

**ARCADYAN TECHNOLOGY CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 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.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	10~13
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	13
(6) Explanation of significant accounts	13~44
(7) Related-party transactions	45~46
(8) Pledged assets	46
(9) Commitments and contingencies	46
(10) Losses due to major disasters	47
(11) Subsequent Events	47
(12) Other	47
(13) Other disclosure items	
(a) Information on significant transactions	48~51
(b) Information on investees	51~52
(c) Information on investment in Mainland China	52~53
(d) Major shareholders	53
(14) Segment information	54



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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 June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, as well as the changes in equity and cash flows for the six months ended June 30, 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 \$3,124,243 thousand and \$1,537,313 thousand, constituting 8% and 4% of consolidated total assets as of June 30, 2024 and 2023, respectively, total liabilities amounting to \$2,704,376 thousand and \$536,614 thousand, constituting 10% and 3% of consolidated total liabilities as of June 30, 2024 and 2023, respectively, and total comprehensive income amounting to \$(20,762) thousand, \$15,786 thousand, \$(32,303) thousand and \$33,724 thousand, constituting (3)%, 2%, (2)% and 3% of consolidated total comprehensive income for the three months and six months ended June 30, 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 June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023, as well as its consolidated cash flows for the six months ended June 30, 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)

July 25, 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

June 30, 2024, December 31, 2023, and June 30, 2023

(Expressed In thousand dollars of TWD)

Assets		June 30, 2024		December 31, 2023		June 30, 2023		Liabilities and Equity		June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$ 11,497,884	28	7,856,971	20	5,275,589	15	2100	Short-term borrowings (note (6)(k))	\$ 1,122,363	3	1,375,458	3	327,020	1
1110	Current financial assets at fair value through profit or loss (note (6)(b))	9,058	-	47,689	-	11,587	-	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	-	-	14,884	-	47,104	-
1139	Current financial assets for hedging (note (6)(d))	-	-	-	-	3,098	-	2126	Current financial liabilities for hedging (note (6)(d))	-	-	14,246	-	8,481	-
1170	Accounts receivable, net (notes (6)(e) and (t))	6,757,072	16	9,785,739	26	8,528,855	25	2130	Current contract liabilities (note (6)(t))	2,739,298	6	351,229	1	388,521	1
1200	Other receivables (notes (6)(e) and (v))	2,398,246	6	993,854	3	259,159	1	2171	Accounts payable (including related parties) (note (6)(g))	12,270,508	30	12,314,903	32	10,979,674	32
1310	Inventories, net (note (6)(f))	12,996,719	31	12,377,227	32	13,508,365	39	2200	Other payables	6,343,672	15	6,441,674	17	4,589,697	14
1410	Prepayments	402,019	1	184,645	-	148,334	-	2216	Dividends payable	1,542,514	4	34	-	1,432,333	4
1470	Other current assets	99,690	-	112,532	-	179,449	-	2230	Current tax liabilities	647,404	2	1,072,007	3	445,431	1
		<u>34,160,688</u>	<u>82</u>	<u>31,358,657</u>	<u>81</u>	<u>27,914,436</u>	<u>80</u>	2250	Current provisions (note (6)(o))	686,097	2	698,887	2	718,584	2
	Non-current assets:							2280	Current lease liabilities (note (6)(n))	22,713	-	98,234	-	83,947	-
1550	Investments accounted for using equity method (note (6)(g))	219,276	1	232,347	1	265,489	1	2300	Other current liabilities (note (6)(i))	1,211,634	3	620,304	2	1,161,766	4
1511	Non-current financial assets at fair value through profit or loss (note (6)(b))	52,335	-	48,112	-	55,832	-	2322	Long-term borrowings, current portion (note (6)(m))	-	-	476,060	1	660,801	2
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	25,855	-	35,442	-	40,969	-			<u>26,586,203</u>	<u>65</u>	<u>23,477,920</u>	<u>61</u>	<u>20,843,359</u>	<u>61</u>
1600	Property, plant and equipment (note (6)(h))	5,603,935	14	5,439,395	15	5,308,440	16	2570	Deferred tax liabilities	7,102	-	7,099	-	26,826	-
1755	Right-of-use assets (note (6)(i))	366,768	1	444,615	1	452,588	1	2580	Non-current lease liabilities (note (6)(n))	23,930	-	51,541	-	65,248	-
1780	Intangible assets (note (6)(j))	65,997	-	65,915	-	75,547	-	2640	Non-current net defined benefit liability	72,530	-	73,651	-	73,305	-
1840	Deferred tax assets	807,121	2	811,970	2	483,243	2	2670	Other non-current liabilities	34,498	-	38,381	-	34,948	-
1900	Other non-current assets	130,467	-	112,206	-	105,503	-			<u>138,060</u>	<u>-</u>	<u>170,672</u>	<u>-</u>	<u>200,327</u>	<u>-</u>
		<u>7,271,754</u>	<u>18</u>	<u>7,190,002</u>	<u>19</u>	<u>6,787,611</u>	<u>20</u>		Total liabilities	<u>26,724,263</u>	<u>65</u>	<u>23,648,592</u>	<u>61</u>	<u>21,043,686</u>	<u>61</u>
									Equity:						
									Equity attributable to owners of parent (note (r)):						
								3110	Ordinary share	2,203,543	5	2,203,543	6	2,203,543	7
								3200	Capital surplus	3,651,757	9	3,872,335	10	3,872,026	11
								3300	Retained earnings	8,608,153	21	8,721,653	23	7,374,231	21
								3410	Exchange differences on translation of foreign financial statements	175,250	-	30,147	-	93,455	-
								3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	(23,645)	-	(14,058)	-	(8,531)	-
								3450	Gains (losses) on hedging instrument	-	-	(11,396)	-	(4,306)	-
										<u>14,615,058</u>	<u>35</u>	<u>14,802,224</u>	<u>39</u>	<u>13,530,418</u>	<u>39</u>
								3600	Non-controlling interests	93,121	-	97,843	-	127,943	-
									Total equity	<u>14,708,179</u>	<u>35</u>	<u>14,900,067</u>	<u>39</u>	<u>13,658,361</u>	<u>39</u>
Total assets		<u>\$ 41,432,442</u>	<u>100</u>	<u>38,548,659</u>	<u>100</u>	<u>34,702,047</u>	<u>100</u>	Total liabilities and equity		<u>\$ 41,432,442</u>	<u>100</u>	<u>38,548,659</u>	<u>100</u>	<u>34,702,047</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 and six months ended June 30, 2024 and 2023

