Stock Code:2419

Hitron Technologies Inc. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023

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Representation Letter

The entities that are required to be included in the consolidated financial statements of Hitron Technologies Inc. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Hitron Technologies Inc. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby declare

Company name: Hitron Technologies Inc.
Chairman: Wen-Feng Huang
Date: February 26, 2025

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Independent Auditors' Report

To the Board of Directors of Hitron Technologies Inc.:

Opinion

We have audited the consolidated financial statements of Hitron Technologies Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to note 4(15) and note 6(23) for accounting policy and detailed disclosure of revenue, respectively.

   Description of key audit matter:

   The Group is mainly engaged in the research, development, manufacturing and sale of network communication equipment, with its main products are cable modems and cable routers. When network communication products, such as modems and cable routers, depart from the shipping points, the customer has the right to use and price the goods. In addition to the primary responsibility for resale, the customer also assumes the risk of obsolescence of the goods. The Group' s recognizes revenue and accounts receivable upon departure of the goods. Additionally, the Group's major subsidiaries are providers of system integration services in the fields of telecommunications, broadband networking, wireless transmission, digital media, cloud information, and geographic information. Revenue recognition often requires management' s assessment on an individual basis, so as to determine an appropriate timing for each recognition. Therefore, we considered the appropriateness of the timing of revenue recognition to be one of the key audit matters.

   How the matter was addressed in our audit:

   - understanding the Group's accounting policies on revenue recognition and comparing them with both the terms of sales and the criteria for revenue recognition, so as to assess the appropriateness of the policies adopted;
   - field observation of the design of the internal control system for sales revenue, as well as test of the effectiveness of execution on a sample basis;
   - sampling individual revenue transaction and comparing them with sales contracts, customer orders, as well as vouchers for delivery, payment, installation and acceptance; and
   - sampling sales transactions during a period before and after the reporting date to review the sales terms, delivery documents and customer confirmation documents, so as to assess sales transactions at year end or to identify whether the transfer of control of goods or services for the fulfillment of performance obligations was recognized in the appropriate period.

2. Inventory valuation

   Please refer to the note 4(8) for the accounting policy, note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and note 6(6) for summary of inventory.

   Description of key audit matter:

   Inventories are measured at the lower of cost or net realizable value at the reporting date. The net realizable value of the inventory is determined by the Group based on the assumptions of the estimated selling price of the products. The rapid development of technology and introduction of new products may significantly change the market demand and cause market price fluctuation, which may lead to product obsolescence and the cost of inventory to be higher than the net realizable value. Therefore, the valuation of inventory is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of the net realizable value of inventories and inventory aging report prepared by the Group; evaluating whether the valuation of inventories was accounted for in accordance with the Group's accounting policies; and assessing the historical reasonableness of the management's estimates on inventory provisions.

Other Matter

Hitron Technologies Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chun-Yuan Wu and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2025

Notes to Readers

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

The independent auditors' audit 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' report and consolidated financial statements, the Chinese version shall prevail.

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 2,352,742	23	1,980,637	19
1110	Current financial assets at fair value through profit or loss (note 6(2))	4,902	-	6,129	-
1136	Current financial assets at amortised cost (note 6(4))	3,372	-	20,000	1
1170	Notes and accounts receivable, net (note 6(5))	2,081,705	21	1,857,299	18
1180	Accounts receivable from related parties, net (notes 6(5) and 7)	118,096	1	3,540	-
1200	Other receivables	454,644	5	328,066	3
1210	Other receivables from related parties (note 7)	34,578	-	31,551	-
1220	Current tax assets (note 6(20))	47,998	-	87,879	1
130x	Inventories (note 6(6))	2,456,281	25	3,291,171	31
1470	Other current assets (notes 6(12), 7 and 8)	150,140	2	109,631	1
		7,704,458	77	7,715,903	74
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))	34,142	-	51,152	-
1550	Investments accounted for using equity method (note 6(7))	95,818	1	-	-
1535	Non-current financial assets at amortised cost (note 6(4))	-	-	21,000	-
1600	Property, plant and equipment (notes 6(9) and 7)	1,533,531	15	1,855,821	18
1755	Right-of use assets (note 6(10))	254,278	2	267,113	3
1780	Intangible assets (notes 6(11) and 7)	66,710	1	101,119	1
1840	Deferred tax assets (note 6(20))	170,642	2	366,052	3
1900	Other non-current assets (notes 6(12) and 8)	183,271	2	130,534	1
		2,338,392	23	2,792,791	26
	Total assets	**$ 10,042,850**	**100**	**10,508,694**	**100**

