

**ARCADYAN TECHNOLOGY CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2024 and 2023**

Address: 8F., No. 8, Sec. 2, Guangfu Rd., East Dist., Hsinchu City, Taiwan
Telephone: (03)572-7000

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) Significant contingent liabilities and unrecognized commitments	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	52~53
(c) Information on investment in Mainland China	53
(d) Information of major shareholders	54
(14) Segment information	54



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

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 September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 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 \$2,749,494 thousand and \$1,367,962 thousand, constituting 7% and 4% of consolidated total assets as of September 30, 2024 and 2023, respectively, total liabilities amounting to \$2,147,045 thousand and \$823,522 thousand, constituting 9% and 3% of consolidated total liabilities as of September 30, 2024 and 2023, respectively, and total comprehensive income amounting to \$(79,470) thousand, \$(15,383) thousand, \$(111,773) thousand and \$18,341 thousand, constituting (13)%, (2)%, (6)% and 1% of consolidated total comprehensive income for the three months and nine months ended September 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 September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 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)
November 4, 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

September 30, 2024, December 31, 2023, and September 30, 2023

(Expressed In thousand dollars of TWD)

Assets		September 30, 2024		December 31, 2023		September 30, 2023		Liabilities and Equity		September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$ 10,618,932	27	7,856,971	20	7,409,186	20	2100	Short-term borrowings (note (6)(k))	\$ 1,415,068	4	1,375,458	3	337,873	1
1110	Current financial assets at fair value through profit or loss (note (6)(b))	8,906	-	47,689	-	18,180	-	2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	18,835	-	14,884	-	9,739	-
1139	Current financial assets for hedging (note (6)(d))	-	-	-	-	9,829	-	2126	Current financial liabilities for hedging (note (6)(d))	-	-	14,246	-	270	-
1170	Accounts receivable, net (notes (6)(e) and (t))	6,823,703	17	9,785,739	26	8,219,502	21	2130	Current contract liabilities (note (6)(t))	3,351,098	8	351,229	1	406,910	1
1200	Other receivables (notes (6)(e) and (v))	2,114,902	5	993,854	3	674,695	2	2171	Accounts payable (including related parties) (note (6)(g))	11,197,375	28	12,314,903	32	14,184,350	37
1310	Inventories, net (note (6)(f))	12,533,349	32	12,377,227	32	14,388,171	38	2200	Other payables	6,057,928	16	6,441,708	17	5,679,564	15
1410	Prepayments	378,812	1	184,645	-	177,214	1	2230	Current tax liabilities	463,282	1	1,072,007	3	643,001	2
1470	Other current assets	84,057	-	112,532	-	130,594	-	2250	Current provisions (note (6)(o))	662,366	2	698,887	2	716,435	2
		<u>32,562,661</u>	<u>82</u>	<u>31,358,657</u>	<u>81</u>	<u>31,027,371</u>	<u>82</u>	2280	Current lease liabilities (note (6)(n))	23,807	-	98,234	-	86,177	-
Non-current assets:								2300	Other current liabilities (note (l))	1,147,355	3	620,304	2	748,432	2
1550	Investments accounted for using equity method (note (6)(g))	212,387	1	232,347	1	254,952	1	2322	Long-term borrowings, current portion (note (6)(m))	-	-	476,060	1	682,732	2
1511	Non-current financial assets at fair value through profit or loss (note (6)(b))	49,876	-	48,112	-	63,673	-			<u>24,337,114</u>	<u>62</u>	<u>23,477,920</u>	<u>61</u>	<u>23,495,483</u>	<u>62</u>
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	21,087	-	35,442	-	36,828	-	Non-Current liabilities:							
1600	Property, plant and equipment (note (6)(h))	5,582,014	14	5,439,395	15	5,580,010	15	2570	Deferred tax liabilities	7,098	-	7,099	-	28,165	-
1755	Right-of-use assets (note (l))	349,724	1	444,615	1	443,428	1	2580	Non-current lease liabilities (note (6)(n))	17,968	-	51,541	-	45,948	-
1780	Intangible assets (note (6)(j))	58,215	-	65,915	-	73,029	-	2640	Non-current net defined benefit liability	71,980	-	73,651	-	72,766	-
1840	Deferred tax assets	807,143	2	811,970	2	481,662	1	2670	Other non-current liabilities	33,418	-	38,381	-	36,190	-
1900	Other non-current assets	127,510	-	112,206	-	106,133	-			<u>130,464</u>	<u>-</u>	<u>170,672</u>	<u>-</u>	<u>183,069</u>	<u>-</u>
		<u>7,207,956</u>	<u>18</u>	<u>7,190,002</u>	<u>19</u>	<u>7,039,715</u>	<u>18</u>	Total liabilities		<u>24,467,578</u>	<u>62</u>	<u>23,648,592</u>	<u>61</u>	<u>23,678,552</u>	<u>62</u>
Total assets		<u>\$ 39,770,617</u>	<u>100</u>	<u>38,548,659</u>	<u>100</u>	<u>38,067,086</u>	<u>100</u>	Equity:							
								Equity attributable to owners of parent (note (r)):							
								3110	Ordinary share	2,203,543	6	2,203,543	6	2,203,543	6
								3200	Capital surplus	3,651,757	9	3,872,335	10	3,872,179	10
								3300	Retained earnings	9,265,833	23	8,721,653	23	8,061,966	21
								3410	Exchange differences on translation of foreign financial statements	119,961	-	30,147	-	150,911	1
								3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	(28,413)	-	(14,058)	-	(12,672)	-
								3450	Gains (losses) on hedging instrument	-	-	(11,396)	-	7,647	-
										<u>15,212,681</u>	<u>38</u>	<u>14,802,224</u>	<u>39</u>	<u>14,283,574</u>	<u>38</u>
								3600	Non-controlling interests	90,358	-	97,843	-	104,960	-
								Total equity		<u>15,303,039</u>	<u>38</u>	<u>14,900,067</u>	<u>39</u>	<u>14,388,534</u>	<u>38</u>
								Total liabilities and equity		<u>\$ 39,770,617</u>	<u>100</u>	<u>38,548,659</u>	<u>100</u>	<u>38,067,086</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 nine months ended September 30, 2024 and 2023