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

	For the three months ended June 30,				For the six months ended June 30,				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenues (notes (6)(d) and (t)):								
	\$ 12,166,975	100	12,138,254	100	24,713,659	100	23,159,392	100	
5000	Operating costs (notes (6)(f), (p), (7) and (12))								
	10,343,796	85	10,412,126	86	21,030,472	85	19,866,892	86	
	Gross profit from operating								
	1,823,179	15	1,726,128	14	3,683,187	15	3,292,500	14	
	Operating expenses (notes (6)(p), (7) and (12)):								
6100	Selling expenses	214,874	2	170,459	1	465,368	2	335,230	1
6200	Administrative expenses	176,073	1	144,231	1	354,198	1	276,142	1
6300	Research and development expenses	751,021	6	722,510	6	1,424,568	6	1,300,023	6
	Total operating expenses	1,141,968	9	1,037,200	8	2,244,134	9	1,911,395	8
	Net operating income	681,211	6	688,928	6	1,439,053	6	1,381,105	6
	Non-operating income and expenses:								
7100	Interest income	54,180	-	42,267	-	95,946	-	72,501	-
7020	Other gains or losses	39,404	-	3,435	-	58,001	-	11,258	-
7230	Foreign exchange gains, net (note (6)(v))	3,810	-	110,643	-	85,319	-	133,664	-
7635	Gains (losses) on financial assets (liabilities) at fair value through profit or loss (notes (6)(b) and (d))	11,511	-	(38,845)	-	(47,105)	-	(50,437)	-
7770	Share of loss of associates and joint ventures accounted for using equity method (note (6)(g))	(4,613)	-	(19,754)	-	(12,878)	-	(33,494)	-
7510	Interest expense (note (n))	(9,533)	-	(33,125)	-	(26,966)	-	(107,119)	-
	Total non-operating income and expenses	94,759	-	64,621	-	152,317	-	26,373	-
	Income before tax	775,970	6	753,549	6	1,591,370	6	1,407,478	6
7950	Less: Income tax expenses (note (6)(q))	191,749	1	184,154	1	387,742	1	342,044	1
	Net income	584,221	5	569,395	5	1,203,628	5	1,065,434	5
8300	Other comprehensive income:								
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss								
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income (note (6)(c))	(265)	-	(5,099)	-	(9,587)	-	(5,181)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(q))	-	-	-	-	-	-	-	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	(265)	-	(5,099)	-	(9,587)	-	(5,181)	-
8360	Components of other comprehensive income (loss) that may be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	43,420	-	78,511	-	145,348	-	56,491	-
8368	Gains (losses) on hedging instrument (note (6)(d))	(7,234)	-	21,740	-	14,246	-	42,426	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss (note (6)(g))	14	-	48	-	31	-	67	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss (note (6)(q))	(1,446)	-	4,348	-	2,850	-	8,485	-
	Components of other comprehensive income that may be reclassified to profit or loss	37,646	-	95,951	-	156,775	-	90,499	-
8300	Other comprehensive income	37,381	-	90,852	-	147,188	-	85,318	-
	Total comprehensive income	\$ 621,602	5	660,247	5	1,350,816	5	1,150,752	5
	Net income, attributable to:								
	Owners of parent	\$ 586,253	5	575,384	5	1,208,626	5	1,071,999	5
8620	Non-controlling interests	(2,032)	-	(5,989)	-	(4,998)	-	(6,565)	-
		\$ 584,221	5	569,395	5	1,203,628	5	1,065,434	5
	Comprehensive income attributable to:								
	Owners of parent	\$ 623,593	5	662,981	5	1,355,538	5	1,154,830	5
	Non-controlling interests	(1,991)	-	(2,734)	-	(4,722)	-	(4,078)	-
		\$ 621,602	5	660,247	5	1,350,816	5	1,150,752	5
	Earnings per share (note (6)(s))								
9750	Basic earnings per share	\$ 2.66		2.61		5.48		4.86	
9850	Diluted earnings per share	\$ 2.65		2.59		5.44		4.81	

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 six months ended June 30, 2024 and 2023

(Expressed in thousand dollars of TWD)

	Equity attributable to owners of parent						Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	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
Special reserve				Unappropriated retained earnings									
Balance at January 1, 2023	\$ 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 six months ended June 30, 2023	-	-	-	-	1,071,999	1,071,999	-	-	-	-	1,071,999	(6,565)	1,065,434
Other comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	54,071	(5,181)	33,941	82,831	82,831	2,487	85,318
Comprehensive income for the six months ended June 30, 2023	-	-	-	-	1,071,999	1,071,999	54,071	(5,181)	33,941	82,831	1,154,830	(4,078)	1,150,752
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	203,625	-	(203,625)	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(264,865)	264,865	-	-	-	-	-	-	-	-
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	-	651	-	-	-	-	-	-	-	-	651	-	651
Balance at June 30, 2023	\$ 2,203,543	3,872,026	1,534,292	2,213	5,837,726	7,374,231	93,455	(8,531)	(4,306)	80,618	13,530,418	127,943	13,658,361
Balance at January 1, 2024	\$ 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 six months ended June 30, 2024	-	-	-	-	1,208,626	1,208,626	-	-	-	-	1,208,626	(4,998)	1,203,628
Other comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	-	145,103	(9,587)	11,396	146,912	146,912	276	147,188
Comprehensive income for the six months ended June 30, 2024	-	-	-	-	1,208,626	1,208,626	145,103	(9,587)	11,396	146,912	1,355,538	(4,722)	1,350,816
Appropriation and distribution of retained earnings:													
Cash dividends of ordinary share	-	-	-	-	(1,322,126)	(1,322,126)	-	-	-	-	(1,322,126)	-	(1,322,126)
Legal reserve appropriated	-	-	241,942	-	(241,942)	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(2,213)	2,213	-	-	-	-	-	-	-	-
Cash dividends from capital surplus	-	(220,354)	-	-	-	-	-	-	-	-	(220,354)	-	(220,354)
Changes in equity of associates and subsidiaries accounted for using equity method	-	(224)	-	-	-	-	-	-	-	-	(224)	-	(224)
Balance at June 30, 2024	\$ 2,203,543	3,651,757	1,776,234	-	6,831,919	8,608,153	175,250	(23,645)	-	151,605	14,615,058	93,121	14,708,179

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 six months ended June 30, 2024 and 2023
(Expressed in thousand dollars of TWD)

	For the six months ended June 30,	
	2024	2023
Cash flows from (used in) operating activities:		
Income before tax	\$ 1,591,370	1,407,478
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	416,147	388,906
Amortization expense	27,523	26,588
Reversal of expected credit losses	(4,756)	(6,787)
Interest expense	26,966	107,119
Interest income	(95,946)	(72,501)
Net gains on financial assets or liabilities at fair value through profit or loss	(4,223)	(9,453)
Share of loss of associates and joint ventures accounted for using equity method	12,878	33,494
Gains on disposal of property, plant, equipment and intangible assets	(1,608)	(1,058)
Lease modification benefits	(18,101)	(167)
Others	5	1,524
Total adjustments to reconcile profit (loss)	<u>358,885</u>	<u>467,665</u>
Changes in operating assets and liabilities:		
Decrease in financial assets or liabilities at fair value through profit or loss	23,747	4,909
Decrease in accounts receivable	3,031,288	2,275,912
(Increase) decrease in other receivables	(1,407,076)	20,325
(Increase) decrease in inventories	(619,492)	1,055,193
(Increase) decrease in prepayments	(200,855)	62,351
Decrease (increase) in other current assets	12,842	(63,121)
Increase in contract liabilities	2,388,069	154,755
Decrease in accounts payable (including related parties)	(44,395)	(3,201,271)
Increase in other payables and other current liabilities	519,071	415,141
Decrease in other operating liabilities	(1,121)	(1,118)
Total changes in operating assets and liabilities	<u>3,702,078</u>	<u>723,076</u>
Total adjustments	<u>4,060,963</u>	<u>1,190,741</u>
Cash inflow generated from operations	5,652,333	2,598,219
Interest received	100,765	75,724
Dividends received	-	6,836
Interest paid	(30,880)	(127,451)
Income taxes paid	(826,862)	(672,708)
Net cash flows from operating activities	<u>4,895,356</u>	<u>1,880,620</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(404,906)	(745,856)
Proceeds from disposal of property, plant and equipment	10,955	8,891
Decrease (increase) in refundable deposits	3,091	(12,592)
Acquisition of intangible assets	(27,603)	(8,915)
(Increase) decrease in other non-current assets	(21,308)	95
Net cash flows used in investing activities	<u>(439,771)</u>	<u>(758,377)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(253,095)	(4,059,562)
Increase in long-term borrowings	-	1,292,296
Repayments of long-term borrowings	(482,764)	(611,002)
Repayments of lease principal	(31,353)	(45,600)
Other financing activities	(4,092)	375
Net cash flows used in financing activities	<u>(771,304)</u>	<u>(3,423,493)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(43,368)</u>	<u>(2,712)</u>
Net increase (decrease) in cash and cash equivalents	3,640,913	(2,303,962)
Cash and cash equivalents at beginning of period	7,856,971	7,579,551
Cash and cash equivalents at end of period	<u>\$ 11,497,884</u>	<u>5,275,589</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

June 30, 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 June 30, 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 July 25, 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 IFRS endorsed by the FSC but not yet been adopted

The Group has evaluated that the adoption of the following new amendments, effective for annual period beginning from January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

(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
			June 30, 2024	December 31, 2023	June 30, 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 1
”	Arcadyan Technology Corporation Korea (“Arcadyan Korea”)	Selling of wireless networking products	100 %	100 %	100 %	Note 1
”	Arcadyan Holding (BVI) Corp. (“Arcadyan Holding”)	Investment activities	100 %	100 %	100 %	

(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
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company and ZHI-BAO	Arcadyan do Brasil Ltda. (“Arcadyan Brasil”)	Selling of wireless networking products	100 %	100 %	100 %	Note 1
”	Arcadyan India Private Limited (“Arcadyan India”)	Selling of wireless networking products	100 %	100 %	100 %	Note 1
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 1
”	Arcadyan Technology Australia Pty Ltd (“Arcadyan AU”)	Selling of wireless networking products	100 %	100 %	100 %	Note 1
”	Arcadyan Technology Corporation (Russia), LLC (“Arcadyan RU”)	Selling of wireless networking products	100 %	100 %	100 %	Note 1
”	Arcadyan Turkey Technology and Trade Joint Stock Company (“Arcadyan Turkey”)	Selling of wireless networking products	100 %	- %	- %	Note 1、2
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 1: It is a non-major subsidiary and its financial statements have not been reviewed by the auditors.