		December 31, 2024		December 31, 2023	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(13))	$ 365,695	4	396,227	4
2120	Current financial liabilities at fair value through profit or loss (note 6(2))	1,436	-	-	-
2130	Current contract liabilities (notes 6(23) and 7)	479,844	5	562,840	5
2170	Accounts payable	655,768	7	1,544,021	15
2180	Accounts payable to related parties (note 7)	1,019,418	10	31,647	-
2200	Other payables (note 6(14))	372,772	4	404,262	4
2220	Other payables to related parties (note 7)	22,424	-	934	-
2230	Current tax liabilities (note 6(20))	83,084	1	82,885	1
2250	Current provisions (note 6(18))	52,767	-	104,626	1
2280	Current lease liabilities (note 6(17))	21,116	-	18,673	-
2300	Other current liabilities (note 7)	2,809	-	5,528	-
2320	Current portion of long-term borrowings (note 6(15))	80,000	1	-	-
		3,157,133	32	3,151,643	30
	Non-Current liabilities:				
2530	Bonds payable (note 6(16))	-	-	264,612	3
2540	Long-term borrowings (note 6(15))	375,000	4	700,000	7
2550	Non-current provisions (note 6(18))	45,541	-	34,641	-
2570	Deferred tax liabilities (note 6(20))	33,306	-	218,696	2
2580	Non-current lease liabilities (note 6(17))	104,723	1	116,516	1
2600	Other non-current liabilities	906	-	409	-
		559,476	5	1,334,874	13
	Total liabilities	3,716,609	37	4,486,517	43
	Equity (note 6(21)):				
	Equity attributable to owners of parent:				
3110	Ordinary share	3,213,172	32	3,213,172	31
3200	Capital surplus	1,153,005	11	1,185,304	11
	Retained earnings:				
3310	Legal reserve	340,989	3	340,501	3
3350	Unappropriated retained earnings (Accumulated deficits)	(50,946)	-	38,936	-
		290,043	3	379,437	3
3400	Other equity interest	303,733	3	141,589	2
	Total equity attributable to owners of parent	4,959,953	49	4,919,502	47
36XX	Non-controlling interests	1,366,288	14	1,102,675	10
	Total equity	6,326,241	63	6,022,177	57
	Total liabilities and equity	**$ 10,042,850**	**100**	**10,508,694**	**100**

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		For the years ended December 31,			
		2024		2023	
		Amount	%	Amount	%
4000	**Operating revenues** (notes 6(23) and 7)	$ 9,088,215	100	9,403,662	100
5000	**Operating costs** (notes 6(6), (19), (24) and 7)	7,323,415	80	7,375,511	78
	Gross profit from operations	1,764,800	20	2,028,151	22
	Operating expenses (notes 6(18), (23) and 7):				
6100	Selling expenses	633,510	7	768,746	8
6200	Administrative expenses	436,536	5	514,344	5
6300	Research and development expenses	442,793	5	510,404	5
6450	Expected credit loss (gain) (note 6(5))	1,458	-	(23,265)	-
	Total operating expenses	1,514,297	17	1,770,229	18
	Net operating income	250,503	3	257,922	4
	Non-operating income and expenses:				
7010	Other income (note 6(26))	22,557	-	23,419	-
7020	Other gains and losses, net (note 6(27))	(12,778)	-	(24,698)	-
7050	Finance costs (note 6(28))	(75,622)	(1)	(96,552)	(1)
7060	Share of profit of associates accounted for using equity method (note 6(7))	1,588	-	-	-
7100	Interest income (note 6(25))	34,187	-	28,623	-
	Total non-operating income and expenses	(30,068)	(1)	(69,208)	(1)
7900	**Profit before tax**	220,435	2	188,714	3
7950	Less:income tax expenses (note 6(20))	83,250	1	24,900	-
	Profit	137,185	1	163,814	3
8300	**Other comprehensive income (loss):**				
8310	**Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans	810	-	-	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(17,010)	-	19,337	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	162	-	-	-
	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss	(16,362)	-	19,337	-
8360	**Components of other comprehensive income that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign financial statements	179,449	2	13,160	-
	Components of other comprehensive income that may be reclassified subsequently to profit or loss	179,449	2	13,160	-
8300	**Other comprehensive income**	163,087	2	32,497	-
8500	**Total comprehensive income**	**$ 300,272**	**3**	**196,311**	**3**
	Profit (loss) attributable to:				
8610	Owners of parent	$ (52,139)	(1)	4,879	1
8620	Non-controlling interests	189,324	2	158,935	2
		$ 137,185	**1**	**163,814**	**3**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 110,653	1	37,376	1
8720	Non-controlling interests	189,619	2	158,935	2
		$ 300,272	**3**	**196,311**	**3**
	Earnings (Loss) per share (New Taiwan Dollars) (note 6(22))				
	Basic earnings (loss) per share	**$ (0.16)**		**0.02**	
	Diluted earnings (loss) per share	**$ (0.16)**		**0.02**	

