)	(30,234)
Net gains on financial assets or liabilities at fair value through profit or loss	(1,564)	(190)
Share of loss of associates and joint ventures accounted for using equity method	8,265	13,740
Gains on disposal of property, plant, equipment and intangible assets	(2,469)	(546)
Others	69	306
Total adjustments to reconcile profit (loss)	<u>193,800</u>	<u>254,506</u>
<b>Changes in operating assets and liabilities:</b>		
Changes in financial assets or liabilities at fair value through profit or loss	31,423	(16,384)
Decrease in notes and accounts receivable	2,959,911	2,630,963
Increase in other receivables	(864,295)	(98,956)
Increase in inventories	(3,200,930)	(1,077,877)
Decrease (increase) in prepayments	(196,711)	38,044
Increase in other current assets	(6,319)	(3,021)
Increase (decrease) in accounts payable (including related parties)	3,549,933	(1,308,957)
Increase (decrease) in other payables and other current liabilities	369,455	(393,832)
Decrease in other operating liabilities	(576)	(567)
Total changes in operating assets and liabilities	<u>2,641,891</u>	<u>(230,587)</u>
Total adjustments	<u>2,835,691</u>	<u>23,919</u>
Cash inflow generated from operations	3,651,091	677,848
Interest received	46,215	38,624
Interest paid	(19,397)	(76,093)
Income taxes paid	(4,031)	(4,459)
<b>Net cash flows from operating activities</b>	<u>3,673,878</u>	<u>635,920</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(212,432)	(435,613)
Proceeds from disposal of property, plant and equipment	9,177	6,436
Increase in refundable deposits	(7,517)	(74,657)
Acquisition of intangible assets	(11,246)	(5,734)
(Increase) decrease in other non-current assets	(21,307)	95
<b>Net cash flows used in investing activities</b>	<u>(243,325)</u>	<u>(509,473)</u>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in short-term borrowings	(416,148)	(1,635,536)
Increase in long-term borrowings	-	1,129,139
Repayments of long-term borrowings	(229,956)	-
Decrease in deposits received	(4,487)	(252)
Repayments of lease principal	(15,634)	(20,244)
Other financing activities	-	4
<b>Net cash flows used in financing activities</b>	<u>(666,225)</u>	<u>(526,889)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(37,603)</u>	<u>5,939</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	2,726,725	(394,503)
<b>Cash and cash equivalents at beginning of period</b>	7,856,971	7,579,551
<b>Cash and cash equivalents at end of period</b>	<u>\$ 10,583,696</u>	<u>7,185,048</u>

See accompanying notes to consolidated financial statements.



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

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**March 31, 2024 and 2023**

**(Expressed in thousand dollars of TWD, Unless Otherwise Specified)**

**(1) Company history**

Arcadyan Technology Corporation (the “Company”) was incorporated in May 9, 2003 and merged with BroadNet Technology, Inc. on May 1, 2006.

The consolidated financial statements of the Company as of March 31, 2024 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Company’s interest in associates. The Company is primarily engaged in the research, development, manufacture and sale of wireless networking products, integrated access devices, digital home multimedia appliances, mobile broadband products and wireless audio-visual products. Please refer to note (4)(b) for related information of the Group primary business activities.

**(2) Approval date and procedures of the consolidated financial statements:**

These consolidated financial statements were authorized for issuance by the Board of Directors on April 29, 2024.

**(3) New standards, amendments and interpretations adopted:**

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (b) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”
- IFRS 18 “Presentation and Disclosure in Financial Statements”

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(4) Summary of material accounting policies:**

**(a) Statement of compliance**

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

Except as described in the following paragraph, the material accounting policies used in the interim financial statement are consistent with the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2023.

**(b) Basis of consolidation**

**(i) List of subsidiaries in the consolidated financial statements**

Name of Investor	Name of Subsidiary	Nature of operation	Percentage of ownership			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Arcadyan Technology N.A. Corp. (“Arcadyan USA”)	Selling and technical support of wireless networking products	100 %	100 %	100 %	
”	Arcadyan Germany Technology GmbH (“Arcadyan Germany”)	Selling and technical support of wireless networking products	100 %	100 %	100 %	Note
”	Arcadyan Technology Corporation Korea (“Arcadyan Korea”)	Selling of wireless networking products	100 %	100 %	100 %	Note
”	Arcadyan Holding (BVI) Corp. (“Arcadyan Holding”)	Investment activities	100 %	100 %	100 %	
The Company and ZHI-BAO	Arcadyan do Brasil Ltda. (“Arcadyan Brasil”)	Selling of wireless networking products	100 %	100 %	100 %	Note
”	Arcadyan India Private Limited (“Arcadyan India”)	Selling of wireless networking products	100 %	100 %	100 %	Note
The Company	ZHI-BAO Technology Inc. (“ZHI-BAO”)	Investment activities	100 %	100 %	100 %	
”	Tatung Technology Inc. (“TTI”)	Research and development, and selling digital home appliance	61 %	61 %	61 %	
”	Arcadyan Technology Limited (“Arcadyan UK”)	Technical support of wireless networking products	100 %	100 %	100 %	Note
”	Arcadyan Technology Australia Pty Ltd (“Arcadyan AU”)	Selling of wireless networking products	100 %	100 %	100 %	Note

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of Investor	Name of Subsidiary	Nature of operation	Percentage of ownership			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Arcadyan Technology Corporation (Russia), LLC ("Arcadyan RU")	Selling of wireless networking products	100 %	100 %	100 %	Note
Arcadyan Holding	Sinoprime Global Inc. ("Sinoprime")	Investment activities	100 %	100 %	100 %	
"	Arcadyan Technology (Shanghai) Corp. ("SVA")	Research and development, and selling of wireless networking products	100 %	100 %	100 %	
"	Arch Holding (BVI) Corp. ("Arch Holding")	Investment activities	100 %	100 %	100 %	
Arch Holding	Compal Networking (Kunshan) Co., Ltd. ("CNC")	Manufacturing of wireless networking products	100 %	100 %	100 %	
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. ("Arcadyan Vietnam")	Manufacturing of wireless networking products	100 %	100 %	100 %	
TTI	Quest International Group Co., Ltd. ("Quest")	Investment activities	100 %	100 %	100 %	
TTI	Tatung Technology of Japan Co., Ltd. ("TTJC")	Selling of digital home appliance	100 %	100 %	100 %	
Quest	Exquisite Electronic Co., Ltd. ("Exquisite")	Investment activities	100 %	100 %	100 %	
Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. ("TCH")	Manufacturing of digital home appliance	100 %	100 %	100 %	

Note: It is a non-major subsidiary and its financial statements have not been reviewed by the auditors.

(c) **Income Taxes**

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

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

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

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Employee benefits

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRS Accounting Standards (in accordance with IAS 34 “Interim Financial Reporting” endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, major judgements, estimates and underlying assumptions of uncertainty which are in conformity with note (5) of the consolidated financial statements for the year ended December 31, 2023.

**(6) Explanation of significant accounts:**

Except for the following disclosures, there were no significant differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2023 annual consolidated financial statements. Please refer to note (6) of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	<b>March 31,</b> <b>2024</b>	<b>December 31,</b> <b>2023</b>	<b>March 31,</b> <b>2023</b>
Cash on hand	\$ 3,670	4,665	3,673
Checking accounts and demand deposits	3,333,772	3,099,751	2,026,126
Time deposits	5,246,254	3,152,555	3,855,249
Repurchase agreements	<u>2,000,000</u>	<u>1,600,000</u>	<u>1,300,000</u>
	<b><u>\$ 10,583,696</u></b>	<b><u>7,856,971</u></b>	<b><u>7,185,048</u></b>

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

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<b>Current financial assets mandatorily measured at fair value through profit or loss:</b>			
Derivative instruments not used for hedging:			
Foreign exchange forward contracts	\$ 7,107	146	205
Foreign exchange swaps contracts	-	47,543	3,001
	<b>\$ 7,107</b>	<b>47,689</b>	<b>3,206</b>
<b>Non-current financial assets mandatorily measured at fair value through profit or loss:</b>			
Non-derivative financial assets:			
Fund unlisted on domestic or foreign markets	\$ 49,676	48,112	46,569
<b>Held-for-trading financial liabilities:</b>			
Derivative instruments not used for hedging:			
Foreign exchange forward contracts	\$ -	14,884	17,430
Foreign exchange swaps contracts	5,725	-	-
Total	<b>\$ 5,725</b>	<b>14,884</b>	<b>17,430</b>

The Group uses derivative financial instruments to hedge the certain foreign exchange risk the Group is exposed to, arising from its operating activities. As of March 31, 2024, December 31 and March 31, 2023, the derivative instruments, without the application of hedge accounting, classified as financial assets mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities were as follows:

	<b>March 31, 2024</b>		
<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>	
<b>Derivative financial assets:</b>			
<b>Forward contracts:</b>			
Foreign exchange forward	EUR 20,000	Sell EUR / USD	April 12, 2024~ July 30, 2024
Foreign exchange forward	USD 6,027	Buy USD / INR	April 12, 2024~ April 29, 2024
<b>Derivative financial liabilities:</b>			
<b>Forward contracts:</b>			
<b>Swap contracts:</b>			
Foreign exchange swaps	USD 10,000	B/S USD / TWD	April 29, 2024