Note 2: The subsidiary was incorporated on May 2, 2024.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(d) Income Taxes

The income tax expenses have been measured 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.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) 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, the major sources of 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

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 4,215	4,665	4,132
Checking accounts and demand deposits	3,258,382	3,099,751	2,453,919
Time deposits	6,235,287	3,152,555	717,538
Repurchase agreements	<u>2,000,000</u>	<u>1,600,000</u>	<u>2,100,000</u>
	<u>\$ 11,497,884</u>	<u>7,856,971</u>	<u>5,275,589</u>

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.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current financial assets mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging:			
Foreign exchange forward contracts	\$ 9,058	146	11,587
Foreign exchange swaps contracts	<u>-</u>	<u>47,543</u>	<u>-</u>
	<u>\$ 9,058</u>	<u>47,689</u>	<u>11,587</u>
Non-current financial assets mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets:			
Fund unlisted on domestic or foreign markets	<u>\$ 52,335</u>	<u>48,112</u>	<u>55,832</u>
Held-for-trading financial liabilities:			
Derivative instruments not used for hedging:			
Foreign exchange forward contracts	\$ -	14,884	8,765
Foreign exchange swaps contracts	<u>-</u>	<u>-</u>	<u>38,339</u>
Total	<u>\$ -</u>	<u>14,884</u>	<u>47,104</u>

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 June 30, 2024, December 31 and June 30, 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:

	<u>June 30, 2024</u>		
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	EUR 19,000	Sell EUR / USD	July 12, 2024~ September 13, 2024
Foreign exchange forward	USD 6,004	Buy USD / INR	July 12, 2024~ July 30, 2024

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023		
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	USD 3,609	Buy USD / INR	January 30, 2024
Swap contracts:			
Foreign exchange swaps	USD 70,000	B/S USD / TWD	January 26, 2024~ March 28, 2024
Derivative financial liabilities:			
Forward contracts:			
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
	June 30, 2023		
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	EUR 36,000	Sell EUR / USD	July 14, 2023~ October 13, 2023
Foreign exchange forward	USD 1,000	Buy USD / BRL	November 10, 2023
Derivative financial liabilities:			
Forward contracts:			
Foreign exchange forward	USD 6,786	Buy USD / INR	July 14, 2023~ August 30, 2023
Foreign exchange forward	EUR 26,000	Sell EUR / USD	July 14, 2023~ September 28, 2023
Swap contracts:			
Foreign exchange swaps	USD 63,000	B/S USD / TWD	July 28, 2023~ August 30, 2023

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

As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide any aforementioned financial assets as collaterals.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	June 30, 2024	December 31, 2023	June 30, 2023
Equity investments at fair value through other comprehensive income:			
Stock unlisted on domestic markets	\$ <u>25,855</u>	<u>35,442</u>	<u>40,969</u>

- (i) For the three months and six months ended June 30, 2024 and 2023, unrealized (losses) gains from above-mentioned equity investments measured at fair value were \$(265), \$(5,099), \$(9,587) and \$(5,181), 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 six months ended June 30, 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Cash flow hedge:			
Financial assets used for hedging:			
Foreign exchange forward contracts	\$ <u>-</u>	<u>-</u>	<u>3,098</u>
Financial liabilities used for hedging:			
Foreign exchange forward contracts	\$ <u>-</u>	<u>14,246</u>	<u>8,481</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 December 31 and June 30, 2023, the amounts relating to the items designated as hedging instruments were as follows:

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

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2023			
	Contract amount (in thousands)	Currency	Maturity date	Average strike price
Derivative financial assets used for hedging				
Forward contracts:				
Foreign exchange forward	EUR 15,000	Sell EUR / USD	July 28, 2023~ December 28, 2023	1.0967
Derivative financial liabilities used for hedging				
Foreign exchange forward contracts:				
Foreign exchange forward	EUR 6,000	Sell EUR / USD	July 28, 2023~ December 28, 2023	1.0465

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

For the three months and six months ended June 30, 2024 and 2023, the details of adjustments on reclassification from components of other comprehensive income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
	Cash flow hedge:			
Gains in current period	\$ 2,454	14,873	30,315	1,888
Less: Gains (losses) of adjustments on reclassification from components of other comprehensive income which belongs to net income	9,688	(6,867)	16,069	(40,538)
Net gains (losses) recognized in other comprehensive income	\$ (7,234)	21,740	14,246	42,426

- (iv) For the three months and six months ended June 30, 2024 and 2023, there were no ineffective portions of cash flow hedge recognized in non-operating income and expenses.
- (v) For the three months and six months ended June 30, 2024 and 2023, gains or losses of adjustments from reclassification of other equity interest, deriving from the changes of fair value for hedge instruments, were recognized under operating revenues in the statement of comprehensive income.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Accounts receivable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts receivable – measured at amortized cost	6,038,393	7,626,824	7,555,897
Accounts receivable – fair value through other comprehensive income	<u>757,211</u>	<u>2,200,068</u>	<u>1,009,504</u>
	6,795,604	9,826,892	8,565,401
Less: allowance for uncollectible accounts	<u>(38,532)</u>	<u>(41,153)</u>	<u>(36,546)</u>
	<u><u>\$ 6,757,072</u></u>	<u><u>9,785,739</u></u>	<u><u>8,528,855</u></u>

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, 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 June 30, 2024, December 31 and June 30, 2023 were determined as follows:

<u>June 30, 2024</u>				
<u>Credit rating</u>	<u>Gross carrying amount</u>	<u>Weighted-average ECL rate</u>	<u>Lifetime ECLs</u>	<u>Credit impaired</u>
Level A	\$ 2,604,893	0%	-	No
Level B	2,742,604	0.10%	2,802	No
Level C	1,426,950	1.00%	14,573	No
Level D	-	5.00%	-	-
Level E	<u>21,157</u>	100%	<u>21,157</u>	Yes
Total	<u><u>\$ 6,795,604</u></u>		<u><u>38,532</u></u>	

<u>December 31, 2023</u>				
<u>Credit rating</u>	<u>Gross carrying amount</u>	<u>Weighted-average ECL rate</u>	<u>Lifetime ECLs</u>	<u>Credit impaired</u>
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	<u>20,019</u>	100%	<u>20,019</u>	Yes
Total	<u><u>\$ 9,826,892</u></u>		<u><u>41,153</u></u>	

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Credit rating</u>	<u>June 30, 2023</u>			
	<u>Gross carrying amount</u>	<u>Weighted-average ECL rate</u>	<u>Lifetime ECLs</u>	<u>Credit impaired</u>
Level A	\$ 2,224,729	0%	-	No
Level B	5,209,687	0.10%	5,267	No
Level C	1,110,728	1.00%	11,022	No
Level D	-	5.00%	-	-
Level E	<u>20,257</u>	100%	<u>20,257</u>	Yes
Total	<u>\$ 8,565,401</u>		<u>36,546</u>	

The aging analysis of accounts receivable were as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Overdue 1~30 days	\$ 589,879	888,371	689,449
Overdue 31~60 days	23,153	186,974	250,350
Overdue 61~90 days	212,793	11,427	10,516
Overdue 91~180 days	8,809	205,969	29,999
Overdue over 181 days	<u>133,196</u>	<u>57,899</u>	<u>62,213</u>
	<u>\$ 967,830</u>	<u>1,350,640</u>	<u>1,042,527</u>