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

	For the three months ended September 30,				For the nine months ended September 30,				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenues (notes (6)(d) and (t)):								
5000	\$ 12,166,690	100	13,871,509	100	36,880,349	100	37,030,901	100	
	10,291,081	85	11,871,003	86	31,321,553	85	31,737,895	86	
	<u>1,875,609</u>	<u>15</u>	<u>2,000,506</u>	<u>14</u>	<u>5,558,796</u>	<u>15</u>	<u>5,293,006</u>	<u>14</u>	
	Gross profit from operating								
	Operating expenses (notes (6)(p), (7) and (12)):								
6100	Selling expenses	212,923	2	195,363	1	678,291	2	530,593	1
6200	Administrative expenses	166,968	1	171,940	1	521,166	1	448,082	1
6300	Research and development expenses	651,887	5	806,687	6	2,076,455	6	2,106,710	6
	Total operating expenses	<u>1,031,778</u>	<u>8</u>	<u>1,173,990</u>	<u>8</u>	<u>3,275,912</u>	<u>9</u>	<u>3,085,385</u>	<u>8</u>
	Net operating income	<u>843,831</u>	<u>7</u>	<u>826,516</u>	<u>6</u>	<u>2,282,884</u>	<u>6</u>	<u>2,207,621</u>	<u>6</u>
	Non-operating income and expenses:								
7100	Interest income	41,671	-	33,362	-	137,617	1	105,863	-
7020	Other gains or losses	43,307	-	25,727	-	101,308	-	36,985	-
7230	Foreign exchange gains (loss), net (note (6)(v))	(38,693)	-	83,368	-	46,626	-	217,032	1
7635	Gains (losses) on financial assets (liabilities) at fair value through profit or loss (notes (6)(b) and (d))	(15,552)	-	(26,840)	-	(62,657)	-	(77,277)	-
7770	Share of loss of associates and joint ventures accounted for using equity method (note (6)(g))	(6,923)	-	(10,689)	-	(19,801)	-	(44,183)	-
7510	Interest expense (note (6)(n))	(12,136)	-	(11,423)	-	(39,102)	-	(118,542)	-
	Total non-operating income and expenses	<u>11,674</u>	<u>-</u>	<u>93,505</u>	<u>-</u>	<u>163,991</u>	<u>1</u>	<u>119,878</u>	<u>1</u>
	Income before tax	<u>855,505</u>	<u>7</u>	<u>920,021</u>	<u>6</u>	<u>2,446,875</u>	<u>7</u>	<u>2,327,499</u>	<u>7</u>
7950	Less: Income tax expenses (note (6)(q))	<u>200,771</u>	<u>2</u>	<u>249,009</u>	<u>1</u>	<u>588,513</u>	<u>2</u>	<u>591,053</u>	<u>2</u>
	Net income	<u>654,734</u>	<u>5</u>	<u>671,012</u>	<u>5</u>	<u>1,858,362</u>	<u>5</u>	<u>1,736,446</u>	<u>5</u>
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))	(4,768)	-	(4,141)	-	(14,355)	-	(9,322)	-
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	<u>(4,768)</u>	<u>-</u>	<u>(4,141)</u>	<u>-</u>	<u>(14,355)</u>	<u>-</u>	<u>(9,322)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that may be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(55,142)	-	51,197	-	90,206	-	107,688	-
8368	Gains (losses) on hedging instrument (note (6)(d))	-	-	14,942	-	14,246	-	57,368	-
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))	36	-	(1)	-	67	-	66	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss (note (6)(q))	-	-	2,989	-	2,850	-	11,474	-
	Components of other comprehensive income that may be reclassified to profit or loss	<u>(55,106)</u>	<u>-</u>	<u>63,149</u>	<u>-</u>	<u>101,669</u>	<u>-</u>	<u>153,648</u>	<u>-</u>
8300	Other comprehensive income	<u>(59,874)</u>	<u>-</u>	<u>59,008</u>	<u>-</u>	<u>87,314</u>	<u>-</u>	<u>144,326</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 594,860</u>	<u>5</u>	<u>730,020</u>	<u>5</u>	<u>1,945,676</u>	<u>5</u>	<u>1,880,772</u>	<u>5</u>
	Net income, attributable to:								
8610	Owners of parent	\$ 657,680	5	687,735	5	1,866,306	5	1,759,734	5
8620	Non-controlling interests	(2,946)	-	(16,723)	-	(7,944)	-	(23,288)	-
		<u>\$ 654,734</u>	<u>5</u>	<u>671,012</u>	<u>5</u>	<u>1,858,362</u>	<u>5</u>	<u>1,736,446</u>	<u>5</u>
	Comprehensive income attributable to:								
	Owners of parent	\$ 597,623	5	753,003	5	1,953,161	5	1,907,833	5
	Non-controlling interests	(2,763)	-	(22,983)	-	(7,485)	-	(27,061)	-
		<u>\$ 594,860</u>	<u>5</u>	<u>730,020</u>	<u>5</u>	<u>1,945,676</u>	<u>5</u>	<u>1,880,772</u>	<u>5</u>
	Earnings per share (note (6)(s))								
9750	Basic earnings per share	\$ 2.98		3.12		8.47		7.98	
9850	Diluted earnings per share	\$ 2.95		3.10		8.37		7.89	

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 nine months ended September 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	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 nine months ended September 30, 2023	-	-	-	-	1,759,734	1,759,734	-	-	-	-	1,759,734	(23,288)	1,736,446
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	-	111,527	(9,322)	45,894	148,099	148,099	(3,773)	144,326
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	1,759,734	1,759,734	111,527	(9,322)	45,894	148,099	1,907,833	(27,061)	1,880,772
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	-	804	-	-	-	-	-	-	-	-	804	-	804
Balance at September 30, 2023	\$ 2,203,543	3,872,179	1,534,292	2,213	6,525,461	8,061,966	150,911	(12,672)	7,647	145,886	14,283,574	104,960	14,388,534
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 nine months ended September 30, 2024	-	-	-	-	1,866,306	1,866,306	-	-	-	-	1,866,306	(7,944)	1,858,362
Other comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	-	89,814	(14,355)	11,396	86,855	86,855	459	87,314
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	1,866,306	1,866,306	89,814	(14,355)	11,396	86,855	1,953,161	(7,485)	1,945,676
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	241,942	-	(241,942)	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(2,213)	2,213	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,322,126)	(1,322,126)	-	-	-	-	(1,322,126)	-	(1,322,126)
Cash dividends from capital surplus	-	(220,354)	-	-	-	-	-	-	-	-	(220,354)	-	(220,354)
Changes in equity of associates and subsidiaries accounted for using equity method	-	(224)	-	-	-	-	-	-	-	-	(224)	-	(224)
Balance at September 30, 2024	\$ 2,203,543	3,651,757	1,776,234	-	7,489,599	9,265,833	119,961	(28,413)	-	91,548	15,212,681	90,358	15,303,039

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 nine months ended September 30, 2024 and 2023
(Expressed in thousand dollars of TWD)

	For the nine months ended September 30,	
	2024	2023
Cash flows from (used in) operating activities:		
Income before tax	\$ 2,446,875	2,327,499
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	589,084	585,623
Amortization expense	42,675	40,650
Expected credit (reversal gain) impairment loss	(11,464)	519
Interest expense	39,102	118,542
Interest income	(137,617)	(105,863)
Net gains on financial assets or liabilities at fair value through profit or loss	(1,764)	(17,294)
Share of loss of associates and joint ventures accounted for using equity method	19,801	44,183
Gains on disposal of property, plant, equipment and intangible assets	(1,205)	(7,469)
Lease modification benefits	(18,216)	(167)
Others	361	1,645
Total adjustments to reconcile profit (loss)	<u>520,757</u>	<u>660,369</u>
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets or liabilities at fair value through profit or loss	42,734	(39,049)
Decrease in notes and accounts receivable	2,970,915	2,583,106
Increase in other receivables	(1,116,411)	(413,496)
(Increase) decrease in inventories	(156,122)	175,387
(Increase) decrease in prepayments	(171,959)	45,623
Decrease (increase) in other current assets	28,475	(14,266)
Increase in contract liabilities	2,999,869	172,195
(Decrease) increase in accounts payable (including related parties)	(1,117,528)	3,405
Increase in other payables and other current liabilities	170,355	1,077,398
Decrease in other operating liabilities	(1,671)	(1,657)
Total changes in operating assets and liabilities	<u>3,648,657</u>	<u>3,588,646</u>
Total adjustments	<u>4,169,414</u>	<u>4,249,015</u>
Cash inflow generated from operations	6,616,289	6,576,514
Interest received	135,565	114,980
Dividends received	-	6,836
Interest paid	(36,300)	(138,827)
Income taxes paid	(1,217,470)	(729,124)
Net cash flows from operating activities	<u>5,498,084</u>	<u>5,830,379</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(655,431)	(1,058,310)
Proceeds from disposal of property, plant and equipment	10,988	16,919
Decrease (increase) in refundable deposits	5,590	(13,252)
Acquisition of intangible assets	(34,973)	(20,455)
(Increase) decrease in other non-current assets	(21,307)	95
Net cash flows used in investing activities	<u>(695,133)</u>	<u>(1,075,003)</u>
Cash flows from (used in) financing activities:		
Increase (Decrease) in short-term borrowings	39,610	(4,048,709)
Proceeds from long-term borrowings	-	1,297,782
Repayments of long-term borrowings	(502,073)	(618,562)
Repayments of principal of lease liabilities	(36,709)	(67,962)
Cash dividends paid	(1,542,480)	(1,432,299)
Other financing activities	(5,049)	1,572
Net cash flows used in financing activities	<u>(2,046,701)</u>	<u>(4,868,178)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>5,711</u>	<u>(57,563)</u>
Net increase (decrease) in cash and cash equivalents	2,761,961	(170,365)
Cash and cash equivalents at beginning of period	7,856,971	7,579,551
Cash and cash equivalents at end of period	<u>\$ 10,618,932</u>	<u>7,409,186</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