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2023</b>		
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Derivative financial assets:</b>			
<b>Forward contracts:</b>			
Foreign exchange forward	USD 3,609	Buy USD / INR	January 30, 2024
<b>Swap contracts:</b>			
Foreign exchange swaps	USD 70,000	B/S USD / TWD	January 26, 2024~ March 28, 2024
<b>Derivative financial liabilities:</b>			
<b>Forward contracts:</b>			
Foreign exchange forward	USD 3,595	Buy USD / INR	January 12, 2024
Foreign exchange forward	EUR 17,000	Sell EUR / USD	January 12, 2024~ April 12, 2024
	<b>March 31, 2023</b>		
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Derivative financial assets:</b>			
<b>Forward contracts:</b>			
Foreign exchange forward	EUR 3,000	Sell EUR / USD	July 14, 2023
Foreign exchange forward	USD 764	Buy USD / INR	June 14, 2023
<b>Swap contracts:</b>			
Foreign exchange swaps	USD 10,000	B/S USD / TWD	May 30, 2023
<b>Derivative financial liabilities:</b>			
<b>Forward contracts:</b>			
Foreign exchange forward	EUR 3,263	Buy EUR / USD	April 13, 2023~ May 30, 2023
Foreign exchange forward	EUR 38,000	Sell EUR / USD	April 14, 2023~ August 30, 2023

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

As of March 31, 2024, December 31 and March 31, 2023, the Group did not provide any aforementioned financial assets as collaterals.

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<b>Equity investments at fair value through other comprehensive income:</b>			
Stock unlisted on domestic markets	<u>\$ 26,120</u>	<u>35,442</u>	<u>46,068</u>

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (i) For the three months ended March 31, 2024 and 2023, unrealized (losses) gains from above-mentioned equity investments measured at fair value were \$(9,322) and \$(82), respectively, recognized under other comprehensive income.
- (ii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the three months ended March 31, 2024 and 2023.
- (iii) Please refer to note (6)(v) for the information of market risk.
- (iv) The Group did not provide any aforementioned financial assets as collaterals.
- (d) Financial assets and liabilities used for hedging
- (i) Financial assets and liabilities used for hedging were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<b>Cash flow hedge:</b>			
Financial assets used for hedging:			
Foreign exchange forward contracts	\$ <u>7,235</u>	<u>-</u>	<u>5,759</u>
Financial liabilities used for hedging:			
Foreign exchange forward contracts	<u>-</u>	<u>14,246</u>	<u>32,882</u>

- (ii) Cash flow hedge—foreign exchange risk

The strategy of the Group is to enter into foreign exchange forward contracts to hedge its foreign currency exposure risk in relation to the forecast sales.

As of March 31, 2024, December 31 and March 31, 2023, the amounts relating to the items designated as hedging instruments were as follows:

						<b>March 31, 2024</b>			
		<b>Contract amount (in thousands)</b>	<b>Currency</b>		<b>Maturity date</b>	<b>Average strike price</b>			
<b>Derivative financial assets used for hedging</b>									
<b>Forward contracts:</b>									
Foreign exchange forward	EUR	12,000	Sell EUR / USD		April 29, 2024~ June 27, 2024	1.0982			
						<b>December 31, 2023</b>			
		<b>Contract amount (in thousands)</b>	<b>Currency</b>		<b>Maturity date</b>	<b>Average strike price</b>			
<b>Derivative financial liabilities used for hedging</b>									
<b>Forward contracts:</b>									
Foreign exchange forward	EUR	32,000	Sell EUR / USD		January 30, 2024~ June 27, 2024	1.0960			

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	March 31, 2023			
	Contract amount (in thousands)	Currency	Maturity date	Average strike price
<b>Derivative financial assets used for hedging</b>				
<b>Forward contracts:</b>				
Foreign exchange forward	EUR 49,000	Sell EUR / USD	April 27, 2023~ June 29, 2023	1.0956
<b>Derivative financial liabilities used for hedging</b>				
<b>Foreign exchange forward contracts:</b>				
Foreign exchange forward	EUR 26,000	Sell EUR / USD	April 27, 2023~ December 28, 2023	1.0511

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

For the three months ended March 31, 2024 and 2023, the details of adjustments on reclassification from components of other comprehensive income were as follows:

	For the three months ended March 31,	
	2024	2023
Cash flow hedge:		
Gains (losses) in current period	\$ 27,861	(12,985)
Less: Gains (losses) of adjustments on reclassification from components of other comprehensive income which belongs to net income	<u>6,381</u>	<u>(33,671)</u>
Net gains (losses) recognized in other comprehensive income	<u>\$ 21,480</u>	<u>20,686</u>

(iv) For the three months ended March 31, 2024 and 2023, there were no ineffective portions of cash flow hedge recognized in non-operating income and expenses.

(v) For the three months ended March 31, 2024 and 2023, profit or loss of adjustments from reclassification of other equity interest, deriving from the changes of fair value for hedge instruments, were recognized under operating revenues in statement of comprehensive income.

(e) Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable from operating activities	\$ -	-	20,131
Accounts receivable – measured at amortized cost	5,672,213	7,626,824	7,200,697
Accounts receivable – fair value through other comprehensive income	<u>1,194,768</u>	<u>2,200,068</u>	<u>989,522</u>
	6,866,981	9,826,892	8,210,350
Less: allowance for uncollectible accounts	<u>(36,445)</u>	<u>(41,153)</u>	<u>(35,378)</u>
	<u>\$ 6,830,536</u>	<u>9,785,739</u>	<u>8,174,972</u>

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group has assessed a portion of its accounts receivable that were held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; therefore, such accounts receivable were measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking macroeconomic information. The expected credit losses of the Group as of March 31, 2024, December 31 and March 31, 2023 were determined as follows:

<b>March 31, 2024</b>				
<b>Credit rating</b>	<b>Gross carrying amount</b>	<b>Weighted-average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit impaired</b>
Level A	\$ 2,446,240	0%	-	No
Level B	3,096,824	0.10%	3,110	No
Level C	1,303,054	1.00%	12,472	No
Level D	-	5.00%	-	-
Level E	20,863	100%	20,863	Yes
Total	<u>\$ 6,866,981</u>		<u>36,445</u>	
<b>December 31, 2023</b>				
<b>Credit rating</b>	<b>Gross carrying amount</b>	<b>Weighted-average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit impaired</b>
Level A	\$ 3,377,894	0%	-	No
Level B	4,778,380	0.10%	4,832	No
Level C	1,650,599	1.00%	16,302	No
Level D	-	5.00%	-	-
Level E	20,019	100%	20,019	Yes
Total	<u>\$ 9,826,892</u>		<u>41,153</u>	
<b>March 31, 2023</b>				
<b>Credit rating</b>	<b>Gross carrying amount</b>	<b>Weighted-average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit impaired</b>
Level A	\$ 1,432,877	0%	-	No
Level B	5,766,095	0.10%	5,816	No
Level C	991,522	1.00%	9,706	No
Level D	-	5.00%	-	-
Level E	19,856	100%	19,856	Yes
Total	<u>\$ 8,210,350</u>		<u>35,378</u>	

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The aging analysis of notes and accounts receivable were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Overdue 1~30 days	\$ 428,795	888,371	444,255
Overdue 31~60 days	3,111	186,974	178,921
Overdue 61~90 days	18,248	11,427	204,583
Overdue 91~180 days	20,606	205,969	169,311
Overdue over 181 days	<u>137,098</u>	<u>57,899</u>	<u>26,722</u>
	<b><u>\$ 607,858</u></b>	<b><u>1,350,640</u></b>	<b><u>1,023,792</u></b>

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

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Balance at beginning	\$ 41,153	44,598
Impairment loss (reversed) recognized	<u>(4,708)</u>	<u>(9,220)</u>
Balance at ending	<b><u>\$ 36,445</u></b>	<b><u>35,378</u></b>

As of March 31, 2024, December 31 and March 31, 2023, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

The Group entered into accounts receivable factoring agreements with banks. Based on the agreements, the Group is not responsible for guaranteeing the ability of the accounts receivable of the obligor to make payment when it is affected by credit risk. Thus, this is deemed as a non-recourse accounts receivable factoring. After the transfer of the accounts receivable, the Group can request for the partial advances stipulated in the agreements, while the interest calculated at an agreed rate during the period from the date of transfer until the accounts receivable collected is paid to the bank. The remaining amount without advance are received when the accounts receivable are paid by the customers.

As of March 31, 2024 and December 31, 2023, the Group has not factored accounts receivable.