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

	<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Balance at beginning	\$ 41,153	44,598
Impairment loss (reversed) recognized	<u>(2,621)</u>	<u>(8,052)</u>
Balance at ending	<u>\$ 38,532</u>	<u>36,546</u>

As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide any aforementioned 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 as 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 June 30, 2024 and December 31, 2023, the Group has not factored accounts receivable.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of June 30, 2023, there were unreceived balances of factored accounts receivable amounted to \$30,517, which were recognized under other receivables. The details of the derecognized account receivables were as follows:

June 30, 2023							
Purchaser	Accounts receivable factored (gross)	Amount Advanced		Amount Recognized in other receivables	Collateral	Amount derecognized	Range of interest rate
		Unpaid	Paid				
Financial institutions	\$ <u>305,167</u>	-	<u>274,650</u>	<u>30,517</u>	None	<u>305,167</u>	5.43%~5.99%

(f) Inventories

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

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 4,060,536	3,205,353	2,981,451
Work in progress	345,639	444,098	463,030
Finished goods	<u>8,590,544</u>	<u>8,727,776</u>	<u>10,063,884</u>
	<u>\$ 12,996,719</u>	<u>12,377,227</u>	<u>13,508,365</u>

(ii) Inventory cost recognized as operating costs for the three months and six months ended June 30, 2024 and 2023 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Cost of sales and expenses	\$ 10,211,946	10,364,374	21,282,545	19,951,676
Provision (reversal) for inventory valuation and obsolescence loss	<u>131,850</u>	<u>47,752</u>	<u>(252,073)</u>	<u>(84,784)</u>
	<u>\$ 10,343,796</u>	<u>10,412,126</u>	<u>21,030,472</u>	<u>19,866,892</u>

(iii) As of June 30, 2024, December 31 and June 30, 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Associates	\$ <u>219,276</u>	<u>232,347</u>	<u>265,489</u>

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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 follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Aggregate carrying amount of the Group's associates that are individually insignificant	<u>\$ 219,276</u>	<u>232,347</u>	<u>265,489</u>
	For the three months ended June 30,	For the six months ended June 30,	
	2024	2023	2024
Share of associates attributed to the Group were as follows:			
Net loss from continuing operations	\$ (4,613)	(19,754)	(12,878)
Other comprehensive income	14	48	31
Total comprehensive income (loss)	<u>\$ (4,599)</u>	<u>(19,706)</u>	<u>(12,847)</u>

- (ii) As of June 30, 2024, December 31 and June 30, 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 six months ended June 30, 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
Cost or deemed cost:								
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	-	-	109,367	42,462	31,452	23,979	165,871	373,131
Reclassifications	-	79,460	1,662	25,513	-	-	(109,479)	(2,844)
Disposals and derecognitions	-	-	(253,407)	(17,752)	(12,460)	(108,657)	(1,322)	(393,598)
Effect of movements in exchange rates	-	123,056	82,523	6	434	6,184	2,309	214,512
Balance at June 30, 2024	<u>\$ 878,978</u>	<u>3,171,887</u>	<u>3,021,282</u>	<u>820,479</u>	<u>203,531</u>	<u>492,291</u>	<u>173,665</u>	<u>8,762,113</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	-	1,762	49,836	46,638	11,828	14,507	595,301	719,872
Reclassifications	-	-	27,094	2,797	-	53,498	(83,394)	(5)
Disposals and derecognitions	-	-	(66,370)	(7,205)	(101,849)	(3,642)	-	(179,066)
Effect of movements in exchange rates	-	9,203	17,396	(7)	(782)	1,093	16,328	43,231
Balance at June 30, 2023	<u>\$ 878,978</u>	<u>1,621,515</u>	<u>3,367,613</u>	<u>758,988</u>	<u>152,632</u>	<u>561,820</u>	<u>1,225,048</u>	<u>8,566,594</u>

(Continued)

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
Depreciation:								
Balance at January 1, 2024	\$ -	233,959	1,956,850	477,460	94,592	368,656	-	3,131,517
Depreciation for the period	-	60,424	197,715	44,057	24,656	49,174	-	376,026
Disposals and derecognitions	-	-	(249,714)	(17,482)	(12,460)	(104,595)	-	(384,251)
Effect of movements in exchange rates	-	5,765	29,242	6	321	(448)	-	34,886
Balance at June 30, 2024	<u>\$ -</u>	<u>300,148</u>	<u>1,934,093</u>	<u>504,041</u>	<u>107,109</u>	<u>312,787</u>	<u>-</u>	<u>3,158,178</u>
Balance at January 1, 2023	\$ -	165,507	1,959,147	439,066	197,233	314,541	-	3,075,494
Depreciation for the period	-	23,769	231,483	38,047	13,569	32,858	-	339,726
Disposals and derecognitions	-	-	(58,626)	(7,201)	(101,848)	(3,609)	-	(171,284)
Effect of movements in exchange rates	-	659	14,253	(7)	(380)	(307)	-	14,218
Balance at June 30, 2023	<u>\$ -</u>	<u>189,935</u>	<u>2,146,257</u>	<u>469,905</u>	<u>108,574</u>	<u>343,483</u>	<u>-</u>	<u>3,258,154</u>
Carrying amounts:								
Balance at June 30, 2024	<u>\$ 878,978</u>	<u>2,871,739</u>	<u>1,087,189</u>	<u>316,438</u>	<u>96,422</u>	<u>179,504</u>	<u>173,665</u>	<u>5,603,935</u>
Balance at January 1, 2024	<u>\$ 878,978</u>	<u>2,735,412</u>	<u>1,124,287</u>	<u>292,790</u>	<u>89,513</u>	<u>202,129</u>	<u>116,286</u>	<u>5,439,395</u>
Balance at June 30, 2023	<u>\$ 878,978</u>	<u>1,431,580</u>	<u>1,221,356</u>	<u>289,083</u>	<u>44,058</u>	<u>218,337</u>	<u>1,225,048</u>	<u>5,308,440</u>
Balance at January 1, 2023	<u>\$ 878,978</u>	<u>1,445,043</u>	<u>1,380,510</u>	<u>277,699</u>	<u>46,202</u>	<u>181,823</u>	<u>696,813</u>	<u>4,907,068</u>

As of June 30, 2024, December 31 and June 30, 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 six months ended June 30, 2024 and 2023 were as follows:

	Land	Buildings	Vehicles and other	Total
Cost:				
Balance at January 1, 2024	\$ 330,242	358,769	21,987	710,998
Additions	-	10,274	1,729	12,003
Disposal/Write-off	-	(302,598)	(12,199)	(314,797)
Effect of movements in exchange rates	18,767	(124)	(48)	18,595
Balance at June 30, 2024	<u>\$ 349,009</u>	<u>66,321</u>	<u>11,469</u>	<u>426,799</u>
Balance at January 1, 2023	\$ 330,296	345,101	26,127	701,524
Additions	-	2,413	6,629	9,042
Disposal/Write-off	-	(5,858)	(2,116)	(7,974)
Effect of movements in exchange rates	3,872	3,055	155	7,082
Balance at June 30, 2023	<u>\$ 334,168</u>	<u>344,711</u>	<u>30,795</u>	<u>709,674</u>

(Continued)

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>
Depreciation:				
Balance at January 1, 2024	\$ 27,770	221,934	16,679	266,383
Depreciation for the period	3,763	33,498	2,860	40,121
Disposal/Write-off	-	(235,094)	(11,350)	(246,444)
Effect of movements in exchange rates	<u>1,643</u>	<u>(1,634)</u>	<u>(38)</u>	<u>(29)</u>
Balance at June 30, 2024	<u>\$ 33,176</u>	<u>18,704</u>	<u>8,151</u>	<u>60,031</u>
Balance at January 1, 2023	\$ 20,529	176,215	11,971	208,715
Depreciation for the period	3,604	40,024	5,552	49,180
Disposal/Write-off	-	(1,195)	(2,116)	(3,311)
Effect of movements in exchange rates	<u>303</u>	<u>2,149</u>	<u>50</u>	<u>2,502</u>
Balance at June 30, 2023	<u>\$ 24,436</u>	<u>217,193</u>	<u>15,457</u>	<u>257,086</u>
Carrying amount:				
Balance on June 30, 2024	<u>\$ 315,833</u>	<u>47,617</u>	<u>3,318</u>	<u>366,768</u>
Balance at January 1, 2024	<u>\$ 302,472</u>	<u>136,835</u>	<u>5,308</u>	<u>444,615</u>
Balance at June 30, 2023	<u>\$ 309,732</u>	<u>127,518</u>	<u>15,338</u>	<u>452,588</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 six months ended June 30, 2024 and 2023 were as follows:

	<u>Goodwill</u>	<u>Authorization fee</u>	<u>Computer software and others</u>	<u>Total</u>
Carrying amount:				
June 30, 2024	<u>\$ 6,556</u>	<u>798</u>	<u>58,643</u>	<u>65,997</u>
January 1, 2024	<u>\$ 6,556</u>	<u>2,039</u>	<u>57,320</u>	<u>65,915</u>
June 30, 2023	<u>\$ 6,556</u>	<u>3,278</u>	<u>65,713</u>	<u>75,547</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 six months ended June 30, 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 June 30, 2024, December 31 and June 30, 2023, the Group did not provide any intangible assets as collaterals.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Short-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank loans	<u>\$ 1,122,363</u>	<u>1,375,458</u>	<u>327,020</u>
Unused credit lines for short-term borrowings	<u>\$ 17,303,294</u>	<u>16,127,194</u>	<u>15,766,210</u>
Range of interest rates	<u>2.80%~4.26%</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).

(l) Other current liabilities

The details of other current liabilities were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Temporary receipts–non-recurring engineering revenue and collection on behalf of others	\$ 1,175,884	591,340	1,132,915
Others	<u>35,750</u>	<u>28,964</u>	<u>28,851</u>
	<u>\$ 1,211,634</u>	<u>620,304</u>	<u>1,161,766</u>

(m) Long-term borrowings (including current portion)

The details of long-term borrowings were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank loans	\$ -	476,060	660,801
Less: current portion	<u>-</u>	<u>476,060</u>	<u>660,801</u>
Total	<u>\$ -</u>	<u>-</u>	<u>-</u>
Unused credit lines for long-term borrowings	<u>\$ 1,650,877</u>	<u>1,117,310</u>	<u>928,652</u>
Range of interest rates	<u>-</u>	<u>2.80%~5.28%</u>	<u>2.80%~5.28%</u>

(i) Issuance and repayment of loans

For the six months ended June 30, 2024 and 2023, the Group had raised the additional long-term borrowings amounting to \$0 and \$1,292,296, respectively, maturing from April to May 2024 and November 2023 to May 2024, respectively; and the repayments of the long-term borrowings amounting to \$482,764 and \$611,002, respectively.

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

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

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Current	<u>\$ 22,713</u>	<u>98,234</u>	<u>83,947</u>
Non-current	<u>\$ 23,930</u>	<u>51,541</u>	<u>65,248</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest expense on lease liabilities	<u>\$ 696</u>	<u>1,714</u>	<u>2,119</u>	<u>3,659</u>
Expenses relating to short-term leases	<u>\$ 3,738</u>	<u>4,280</u>	<u>7,949</u>	<u>9,411</u>

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

	For the six months ended June 30,	
	2024	2023
Total cash outflow for leases	<u>\$ 41,421</u>	<u>58,670</u>

(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 six months ended June 30, 2024 and 2023. Please refer to note (6)(q) of the 2023 annual consolidated financial statements for related information.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Operating costs	\$ 47	42	95	89
Selling expenses	48	59	99	117
Administrative expenses	65	88	126	172
Research and development expenses	242	253	483	505
	\$ 402	442	803	883

(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 and six months ended June 30, 2024 and 2023 were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Operating costs	\$ 462	453	933	922
Selling expenses	1,238	1,081	2,497	2,151
Administrative expenses	1,789	1,843	3,574	3,667
Research and development expenses	10,087	10,039	20,277	20,105
	\$ 13,576	13,416	27,281	26,845

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 \$10,109, \$12,994, \$20,925 and \$27,473 for the three months and six months ended June 30, 2024 and 2023, respectively.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Current income tax expense	\$ <u>191,749</u>	<u>184,154</u>	<u>387,742</u>	<u>342,044</u>

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Items that may be reclassified subsequently to profit or loss:				
Gains (losses) on hedging instruments	\$ <u>(1,446)</u>	<u>4,348</u>	<u>2,850</u>	<u>8,485</u>

- (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. The Group is closely monitoring the legislative progress for the introduction of the global minimum top-up tax in each of the regions which the Group operates. As of June 30, 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 supplemental tax 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 six months ended June 30, 2024 and 2023. Please refer to note (6)(t) of the 2023 annual consolidated financial statements for related information.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
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	6,788	7,012	6,703
Expired stock options	<u>361</u>	<u>361</u>	<u>361</u>
	<u>\$ 3,651,757</u>	<u>3,872,335</u>	<u>3,872,026</u>

The Company's Board of Directors meeting held on February 22, 2024 and March 14, 2023, respectively, approved to distribute the cash of \$220,354 (\$1 per share) for both 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.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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:

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

(s) Earnings per share

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

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Basic earnings per share:				
Net income attributable to ordinary shareholders of the Company	\$ <u>586,253</u>	<u>575,384</u>	<u>1,208,626</u>	<u>1,071,999</u>
Weighted-average number of ordinary shares (thousand shares)	<u>220,354</u>	<u>220,354</u>	<u>220,354</u>	<u>220,354</u>
Basic earnings per share (dollars)	\$ <u>2.66</u>	<u>2.61</u>	<u>5.48</u>	<u>4.86</u>
Diluted earnings per share:				
Net income attributable to ordinary shareholders of the Company	\$ <u>586,253</u>	<u>575,384</u>	<u>1,208,626</u>	<u>1,071,999</u>
Weighted-average number of ordinary shares (thousand shares)	220,354	220,354	220,354	220,354
Effect of dilutive potential ordinary shares (thousand shares):				
Effect of remuneration to employees	<u>1,262</u>	<u>1,451</u>	<u>1,962</u>	<u>2,682</u>
Weighted-average number of ordinary shares (thousand shares)(after adjustment of dilutive potential ordinary shares)	<u>221,616</u>	<u>221,805</u>	<u>222,316</u>	<u>223,036</u>
Diluted earnings per share (dollars)	\$ <u>2.65</u>	<u>2.59</u>	<u>5.44</u>	<u>4.81</u>

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Primary geographical markets:				
Asia and others	\$ 4,650,569	2,485,324	7,724,848	4,698,727
America	4,444,225	4,802,422	10,369,748	9,325,524
Europe	<u>3,072,181</u>	<u>4,850,508</u>	<u>6,619,063</u>	<u>9,135,141</u>
	<u>\$ 12,166,975</u>	<u>12,138,254</u>	<u>24,713,659</u>	<u>23,159,392</u>
Major products:				
Smart Home Solution	6,136,930	4,208,849	11,209,735	7,877,594
Mobility Solution	3,492,310	3,064,015	7,950,814	6,852,566
Broadband Solution	2,016,321	4,442,643	4,796,682	7,771,971
Others	<u>521,414</u>	<u>422,747</u>	<u>756,428</u>	<u>657,261</u>
	<u>\$ 12,166,975</u>	<u>12,138,254</u>	<u>24,713,659</u>	<u>23,159,392</u>

(ii) Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	\$ 6,795,604	9,826,892	8,565,401
Less: allowance for uncollectible accounts	<u>(38,532)</u>	<u>(41,153)</u>	<u>(36,546)</u>
Total	<u>\$ 6,757,072</u>	<u>9,785,739</u>	<u>8,528,855</u>
Contract liabilities - current	<u>\$ 2,739,298</u>	<u>351,229</u>	<u>388,521</u>

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

The change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

The amounts of revenue recognized for the six months ended June 30, 2024 and 2023 that were included in the balance of contract liabilities at the beginning of the periods were \$154,080 and \$143,008, respectively.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 and six months ended June 30, 2024 and 2023, the Company accrued and recognized employee remuneration of \$101,561, \$96,360, \$204,415 and \$178,482, and directors' remuneration of \$5,531, \$5,056, \$11,119 and \$9,472, 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.