September 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 September 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 integrated access devices, wireless networking products, 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 November 4, 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”
- Annual Improvements to IFRS Accounting Standards

(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
			September 30, 2024	December 31, 2023	September 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
			September 30, 2024	December 31, 2023	September 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 %	Note 2
”	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、3
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 %	Note 2
”	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 %	Note 2
TTI	Tatung Technology of Japan Co., Ltd. (“TTJC”)	Selling of digital home appliance	100 %	100 %	100 %	Note 2、4
Quest	Exquisite Electronic Co., Ltd. (“Exquisite”)	Investment activities	100 %	100 %	100 %	Note 2
Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. (“TCH”)	Manufacturing of digital home appliance	100 %	100 %	100 %	Note 2

Note 1: The financial statements of non-material subsidiaries as of September 30, 2024 and 2023 have not been reviewed by auditors.

Note 2: The financial statements of non-material subsidiaries as of September 30, 2024 have not been reviewed by auditors.

Note 3: The subsidiary was incorporated on May 2, 2024.

Note 4: The company resolved to dissolve and liquidate on August 30, 2024.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(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 income tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases 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 income 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 significant accounting 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 material 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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 3,099	4,665	3,097
Checking accounts and demand deposits	2,440,150	3,099,751	3,420,365
Time deposits	6,975,683	3,152,555	2,985,724
Repurchase agreements	<u>1,200,000</u>	<u>1,600,000</u>	<u>1,000,000</u>
	<u>\$ 10,618,932</u>	<u>7,856,971</u>	<u>7,409,186</u>

Please refer to note (6)(v) for the disclosure of 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>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Current financial assets mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging:			
Foreign exchange forward contracts	\$ 226	146	18,180
Foreign exchange swaps contracts	<u>8,680</u>	<u>47,543</u>	<u>-</u>
	<u>\$ 8,906</u>	<u>47,689</u>	<u>18,180</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>\$ 49,876</u>	<u>48,112</u>	<u>63,673</u>
Held-for-trading financial liabilities:			
Derivative instruments not used for hedging:			
Foreign exchange forward contracts	\$ 18,835	14,884	-
Foreign exchange swaps contracts	<u>-</u>	<u>-</u>	<u>9,739</u>
Total	<u>\$ 18,835</u>	<u>14,884</u>	<u>9,739</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 September 30, 2024, December 31 and September 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>September 30, 2024</u>		
	<u>Contract amount</u> <u>(in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	USD 3,582	Buy USD / INR	November 14, 2024
Swap contracts:			
Foreign exchange swaps	USD 20,000	B/S USD / TWD	October 30, 2024~ November 27, 2024

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2024			
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial liabilities:			
Forward contracts:			
Foreign exchange forward	EUR 31,000	Sell EUR / USD	October 15, 2024~ December 30, 2024
Foreign exchange forward	USD 3,576	Buy USD / INR	October 30, 2024
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
September 30, 2023			
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial assets:			
Forward contracts:			
Foreign exchange forward	EUR 10,000	Sell EUR / USD	October 13, 2023~ November 14, 2023
Foreign exchange forward	USD 1,000	Buy USD / BRL	November 10, 2023
Foreign exchange forward	USD 4,943	Buy USD / INR	October 13, 2023~ October 30, 2023
Derivative financial liabilities:			
Swap contracts:			
Foreign exchange swaps	USD 30,000	B/S USD / TWD	October 30, 2023~ November 29, 2023

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

As of September 30, 2024, December 31 and September 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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Equity investments at fair value through other comprehensive income:			
Stock unlisted on domestic markets	\$ <u>21,087</u>	<u>35,442</u>	<u>36,828</u>

(i) For the three months and nine months ended September 30, 2024 and 2023, unrealized (losses) gains from above-mentioned equity investments measured at fair value were \$(4,768), \$(4,141), \$(14,355) and \$(9,322), 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 nine months ended September 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:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash flow hedge:			
Financial assets used for hedging:			
Foreign exchange forward contracts	\$ <u>-</u>	<u>-</u>	<u>9,829</u>
Financial liabilities used for hedging:			
Foreign exchange forward contracts	\$ <u>-</u>	<u>14,246</u>	<u>270</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 September 30, 2024, the Group did not engage in derivative instruments for cash flow hedge. As of December 31 and September 30, 2023, the amounts relating to the items designated as hedging instruments were as follows:

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		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
		September 30, 2023			
		Contract amount (in thousands)	Currency	Maturity date	Average strike price
Derivative financial assets used for hedging					
Forward contracts:					
	Foreign exchange forward	EUR 8,000	Sell EUR / USD	October 30, 2023~ December 28, 2023	1.0925
Derivative financial liabilities used for hedging					
Forward contracts:					
	Foreign exchange forward	EUR 1,000	Sell EUR / USD	October 30, 2023	1.0437
(iii)	Adjustments on reclassification from components of other comprehensive income				

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Cash flow hedge:				
Gains in current period	\$ -	12,214	30,315	14,102
Less: Gains (losses) of adjustments on reclassification from components of other comprehensive income which belongs to net income	-	(2,728)	16,069	(43,266)
Net gains recognized in other comprehensive income	<u>\$ -</u>	<u>14,942</u>	<u>14,246</u>	<u>57,368</u>

- (iv) For the three months and nine months ended September 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 nine months ended September 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 statements of comprehensive income.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Accounts receivable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts receivable – measured at amortized cost	5,868,946	7,626,824	6,301,712
Accounts receivable – fair value through other comprehensive income	<u>987,031</u>	<u>2,200,068</u>	<u>1,956,495</u>
	6,855,977	9,826,892	8,258,207
Less: allowance for uncollectible accounts	<u>(32,274)</u>	<u>(41,153)</u>	<u>(38,705)</u>
	<u><u>\$ 6,823,703</u></u>	<u><u>9,785,739</u></u>	<u><u>8,219,502</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 information, including historical credit losses experience and macroeconomic. The expected credit losses of the Group as of September 30, 2024, December 31 and September 30, 2023 were determined as follows:

<u>Credit rating</u>	<u>September 30, 2024</u>			
	<u>Gross carrying amount</u>	<u>Weighted-average ECL rate</u>	<u>Lifetime ECLs</u>	<u>Credit impaired</u>
Level A	\$ 2,689,088	0%	-	No
Level B	3,316,820	0.10%	3,319	No
Level C	829,408	1.00%	8,294	No
Level D	-	5%	-	-
Level E	<u>20,661</u>	100%	<u>20,661</u>	Yes
Total	<u><u>\$ 6,855,977</u></u>		<u><u>32,274</u></u>	