As of March 31, 2023, there were unreceived balances of factored accounts receivable amounted to \$42,366, which were recognized under other receivables. The details of the derecognized account receivables were as follows:

<b>March 31, 2023</b>							
<b>Purchaser</b>	<b>Accounts receivable factored (gross)</b>	<b>Amount Advanced</b>		<b>Amount Recognized in other receivables</b>	<b>Collateral</b>	<b>Amount derecognized</b>	<b>Range of interest rate</b>
		<b>Unpaid</b>	<b>Paid</b>				
Financial institutions	\$ <u>423,657</u>	<u>-</u>	<u>381,291</u>	<u>42,366</u>	None	<u>423,657</u>	5.43%~5.81%

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Inventories

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Raw materials	\$ 6,596,132	3,205,353	3,836,450
Work in progress	667,379	444,098	920,868
Finished goods	<u>8,314,646</u>	<u>8,727,776</u>	<u>10,884,117</u>
	<u>\$ 15,578,157</u>	<u>12,377,227</u>	<u>15,641,435</u>

(ii) Inventory cost recognized as operating costs for the three months ended March 31, 2024 and 2023 were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Cost of sales and expenses	\$ 11,070,599	9,587,302
Reversal for inventory valuation and obsolescence loss	<u>(383,923)</u>	<u>(132,536)</u>
	<u>\$ 10,686,676</u>	<u>9,454,766</u>

(iii) As of March 31, 2024, December 31 and March 31, 2023, the Group did not provide any inventories as collaterals.

(g) Investments accounted for using equity method

A summary of the Group's financial information for equity-accounted investees at the reporting date were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Associates	\$ <u>224,264</u>	<u>232,347</u>	<u>285,611</u>

(i) Aggregate financial information of the Group's equity-accounted associates that are individually insignificant which included in the consolidated financial statements are summarized as below:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Aggregate carrying amount of the Group's associates that are individually insignificant	\$ <u>224,264</u>	<u>232,347</u>	<u>285,611</u>

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Share of associates attributed to the Group were as follows:		
Net loss from continuing operations	\$ (8,265)	(13,740)
Other comprehensive income	<u>17</u>	<u>19</u>
Total comprehensive income (loss)	<u><u>\$ (8,248)</u></u>	<u><u>(13,721)</u></u>

(ii) As of March 31, 2024, December 31 and March 31, 2023, the Group did not provide any investment accounted for using equity method as collaterals.

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the three months ended March 31, 2024 and 2023 were as follows:

	Land	Buildings and construction	Machinery and equipment	Research and development equipment	Mold equipment	Leasehold improvement and other equipment	Construction in progress and prepayment for purchase of equipment	Total
<b>Cost or deemed cost:</b>								
Balance at January 1, 2024	\$ 878,978	2,969,371	3,081,137	770,250	184,105	570,785	116,286	8,570,912
Additions	-	-	55,522	19,648	26,732	9,795	94,670	206,367
Reclassifications	-	67,472	1,662	25,513	-	-	(96,379)	(1,732)
Disposals and derecognitions	-	-	(261,496)	(11,589)	(7,394)	(95,358)	-	(375,837)
Effect of movements in exchange rates	-	91,492	43,611	5	319	2,784	1,576	139,787
Balance at March 31, 2024	<u><u>\$ 878,978</u></u>	<u><u>3,128,335</u></u>	<u><u>2,920,436</u></u>	<u><u>803,827</u></u>	<u><u>203,762</u></u>	<u><u>488,006</u></u>	<u><u>116,153</u></u>	<u><u>8,539,497</u></u>
Balance at January 1, 2023	\$ 878,978	1,610,550	3,339,657	716,765	243,435	496,364	696,813	7,982,562
Additions	-	-	46,129	22,653	9,931	5,756	352,434	436,903
Reclassifications	-	-	-	3,256	-	(192)	(24,287)	(21,223)
Disposals and derecognitions	-	-	(17,070)	(2,816)	(98,716)	(1,126)	-	(119,728)
Effect of movements in exchange rates	-	(6,497)	(26,973)	1	(293)	(2,584)	(5,005)	(41,351)
Balance at March 31, 2023	<u><u>\$ 878,978</u></u>	<u><u>1,604,053</u></u>	<u><u>3,341,743</u></u>	<u><u>739,859</u></u>	<u><u>154,357</u></u>	<u><u>498,218</u></u>	<u><u>1,019,955</u></u>	<u><u>8,237,163</u></u>
<b>Depreciation:</b>								
Balance at January 1, 2024	\$ -	233,959	1,956,850	477,460	94,592	368,656	-	3,131,517
Depreciation for the period	-	29,806	95,982	21,239	12,070	33,299	-	192,396
Disposals and derecognitions	-	-	(258,142)	(11,476)	(7,394)	(92,117)	-	(369,129)
Effect of movements in exchange rates	-	4,063	4,841	4	235	(1,958)	-	7,185
Balance at March 31, 2024	<u><u>\$ -</u></u>	<u><u>267,828</u></u>	<u><u>1,799,531</u></u>	<u><u>487,227</u></u>	<u><u>99,503</u></u>	<u><u>307,880</u></u>	<u><u>-</u></u>	<u><u>2,961,969</u></u>
Balance at January 1, 2023	\$ -	165,507	1,959,147	439,066	197,233	314,541	-	3,075,494
Depreciation for the period	-	11,841	116,043	18,420	6,413	16,026	-	168,743
Disposals and derecognitions	-	-	(11,191)	(2,815)	(98,715)	(1,117)	-	(113,838)
Effect of movements in exchange rates	-	(263)	(15,419)	1	(85)	(1,850)	-	(17,616)
Balance at March 31, 2023	<u><u>\$ -</u></u>	<u><u>177,085</u></u>	<u><u>2,048,580</u></u>	<u><u>454,672</u></u>	<u><u>104,846</u></u>	<u><u>327,600</u></u>	<u><u>-</u></u>	<u><u>3,112,783</u></u>

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	Land	Buildings and construction	Machinery and equipment	Research and development equipment	Mold equipment	Leasehold improvement and other equipment	Construction in progress and prepayment for purchase of equipment	Total
<b>Carrying amounts:</b>								
Balance at March 31, 2024	\$ 878,978	2,860,507	1,120,905	316,600	104,259	180,126	116,153	5,577,528
Balance at January 1, 2024	\$ 878,978	2,735,412	1,124,287	292,790	89,513	202,129	116,286	5,439,395
Balance at March 31, 2023	\$ 878,978	1,426,968	1,293,163	285,187	49,511	170,618	1,019,955	5,124,380
Balance at January 1, 2023	\$ 878,978	1,445,043	1,380,510	277,699	46,202	181,823	696,813	4,907,068

As of March 31, 2024, December 31 and March 31, 2023, the Group did not provide any property, plant and equipment as collaterals.

(i) Right-of-use assets

The Group leases land, buildings and vehicles, recognizing as right-of-use assets. The cost and depreciation of the right-of-use assets of the Group for the three months ended March 31, 2024 and 2023 were as follows:

	Land	Buildings	Vehicles and other	Total
<b>Cost:</b>				
Balance at January 1, 2024	\$ 330,242	358,769	21,987	710,998
Additions	-	10,167	1,729	11,896
Disposal/Write-off	-	-	(5,982)	(5,982)
Effect of movements in exchange rates	13,927	12,205	66	26,198
Balance at March 31, 2024	<u>\$ 344,169</u>	<u>381,141</u>	<u>17,800</u>	<u>743,110</u>
Balance at January 1, 2023	\$ 330,296	345,101	26,127	701,524
Additions	-	-	6,681	6,681
Disposal/Write-off	-	-	(2,116)	(2,116)
Effect of movements in exchange rates	(2,743)	(2,282)	(17)	(5,042)
Balance at March 31, 2023	<u>\$ 327,553</u>	<u>342,819</u>	<u>30,675</u>	<u>701,047</u>
<b>Depreciation:</b>				
Balance at January 1, 2024	\$ 27,770	221,934	16,679	266,383
Depreciation for the period	1,855	21,752	1,508	25,115
Disposal/Write-off	-	-	(5,982)	(5,982)
Effect of movements in exchange rates	1,205	8,306	35	9,546
Balance at March 31, 2024	<u>\$ 30,830</u>	<u>251,992</u>	<u>12,240</u>	<u>295,062</u>
Balance at January 1, 2023	\$ 20,529	176,215	11,971	208,715
Depreciation for the period	1,793	20,073	2,779	24,645
Disposal/Write-off	-	-	(2,116)	(2,116)
Effect of movements in exchange rates	(168)	(1,165)	(9)	(1,342)
Balance at March 31, 2023	<u>\$ 22,154</u>	<u>195,123</u>	<u>12,625</u>	<u>229,902</u>

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles and other</u>	<u>Total</u>
Carrying amount:				
Balance on March 31, 2024	\$ <u>313,339</u>	<u>129,149</u>	<u>5,560</u>	<u>448,048</u>
Balance at January 1, 2024	\$ <u>302,472</u>	<u>136,835</u>	<u>5,308</u>	<u>444,615</u>
Balance at March 31, 2023	\$ <u>305,399</u>	<u>147,696</u>	<u>18,050</u>	<u>471,145</u>
Balance at January 1, 2023	\$ <u>309,767</u>	<u>168,886</u>	<u>14,156</u>	<u>492,809</u>

(j) Intangible Assets

The cost, amortization and impairment loss of intangible assets of the Group for the three months ended March 31, 2024 and 2023 were as follows:

	<u>Goodwill</u>	<u>Authorization fee</u>	<u>Computer software and others</u>	<u>Total</u>
Carrying amount:				
March 31, 2024	\$ <u>6,556</u>	<u>1,418</u>	<u>55,743</u>	<u>63,717</u>
January 1, 2024	\$ <u>6,556</u>	<u>2,039</u>	<u>57,320</u>	<u>65,915</u>
March 31, 2023	\$ <u>6,556</u>	<u>3,898</u>	<u>75,263</u>	<u>85,717</u>
January 1, 2023	\$ <u>6,556</u>	<u>4,522</u>	<u>82,201</u>	<u>93,279</u>

There were no significant additions, disposals, provisions and reversals of impairment loss on intangible assets for the three months ended March 31, 2024 and 2023. Information about amortization for the period is disclosed in note (12). Please refer to note (6)(k) of the 2023 annual consolidated financial statements for other related information.