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (Accumulated deficits)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity attributable to owners of parent company	Non-controlling interests	Total equity
Balance at January 1, 2023	$ 3,213,172	1,114,994	283,224	145,512	427,798	856,534	93,125	15,967	109,092	5,293,792	766,085	6,059,877
Profit	-	-	-	-	4,879	4,879	-	-	-	4,879	158,935	163,814
Other comprehensive income	-	-	-	-	-	-	13,160	19,337	32,497	32,497	-	32,497
Total comprehensive income	-	-	-	-	4,879	4,879	13,160	19,337	32,497	37,376	158,935	196,311
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	57,277	-	(57,277)	-	-	-	-	-	-	-
Special reserve	-	-	-	(145,512)	145,512	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(481,976)	(481,976)	-	-	-	(481,976)	-	(481,976)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(127,622)	(127,622)
Subsidiary issued convertible bonds	-	26,396	-	-	-	-	-	-	-	26,396	37,225	63,621
Changes in conversion of convertible bonds in subsidiaries	-	43,914	-	-	-	-	-	-	-	43,914	268,052	311,966
Balance at December 31, 2023	3,213,172	1,185,304	340,501	-	38,936	379,437	106,285	35,304	141,589	4,919,502	1,102,675	6,022,177
Profit (Loss)	-	-	-	-	(52,139)	(52,139)	-	-	-	(52,139)	189,324	137,185
Other comprehensive income	-	-	-	-	648	648	179,154	(17,010)	162,144	162,792	295	163,087
Total comprehensive income	-	-	-	-	(51,491)	(51,491)	179,154	(17,010)	162,144	110,653	189,619	300,272
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	488	-	(488)	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(37,903)	(37,903)	-	-	-	(37,903)	-	(37,903)
Cash dividends from capital surplus	-	(58,492)	-	-	-	-	-	-	-	(58,492)	-	(58,492)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(175,179)	(175,179)
Changes in conversion of convertible bonds in subsidiaries	-	25,777	-	-	-	-	-	-	-	25,777	241,031	266,808
Changes in non-controlling interests	-	416	-	-	-	-	-	-	-	416	8,142	8,558
Balance at December 31, 2024	**$ 3,213,172**	**1,153,005**	**340,989**	**-**	**(50,946)**	**290,043**	**285,439**	**18,294**	**303,733**	**4,959,953**	**1,366,288**	**6,326,241**

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2024	2023
Cash flows from operating activities:		
Profit before tax	$ 220,435	188,714
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	200,829	255,695
Amortization expense	39,075	37,940
Expected credit loss (reversal gain)	1,458	(23,265)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,120	(6,324)
Finance costs	75,622	96,552
Interest income	(34,187)	(28,623)
Dividend income	(1,306)	(2,005)
Share of profit of associates accounted for using equity method	(1,588)	-
Loss (gain) on disposal of property, plant and equipment	3,578	(2,114)
Provisions for inventory obsolescence and devaluation (reversed) loss	(24,342)	13,483
Lease modification benefit	(15)	-
Total adjustments to reconcile profit	260,244	341,339
Changes in operating assets and liabilities:		
Notes and accounts receivable, net	(141,861)	693,049
Accounts receivables from related parties	(114,556)	(2,775)
Other receivables	(124,549)	133,717
Other receivables from related parties	(3,027)	(31,551)
Inventories	1,073,839	570,658
Other operating assets	(40,662)	75,713
Contract liabilities	(82,996)	31,365
Accounts payable	(927,208)	(1,014,741)
Accounts payable to related parties	987,771	(81,337)
Other payables	(30,037)	(181,544)
Other payables to related parties	21,490	(4,231)
Provisions	(40,959)	(64,044)
Other current liabilities	(1,283)	(223)
Total changes in operating assets and liabilities	575,962	124,056
Total adjustments	836,206	465,395