<u>Credit rating</u>	<u>December 31, 2023</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%	-	-
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>September 30, 2023</u>			
	<u>Gross carrying amount</u>	<u>Weighted-average ECL rate</u>	<u>Lifetime ECLs</u>	<u>Credit impaired</u>
Level A	\$ 2,898,051	0%	-	No
Level B	3,966,913	0.10%	4,021	No
Level C	1,372,204	1.00%	13,645	No
Level D	-	5%	-	-
Level E	<u>21,039</u>	100%	<u>21,039</u>	Yes
Total	<u>\$ 8,258,207</u>		<u>38,705</u>	

The aging analysis of accounts receivable were as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Not overdue	\$ 6,064,138	8,476,252	7,293,784
Overdue 1~30 days	731,422	888,371	633,277
Overdue 31~60 days	28,844	186,974	210,015
Overdue 61~90 days	8,918	11,427	47,205
Overdue 91~180 days	1,994	205,969	9,358
Overdue over 181 days	<u>20,661</u>	<u>57,899</u>	<u>64,568</u>
	<u>\$ 6,855,977</u>	<u>9,826,892</u>	<u>8,258,207</u>

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

	<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Balance at beginning	\$ 41,153	44,598
Reversal of impairment loss	<u>(8,879)</u>	<u>(5,893)</u>
Balance at ending	<u>\$ 32,274</u>	<u>38,705</u>

As of September 30, 2024, December 31 and September 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 September 30, 2024, December 31 and September 30, 2023, the Group has not factored accounts receivable.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Inventories

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

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 4,848,642	3,205,353	5,023,919
Work in progress	687,863	444,098	1,014,201
Finished goods	6,996,844	8,727,776	8,350,051
	<u>\$ 12,533,349</u>	<u>12,377,227</u>	<u>14,388,171</u>

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Cost of sales and expenses	\$ 10,035,247	11,411,281	31,317,792	31,362,957
Provision for inventory valuation and obsolescence loss	255,834	459,722	3,761	374,938
	<u>\$ 10,291,081</u>	<u>11,871,003</u>	<u>31,321,553</u>	<u>31,737,895</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Associates	\$ <u>212,387</u>	<u>232,347</u>	<u>254,952</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Aggregate carrying amount of the Group's associates that are individually insignificant	\$ <u>212,387</u>	<u>232,347</u>	<u>254,952</u>

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Share of associates attributed to the Group were as follows:				
Net loss from continuing operations	\$ (6,923)	(10,689)	(19,801)	(44,183)
Other comprehensive income	36	(1)	67	66
Total comprehensive loss	\$ (6,887)	(10,690)	(19,734)	(44,117)

(ii) As of September 30, 2024, December 31 and September 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 nine months ended September 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	-	-	145,592	54,903	34,285	36,424	320,705	591,909
Reclassifications	-	99,474	1,662	25,513	-	-	(129,534)	(2,885)
Disposals and derecognitions	-	-	(260,235)	(20,106)	(35,019)	(110,047)	(1,331)	(426,738)
Effect of movements in exchange rates	-	67,621	16,690	9	596	2,746	2,495	90,157
Balance at September 30, 2024	\$ 878,978	3,136,466	2,984,846	830,569	183,967	499,908	308,621	8,823,355
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	-	16,026	47,602	63,419	35,131	22,739	868,455	1,053,372
Reclassifications	-	1,315,110	40,630	3,338	-	59,105	(1,426,236)	(8,053)
Disposals and derecognitions	-	-	(97,690)	(9,402)	(119,137)	(5,317)	-	(231,546)
Effect of movements in exchange rates	-	97,506	93,150	-	(330)	10,580	8,576	209,482
Balance at September 30, 2023	\$ 878,978	3,039,192	3,423,349	774,120	159,099	583,471	147,608	9,005,817

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Research and development equipment</u>	<u>Mold equipment</u>	<u>Leasehold improvement and other equipment</u>	<u>Construction in progress and prepayment for purchase of equipment</u>	<u>Total</u>
Depreciation:								
Balance at January 1, 2024	\$ -	233,959	1,956,850	477,460	94,592	368,656	-	3,131,517
Depreciation for the period	-	91,352	279,535	67,216	36,194	65,075	-	539,372
Disposals and derecognitions	-	-	(256,956)	(19,042)	(35,019)	(105,938)	-	(416,955)
Effect of movements in exchange rates	-	1,898	(13,660)	9	445	(1,285)	-	(12,593)
Balance at September 30, 2024	<u>\$ -</u>	<u>327,209</u>	<u>1,965,769</u>	<u>525,643</u>	<u>96,212</u>	<u>326,508</u>	<u>-</u>	<u>3,241,341</u>
Balance at January 1, 2023	\$ -	165,507	1,959,147	439,066	197,233	314,541	-	3,075,494
Depreciation for the period	-	41,130	338,947	58,355	21,205	51,714	-	511,351
Disposals and derecognitions	-	-	(88,339)	(9,399)	(119,135)	(5,275)	-	(222,148)
Effect of movements in exchange rates	-	2,956	53,655	-	(92)	4,591	-	61,110
Balance at September 30, 2023	<u>\$ -</u>	<u>209,593</u>	<u>2,263,410</u>	<u>488,022</u>	<u>99,211</u>	<u>365,571</u>	<u>-</u>	<u>3,425,807</u>
Carrying amounts:								
Balance at September 30, 2024	<u>\$ 878,978</u>	<u>2,809,257</u>	<u>1,019,077</u>	<u>304,926</u>	<u>87,755</u>	<u>173,400</u>	<u>308,621</u>	<u>5,582,014</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 September 30, 2023	<u>\$ 878,978</u>	<u>2,829,599</u>	<u>1,159,939</u>	<u>286,098</u>	<u>59,888</u>	<u>217,900</u>	<u>147,608</u>	<u>5,580,010</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 September 30, 2024, December 31 and September 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 nine months ended September 30, 2024 and 2023 were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles and other</u>	<u>Total</u>
Cost:				
Balance at January 1, 2024	\$ 330,242	358,769	21,987	710,998
Additions	-	10,341	1,729	12,070
Disposal/Write-off	-	(304,313)	(12,209)	(316,522)
Effect of movements in exchange rates	10,593	1,251	(38)	11,806
Balance at September 30, 2024	<u>\$ 340,835</u>	<u>66,048</u>	<u>11,469</u>	<u>418,352</u>
Balance at January 1, 2023	\$ 330,296	345,101	26,127	701,524
Additions	-	9,022	-	9,022
Disposal/Write-off	-	(5,858)	(2,116)	(7,974)
Effect of movements in exchange rates	16,778	14,375	182	31,335
Balance at September 30, 2023	<u>\$ 347,074</u>	<u>362,640</u>	<u>24,193</u>	<u>733,907</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	5,669	40,152	3,891	49,712
Disposal/Write-off	-	(236,425)	(11,356)	(247,781)
Effect of movements in exchange rates	<u>831</u>	<u>(482)</u>	<u>(35)</u>	<u>314</u>
Balance at September 30, 2024	<u>\$ 34,270</u>	<u>25,179</u>	<u>9,179</u>	<u>68,628</u>
Balance at January 1, 2023	\$ 20,529	176,215	11,971	208,715
Depreciation for the period	5,473	62,264	6,535	74,272
Disposal/Write-off	-	(1,195)	(2,116)	(3,311)
Effect of movements in exchange rates	<u>1,280</u>	<u>9,402</u>	<u>121</u>	<u>10,803</u>
Balance at September 30, 2023	<u>\$ 27,282</u>	<u>246,686</u>	<u>16,511</u>	<u>290,479</u>
Carrying amount:				
Balance on September 30, 2024	<u>\$ 306,565</u>	<u>40,869</u>	<u>2,290</u>	<u>349,724</u>
Balance at January 1, 2024	<u>\$ 302,472</u>	<u>136,835</u>	<u>5,308</u>	<u>444,615</u>
Balance at September 30, 2023	<u>\$ 319,792</u>	<u>115,954</u>	<u>7,682</u>	<u>443,428</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 and amortization of intangible assets of the Group for the nine months ended September 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:				
September 30, 2024	<u>\$ 6,556</u>	<u>510</u>	<u>51,149</u>	<u>58,215</u>
January 1, 2024	<u>\$ 6,556</u>	<u>2,039</u>	<u>57,320</u>	<u>65,915</u>
September 30, 2023	<u>\$ 6,556</u>	<u>2,657</u>	<u>63,816</u>	<u>73,029</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 nine months ended September 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 September 30, 2024, December 31 and September 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