As of March 31, 2024, December 31 and March 31, 2023, the Group did not provide any intangible assets as collaterals.

(k) Short-term borrowings

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Unsecured bank loans	\$ <u>959,310</u>	<u>1,375,458</u>	<u>2,751,046</u>
Unused credit lines for short-term borrowings	\$ <u>18,180,300</u>	<u>16,127,194</u>	<u>13,118,618</u>
Annual interest rates	<u>2.65%~5.95%</u>	<u>1.77%~5.95%</u>	<u>1.77%~5.58%</u>

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

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(l) Other current liabilities

The details of other current liabilities were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Temporary receipts–non-recurring engineering revenue and collection on behalf of others	\$ 1,215,343	591,340	874,436
Contract liabilities–advance receipts	266,176	351,229	312,445
Others	31,932	28,964	44,065
	<b><u>\$ 1,513,451</u></b>	<b><u>971,533</u></b>	<b><u>1,230,946</u></b>

(m) Long-term borrowings

The details of long-term borrowings were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Unsecured bank loans	\$ 253,132	476,060	1,129,139
Less: current portion	253,132	476,060	1,041,638
Total	<b><u>\$ -</u></b>	<b><u>-</u></b>	<b><u>87,501</u></b>
Unused credit lines for long-term borrowings	<b><u>\$ 1,384,478</u></b>	<b><u>1,117,310</u></b>	<b><u>507,633</u></b>
Annual interest rates	<b><u>2.70%~3.00%</u></b>	<b><u>2.80%~5.28%</u></b>	<b><u>2.80%~5.28%</u></b>

(i) Issuance and repayment of loans

For the three months ended March 31, 2024 and 2023, the Group had raised the additional long-term borrowings amounting to \$0 and \$1,129,139, respectively, maturing from April to May 2024 and July 2023 to May 2024, respectively; and the repayments of the long-term borrowings amounting to \$229,956 and \$0, respectively.

(ii) The Group did not provide any assets pledged as collaterals for the bank loans.

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

(n) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current	<b><u>\$ 114,313</u></b>	<b><u>98,234</u></b>	<b><u>93,208</u></b>
Non-current	<b><u>\$ 34,326</u></b>	<b><u>51,541</u></b>	<b><u>89,451</u></b>

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

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest expense on lease liabilities	\$ 1,423	1,945
Expenses relating to short-term leases	\$ 4,211	5,131

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

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	\$ 21,268	27,320

(i) Land, buildings, office and vehicles leases

The Group leases buildings, office and vehicles with lease terms of 1 to 5 years, and the right-of-use for land is 45 years.

(ii) Other leases

The Group leases parts of offices and vehicles with contract terms of 1 year. These leases are short-term items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(o) Provisions

Provisions for warranty is related to sales of products and being assessed based on the historical experience of similar products or services and customer feedback.

There were no significant changes in provisions for the three months ended March 31, 2024 and 2023. Please refer to note (6)(q) of the 2023 annual consolidated financial statements for related information.

(p) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material curtailment and settlement or other material one-time events since prior fiscal year. As a result, the pension plan cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Operating costs	\$ 48	47
Selling expenses	51	58
Administrative expenses	61	84
Research and development expenses	<u>241</u>	<u>252</u>
	<b><u>\$ 401</u></b>	<b><u>441</u></b>

(ii) Defined contribution plans

The pension expenses of the Company and domestic subsidiaries under the pension plan contributed to the Bureau of Labor Insurance for the three months ended March 31, 2024 and 2023 were as follows:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Operating costs	\$ 471	469
Selling expenses	1,259	1,070
Administrative expenses	1,785	1,824
Research and development expenses	<u>10,190</u>	<u>10,066</u>
	<b><u>\$ 13,705</u></b>	<b><u>13,429</u></b>

Other subsidiaries included in the preparation of the consolidated financial statements recognized the pension expenses, basic endowment insurance expenses, and social welfare expenses amounting to \$10,816 and \$14,479 for the three months ended March 31, 2024 and 2023, respectively.

(q) Income taxes

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

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Recognized during the period	<b><u>\$ 195,993</u></b>	<b><u>157,890</u></b>

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Items that might be reclassified subsequently to profit or loss:		
Gains (losses) on hedging instruments	\$ <b>4,296</b>	<b>4,137</b>

(iii) Examination and approve

The ROC tax authorities has examined the income tax returned of the Company and TTI through 2021, ZHI-BAO through 2022. The relevant differences of examination have been reflected as income tax adjustments in the year of determination.

- (iv) Global minimum top-up tax

Some of the Group's operating regions have enacted a new global minimum top-up tax law, but the new tax law has not yet become effective. The Group is closely monitoring the legislative progress of the introduction of the global minimum top-up tax in each of the regions which the Group operates. As of March 31, 2024, the application of this new tax law was assessed to have no significant impact on the Group.

The Group has applied a temporary mandatory relief for deferred income tax accounting treatment to the impacts of the top-up tax and recognizes it as current income tax expense when it is incurred.

- (r) Capital and other equities

Except for the following disclosures, there was no significant change for capital and other equities for the three months ended March 31, 2024 and 2023. Please refer to note (6)(t) of the 2023 annual consolidated financial statements for related information.

- (i) Capital surplus

	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
Additional paid-in capital–premium	\$ 3,640,910	3,861,264	3,861,264
Difference between consideration and carry amount arising from acquisition or disposal of subsidiaries	3,698	3,698	3,698
Changes in equity of associates, joint ventures and subsidiaries accounted for using equity method	7,178	7,012	7,120
Expired stock options	361	361	361
	<b>\$ 3,652,147</b>	<b>3,872,335</b>	<b>3,872,443</b>

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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The Company's Board of Directors meeting held on February 22, 2024 and March 14, 2023, approved to distribute the cash dividend both of \$220,354 (\$1 per share) from capital surplus. The related information can be accessed through the Market Observation Post System website.

(ii) Retained earnings

According to the Company's Article of Incorporation, if the Company make earnings in a fiscal year, after all tax and dues have been paid and accumulated loss for previous years have been made up, shall set aside 10% of earnings as legal reserve (unless the amount of legal reserve is equal or greater than total paid-in capital), and set aside the special reserve in accordance with relevant laws and regulations. Depending on operation conditions, the Board of Directors shall retain an appropriate amount then propose an earnings distribution plan. According to the Company's Article of Incorporation, the Company authorize the Board of Directors to distribute dividend, bonus, capital surplus and legal reserve in whole or in part in the form of cash, after a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of total number of directors, and shall report such distribution plan in the general shareholders' meeting.

According to the Company's dividend stabilization policy, the type of dividends should be determined after considering the business environment, operating performance, financial structure, etc. If there is any year-end retained earnings to be distributed to stockholders, the dividend and bouns shall not be lower than 30% of the net income and the cash dividends to stockholders shall not be lower than 10% of total dividends.