(Continued)

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

Hitron Technologies Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2024	**2023**
Cash flows generated from operations	1,056,641	654,109
Interest received	34,101	27,458
Dividends received	4,006	2,005
Interest paid	(74,879)	(84,941)
Income taxes paid	(24,276)	(97,206)
Net cash flows from operating activities	995,593	501,425
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	-	(41,000)
Proceeds from disposal of financial assets at amortised cost	37,628	-
Acquisition of investments accounted for using equity method	(96,930)	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	56,025
Acquisition of property, plant and equipment	(33,297)	(70,852)
Proceeds from disposal of property, plant and equipment	232,545	51,097
Increase in refundable deposits	(41,841)	(11,508)
Acquisition of intangible assets	(3,192)	(24,021)
Disposal of intangible assets	34	-
Increase in other non-current assets	(8,471)	(19,051)
Net cash flows from (used in) investing activities	86,476	(59,310)
Cash flows used in financing activities:		
Decrease in of short-term borrowings	(50,297)	(1,548,502)
Proceeds from long-term borrowings	-	700,000
Repayment of long-term borrowings	(245,000)	-
Increase in guarantee deposits received	497	-
Proceeds from bonds payable	-	631,884
Payments of lease liabilities	(21,293)	(15,707)
Cash dividends paid	(96,395)	(481,976)
Cash dividends paid to non-controlling interests	(175,179)	(127,622)
Change in non-controlling interests	8,558	-
Net cash flows used in financing activities	(579,109)	(841,923)
Effect of exchange rate changes on cash and cash equivalents	(130,855)	(5,231)
Increase (decrease) in cash and cash equivalents	372,105	(405,039)
Cash and cash equivalents at beginning of period	1,980,637	2,385,676
Cash and cash equivalents at end of period	**$ 2,352,742**	**1,980,637**

See accompanying notes to consolidated financial statements.

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

Hitron Technologies Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

Hitron Technologies Inc. (the "Company") was incorporated on March 24, 1986 as a company limited by shares under the Company Act of the Republic of China (R.O.C). The Company and its subsidiaries (hereinafter referred to as the "Group") are mainly engaged in system integration for communication products as well as the production and sale of telecommunication products. Alpha Networks Inc. ("Alpha") is the parent company after the acquisition. Qisda Corporation ("Qisda") is the ultimate parent of the Company.

2. Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on February 26, 2025.

3. New standards, amendments and interpretations adopted:

(1) The impact of the International Financial Reporting Standards ("IFRS Accounting Standards") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

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

(2) The impact of IFRS Accounting Standards issued by the FSC but not yet effective

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

- Amendments to IAS 21 "Lack of Exchangeability"

(3) The impact of IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

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

(Continued)

Hitron Technologies Inc. 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”	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. ● 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.

Hitron Technologies Inc. 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—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

4. Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (altogether referred to “ IFRS Accounting Standards” endorsed by the “FSC”).

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

(a) Financial assets and liabilities at fair value through profit or loss are measured at fair value;

(b) Financial assets at fair value through other comprehensive income are measured at fair value;

(c) The net defined benefit liability is measured at fair value of the plan assets less the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Company’ s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

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

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. All inter-company transactions, balance, and any unrealized income and expenses are eliminated in the consolidated financial statements. Total comprehensive income (loss) in a subsidiary is allocated to the shareholders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries’ financial statements are adjusted to align the accounting policies with those of the Group.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

B. List of subsidiaries in the consolidated financial statements was as follow:

			Shareholding	
Name of Investor	**Name of Subsidiary**	**Main Activities**	**December 31, 2024**	**December 31, 2023**
the Company	Hitron Technologies (Samoa) Inc. (Hitron Samoa)	International trade	100.00%	100.00%
the Company	Interactive Digital Technologies Inc. (Interactive Digital) (note1, 2)	Telecommunication and broadband network system services	32.82%	36.39%
the Company	Hitron Technologies Europe Holding B.V. (Hitron Europe)	International trade	100.00%	100.00%
the Company	Hitron Technologies (America) Inc. (Hitron America)	International trade	100.00%	100.00%
the Company	Innoauto Technologies Inc. (Innoauto Technologies)	Investment and automotive electronics products	100.00%	100.00%
the Company	Hitron Technologies (Vietnam) Inc. (Hitron Vietnam)	Production and sale of broadband telecommunication products	100.00%	100.00%
Hitron Samoa	Hitron Technologies (SIP) Inc. (Hitron Suzhou)	Research and development of broadband telecommunication products	100.00%	100.00%
Hitron Samoa	Jietech Trading (Suzhou) Inc. (Jietech Suzhou)	Sale of broadband network products and related services	100.00%	100.00%