(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 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.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement of allowance provision for the six months ended June 30, 2024 and 2023 were as follows:

	Other receivables
Balance at January 1, 2024	\$ 12,418
Impairment loss (reversed) recognized	(2,135)
Balance at June 30, 2024	\$ 10,283
Balance at January 1, 2023	\$ 528
Impairment loss recognized	1,265
Balance at June 30, 2023	\$ 1,793

(ii) Liquidity risk

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

	Carrying Amount	Contractual cash flows	Within 1 year	1 ~ 2 years	Over 2 years
June 30, 2024					
Non-derivative financial liabilities					
Unsecured bank loans (including short-term and long-term borrowings)	\$ 1,122,363	(1,122,363)	(1,122,363)	-	-
Accounts payable (including related parties)	12,270,508	(12,270,508)	(12,270,508)	-	-
Other payables	6,343,672	(6,343,672)	(6,343,672)	-	-
Dividends payable	1,542,514	(1,542,514)	(1,542,514)	-	-
Lease liability – current and non-current	46,643	(48,007)	(23,712)	(18,155)	(6,140)
Deposits received	34,498	(34,498)	(326)	(1,374)	(32,798)
	\$ 21,360,198	(21,361,562)	(21,303,095)	(19,529)	(38,938)
December 31, 2023					
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)

(Continued)

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:	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>
June 30, 2023					
Non-derivative financial liabilities					
Unsecured bank loans (including short-term and long-term borrowings)	\$ 987,821	(987,821)	(987,821)	-	-
Accounts payable (including related parties)	10,979,674	(10,979,674)	(10,979,674)	-	-
Other payables	4,589,697	(4,589,697)	(4,589,697)	-	-
Dividends payable	1,432,333	(1,432,333)	(1,432,333)	-	-
Lease liability— current and non-current	149,195	(154,892)	(88,462)	(63,612)	(2,818)
Deposits received	34,948	(34,948)	(1,839)	(326)	(32,783)
Derivative financial liabilities					
Other foreign exchange forward contracts:	8,765				
Outflow		(1,093,824)	(1,093,824)	-	-
Inflow		1,081,866	1,081,866	-	-
Foreign exchange swaps contracts:	38,339				
Outflow		(1,957,410)	(1,957,410)	-	-
Inflow		1,914,625	1,914,625	-	-
Foreign exchange forward contracts used for hedging :	8,481				
Outflow		(203,520)	(203,520)	-	-
Inflow		195,085	195,085	-	-
	<u>\$ 18,229,253</u>	<u>(18,242,543)</u>	<u>(18,143,004)</u>	<u>(63,938)</u>	<u>(35,601)</u>

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

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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

	June 30, 2024			December 31, 2023			June 30, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD	\$	722,163 USD/TWD =32.45	23,434,189	671,226 USD/TWD =30.705		20,609,994	500,080 USD/TWD =31.07		15,537,486
EUR		38,975 EUR/TWD =34.71	1,352,822	22,723 EUR/TWD =33.98		772,128	50,106 EUR/TWD =33.92		1,699,596
Financial liabilities									
Monetary items									
USD		753,674 USD/TWD =32.45	24,456,721	696,440 USD/TWD =30.705		21,384,190	506,368 USD/TWD =31.07		15,732,854
EUR		7,341 EUR/TWD =34.71	254,806	2,583 EUR/TWD =33.98		87,770	1,354 EUR/TWD =33.92		45,928
CNY		9,691 CNY/USD =0.137	43,083	286,729 CNY/USD =0.141		1,241,366	262,282 CNY/USD =0.138		1,124,576

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 June 30, 2024 and 2023 would have affected the net income before tax as follows. The analysis is performed on the same basis for both periods.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
USD (against the TWD)		
Strengthening 5%	\$ (51,127)	(9,768)
Weakening 5%	51,127	9,768
EUR (against the TWD)		
Strengthening 5%	54,901	82,683
Weakening 5%	(54,901)	(82,683)
CNY (against the USD)		
Strengthening 5%	(2,154)	(56,229)
Weakening 5%	2,154	56,229

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 and six months ended June 30, 2024 and 2023, the net foreign exchange gains (including realized and unrealized portions) amounted to \$3,810, \$110,643, \$85,319 and \$133,664, respectively.

(iv) Interest rate analysis

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

	Carrying amount	
	June 30, 2024	June 30, 2023
Fixed rate financial instrument:		
Financial assets	\$ 8,235,287	2,817,538
Financial liabilities	(1,122,363)	(987,821)
	\$ 7,112,924	1,829,717
Variable rate financial instrument:		
Financial assets	\$ 3,258,295	2,453,914

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.

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 \$4,073 and \$3,067 for the six months ended June 30, 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:

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2024				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss – current and non-current					
Derivative financial assets	\$ 9,058	-	9,058	-	9,058
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>52,335</u>	-	-	52,335	52,335
Subtotal	<u>61,393</u>				
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	25,855	-	-	25,855	25,855
Accounts receivable	<u>757,211</u>	-	757,211	-	757,211
Subtotal	<u>783,066</u>				
Financial assets measured at amortized cost:					
Cash and cash equivalents	11,497,884	-	-	-	-
Accounts receivable, net	5,999,861	-	-	-	-
Other receivables	2,398,246	-	-	-	-
Refundable deposits	<u>104,179</u>	-	-	-	-
Subtotal	<u>20,000,170</u>				
Total	<u>\$ 20,844,629</u>				
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 1,122,363	-	-	-	-
Accounts payable (including related parties)	12,270,508	-	-	-	-
Other payables	6,343,672	-	-	-	-
Dividends payable	1,542,514	-	-	-	-
Lease liabilities—current and non-current	46,643	-	-	-	-
Deposits received	<u>34,498</u>	-	-	-	-
Total	<u>\$ 21,360,198</u>				

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss — current and non-current					
Derivative financial assets	\$ 47,689	-	47,689	-	47,689
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>48,112</u>	-	-	48,112	48,112
Subtotal	<u>95,801</u>				
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	35,442	-	-	35,442	35,442
Accounts receivable	<u>2,200,068</u>	-	2,200,068	-	2,200,068
Subtotal	<u>2,235,510</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	7,856,971	-	-	-	-
Accounts receivable, net	7,585,671	-	-	-	-
Other receivables	993,854	-	-	-	-
Refundable deposits	<u>107,270</u>	-	-	-	-
Subtotal	<u>16,543,766</u>				
Total	<u>\$ 18,875,077</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ <u>14,884</u>	-	14,884	-	14,884
Financial liabilities for hedging	<u>14,246</u>	-	14,246	-	14,246
Financial liabilities measured at amortized cost					
Short-term borrowings	1,375,458	-	-	-	-
Accounts payable (including related parties)	12,314,903	-	-	-	-
Other payables	6,441,674	-	-	-	-
Dividends payable	34	-	-	-	-
Lease liabilities—current and non-current	149,775	-	-	-	-
Long-term borrowings (including current portion)	476,060	-	-	-	-
Deposits received	<u>38,381</u>	-	-	-	-
Subtotal	<u>20,796,285</u>				
Total	<u>\$ 20,825,415</u>				

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2023				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss — current and non-current					
Derivative financial assets	\$ 11,587	-	11,587	-	11,587
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>55,832</u>	-	-	55,832	55,832
Subtotal	<u>67,419</u>				
Financial assets for hedging	<u>3,098</u>	-	3,098	-	3,098
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	40,969	-	-	40,969	40,969
Accounts receivable	<u>1,009,504</u>	-	1,009,504	-	1,009,504
Subtotal	<u>1,050,473</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	5,275,589	-	-	-	-
Accounts receivable, net	7,519,351	-	-	-	-
Other receivables	259,159	-	-	-	-
Refundable deposits	<u>102,727</u>	-	-	-	-
Subtotal	<u>13,156,826</u>				
Total	<u>\$ 14,277,816</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ <u>47,104</u>	-	47,104	-	47,104
Financial liabilities for hedging	<u>8,481</u>	-	8,481	-	8,481
Financial liabilities measured at amortized cost					
Short-term borrowings	327,020	-	-	-	-
Accounts payable (including related parties)	10,979,674	-	-	-	-
Other payables	4,589,697	-	-	-	-
Dividends payable	1,432,333	-	-	-	-
Long-term borrowings (including current portion)	660,801	-	-	-	-
Lease liabilities—current and non-current	149,195	-	-	-	-
Deposits received	<u>34,948</u>	-	-	-	-
Subtotal	<u>18,173,668</u>				
Total	<u>\$ 18,229,253</u>				