(iii) Earnings distributed

Earnings distribution for 2023 and 2022 were approved by the Board of Directors meeting held on February 22, 2024 and March 14, 2023, respectively. The relevant dividend distribution to shareholders were as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Amount per share (dollars)</u>	<u>Total amount</u>	<u>Amount per share (dollars)</u>	<u>Total amount</u>
Cash dividends distributed to ordinary shareholders	\$ 6.0	\$ <u>1,322,126</u>	5.5	<u>1,211,949</u>

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(s) Earnings per share

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

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	\$ <u>622,373</u>	<u>496,615</u>
Weighted-average number of ordinary shares (thousand shares)	<u>220,354</u>	<u>220,354</u>
Basic earnings per share (dollars)	\$ <u>2.82</u>	<u>2.25</u>
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company	\$ <u>622,373</u>	<u>496,615</u>
Weighted-average number of ordinary shares (thousand shares)	220,354	220,354
Effect of dilutive potential ordinary shares (thousand shares):		
Effect of remuneration to employees	1,938	3,246
Weighted-average number of ordinary shares (thousand shares)(after adjustment of dilutive potential ordinary shares)	<u>222,292</u>	<u>223,600</u>
Diluted earnings per share (dollars)	\$ <u>2.80</u>	<u>2.22</u>

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Primary geographical markets:		
America	\$ 5,925,523	4,523,103
Europe	3,546,882	4,284,633
Asia and others	<u>3,074,279</u>	<u>2,213,402</u>
	<u>\$ 12,546,684</u>	<u>11,021,138</u>
Major products:		
Smart Home Solution	\$ 5,072,805	3,788,551
Broadband Solution	4,458,504	3,668,745
Mobility Solution	2,780,361	3,329,328
Others	<u>235,014</u>	<u>234,514</u>
	<u>\$ 12,546,684</u>	<u>11,021,138</u>

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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(ii) Contract balances

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Notes and accounts receivable	\$ 6,866,981	9,826,892	8,210,350
Less: allowance for uncollectible accounts	<u>(36,445)</u>	<u>(41,153)</u>	<u>(35,378)</u>
Total	<u><b>\$ 6,830,536</b></u>	<u><b>9,785,739</b></u>	<u><b>8,174,972</b></u>
Contract liabilities (recognized under other current liabilities)	<u><b>\$ 266,176</b></u>	<u><b>351,229</b></u>	<u><b>312,445</b></u>

For the details on notes and accounts receivable and allowance for uncollectible accounts, please refer to note (6)(e).

The amounts of revenue recognized for the three months ended March 31, 2024 and 2023 that were included in the balance of contract liabilities at the beginning of the periods were \$116,397 and \$31,793, respectively.

(u) Remuneration to employees and directors

Based on the Company's Articles of Incorporation, if there is any profit before tax prior to deduction of the remuneration of employees and directors in a fiscal year, it shall be distributed to employees as remuneration in an amount of not less than five percent (5%) and to directors as remuneration in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset its accumulated losses. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, may include the employees serve in the subsidiaries of the Company who meet certain specific requirements.

For the three months ended March 31, 2024 and 2023, the Company accrued and recognized employee remuneration of \$102,854 and \$82,122, and directors' remuneration of \$5,588 and \$4,416, respectively. The estimated amounts mentioned above are based on the income before tax prior to deduction of the remuneration to employees and directors of each respective period, multiplied by the percentage of remuneration to employees and directors, which were approved by the management of the Company. The estimations were recorded under operating costs or operating expenses for each period. The differences between the actual amounts and the estimates recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee remuneration in the form of stock, the number of the shares of the employee remuneration is determined based on the closing price of the day before the Board of Directors meeting.

The Company accrued and recognized its employee remuneration of \$413,218 and \$327,896, and directors' remuneration of \$21,995 and \$17,635 for the years ended December 31, 2023 and 2022, respectively. There were no differences between the amounts approved by the Board of Directors and those recognized in the financial statements, and the related information can be accessed through the Market Observation Post System website.

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(v) Financial instruments

Except for those described below, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk, liquidity risk and market risk. Please refer to note (6)(y) of the 2023 annual consolidated financial statements for related information.

(i) Credit risk

For credit risk exposure of note and trade receivables, please refer to note (6)(e).

Other financial assets at amortized cost include other receivables, repurchase agreements and time deposits. These financial assets are considered to have low credit risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Besides, due to the counterparties of the time deposits and repurchase agreements held by the Group are financial institutions with investment grade and above credit ratings, these time deposits and repurchase agreements are considered to have low credit risk.

The movement of loss allowance provision for the three months ended March 31, 2024 and 2023 were as follows:

	<u>Other receivables</u>
Balance at January 1, 2024	\$ 12,418
Reversal of impairment loss recognized	<u>(12,418)</u>
Balance at March 31, 2024	<u>\$ -</u>
Balance at January 1, 2023	\$ 528
Reversal of impairment loss recognized	<u>(26)</u>
Balance at March 31, 2023	<u>\$ 502</u>

(ii) Liquidity risk

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

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>March 31, 2024</b>					
Non-derivative financial liabilities					
Unsecured bank loans (including short-term and long-term borrowings)	\$ 1,212,442	(1,212,442)	(1,212,442)	-	-
Accounts payable (including related parties)	15,864,836	(15,864,836)	(15,864,836)	-	-
Other payables	6,236,038	(6,236,038)	(6,236,038)	-	-
Dividends payable	1,542,514	(1,542,514)	(1,542,514)	-	-
Lease liability – current and non-current	148,639	(152,365)	(117,470)	(25,547)	(9,348)
Deposits received	34,044	(34,044)	-	(325)	(33,719)

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
Derivative financial liabilities					
Foreign exchange swaps contracts:	5,725				
Outflow		(320,000)	(320,000)	-	-
Inflow		313,180	313,180	-	-
	<u>\$ 25,044,238</u>	<u>(25,049,059)</u>	<u>(24,980,120)</u>	<u>(25,872)</u>	<u>(43,067)</u>
<b>December 31, 2023</b>					
Non-derivative financial liabilities					
Unsecured bank loans (including short-term and long-term borrowings)	\$ 1,851,518	(1,851,518)	(1,851,518)	-	-
Accounts payable (including related parties)	12,314,903	(12,314,903)	(12,314,903)	-	-
Other payables	6,441,674	(6,441,674)	(6,441,674)	-	-
Dividends payable	34	(34)	(34)	-	-
Lease liability – current and non-current	149,775	(154,086)	(101,931)	(42,851)	(9,304)
Deposits received	38,381	(38,381)	(5,962)	(1,374)	(31,045)
Derivative financial liabilities					
Other foreign exchange forward contracts:	14,884				
Outflow		(688,480)	(688,480)	-	-
Inflow		674,655	674,655	-	-
Foreign exchange forward contracts used for hedging:	14,246				
Outflow		(1,087,360)	(1,087,360)	-	-
Inflow		1,076,861	1,076,861	-	-
	<u>\$ 20,825,415</u>	<u>(20,824,920)</u>	<u>(20,740,346)</u>	<u>(44,225)</u>	<u>(40,349)</u>
<b>March 31, 2023</b>					
Non-derivative financial liabilities					
Unsecured bank loans (including short-term and long-term borrowings)	\$ 3,880,185	(3,880,185)	(3,792,684)	(87,501)	-
Accounts payable (including related parties)	12,871,988	(12,871,988)	(12,871,988)	-	-
Other payables	4,160,194	(4,160,194)	(4,160,194)	-	-
Dividends payable	1,432,333	(1,432,333)	(1,432,333)	-	-
Lease liability – current and non-current	182,659	(190,190)	(98,713)	(85,969)	(5,508)
Deposits received	34,311	(34,311)	(1,826)	(325)	(32,160)

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
Derivative financial liabilities					
Other foreign exchange forward contracts:	17,430				
Outflow		(1,356,315)	(1,356,315)	-	-
Inflow		1,348,039	1,348,039	-	-
Foreign exchange forward contracts used for hedging :	32,882				
Outflow		(859,560)	(859,560)	-	-
Inflow		832,305	832,305	-	-
	<u>\$ 22,611,982</u>	<u>(22,604,732)</u>	<u>(22,393,269)</u>	<u>(173,795)</u>	<u>(37,668)</u>

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Exposure to foreign currency risk

The Group's significant exposure to financial assets and liabilities for foreign currency risk were as follows:

Unit: thousands of foreign currency

	<u>March 31, 2024</u>			<u>December 31, 2023</u>			<u>March 31, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
Monetary items									
USD	\$ 636,419	USD/TWD =32.00	20,365,408	671,226	USD/TWD =30.705	20,609,994	635,467	USD/TWD =30.455	19,353,147
EUR	26,228	EUR/TWD =34.46	903,817	22,723	EUR/TWD =33.98	772,128	51,001	EUR/TWD =33.06	1,686,093
Financial liabilities									
Monetary items									
USD	747,315	USD/TWD =32.00	23,914,080	696,440	USD/TWD =30.705	21,384,190	742,394	USD/TWD =30.455	22,609,609
EUR	1,321	EUR/TWD =34.46	45,522	2,583	EUR/TWD =33.98	87,770	7,959	EUR/TWD =33.06	263,125
CNY	188,731	CNY/USD =0.138	833,436	286,729	CNY/USD =0.141	1,241,366	236,928	CNY/USD =0.145	1,048,938

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, accounts payable (including related parties), long-term borrowings, and other payables that are denominated in foreign currency. The analysis assumes that all other variables remain constant. A strengthening (weakening) 5% of each foreign currency against the functional currency on March 31, 2024 and 2023 would have affected the net income before tax as follows. The analysis is performed on the same basis for both periods.

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	<u>March 31,</u> <u>2024</u>	<u>March 31,</u> <u>2023</u>
USD (against the TWD)		
Strengthening 5%	\$ (177,434)	(162,823)
Weakening 5%	177,434	162,823
EUR (against the TWD)		
Strengthening 5%	42,915	71,148
Weakening 5%	(42,915)	(71,148)
CNY (against the USD)		
Strengthening 5%	(41,672)	(52,447)
Weakening 5%	41,672	52,447

3) Exchange gains and losses of monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2024 and 2023, the net foreign exchange gains (including realized and unrealized portions) amounted to \$81,509 and \$23,021, respectively.