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	<u>\$ 1,415,068</u>	<u>1,375,458</u>	<u>337,873</u>
Unused credit lines for short-term borrowings	<u>\$ 16,911,124</u>	<u>16,127,194</u>	<u>18,025,411</u>
Range of interest rates	<u>3.60%~4.91%</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:

	September 30, 2024	December 31, 2023	September 30, 2023
Temporary receipts–non-recurring engineering revenue and collection on behalf of others	\$ 1,022,832	591,340	711,135
Others	<u>124,523</u>	<u>28,964</u>	<u>37,297</u>
	<u>\$ 1,147,355</u>	<u>620,304</u>	<u>748,432</u>

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

The details of long-term borrowings were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	\$ -	476,060	682,732
Less: current portion	<u>-</u>	<u>476,060</u>	<u>682,732</u>
Total	<u>\$ -</u>	<u>-</u>	<u>-</u>
Unused credit lines for long-term borrowings	<u>\$ -</u>	<u>1,117,310</u>	<u>950,145</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 nine months ended September 30, 2024 and 2023, the Group had raised the additional long-term borrowings amounting to \$0 and \$1,297,782, respectively, with maturities ranging from April to May 2024 and November 2023 to May 2024. During the same period, repayments of the long-term borrowings amounted to \$502,073 and \$618,562, 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	<u>\$ 23,807</u>	<u>98,234</u>	<u>86,177</u>
Non-current	<u>\$ 17,968</u>	<u>51,541</u>	<u>45,948</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 September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Interest expense on lease liabilities	<u>\$ 338</u>	<u>1,482</u>	<u>2,457</u>	<u>5,141</u>
Expenses relating to short-term leases	<u>\$ 3,395</u>	<u>4,816</u>	<u>11,344</u>	<u>14,227</u>

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

	For the nine months ended September 30,	
	2024	2023
Total cash outflow for leases	<u>\$ 50,510</u>	<u>87,330</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. The Group has elected not to recognize right-of-use assets and lease liabilities for these short-term leases.

(o) Provisions-Current

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 nine months ended September 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 September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Operating costs	\$ 42	45	137	134
Selling expenses	49	58	148	175
Administrative expenses	62	82	188	254
Research and development expenses	248	256	731	761
	\$ 401	441	1,204	1,324

(ii) Defined contribution plans

The pension expenses of the Company and domestic subsidiaries under the defined contribution plan, contributed to the Bureau of Labor Insurance for the three months and nine months ended September 30, 2024 and 2023 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Operating costs	\$ 422	492	1,355	1,414
Selling expenses	1,249	1,143	3,746	3,294
Administrative expenses	1,870	1,901	5,444	5,568
Research and development expenses	10,518	10,316	30,795	30,421
	\$ 14,059	13,852	41,340	40,697

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 \$10,612, \$14,308, \$31,537 and \$41,781 for the three months and nine months ended September 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 September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Current income tax expense	\$ 200,771	249,009	588,513	591,053

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Items that may be reclassified subsequently to profit or loss:				
Gains (losses) on hedging instruments	\$ -	2,989	2,850	11,474

- (iii) Examination and approval

The ROC tax authorities has examined the income tax returns of the Company and ZHI-BAO through 2022, of TTI through 2021. 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 September 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 from deferred income tax related to supplement 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 nine months ended September 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

The balances of capital surplus as of were as follows :

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
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	6,856
Expired stock options	<u>361</u>	<u>361</u>	<u>361</u>
	<u>\$ 3,651,757</u>	<u>3,872,335</u>	<u>3,872,179</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 years 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:

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

(s) Earnings per share

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Basic earnings per share:				
Net income attributable to ordinary shareholders of the Company	\$ <u>657,680</u>	<u>687,735</u>	<u>1,866,306</u>	<u>1,759,734</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>2.98</u>	<u>3.12</u>	<u>8.47</u>	<u>7.98</u>
Diluted earnings per share:				
Net income attributable to ordinary shareholders of the Company	\$ <u>657,680</u>	<u>687,735</u>	<u>1,866,306</u>	<u>1,759,734</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>2,216</u>	<u>1,849</u>	<u>2,681</u>	<u>2,665</u>
Weighted-average number of ordinary shares (thousand shares)(after adjustment of dilutive potential ordinary shares)	<u>222,570</u>	<u>222,203</u>	<u>223,035</u>	<u>223,019</u>
Diluted earnings per share (dollars)	\$ <u>2.95</u>	<u>3.10</u>	<u>8.37</u>	<u>7.89</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		For the nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Primary geographical markets:				
America	\$ 4,861,302	6,918,968	15,231,050	16,244,492
Europe	3,589,247	3,812,504	10,208,310	12,947,645
Asia and others	<u>3,716,141</u>	<u>3,140,037</u>	<u>11,440,989</u>	<u>7,838,764</u>
	<u>\$ 12,166,690</u>	<u>13,871,509</u>	<u>36,880,349</u>	<u>37,030,901</u>
Major products:				
Smart Home Solution	5,860,459	4,824,479	17,070,194	12,702,073
Mobility Solution	3,373,528	5,361,289	11,324,342	12,213,855
Broadband Solution	2,615,749	3,270,352	7,412,431	11,042,323
Others	<u>316,954</u>	<u>415,389</u>	<u>1,073,382</u>	<u>1,072,650</u>
	<u>\$ 12,166,690</u>	<u>13,871,509</u>	<u>36,880,349</u>	<u>37,030,901</u>

(ii) Contract balances

	September	December 31,	September
	30, 2024	2023	30, 2023
Accounts receivable	\$ 6,855,977	9,826,892	8,258,207
Less: allowance for uncollectible accounts	<u>(32,274)</u>	<u>(41,153)</u>	<u>(38,705)</u>
Total	<u>\$ 6,823,703</u>	<u>9,785,739</u>	<u>8,219,502</u>
Contract liabilities - current	<u>\$ 3,351,098</u>	<u>351,229</u>	<u>406,910</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 nine months ended September 30, 2024 and 2023 that were included in the balance of contract liabilities at the beginning of the periods were \$185,305 and \$141,196, 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 nine months ended September 30, 2024 and 2023, the Company accrued and recognized employee remuneration of \$110,237, \$120,156, \$314,652 and \$298,638, and directors' remuneration of \$5,920, \$6,407, \$17,039 and \$15,879, 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, which were both paid in cash. 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 accounts 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 and the performing parties 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 nine months ended September 30, 2024 and 2023 were as follows:

	<u>Other receivables</u>
Balance at January 1, 2024	\$ 12,418
Reversal of Impairment	<u>(2,585)</u>
Balance at September 30, 2024	<u>\$ 9,833</u>
Balance at January 1, 2023	\$ 528
Impairment loss recognized	<u>6,412</u>
Balance at September 30, 2023	<u>\$ 6,940</u>

(ii) Liquidity risk

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

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
September 30, 2024					
Non-derivative financial liabilities					
Unsecured bank loans (including short-term and long-term borrowings)	\$ 1,415,068	(1,415,068)	(1,415,068)	-	-
Accounts payable (including related parties)	11,197,375	(11,197,375)	(11,197,375)	-	-
Other payables	6,057,928	(6,057,928)	(6,057,928)	-	-
Lease liability – current and non-current	41,775	(42,821)	(24,621)	(15,282)	(2,918)
Deposits received	33,418	(33,418)	-	(1,374)	(32,044)
Derivative financial liabilities					
Other foreign exchange forward contracts:	18,835				
Outflow		(1,207,200)	(1,207,200)	-	-
Inflow		1,194,890	1,194,890	-	-
	<u>\$ 18,764,399</u>	<u>(18,758,920)</u>	<u>(18,707,302)</u>	<u>(16,656)</u>	<u>(34,962)</u>

(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>
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	6,441,708	(6,441,708)	(6,441,708)	-	-
Lease liability— current and non-current	149,775	(154,086)	(101,931)	(42,851)	(9,304)
Deposits received	38,381	(38,381)	(5,962)	(1,374)	(31,045)
Derivative financial liabilities					
Other foreign exchange forward contracts:	14,884				
Outflow		(688,480)	(688,480)	-	-
Inflow		674,655	674,655	-	-
Foreign exchange forward contracts used for hedging:	14,246				
Outflow		(1,087,360)	(1,087,360)	-	-
Inflow		1,076,861	1,076,861	-	-
	<u>\$ 20,825,415</u>	<u>(20,824,920)</u>	<u>(20,740,346)</u>	<u>(44,225)</u>	<u>(40,349)</u>
September 30, 2023					
Non-derivative financial liabilities					
Unsecured bank loans (including short-term and long-term borrowings)	\$ 1,020,605	(1,020,605)	(1,020,605)	-	-
Accounts payable (including related parties)	14,184,350	(14,184,350)	(14,184,350)	-	-
Other payables	5,679,564	(5,679,564)	(5,679,564)	-	-
Lease liability— current and non-current	132,125	(136,498)	(89,950)	(46,139)	(409)
Deposits received	36,190	(36,190)	(1,881)	(326)	(33,983)
Derivative financial liabilities					
Foreign exchange swaps contracts:	9,739				
Outflow		(968,100)	(968,100)	-	-
Inflow		953,960	953,960	-	-
Foreign exchange forward contracts used for hedging :	270				
Outflow		(33,910)	(33,910)	-	-
Inflow		33,680	33,680	-	-
	<u>\$ 21,062,843</u>	<u>(21,071,577)</u>	<u>(20,990,720)</u>	<u>(46,465)</u>	<u>(34,392)</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

	September 30, 2024			December 31, 2023			September 30, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD	\$ 730,769	USD/TWD =31.69	23,158,070	671,226	USD/TWD =30.705	20,609,994	617,680	USD/TWD =32.27	19,932,534
EUR	39,148	EUR/TWD =35.28	1,381,141	22,723	EUR/TWD =33.98	772,128	14,611	EUR/TWD =33.91	495,459
Financial liabilities									
Monetary items									
USD	754,743	USD/TWD =31.69	23,917,806	696,440	USD/TWD =30.705	21,384,190	559,934	USD/TWD =32.27	18,069,070
EUR	1,181	EUR/TWD =35.28	41,666	2,583	EUR/TWD =33.98	87,770	6,604	EUR/TWD =33.91	223,942
CNY	7,136	CNY/USD =0.143	32,338	286,729	CNY/USD =0.141	1,241,366	292,023	CNY/USD =0.137	1,291,031

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, 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 September 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.

	September 30, 2024	September 30, 2023
USD (against the TWD)		
Strengthening 5%	\$ (37,987)	93,173
Weakening 5%	37,987	(93,173)
EUR (against the TWD)		
Strengthening 5%	66,974	13,576
Weakening 5%	(66,974)	(13,576)
CNY (against the USD)		
Strengthening 5%	(1,617)	(64,552)
Weakening 5%	1,617	64,552

(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 nine months ended September 30, 2024 and 2023, the net foreign exchange(losses) gains (including realized and unrealized portions) amounted to \$(38,693), \$83,368, \$46,626 and \$217,032, respectively.

(iv) Interest rate analysis

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

	Carrying amount	
	September 30, 2024	September 30, 2023
Fixed rate financial instrument:		
Financial assets	\$ 8,175,683	3,985,724
Financial liabilities	(1,415,068)	(1,020,605)
	\$ 6,760,615	2,965,119
Variable rate financial instrument:		
Financial assets	\$ 2,439,869	3,420,361

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 with variable interest rates, the analysis is on the basis of the assumption that the amount of assets 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 \$4,575 and \$6,413 for the nine months ended September 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 are not required), were as follows:

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 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	\$ 8,906	-	8,906	-	8,906
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>49,876</u>	-	-	49,876	49,876
Subtotal	<u>58,782</u>				
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	21,087	-	-	21,087	21,087
Accounts receivable	<u>987,031</u>	-	987,031	-	987,031
Subtotal	<u>1,008,118</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	10,618,932	-	-	-	-
Accounts receivable, net	5,836,672	-	-	-	-
Other receivables	2,114,902	-	-	-	-
Refundable deposits	<u>101,680</u>	-	-	-	-
Subtotal	<u>18,672,186</u>				
Total	<u>\$ 19,739,086</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ <u>18,835</u>	-	18,835	-	18,835
Financial liabilities measured at amortized cost					
Short-term borrowings	1,415,068	-	-	-	-
Accounts payable (including related parties)	11,197,375	-	-	-	-
Other payables	6,057,928	-	-	-	-
Lease liabilities—current and non-current	41,775	-	-	-	-
Deposits received	<u>33,418</u>	-	-	-	-
Subtotal	<u>18,745,564</u>				
Total	<u>\$ 18,764,399</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	6,441,708	-	-	-	-
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

	September 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	\$ 18,180	-	18,180	-	18,180
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>63,673</u>	-	-	63,673	63,673
Subtotal	<u>81,853</u>				
Financial assets for hedging	<u>9,829</u>	-	9,829	-	9,829
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	36,828	-	-	36,828	36,828
Accounts receivable	<u>1,956,495</u>	-	1,956,495	-	1,956,495
Subtotal	<u>1,993,323</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	7,409,186	-	-	-	-
Accounts receivable, net	6,263,007	-	-	-	-
Other receivables	674,695	-	-	-	-
Refundable deposits	<u>103,387</u>	-	-	-	-
Subtotal	<u>14,450,275</u>				
Total	<u>\$ 16,535,280</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ <u>9,739</u>	-	9,739	-	9,739
Financial liabilities for hedging	<u>270</u>	-	270	-	270
Financial liabilities measured at amortized cost					
Short-term borrowings	337,873	-	-	-	-
Accounts payable (including related parties)	14,184,350	-	-	-	-
Other payables	5,679,564	-	-	-	-
Long-term borrowings (including current portion)	682,732	-	-	-	-
Lease liabilities—current and non-current	132,125	-	-	-	-
Deposits received	<u>36,190</u>	-	-	-	-
Subtotal	<u>21,052,834</u>				
Total	<u>\$ 21,062,843</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 nine months ended September 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	1,764	-
In other comprehensive income	-	(14,355)
Balance at September 30, 2024	<u>\$ 49,876</u>	<u>21,087</u>
Balance at January 1, 2023	\$ 46,379	46,150
Total gains and losses recognized		
In profit or loss	17,294	-
In other comprehensive income	-	(9,322)
Balance at September 30, 2023	<u>\$ 63,673</u>	<u>36,828</u>