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

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 six months ended June 30, 2024 and 2023.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Reconciliation of Level 3 fair values

	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Unquoted equity instruments
Balance at January 1, 2024	\$ 48,112	35,442
Total gains and losses recognized		
In profit or loss	4,223	-
In other comprehensive income	<u>-</u>	<u>(9,587)</u>
Balance at June 30, 2024	<u>\$ 52,335</u>	<u>25,855</u>
Balance at January 1, 2023	\$ 46,379	46,150
Total gains and losses recognized		
In profit or loss	9,453	-
In other comprehensive income	<u>-</u>	<u>(5,181)</u>
Balance at June 30, 2023	<u>\$ 55,832</u>	<u>40,969</u>

For the three months and six months ended June 30, 2024 and 2023, total gains and losses mentioned above recognized 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:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
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>\$ 2,659</u>	<u>9,263</u>	<u>4,223</u>	<u>9,453</u>

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
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>(265)</u>	<u>(5,099)</u>	<u>(9,587)</u>	<u>(5,181)</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 as 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 correlation between them.

Quantified information of significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income– equity investments without an active market	Comparable market approach	<ul style="list-style-type: none"> · Price-Book ratio multiples (2.00~2.45, 2.36~3.04 and 1.90~3.33 on June 30, 2024, December 31 and June 30, 2023, respectively) · Lack-of-Marketability discount rate (30% on June 30, 2024, December 31 and June 30, 2023) 	<ul style="list-style-type: none"> · The higher the multiple is , the higher the fair value will be. · The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.

(Continued)

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 or 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>
June 30, 2024				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>1,333</u>	<u>1,323</u>
	Lack-of-Marketability discount rate	5%	\$ <u>557</u>	<u>573</u>
December 31, 2023				
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>
June 30, 2023				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>2,091</u>	<u>2,078</u>
	Lack-of-Marketability discount rate	5%	\$ <u>887</u>	<u>887</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.

(Continued)

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

June 30, 2024			
Financial assets/liabilities that are offset which have an exercisable master netting arrangement or similar agreement			
	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>834,484</u> (USD <u>25,716</u>)	<u>834,484</u> (USD <u>25,716</u>)	<u>-</u>
December 31, 2023			
Financial assets/liabilities that are offset which have an exercisable master netting arrangement or similar agreement			
	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>
June 30, 2023			
Financial assets/liabilities that are offset which have an exercisable master netting arrangement or similar agreement			
	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>6,979,658</u> (USD <u>222,643</u>)	<u>6,979,658</u> (USD <u>224,643</u>)	<u>-</u>

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 six months ended June 30, 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:

	January 1, 2024	Cash flows	Non-cash changes Other	June 30, 2024
Short-term borrowings	\$ 1,375,458	(253,095)	-	1,122,363
Lease liabilities—current and non-current	149,775	(31,353)	(71,779)	46,643
Long-term borrowings (including current portion)	476,060	(482,764)	6,704	-
Deposits received	38,381	(4,092)	209	34,498
Total liabilities from financing activities	<u>\$ 2,039,674</u>	<u>(771,304)</u>	<u>(64,866)</u>	<u>1,203,504</u>
			Non-cash changes Other	
	January 1, 2023	Cash flows	Other	June 30, 2023
Short-term borrowings	\$ 4,386,582	(4,059,562)	-	327,020
Lease liabilities—current and non-current	195,745	(45,600)	(950)	149,195
Long-term borrowings (including current portion)	-	681,294	(20,493)	660,801
Deposits received	34,607	372	(31)	34,948
Total liabilities from financing activities	<u>\$ 4,616,934</u>	<u>(3,423,496)</u>	<u>(21,474)</u>	<u>1,171,964</u>

(Continued)

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	An associate of parent company
LIZ Electronics (Nantong) Co., Ltd.	"
LIZ Electronics (Kunshan) Co., Ltd.	"
AcBel Polytech Inc.	Substantial related party

(c) Significant related party transactions

(i) Purchases of goods from related parties

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Parent company	\$ 12,451	82,454	149,611	23,263
Other related parties-CVC	338,310	-	879,966	-
Other related parties-Others	9,192	23,547	28,234	43,074
	\$ 359,953	106,001	1,057,811	66,337

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

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 and six months ended June 30, 2024 and 2023 were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Other related parties	<u>\$ 280</u>	<u>271</u>	<u>560</u>	<u>542</u>

(iii) Payables to related parties

The payables to related parties arising from the transactions mentioned above were as follows:

Account	Related party categories	June 30,	December 31,	June 30,
		2024	2023	2023
Accounts payable	Parent company	\$ 12,604	685,277	83,461
Accounts payable	Other related parties-CVC	336,196	-	-
Accounts payable	Other related parties-Others	<u>22,187</u>	<u>40,587</u>	<u>43,080</u>
		<u>\$ 370,987</u>	<u>725,864</u>	<u>126,541</u>

(d) Transactions with key management personnel

Key management personnel remunerations comprised:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$ 34,343	32,443	69,072	62,602
Post-employment benefits	<u>286</u>	<u>284</u>	<u>572</u>	<u>541</u>
	<u>\$ 34,629</u>	<u>32,727</u>	<u>69,644</u>	<u>63,143</u>

(8) Pledged assets:None

(9) Commitments and contingencies:

As of June 30, 2024, December 31 and June 30, 2023, the Group has entered into agreements for the construction of plants, amounting to \$1,046,984, \$816,804 and \$256,455, respectively, which have yet to be paid.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses due to major disasters: None

(11) Subsequent Events: None

(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 June 30, 2024			For the three months ended June 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	182,336	525,768	708,104	178,291	481,446	659,737
Labor and health insurance	15,558	31,443	47,001	11,798	30,307	42,105
Pension	4,975	19,112	24,087	10,540	16,312	26,852
Others	15,896	17,405	33,301	115,853	15,617	131,470
Depreciation	154,387	44,249	198,636	154,402	41,116	195,518
Amortization	235	13,841	14,076	416	12,878	13,294

By function By item	For the six months ended June 30, 2024			For the six months ended June 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	379,242	1,032,681	1,411,923	363,671	926,239	1,289,910
Labor and health insurance	32,349	69,305	101,654	25,926	68,833	94,759
Pension	10,699	38,310	49,009	22,221	32,980	55,201
Others	43,197	35,261	78,458	221,831	30,697	252,528
Depreciation	327,912	88,235	416,147	307,921	80,985	388,906
Amortization	477	27,046	27,523	907	25,681	26,588

(b) Seasonality of operations

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

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 six months ended June 30, 2024:

(i) Loans to other parties:

Unit: In thousand dollars of TWD/USD

No.	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	65,120 (USD2,000)	64,900 (USD2,000)	45,430 (USD1,400)	5.5%	2	-	Operating demand	-	-	-	2,923,011	5,846,023	The transactions had been eliminated in the consolidated financial statements.
0	"	Arcadyan Technology (Vietnam) Co. Ltd.	"	Yes	315,700 (USD10,000)	-	-	5.5%	1	20,703,100 (USD638,000)	-	-	-	-	2,923,011	5,846,023	"
0	"	Arcadyan Turkey Technology and Trade Joint Stock Company	"	Yes	130,240 (USD4,000)	129,800 (USD4,000)	-	6%	2	-	Operating demand	-	-	-	2,923,011	5,846,023	"
1	Arcadyan Holding	CNC	"	Yes	1,894,200 (USD60,000)	-	-	5.5%	2	-	Operating demand	-	-	-	2,150,969	2,150,969	"