(iv) Interest rate analysis

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

	<u>Carrying amount</u>	
	<u>March 31,</u> <u>2024</u>	<u>March 31,</u> <u>2023</u>
Fixed rate financial instrument:		
Financial assets	\$ 7,246,254	5,155,249
Financial liabilities	<u>(1,212,442)</u>	<u>(3,880,185)</u>
	<u>\$ 6,033,812</u>	<u>1,275,064</u>
Variable rate financial instrument:		
Financial assets	<u>\$ 3,333,685</u>	<u>2,026,108</u>

The following sensitivity analysis is based on the risk exposure to interest rate for the non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the whole year. The rate of change reporting to management internally is expressed as the interest rate increase or decrease by 0.25%, which also represents management of the Group's assessment on the reasonably possible interval of interest rate change.

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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If the interest rate had increased or decreased by 0.25% on the reporting date, assuming all other variable factors remaining constant, the net income before tax would have increased or decreased by \$2,084 and \$1,266 for the three months ended March 31, 2024 and 2023, respectively, which would be mainly resulted from the bank deposits with variable interest rates.

(v) Fair value

1) The categories of financial instruments and fair value

The Group's financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging and financial assets and liabilities at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities (including the information on fair value hierarchy, but excluding financial instruments not measured at fair value whose carrying amount is reasonably approximate to the fair value, and lease liabilities, since the disclosures of fair value information is not required), were as follows:

	Carrying amount	March 31, 2024			Total
		Fair Value			
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss – current and non-current</b>					
Derivative financial assets	\$ 7,107	-	7,107	-	7,107
Non-derivative financial assets mandatorily measured at fair value through profit or loss	49,676	-	-	49,676	49,676
Subtotal	56,783				
<b>Financial assets used for hedging</b>	7,235	-	7,235	-	7,235
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks unlisted on domestic markets	26,120	-	-	26,120	26,120
Accounts receivable	1,194,768	-	1,194,768	-	1,194,768
Subtotal	1,220,888				
<b>Financial assets measured at amortized cost:</b>					
Cash and cash equivalents	10,583,696	-	-	-	-
Notes and accounts receivable, net	5,635,768	-	-	-	-
Other receivables	1,866,118	-	-	-	-
Refundable deposits	114,787	-	-	-	-
Subtotal	18,200,369				
<b>Total</b>	<b>\$ 19,485,275</b>				

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	March 31, 2023				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities	\$ 17,430	-	17,430	-	17,430
<b>Financial liabilities for hedging</b>	<u>32,882</u>	-	32,882	-	32,882
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	2,751,046	-	-	-	-
Accounts payable (including related parties)	12,871,988	-	-	-	-
Other payables	4,160,194	-	-	-	-
Dividends payable	1,432,333	-	-	-	-
Lease liabilities—current and non-current	182,659	-	-	-	-
Long-term borrowings (including current portion)	1,129,139	-	-	-	-
Deposits received	<u>34,311</u>	-	-	-	-
Subtotal	<u>22,561,670</u>				
<b>Total</b>	<b>\$ <u>22,611,982</u></b>				

2) Fair value valuation techniques for financial instruments not measured at fair value

The Group's estimates financial instruments that not measured at fair value by using methods and assumptions as follows:

a) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the most recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Fair value valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique, including a model used in calculating the observable market data at the reporting date.

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group holds the unquoted equity investments of financial instruments without an active market. The measurement of fair value of the equity instruments is based on the Guideline Public Company method, which mainly assumes the evaluation by the price-book ratio of comparable public companies and by the discount for lack of marketability. The estimation has been adjusted by the effect of discount resulting from the lack of marketability for the equity securities.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of foreign exchange forward contracts is usually determined by using the forward exchange rate.

4) Transfers between Level 1 and Level 2

There was no transfer from level 2 to level 1 for the three months ended March 31, 2024 and 2023.

5) Reconciliation of Level 3 fair values

	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>
	<b>Non-derivative financial assets mandatorily measured at fair value through profit or loss</b>	<b>Unquoted equity instruments</b>
Balance at January 1, 2024	\$ 48,112	35,442
Total gains and losses recognized		
In profit or loss	1,564	-
In other comprehensive income	-	(9,322)
Balance at March 31, 2024	<u>\$ 49,676</u>	<u>26,120</u>
Balance at January 1, 2023	\$ 46,379	46,150
Total gains and losses recognized		
In profit or loss	190	-
In other comprehensive income	-	(82)
Balance at March 31, 2023	<u>\$ 46,569</u>	<u>46,068</u>

For the three months ended March 31, 2024 and 2023, total gains and losses that were included in “gains and losses on financial assets (liabilities) at fair value through profit or loss” and “unrealized gains and losses from investments in equity instruments measured at fair value through other comprehensive income” were as follows:

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Total gains and losses recognized:		
In profit or loss, and presented in “Gains and losses on financial assets(liabilities) at fair value through profit or loss”	\$ <u>1,564</u>	<u>190</u>
In other comprehensive income, and presented in “Unrealized gains and losses from investments in equity instruments measured at fair value through other comprehensive income”	\$ <u>(9,322)</u>	<u>(82)</u>
6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement		

The Group’s financial instruments that use Level 3 inputs to measure fair values include “financial assets measured at fair value through profit or loss – investments in private equity fund” and “financial assets measured at fair value through other comprehensive income – equity investments”.

Most of fair value measurements of the Group categorized within Level 3 have single and significant unobservable inputs. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market are independent from each other, as a result, there is no relevance between them.

Quantified information of significant unobservable inputs were as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value</b>
Financial assets at fair value through other comprehensive income– equity investments without an active market	Comparable market approach	<ul style="list-style-type: none"> <li>· Price-Book ratio multiples (2.14~2.41, 2.36~3.04 and 1.42~3.60 on March 31, 2024, December 31 and March 31, 2023, respectively)</li> <li>· Lack-of-Marketability discount rate (30% on March 31, 2024, December 31 and March 31, 2023)</li> </ul>	<ul style="list-style-type: none"> <li>· The higher the multiple is , the higher the fair value will be.</li> <li>· The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.</li> </ul>

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value</u>
Financial assets at fair value through profit or loss—investments in private equity fund	Net asset value method	Net asset value	Inapplicable

- 7) Fair value measurements in Level 3 – Sensitivity analysis of reasonably possible alternative assumptions

The Group’s fair value measurement in financial instruments is reasonable. However, the measurement results would be different if different valuation models or parameters are adopted. For financial instruments categorized as Level 3, if the valuation parameters changed, the impacts on profit or loss or other comprehensive income (loss) are as follows:

	<u>Input</u>	<u>Move up or down</u>	<u>Other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
<b>March 31, 2024</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>1,349</u>	<u>1,340</u>
	Lack-of-Marketability discount rate	5%	\$ <u>573</u>	<u>573</u>
<b>December 31, 2023</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>1,802</u>	<u>1,811</u>
	Lack-of-Marketability discount rate	5%	\$ <u>784</u>	<u>771</u>
<b>March 31, 2023</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>2,317</u>	<u>2,344</u>
	Lack-of-Marketability discount rate	5%	\$ <u>986</u>	<u>1,002</u>

The favorable and unfavorable changes represent the movement of the fair value, and fair value is based on a variety of unobservable inputs calculated by using a valuation technique. If there are more than one input for the fair value of financial instrument, the analysis above only reflects the effects of changes for a single input, and it does not consider the inter-relationships and variability with another inputs.

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

8) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards No. 32 Sections 42 endorsed by the FSC which requested for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

The following tables present the aforesaid offsetting financial assets and financial liabilities.

Unit: In thousand dollars of TWD and USD

<b>March 31, 2024</b>			
<b>Financial assets/liabilities that are offset which have an exercisable master netting arrangement or similar agreement</b>			
	Gross amounts of recognized financial assets/ liabilities (a)	Gross amounts of financial assets/ liabilities offset in the balance sheet (b)	Net amount of financial assets/ liabilities presented in the balance sheet (c)=(a)-(b)
Cash/short-term borrowings	\$ <u>1,648,256</u> (USD <u>51,508</u> )	<u>1,648,256</u> (USD <u>51,508</u> )	<u>-</u>
<b>December 31, 2023</b>			
<b>Financial assets/liabilities that are offset which have an exercisable master netting arrangement or similar agreement</b>			
	Gross amounts of recognized financial assets/ liabilities (a)	Gross amounts of financial assets/ liabilities offset in the balance sheet (b)	Net amount of financial assets/ liabilities presented in the balance sheet (c)=(a)-(b)
Cash/short-term borrowings	\$ <u>4,694,672</u> (USD <u>152,896</u> )	<u>4,694,672</u> (USD <u>152,896</u> )	<u>-</u>
<b>March 31, 2023</b>			
<b>Financial assets/liabilities that are offset which have an exercisable master netting arrangement or similar agreement</b>			
	Gross amounts of recognized financial assets/ liabilities (a)	Gross amounts of financial assets/ liabilities offset in the balance sheet (b)	Net amount of financial assets/ liabilities presented in the balance sheet (c)=(a) (b)
Cash/short-term borrowings	\$ <u>6,471,352</u> (USD <u>212,489</u> )	<u>6,471,352</u> (USD <u>212,489</u> )	<u>-</u>

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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(w) Financial risk management

There were no significant changes in the Group's objectives and policies of financial risk management as disclosed in note (6)(z) of the 2023 annual consolidated financial statements.