(Continued)

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

Name of Investor	Name of Subsidiary	Main Activities	Shareholding December 31, 2024	Shareholding December 31, 2023
Interactive Digital	Hwa Chi Technologies (Shanghai) Inc. (Hwa Chi Technologies)	Technical consultation on electronic communication, technology research and development, maintenance and after-sales service	100.00%	100.00%
Interactive Digital	Transnet Co., Ltd (Transnet) (note 3)	Integrated supply of network communication products, system services, and import and export of network equipment	80.00%	- %

Note 1: The shareholding of the Company decreased to 32.82% as a result of the conversion of convertible bonds issued by Interactive Digital into ordinary shares.

Note 2: The Group did not own more than half of the ownership of the entity. As the Group has the power to control the management and operating policies of the entity, the entity has been included in the Group's consolidated entities.

Note 3: In June 2024, Transnet agreed to transfer 100% equity to Interactive Digital. After conducting a cash capital increase in the third quarter of 2024, Interactive Digital's shareholding was reduced to 80%.

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

(4) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(5) 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:

A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is expected to be realized within twelve months after the reporting period; or

D. 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:

A. It is expected to be settled in its normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within twelve months after the reporting period; or

D. The Group 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.

(6) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be classified as cash equivalents.

(7) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(Continued)

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established (usually the ex-dividend date).

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets) and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset is breached of contract when the financial asset is more than 360 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets measured at amortized cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

(Continued)

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as customer credit conditions default or overdue for more than the grace period for each category;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group granted to the borrower a concession that the Group would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’ s procedures for recovery of amounts due. Based on past experience, it will not be possible to recover the overdue amount from the company account after 360 days.

(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(e) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(f) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

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Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group’ s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate.

When the Group’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a)	Buildings and improvements	2~56 years
(b)	Machinery and equipment	3~10 years
(c)	Transportation facilities	2.5~6 years
(d)	Office and other facilities	2~10 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(11) Lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(d) there is a change of its assessment on whether it will exercise a extension or termination option; or

(e) there is any lease modification.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of Balance sheets.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office, warehouse, parking space, staff dormitory and printer that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(12) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of assets, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of 3 to 5 years of intangible assets from the date on which they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A. Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

B. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(15) Revenue for contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(Continued)

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

A. Sale of goods

The Group researches, develops, designs and manufactures wireless broadband network products. The Group recognizes revenue when control of the products has transferred. Transfer of control over the products means that the customer has full discretion over the products' distribution channels and prices, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group is obliged to provide refunds for defect wireless broadband products under the standard warranty terms and has recognized a provision for such warranty; please refer to note 6(18) for details.

B. Project contracts for system development and integration

Revenue is recognized when the control over a product or a project system has been transferred to the customer. The transfer of control refers to the situation where the products or the project systems have been delivered to the customers, and there is no unfulfilled performance obligation which will affect customers' acceptance of the products. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Group has objective evidence that all criteria for acceptance have been met.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional. Advance receipts are recognized as contract liabilities. Subsequently, when performance obligations are met, they will be recognized as income. A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

C. Service revenue

The Company renders maintenance services during contract periods and recognizes revenue during the reporting period in which the services are rendered.

D. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(16) Government grants

The Group recognizes an unconditional government grant related to research and development in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of taxes payable or refundable is the best estimate measured using the statutory tax rate or substantively enacted on the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

A. Assets and liabilities that were not initially recognized in a business combination transaction, and, (1) affected neither accounting nor taxable profits (losses) and (2) did not result in an equal taxable amounts and deductible temporary difference at the time of transaction;

B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

   (a) the same taxable entity; or

   (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(19) Earnings per share

The Group discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration through the issuance of shares and unvested restricted stock awards.