For the three months and nine months ended September 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 September 30,</u>		<u>For the nine months ended September 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>\$ (2,459)</u>	<u>7,841</u>	<u>1,764</u>	<u>17,294</u>

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended		For the nine months ended	
	September 30,		September 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>(4,768)</u>	<u>(4,141)</u>	<u>(14,355)</u>	<u>(9,322)</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. However, 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 (1.82~2.10, 2.36~3.04 and 1.87~3.08 on September 30, 2024, December 31 and September 30, 2023, respectively) · Lack-of-Marketability discount rate (30% on September 30, 2024, December 31 and September 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 on 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 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>
September 30, 2024				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>1,079</u>	<u>1,092</u>
	Lack-of-Marketability discount rate	5%	\$ <u>474</u>	<u>458</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>
September 30, 2023				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>1,861</u>	<u>1,873</u>
	Lack-of-Marketability discount rate	5%	\$ <u>804</u>	<u>817</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

September 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>814,940</u> (USD <u>25,716</u>)	<u>814,940</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>
September 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>6,549,616</u> (USD <u>202,963</u>)	<u>6,549,616</u> (USD <u>202,963</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 nine months ended September 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	September 30, 2024
			Other	
Short-term borrowings	\$ 1,375,458	39,610	-	1,415,068
Lease liabilities—current and non-current	149,775	(36,709)	(71,291)	41,775
Long-term borrowings (including current portion)	476,060	(502,073)	26,013	-
Deposits received	38,381	(5,049)	86	33,418
Total liabilities from financing activities	<u>\$ 2,039,674</u>	<u>(504,221)</u>	<u>(45,192)</u>	<u>1,490,261</u>
			Non-cash changes	
	January 1, 2023	Cash flows	Other	September 30, 2023
Short-term borrowings	\$ 4,386,582	(4,048,709)	-	337,873
Lease liabilities—current and non-current	195,745	(67,962)	4,342	132,125
Long-term borrowings (including current portion)	-	679,220	3,512	682,732
Deposits received	34,607	1,572	11	36,190
Total liabilities from financing activities	<u>\$ 4,616,934</u>	<u>(3,435,879)</u>	<u>7,865</u>	<u>1,188,920</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 (discounts and returns) by the Group from related parties were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Parent company	\$ (123,766)	765,510	25,845	788,773
Other related parties	(36,191)	22,071	872,009	65,145
	\$ (159,957)	787,581	897,854	853,918

The purchase prices and payment terms 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 nine months ended September 30, 2024 and 2023 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Other related parties	<u>\$ 274</u>	<u>271</u>	<u>834</u>	<u>813</u>

(iii) Payables to related parties

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

Account	Related party categories	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable	Parent company	\$ 1,905	685,277	782,323
Accounts payable	Other related parties	<u>17,407</u>	<u>40,587</u>	<u>35,074</u>
		<u>\$ 19,312</u>	<u>725,864</u>	<u>817,397</u>

(d) Transactions with key management personnel

Key management personnel remunerations comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$ 32,188	39,940	101,260	102,542
Post-employment benefits	<u>289</u>	<u>286</u>	<u>861</u>	<u>827</u>
	<u>\$ 32,477</u>	<u>40,226</u>	<u>102,121</u>	<u>103,369</u>

(8) Pledged assets: None.

(9) Significant contingent liabilities and unrecognized commitments:

As of September 30, 2024, December 31 and September 30, 2023, the Group has entered into agreements for the construction of plants, amounting to \$899,384, \$816,804 and \$825,250, 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 September 30, 2024			For the three months ended September 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	173,521	500,671	674,192	197,667	542,648	740,315
Labor and health insurance	15,459	42,119	57,578	13,449	37,305	50,754
Pension	5,066	20,006	25,072	9,497	19,104	28,601
Others	15,122	17,557	32,679	96,376	17,224	113,600
Depreciation	128,833	44,104	172,937	154,318	42,399	196,717
Amortization	234	14,918	15,152	376	13,686	14,062

By function By item	For the nine months ended September 30, 2024			For the nine months ended September 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	552,763	1,533,352	2,086,115	561,338	1,468,887	2,030,225
Labor and health insurance	47,808	111,424	159,232	39,375	106,138	145,513
Pension	15,765	58,316	74,081	31,718	52,084	83,802
Others	58,319	52,818	111,137	318,207	47,921	366,128
Depreciation	456,745	132,339	589,084	462,239	123,384	585,623
Amortization	711	41,964	42,675	1,283	39,367	40,650

(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 nine months ended September 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	65,700 (USD2,000)	44,366 (USD1,400)	44,366 (USD1,400)	5.5%	2	-	Operating demand	-	-	-	3,042,536	6,085,072	The transactions had been eliminated in the consolidated financial statements.
0	"	"	"	Yes	65,700 (USD2,000)	63,380 (USD2,000)	-	5.5%	2	-	Operating demand	-	-	-	3,042,536	6,085,072	"
0	"	Arcadyan Technology (Vietnam) Co. Ltd.	"	Yes	315,700 (USD10,000)	-	-	5.5%	1	20,218,220 (USD638,000)	-	-	-	-	3,042,536	6,085,072	"
0	"	Arcadyan Turkey Technology and Trade Joint Stock Company	"	Yes	131,400 (USD4,000)	126,760 (USD4,000)	110,915 (USD3,500)	6%	2	-	Operating demand	-	-	-	3,042,536	6,085,072	"
1	Arcadyan Holding	CNC	"	Yes	1,894,200 (USD60,000)	-	-	5.5%	2	-	Operating demand	-	-	-	2,331,868	2,331,868	"

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 USD@31.69 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	2,028,357	246,375 (USD7,500)	237,675 (USD7,500)	-	-	1.56 %	6,085,072	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 aforementioned amount of limitation.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) Securities held as of September 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	-	4.28 %	-	
"	IOT Eye, Inc.	-	"	60	-	13.75 %	-	
"	TIEF Fund, L.P.	-	"	-	49,876	7.49 %	49,876	
"	Chimei Motor Electronic Co Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,650	21,087	5.50 %	21,087	
"	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)	(12,911,958)	(42)%	Net 120 days from delivery	-	-	(158,790)	(1)%	Note 3
"	Arcadyan AU	"	(Sales)	(609,816)	(2)%	Net 60 days from the end of the month of delivery	-	-	30,550	1 %	Note 3
"	Arcadyan Germany	"	(Sales)	(128,119)	- %	Net 150 days from delivery	-	-	28,101	1 %	Note 3
"	CNC	"	Purchases	260,356	1 %	Net 120 days from delivery	According to cost plus pricing	-	(841,376)	(4)%	Note 1、3
"	Arcadyan Vietnam	"	Purchases	4,793,698	10 %	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	25,845	- %	Net 60 days from the end of the month of delivery	-	-	(1,905)	- %	-
"	CNC	Parent company	(Sales)	(260,356)	(100)%	Net 120 days from delivery	According to cost plus pricing	-	841,376	100 %	Note 1、3
Arcadyan Vietnam	The Company	Parent company	(Sales)	(4,793,698)	(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	838,842	3 %	Net 60 days from the end of the month of delivery	-	-	(5,043)	- %	-
Arcadyan USA	The Company	Parent company	Purchases	12,911,958	100 %	Net 120 days from delivery	-	-	158,790	(100)%	Note 3
Arcadyan AU	The Company	Parent company	Purchases	609,816	100 %	Net 60 days from the end of the month of delivery	-	-	(30,550)	(100)%	Note 3
Arcadyan Germany	The Company	Parent company	Purchases	128,119	100 %	Net 150 days from delivery	-	-	(28,101)	(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 September 30, 2024, the other receivables (payables) were amounted to \$2,180,759.