(x) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the quantified information of Group's capital management as disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to note (6)(aa) of the 2023 annual consolidated financial statements for further details.

(y) Investing and financing activities not affecting cash flow

The Group's investing and financing activities which did not affect the cash flow for the three months ended March 31, 2024 and 2023 were as follows:

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

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

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

  

	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>March 31, 2023</b>
			<b>Other</b>	
Short-term borrowings	\$ 4,386,582	(1,635,536)	-	2,751,046
Lease liabilities	195,745	(20,244)	7,158	182,659
Long-term borrowings	-	1,129,139	-	1,129,139
Deposits received	<u>34,607</u>	<u>(252)</u>	<u>(44)</u>	<u>34,311</u>
Total liabilities from financing activities	<u><b>\$ 4,616,934</b></u>	<u><b>(526,893)</b></u>	<u><b>7,114</b></u>	<u><b>4,097,155</b></u>

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(7) Related-party transactions:**

(a) Parent company and ultimate controlling party

Compal Electronics, Inc.(CEI) is not only the parent company of the consolidated entity but also the ultimate controlling party of the Group. CEI owns 33 percent of all outstanding ordinary shares of the Company, and has released the consolidated financial statements available for public use.

(b) Name and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Compal Electronics, Inc.	Parent company
Compal Electronics (Vietnam) Co., Ltd. ("CVC")	The ultimate parent company is the same
Kinpo Group Management Service Company	The chairman of parent company is the same as that of the entity
AcBel Polytech Inc.	The chairman of the entity is the first degree of kinship of the chairman of parent company
LIZ Electronics (Nantong) Co., Ltd.	An associate of parent company
LIZ Electronics (Kunshan) Co., Ltd.	"

(c) Significant related party transactions

(i) Purchases (discounts and returns) of goods from related parties

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

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<u>2024</u>	<u>2023</u>
Parent company	\$ 137,159	(59,191)
Other related parties-CVC	541,656	-
Other related parties-Others	<u>19,042</u>	<u>19,527</u>
	<u><b>\$ 697,857</b></u>	<u><b>(39,664)</b></u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by third-party vendors. The payment terms were net 60~120 days from the end of the month of delivery.

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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(ii) Other expenditures

The Group entrusted other related parties to provide technical support, professional services and other services, and the related expenses for the three months ended March 31, 2024 and 2023 were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Other related parties	\$ <b>280</b>	<b>271</b>

(iii) Payables to related parties

The payables to related parties were as follows:

<b>Account</b>	<b>Related party categories</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Accounts payable	Parent company	\$ 322,543	685,277	1,049
Accounts payable	Other related parties-CVC	551,163	-	-
Accounts payable	Other related parties-Others	38,409	40,587	30,364
		<b>\$ 912,115</b>	<b>725,864</b>	<b>31,413</b>

(d) Transactions with key management personnel

Key management personnel remunerations comprised:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 34,729	30,159
Post-employment benefits	286	257
	<b>\$ 35,015</b>	<b>30,416</b>

**(8) Pledged assets:None**

**(9) Commitments and contingencies:**

As of March 31, 2024, December 31 and March 31, 2023, the Group has entered into agreements for the construction of plants, amounting to \$734,515, \$816,804 and \$457,054, respectively, which have yet to be paid.

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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**(10) Losses due to major disasters: None**

**(11) Subsequent Events:**

The Group has signed the mechanical and electrical engineering contract with a non-related party in April, 2024, and the total contract price is \$368,000.

**(12) Other:**

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

By function By item	For the three months ended March 31, 2024			For the three months ended March 31, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	196,906	506,913	703,819	185,380	444,793	630,173
Labor and health insurance	16,791	37,862	54,653	14,128	38,526	52,654
Pension	5,724	19,198	24,922	11,681	16,668	28,349
Others	27,301	17,856	45,157	105,978	15,080	121,058
Depreciation	173,525	43,986	217,511	153,519	39,869	193,388
Amortization	242	13,205	13,447	491	12,803	13,294

(b) Seasonality of operations

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

**(13) Other disclosure items:**

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2024:

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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(i) Loans to other parties:

Unit: In thousand dollars of TWD/USD

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2 & 3)	Note
													Item	Value			
0	The Company	Arcadyan do Brasil Ltda	Other receivables	Yes	64,000 (USD2,000)	64,000 (USD2,000)	44,800 (USD1,400)	5.5%	2	-	Operating demand	-	-	-	2,798,371	5,596,742	The transactions had been eliminated in the consolidated financial statements.
0	"	Arcadyan Technology (Vietnam) Co. Ltd.	"	Yes	315,700 (USD10,000)	-	-	5.5%	1	20,416,000 (USD638,000)	-	-	-	-	2,798,371	5,596,742	"
1	Arcadyan Holding	CNC	"	Yes	1,894,200 (USD60,000)	-	-	5.5%	2	-	Operating demand	-	-	-	2,142,030	2,142,030	"

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

Note 2: According to the policy of the Company on Lending Funds to Other Parties, the amount of loans to others shall not exceed 40% of the net worth of the Company. To borrowers having business relationship with the Company, the total amount of loans to the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expected amount for the current year, which shall not exceed 20% of the net worth of the Company. Also, the amount shall be combined with the Company's endorsements/guarantees for the borrower upon calculation. When a short-term financing facility is deemed necessary, only the investees of the Company are allowed to borrow. The total amount of loans to the borrower shall not exceed 20% of the net worth of the Company, and it shall be combined with the Company's endorsements/guarantees for the borrower upon calculation. Inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or to loans of fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares, shall not apply to the restriction in paragraph 1 and paragraph 3, but the aggregate total amount of loans to borrowing companies shall not exceed the net worth of the lending company.

Note 3: According to the policy of Arcadyan Holding on Lending Funds to Others, the amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility with Arcadyan Holding is deemed necessary, only the investees of Arcadyan Holding are allowed to borrow. The total amount for lending the borrower shall not exceed its net worth, and it shall be combined with the Company's endorsements/guarantees for the borrower upon calculation.

Note 4: The amounts in New Taiwan Dollars were translated at the exchange rate of \$32(USD) based on the reporting date.

(ii) Guarantees and endorsements for other parties:

Unit: In thousand dollars of TWD/USD

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Arcadyan Technology Australia Pty Ltd	100% owned subsidiary of the Company	1,865,580	240,000 (USD7,500)	240,000 (USD7,500)	-	-	1.72 %	5,596,742	Y	N	N

Note: The total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 40% of the Company's net worth. The total amount of endorsements/ guarantees the Company or the Group is permitted to make for a single company shall not exceed 1/3 of the amount of limitation aforementioned.

(iii) Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Unit: In thousand dollars of TWD/thousand shares

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Geo Things Inc.	-	Financial assets at fair value through profit or loss-non-current	200	-	4.17 %	-	
"	AirHop Communication, Inc.	-	"	1,152	-	4.60 %	-	
"	Adant Technologies Inc.	-	"	349	-	4.93 %	-	
"	IOT Eye, Inc.	-	"	60	-	13.75 %	-	
"	TIEF Fund, L.P.	-	"	-	49,676	7.49 %	49,676	

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Chimei Motor Electronic Co Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,650	26,120	5.50 %	26,120	
"	Golden Smart home Technology Corp.	-	"	1,229	-	1.99 %	-	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/ (Sales)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Arcadyan USA	Subsidiary	(Sales)	(5,644,456)	(50)%	Net 120 days from delivery	-	-	2,051,423	30 %	Note 3
"	Arcadyan AU	"	(Sales)	(136,690)	(1)%	Net 60 days from the end of the month of delivery	-	-	44,076	1 %	Note 3
"	CNC	"	Purchases	254,043	1 %	Net 120 days from delivery	According to cost plus pricing	-	(1,307,314)	(5)%	Note 1 - 3
"	Arcadyan Vietnam	"	Purchases	2,090,914	11 %	Net 180 days from the end of the month of delivery	"	-	Note 2	- %	Note 1 - 3
"	Compal Electronics, INC.	Parent company of the Company	Purchases	137,159	1 %	Net 60 days from the end of the month of delivery	-	-	(322,543)	(1)%	-
CNC	The Company	Parent company	(Sales)	(254,043)	(100)%	Net 120 days from delivery	According to cost plus pricing	-	1,307,314	98 %	Note 1 - 3
Arcadyan Vietnam	The Company	Parent company	(Sales)	(2,090,914)	(100)%	Net 180 days from the end of the month of delivery	"	-	Note 2	- %	Note 1 - 3
"	CVC	The ultimate parent company is the same	Purchases	541,656	6 %	Net 60 days from the end of the month of delivery	"	-	(551,163)	(3)%	-
Arcadyan USA	The Company	Parent company	Purchases	5,644,456	100 %	Net 120 days from delivery	-	-	(2,051,423)	(100)%	Note 3
Arcadyan AU	The Company	Parent company	Purchases	136,690	100 %	Net 60 days from the end of the month of delivery	-	-	(44,076)	(100)%	Note 3

Note 1: The ending balances were derived from the net transactions on processing and sales of raw materials.