(20) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group’s risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(1) Revenue recognition

Revenues from sale of goods and rendering of services were recognized when the control over goods or services has been transferred to customers to satisfy performance obligations, and the criteria are described in note 4(15).

(2) Valuation of inventories

As inventories are stated at the lower of costs or net realizable values, the Group estimates net realizable values of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the costs of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. However, due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(6) for the valuation of inventory.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data.

For the assumption adopted in fair value measurement, please refer to note 6(29) "Financial instruments".

6. Explanation of significant accounts:

(1) Cash and cash equivalents

		December 31, 2024	December 31, 2023
Cash on hand	$	924	999
Checking and savings accounts		938,432	1,238,124
Time deposits		1,183,386	741,514
Cash equivalents – Repurchase agreements		230,000	-
	$	**2,352,742**	**1,980,637**

Please refer to note 6(29) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

As of December 31, 2024 and 2023, deposits with original maturities of more than three months, were $3,372 and $41,000 thousand respectively, and were recorded in financial assets measured at amortized cost; please refer to note 6(4).

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

	December 31, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss-current:		
Derivative instruments not used for hedging		
Forward exchange contracts	$ -	140
Non-derivative financial assets		
Stocks listed on domestic markets	4,902	5,989
	$ 4,902	**6,129**
Financial liabilities held for trading-current:		
Derivative instruments not used for hedging		
Forward exchange contracts	**$ 1,436**	**-**

The Group uses derivative financial instruments to hedge the certain currency risk arising from its operating activities. The following derivative instruments, which were not qualified for hedge accounting, held by the Group, were recognized as financial assets at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2024			
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	USD	2,000	USD to RMB	2025.01.21~2025.03.27

	December 31, 2023			
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	EUR	1,700	EUR to NTD	2024.03.27
Forward exchange contracts	EUR	990	USD to RMB	2024.01.26~2024.02.27

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

	December 31, 2024	December 31, 2023
Equity instruments:		
Stock unlisted on domestic markets–Chao Long Motor Parts Corp.	**$ 34,142**	**51,152**

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long term strategic purposes.

As of December 31, 2024 and 2023, the above-mentioned financial assets were not pledged.

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(4) Current and non-current financial assets at amortized cost

		December 31, 2024	December 31, 2023
Current:			
Time deposits	$	**3,372**	**20,000**
Non-current:			
Time deposits	$	**-**	**21,000**

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

On December 31, 2024 and 2023, the Group held domestic time deposits, with the interest rates of 1.23% to 4.61% and 1.2% to 1.56%, respectively.

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

		December 31, 2024	December 31, 2023
Notes receivable from operating activities	$	4,500	6,365
Accounts receivable – measured as amortized cost		2,207,338	1,864,901
Less: loss allowances		(12,037)	(10,427)
	$	**2,199,801**	**1,860,839**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information.

The analysis of expected credit loss on notes and accounts receivable, (including receivable form related parties) was as follows:

	December 31, 2024			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	2,092,340	-	-
Less than 90 days past due		86,079	1.62%	1,398
More than 181 days past due		33,419	31.84%	10,639
	$	**2,211,838**		**12,037**

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	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,691,762	-	-
Less than 90 days past due	161,631	4.54%	7,332
91 to 180 days past due	3,716	19.99%	743
More than 181 days past due	14,157	16.61%	2,352
	$ 1,871,266		10,427

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

	For the years ended December 31,	
	2024	2023
Balance at January 1	$ 10,427	33,705
Impairment losses recognized (reversed)	1,458	(23,265)
Effect of changes in exchange rates	152	(13)
Balance at December 31	$ 12,037	10,427

(6) Inventories

	December 31, 2024	December 31, 2023
Raw materials	$ 422,650	1,128,370
Work in progress and semi-finished products	6,313	141,046
Finished goods and merchandises	1,386,060	1,438,322
Consigned goods and project inventory	641,258	583,433
	$ 2,456,281	3,291,171

Consigned goods and project inventory refers to the labor cost and related inventory that have been invested in projects by the subsidiary of the Group, namely Interactive Digital Technologies, but have not yet been recognized as revenue.

The components of operating costs were as below:

	For the years ended December 31,	
	2024	2023
Cost of goods sold	$ 7,347,757	7,362,028
Losses on (Reversal of) inventory write-downs, obsolescence, and write-offs	(24,342)	13,483
	$ 7,323,415	7,375,511

As of December 31, 2024 and 2023, the Group's inventories were not pledged.