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	2,180,759 (Note 2)	(Note 2)	-	-	8,016	-
CNC	The Company	Parent company	841,376 (Note 1)	0.19	-	-	-	-
Arcadyan USA	The Company	"	158,790	-	-	-	131,949	-

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 October 24, 2024.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(x) Business relationships between the parent company and subsidiaries and significant intercompany transactions:

Unit: In thousands dollars of TWD

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	Arcadyan Germany	1	Operating Revenues	128,119	There is no significant difference of price with non-related customers. The credit period is net 150 days from delivery.	0.35 %
"	"	"	1	Accounts Receivable	28,101	"	0.07 %
"	"	Arcadyan USA	1	Operating Revenues	12,911,958	There is no significant difference of price with non-related customers. The credit period is net 120 days from delivery.	35.01 %
"	"	Arcadyan AU	1	Operating Revenues	609,816	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.	1.65 %
"	"	"	1	Accounts Receivable	30,550	"	0.08 %
"	"	Arcadyan Vietnam	1	Other Receivables	2,180,759	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	5.48 %
1	CNC	The Company	2	Processing Revenue	260,356	The price is based on the operating cost-plus. The credit period is net 120 days from delivery and depended on funding demand.	0.71 %
"	"	"	2	Accounts Receivable	841,376	"	2.12 %
2	Arcadyan Vietnam	The Company	2	Processing Revenue	4,793,698	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.	13.00 %

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.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the nine months ended September 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 September 30, 2024			Net income (losses) of the investee	Share of income (losses) of the investee	Note
				September 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%	2,174,799	14,360	35,378	Note 2、4
The Company	Arcadyan USA	USA	Selling and technical support of wireless networking products	23,055	23,055	1	100%	90,233	48,509	48,509	"
The Company	Arcadyan Germany	Germany	Selling and technical support of wireless networking products	1,125	1,125	0.5	100%	103,145	291	291	"
The Company	Arcadyan Korea	Korea	Selling of wireless networking products	2,879	2,879	20	100%	44,329	8,476	8,476	"
The Company and ZHI-BAO	Arcadyan Brasil	Brazil	Selling of wireless networking products	81,593	81,593	968	100%	(49,602)	(8,177)	(8,177)	"
The Company	ZHI-BAO	Hsinchu City	Investment activities	48,000	48,000	34,980	100%	325,100	(18,041)	(18,041)	"
The Company	TTI	Taipei City	Research and development, and selling digital home appliance	308,726	308,726	25,028	61%	141,589	(20,392)	(12,448)	"
The Company	Arcadyan UK	England	Technical support of wireless networking products	1,988	1,988	50	100%	6,359	297	297	"
The Company	Arcadyan AU	Australia	Selling of wireless networking products	1,161	1,161	50	100%	80,128	2,779	2,779	"
The Company	Arcadyan RU	Russia	Selling of wireless networking products	7,672	7,672	-	100%	3,208	40	40	"
The Company	CBN	Hsinchu County	Manufacturing and selling of broadband network products	11,925	11,925	533	1%	8,283	(97,748)	(772)	Note 3
The Company and ZHI-BAO	Arcadyan India	India	Selling of wireless networking products	76,952	76,952	19,800	100%	(53,962)	(106,433)	(106,433)	Note 2、4
The Company	Arcadyan Turkey	Turkey	Selling of wireless networking products	61,268	-	6,200	100%	57,238	(212)	(212)	Note 2、4、5
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment activities	920,595 (USD29,050)	920,595 (USD29,050)	29,050	100%	1,676,274 (USD52,896)	45,456 (USD1,419)	Investment gain(losses) recognized by Arcadyan Holding	Note 2、4
"	Arch Holding	British Virgin Islands	Investment activities	348,939 (USD11,011)	348,939 (USD11,011)	35	100%	606,959 (USD19,153)	(36,198) (USD1,130)	"	"
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless networking products	919,010 (USD29,000)	919,010 (USD29,000)	-	100%	1,671,552 (USD52,747)	45,488 (USD1,420)	Investment gain (losses) recognized by Sinoprime	"
TTI	Quest	Samoa	Investment activities	38,028 (USD1,200)	38,028 (USD1,200)	1,200	100%	9,171	(1,530)	Investment gain (losses) recognized by TTI	"
TTI	TTJC	Japan	Selling of digital home appliance	9,626	9,626	0.7	100%	2,308	(417)	"	Note 2、4、6
Quest	Exquisite	Samoa	Investment activities	37,077 (USD1,170)	37,077 (USD1,170)	1,170	100%	8,303 (USD262)	(1,538) (USD48)	Investment gain(losses) recognized by Quest	Note 2、4
ZHI-BAO	CBN	Hsinchu County	Manufacturing and selling of broadband network products	36,272	36,272	13,140	19.51%	204,104	(97,748)	Investment gain(losses) recognized by ZHI-BAO	Note 3

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rate of USD@32.034 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of USD@31.69 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.

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 6: The company resolved to dissolve and liquidate on August 30, 2024.

(c) Information on investment in Mainland China:

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

Unit: In thousand dollars of TWD and USD

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of September 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	256,689 (USD8,100)	Note 1	(Note 4) 425,280 (USD13,420)	-	-	425,280 (USD13,420)	5,093 (USD159)	100%	5,093 (USD159)	48,042 (USD1,516)	-	Note 3
CNC	Manufacturing of wireless networking products	394,541 (USD12,450)	"	(Note 5) 348,939 (USD11,011)	-	-	348,939 (USD11,011)	(36,198) (USD(1,130))	100%	(36,198) (USD(1,130))	606,959 (USD19,153)	-	"
TCH	Manufacturing of digital home appliance products	383,607 (USD12,105)	Notes 1, 6 and 7	36,444 (USD1,150)	-	-	36,444 (USD1,150)	(4,677) (USD(146))	100%	(4,677) (USD(146))	23,451 (USD740)	-	"

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 USD@32.034 based on the average exchange rate for net income (losses) of the investees, others were translated at the exchange rate of USD@31.69 based on the reporting date.

Note 3: In the aforementioned investments using the equity method, except for CNC, which is evaluated based on the financial statements reviewed by an accountant of the investee company, the others are recognized for investment gains and losses based on self-prepared financial reports that have not been reviewed by an accountant.

Note 4: The Company paid US\$18,420 thousands and acquired 100% shares of SVA from Accton 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 converting its accounts receivable amounting to US\$8,755 thousands on August 16, 2023.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in Mainland China by Investment Commission, MOEA
810,662 (USD25,581)	1,088,108 (USD34,336)	9,127,609

Note: The amounts in TWD were translated at the exchange rate of USD@31.69 on the reporting date.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the nine months ended September 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".

(Continued)

ARCADYAN TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Information of major shareholders:

Unit: Share

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

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

(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, 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.