Note 2: As of March 31, 2024, the other receivables were amounted to \$1,574,493.

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

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (viii) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Unit: In thousand dollars of TWD

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 3)	Allowance for bad debts
					Amount	Action taken		
The Company	Arcadyan USA	Subsidiary	2,051,423	8.22	-		2,051,423	-
"	Arcadyan Vietnam	"	1,574,493 (Note 2)	(Note 2)	-		-	-
"	Arcadyan Germany	"	157,571	0.86	-		3,516	-
CNC	The Company	Parent company	1,307,314 (Note 1)	0.49	-		144,644	-

Note 1: The ending balance was accounts receivable derived from processing.

Note 2: The ending balance was other receivables derived from purchasing raw materials on behalf of related parties.

Note 3: Balance as of April 19, 2024.

- (ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d)
- (x) Business relationships between the parent company and subsidiaries and significant intercompany transactions:

Unit: In thousands dollars of TWD

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	Arcadyan Germany	1	Operating Revenues	39,314	There is no significant difference of price with non-related customers. The credit period is net 150 days from delivery.	0.31 %
"	"	"	1	Accounts Receivable	157,571	"	0.37 %
"	"	Arcadyan USA	1	Operating Revenues	5,644,456	There is no significant difference of price with non-related customers. The credit period is net 120 days from delivery.	44.99 %
"	"	"	1	Accounts Receivable	2,051,423	"	4.80 %
"	"	Arcadyan AU	1	Operating Revenues	136,690	There is no significant difference of price between non-related customers'. The credit period is net 60 days from the end of the month of delivery.	1.09 %
"	"	"	1	Accounts Receivable	44,076	"	0.10 %
"	"	Arcadyan Vietnam	1	Other Receivables	1,574,493	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	3.69 %

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
1	CNC	The Company	2	Processing Revenue	254,043	The price is based on the operating cost-plus. The credit period is net 120 days from delivery and depended on funding demand.	2.02 %
"	"	"	2	Accounts Receivable	1,307,314	"	3.06 %
2	Arcadyan Vietnam	The Company	2	Processing Revenue	2,090,914	The price is based on the operating cost-plus. The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	16.67 %

Note 1: The numbers filled in as follows:

1.0 represents the Company.

2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:

1 represents transactions between the parent company and its subsidiaries.

2 represents transactions between the subsidiaries and the parent company.

3 represents transactions between subsidiaries.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China):

Unit: In thousand dollars of TWD and USD and thousand shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending Balance as of March 31, 2024			Net income (losses) of the investee	Share of income (losses) of the investee	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
The Company	Arcadyan Holding	British Virgin Islands	Investment activities	1,701,027	1,701,027	47,780	100%	1,984,961	(193,521)	(172,503)	Note 2、4
The Company	Arcadyan USA	USA	Selling and technical support of wireless networking products	23,055	23,055	1	100%	(6,564)	23,246	23,246	"
The Company	Arcadyan Germany	Germany	Selling and technical support of wireless networking products	1,125	1,125	0.5	100%	100,466	6	6	"
The Company	Arcadyan Korea	Korea	Selling of wireless networking products	2,879	2,879	20	100%	35,206	5	5	"
The Company and ZHI-BAO	Arcadyan Brasil	Brazil	Selling of wireless networking products	81,593	81,593	968	100%	(48,214)	(2,173)	(2,173)	"
The Company	ZHI-BAO	Hsinchu City	Investment activities	48,000	48,000	34,980	100%	335,869	(7,599)	(7,599)	"
The Company	TTI	Taipei City	Research and development, and selling digital home appliance	308,726	308,726	25,028	61%	149,038	(7,613)	(4,647)	"
The Company	Arcadyan UK	England	Technical support of wireless networking products	1,988	1,988	50	100%	5,891	122	122	"
The Company	Arcadyan AU	Australia	Selling of wireless networking products	1,161	1,161	50	100%	76,595	2,814	2,814	"
The Company	Arcadyan RU	Russia	Selling of wireless networking products	7,672	7,672	-	100%	3,185	(18)	(18)	"
The Company	CBN	Hsinchu County	Manufacturing and selling of broadband network products	11,925	11,925	533	1%	8,746	(40,842)	(322)	Note 3

(Continued)

**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending Balance as of March 31, 2024			Net income (losses) of the investee	Share of income (losses) of the investee	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
The Company and ZHI-BAO	Arcadyan India	India	Selling of wireless networking products	76,952	76,952	19,800	100%	37,005	(14,492)	(14,492)	Note 2、4
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment activities	929,600 (USD29,050)	929,600 (USD29,050)	29,050	100%	1,514,912 (USD47,341)	(130,069) (USD(4,136))	Investment gain(losses) recognized by Arcadyan Holding	"
"	Arch Holding	British Virgin Islands	Investment activities	352,352 (USD11,011)	352,352 (USD11,011)	35	100%	582,720 (USD18,210)	(65,192) (USD(2,073))	"	"
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless networking products	928,000 (USD29,000)	928,000 (USD29,000)	-	100%	1,510,048 (USD47,189)	(130,100) (USD(4,137))	Investment gain (losses) recognized by Sinoprime	"
TTI	Quest	Samoa	Investment activities	38,400 (USD1,200)	38,400 (USD1,200)	1,200	100%	10,189	(366)	Investment gain (losses) recognized by TTI	"
TTI	TTJC	Japan	Selling of digital home appliance	9,626	9,626	0.7	100%	2,553	(69)	"	"
Quest	Exquisite	Samoa	Investment activities	37,440 (USD1,170)	37,440 (USD1,170)	1,170	100%	9,312 (USD291)	(377) (USD(12))	Investment gain(losses) recognized by Quest	"
ZHI-BAO	CBN	Hsinchu County	Manufacturing and selling of broadband network products	36,272	36,272	13,140	19.43%	215,518	(40,842)	Investment gain(losses) recognized by ZHI-BAO	Note 3

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rate of \$US31.448 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of US\$32 based on the reporting date.

Note 2: The Group has owner control.

Note 3: The Group has significant influence.

Note 4: The transactions had been eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China:

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

Unit: In thousand dollars of TWD and USD

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
SVA	Research and sale of wireless networking products	259,200 (USD8,100)	Note 1	(Note 4) 429,440 (USD13,420)	-	-	429,440 (USD13,420)	1,730 (USD55)	100%	1,730 (USD55)	43,840 (USD1,370)	-	Note 3
CNC	Manufacturing of wireless networking products	398,400 (USD12,450)	"	(Note 5) 352,352 (USD11,011)	-	-	352,352 (USD11,011)	(65,192) (USD(2,073))	100%	(65,192) (USD(2,073))	582,688 (USD18,209)	-	"
TCH	Manufacturing of digital home appliance products	387,360 (USD12,105)	Notes 1, 6 and 7	36,800 (USD1,150)	-	-	36,800 (USD1,150)	(1,101) (USD(35))	100%	(1,101) (USD(35))	26,528 (USD829)	-	"

Note 1: Investment in Mainland China through companies registered in a third region.

Note 2: The amounts in New Taiwan Dollars were translated at the exchange rate of \$US31.448 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of US\$32 based on the reporting date.

Note 3: The amounts are according to the financial statements which have been reviewed by parent company's independent external CPA.

Note 4: The Company paid US\$18,420 thousands and acquired 100% shares of SVA from Aceton Asia through Arcadyan Holding in 2010.

Note 5: The Company paid US\$8,561 thousands and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.

Note 6: The Company's subsidiary, TTI, obtained control over TCH for US\$1,150 thousands on February 28, 2013 (base date of stock transferring).

Note 7: The Company's subsidiary, TTI, increased the capital of TCH by accounts receivable of TTI amounting to US\$8,755 thousands on August 16, 2023.

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**ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in Mainland China by Investment Commission, MOEA
818,592 (USD25,581)	1,098,752 (USD34,336)	8,395,113

Note : The amounts in TWD were translated at the exchange rate of \$32 on March 31, 2024.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the three months ended March 31, 2024, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions” and “Business relationships between the parent company and subsidiaries and significant intercompany transactions” .

(d) Major shareholders:

Unit: Share

Shareholder's Name	Shareholding	Shares Owned	Ownership Percentage
Compal Electronics, Inc.		41,304,504	18.74 %

**(14) Segment information:**

The Group includes only one segment - the networking product segment, which is primarily engaged in the research, development, manufacture and sale of wireless LAN products, integrated digital and mobile multimedia products, wireless audio-visual products, integrated home network game products, and digital set-top box products. The segment information of the Group is consistent with the information in the consolidated financial statements, and please see the consolidated statement of comprehensive income for the segment profit or loss.