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 latest 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 \$32.45(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	1,948,674	244,200 (USD7,500)	243,375 (USD7,500)	-	-	1.67 %	5,846,023	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.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) Securities held as of June 30, 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.	-	"	-	52,335	7.49 %	52,335	
"	Chimei Motor Electronic Co Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,650	25,855	5.50 %	25,855	
"	Golden Smart home Technology Corp.	-	"	1,229	-	1.89 %	-	

- (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:

Unit: In thousand dollars of TWD

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Buildings (Mechanical, electrical and AC engineering)	April 3, 2024	368,000	55,200	YI-SHENG SYSTEMS INTEGRATION CO., LTD.	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and negotiation	Operation use	None

- (vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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)	(9,376,788)	(45)%	Net 120 days from delivery	-	-	-	- %	Note 3
"	Arcadyan AU	"	(Sales)	(377,631)	(2)%	Net 60 days from the end of the month of delivery	-	-	124,725	3 %	Note 3
"	CNC	"	Purchases	259,989	1 %	Net 120 days from delivery	According to cost plus pricing	-	(861,185)	(4)%	Note 1、3
"	Arcadyan Vietnam	"	Purchases	3,852,876	12 %	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	149,611	- %	Net 60 days from the end of the month of delivery	-	-	(12,604)	- %	-
CNC	The Company	Parent company	(Sales)	(259,989)	(100)%	Net 120 days from delivery	According to cost plus pricing	-	861,185	94 %	Note 1、3
Arcadyan Vietnam	The Company	Parent company	(Sales)	(3,852,876)	(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	879,966	9 %	Net 60 days from the end of the month of delivery	"	-	(336,196)	(2)%	-
Arcadyan USA	The Company	Parent company	Purchases	9,376,788	100 %	Net 120 days from delivery	-	-	56,044	(100)%	Note 3
Arcadyan AU	The Company	Parent company	Purchases	377,631	100 %	Net 60 days from the end of the month of delivery	-	-	(124,725)	(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 June 30, 2024, the other receivables were amounted to \$1,513,236.

Note 3: The transactions had been eliminated in 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 Vietnam	Subsidiary	1,513,236 (Note 2)	(Note 2)	-	-	-	-
"	Arcadyan AU	"	124,725	5.81	-	-	64,710	-
CNC	The Company	Parent company	861,185 (Note 1)	0.28	-	-	-	-

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 July 18, 2024.

(ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d)

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Arcadyan USA	1	Operating Revenues	9,376,788	There is no significant difference of price with non-related customers. The credit period is net 120 days from delivery.	37.94 %
"	"	Arcadyan AU	1	Operating Revenues	377,631	There is no significant difference of price with non-related customers'. The credit period is net 60 days from the end of the month of delivery.	1.53 %
"	"	Arcadyan Vietnam	1	Accounts Receivable	124,725	"	0.30 %
"	"	Arcadyan Vietnam	1	Other Receivables	1,513,236	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	3.65 %
2	Arcadyan Vietnam	The Company	2	Processing Revenue	3,852,876	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.	15.59 %

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 to its subsidiaries.
- 2 represents transactions between the subsidiaries to the parent company.
- 3 represents transactions between subsidiaries.

- (b) Information on investees:

The following is the information on investees for the six months ended June 30, 2024 (excluding information on investees in Mainland China):

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

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Ending Balance as of June 30, 2024			Net income (losses) of the investee	Share of income (losses) of the investee	Note
				June 30, 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%	1,993,900	(216,870)	(195,852)	Note 2、4
The Company	Arcadyan USA	USA	Selling and technical support of wireless networking products	23,055	23,055	1	100%	(42,435)	32,654	32,654	"
The Company	Arcadyan Germany	Germany	Selling and technical support of wireless networking products	1,125	1,125	0.5	100%	100,834	(352)	(352)	"

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Ending Balance as of June 30, 2024			Net income (losses) of the investee	Share of income (losses) of the investee	Note
				June 30, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
The Company	Arcadyan Korea	Korea	Selling of wireless networking products	2,879	2,879	20	100%	39,191	4,301	4,301	Note 2、4
The Company and ZHI-BAO	Arcadyan Brasil	Brazil	Selling of wireless networking products	81,593	81,593	968	100%	(49,726)	(8,370)	(8,370)	"
The Company	ZHI-BAO	Hsinchu City	Investment activities	48,000	48,000	34,980	100%	331,468	(11,638)	(11,638)	"
The Company	TTI	Taipei City	Research and development, and selling digital home appliance	308,726	308,726	25,028	61%	145,918	(12,830)	(7,832)	"
The Company	Arcadyan UK	England	Technical support of wireless networking products	1,988	1,988	50	100%	6,081	217	217	"
The Company	Arcadyan AU	Australia	Selling of wireless networking products	1,161	1,161	50	100%	76,489	2,940	2,940	"
The Company	Arcadyan RU	Russia	Selling of wireless networking products	7,672	7,672	-	100%	3,462	(19)	(19)	"
The Company	CBN	Hsinchu County	Manufacturing and selling of broadband network products	11,925	11,925	533	1%	8,551	(63,693)	(502)	Note 3
The Company and ZHI-BAO	Arcadyan India	India	Selling of wireless networking products	76,952	76,952	19,800	100%	10,382	(41,337)	(41,337)	Note 2、4
The Company	Arcadyan Turkey	Turkey	Selling of wireless networking products	61,268	-	6,200	100%	61,160	104	104	Note 2、4、5
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment activities	942,673 (USD29,050)	942,673 (USD29,050)	29,050	100%	1,482,284 (USD45,679)	(184,962) (USD(5,798))	Investment gain(losses) recognized by Arcadyan Holding	Note 2、4
"	Arch Holding	British Virgin Islands	Investment activities	357,307 (USD11,011)	357,307 (USD11,011)	35	100%	1,621,937 (USD9,166)	(35,633) (USD(1,117))	"	"
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless networking products	941,050 (USD29,000)	941,050 (USD29,000)	-	100%	1,477,286 (USD45,525)	(185,057) (USD(5,801))	Investment gain (losses) recognized by Sinoprime	"
TTI	Quest	Samoa	Investment activities	38,940 (USD1,200)	38,940 (USD1,200)	1,200	100%	9,351	(1,289)	Investment gain (losses) recognized by TTI	"
TTI	TTJC	Japan	Selling of digital home appliance	9,626	9,626	0.7	100%	2,271	(239)	"	"
Quest	Exquisite	Samoa	Investment activities	37,967 (USD1,170)	37,967 (USD1,170)	1,170	100%	8,437 (USD260)	(1,308) (USD(41))	Investment gain(losses) recognized by Quest	"
ZHI-BAO	CBN	Hsinchu County	Manufacturing and selling of broadband network products	36,272	36,272	13,140	19.51%	210,725	(63,693)	Investment gain(losses) recognized by ZHI-BAO	Note 3

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rate of \$US31.901 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of US\$32.45 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.

Note 5: The subsidiary was incorporated on May 2, 2024.

(c) Information on investment in Mainland China:

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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 June 30, 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	262,845 (USD8,100)	Note 1	(Note 4) 435,479 (USD13,420)	-	-	435,479 (USD13,420)	3,732 (USD117)	100%	3,732 (USD117)	46,176 (USD1,423)	-	Note 3
CNC	Manufacturing of wireless networking products	404,003 (USD12,450)	"	(Note 5) 357,307 (USD11,011)	-	-	357,307 (USD11,011)	(35,633) (USD1,117)	100%	(35,633) (USD1,117)	621,904 (USD19,165)	-	"
TCH	Manufacturing of digital home appliance products	392,807 (USD12,105)	Notes 1, 6 and 7	37,318 (USD1,150)	-	-	37,318 (USD1,150)	(3,924) (USD123)	100%	(3,924) (USD123)	23,916 (USD737)	-	"

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 US\$31.901 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of US\$32.45 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.

- (ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in Mainland China by Investment Commission, MOEA
830,103 (USD25,581)	1,114,203 (USD34,336)	8,769,035

Note: The amounts in TWD were translated at the exchange rate of \$32.45 on the reporting date.

- (iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the six months ended June 30, 2024, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions" and "Business relationships 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 %
Fuh Hwa Taiwan Technology Dividend Highlight ETF		13,840,000	6.28 %

Note: Major shareholders are the shareholders who hold 5% or more of all outstanding ordinary shares of the Company.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.