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(7) Investments accounted for using equity method

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2024	December 31, 2023
Carrying amount of individually insignificant associates' equity	$ 95,818	-

	For the years ended December 31, 2024	2023
Attributable to the Group:		
Profit	$ 26,467	-
Other comprehensive (loss) income	-	-
Comprehensive income	$ 26,467	-

As of December 31, 2024, the Group's investments accounted for equity method were not pledged as security.

Interactive Digital invested $96,930 thousand in cash in Fiber Logic Communications, Inc. ("Fiber Logic") for a 6% equity stock in 2024. Interactive Digital also holds one of the five director seats in Fiber Logic, thus it is considered to have significant influence over Fiber Logic and uses the equity method for valuation.

The share of net profit from associated companies attributable to the Group for the year 2024 is $1,588 thousand.

(8) Material non-controlling interests of subsidiaries

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

		Percentage of non-controlling interests	
Subsidiaries	Main operation place	December 31, 2024	December 31, 2023
Interactive Digital Technologies Inc.	Taiwan	67.18%	63.61%

The following information of the aforementioned subsidiaries have been prepared in accordance with the IFRS Accounting Standards endorsed by the FSC. Intragroup transactions were not eliminated in this information.

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Interactive Digital's collective financial information:

	December 31, 2024	December 31, 2023
Current assets	$ 2,435,128	2,115,158
Non-current assets	1,019,579	922,375
Current liabilities	(1,351,005)	(996,651)
Non-current liabilities	(72,369)	(301,151)
Net assets	**$ 2,031,333**	**1,739,731**
Non-controlling interests	**$ 1,368,494**	**1,106,643**
Net assets of investees	**$ 662,839**	**633,088**

	For the years ended December 31, 2024	2023
Operating revenue	**$ 2,531,238**	**2,242,560**
Net profit	$ 285,985	261,763
Other comprehensive income (loss)	440	(245)
Total comprehensive income	**$ 286,425**	**261,518**
Total comprehensive income, attributable to non-controlling interests	**$ 188,324**	**157,408**
Comprehensive income of investees	**$ 98,101**	**104,110**

	2024	2023
Net cash flows from operating activities	$ 517,954	357,736
Net cash flows from investing activities	(103,477)	(53,491)
Net cash flows from financing activities	(274,481)	263,094
Effect of exchange rate changes on cash and cash equivalents	434	(239)
Net increase in cash and cash equivalents	**$ 140,430**	**567,100**
Net cash dividends paid to non-controlling interests	**$ 175,179**	**127,622**

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(9) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group, were as follows:

	Land	Buildings	Machinery and equipment	Other facilities	Total
Cost :					
Balance at January 1, 2024	$ 641,026	1,274,552	645,545	239,370	2,800,493
Additions	-	2,766	9,175	21,356	33,297
Disposals	-	(2,855)	(521,057)	(54,890)	(578,802)
Effect of changes in exchange rates and others	-	50,763	27,180	1,322	79,265
Balance at December 31, 2024	**$ 641,026**	**1,325,226**	**160,843**	**207,158**	**2,334,253**
Balance at January 1, 2023	$ 641,026	1,269,545	709,821	227,468	2,847,860
Additions	-	9,300	31,975	29,577	70,852
Disposals	-	(4,622)	(93,411)	(22,357)	(120,390)
Effect of changes in exchange rates and others	-	329	(2,840)	4,682	2,171
Balance at December 31, 2023	**$ 641,026**	**1,274,552**	**645,545**	**239,370**	**2,800,493**
Depreciation :					
Balance at January 1, 2024	$ 8,984	422,028	345,581	168,079	944,672
Depreciation	-	71,884	65,980	31,751	169,615
Disposals	-	(2,581)	(299,912)	(40,186)	(342,679)
Effect of changes in exchange rates and others	-	12,772	15,405	937	29,114
Balance at December 31, 2024	**$ 8,984**	**504,103**	**127,054**	**160,581**	**800,722**
Balance at January 1, 2023	$ 8,984	357,325	278,715	143,759	788,783
Depreciation	-	70,847	104,294	53,929	229,070
Disposals	-	(4,622)	(44,645)	(22,140)	(71,407)
Effect of changes in exchange rates and others	-	(1,522)	7,217	(7,469)	(1,774)
Balance at December 31, 2023	**$ 8,984**	**422,028**	**345,581**	**168,079**	**944,672**
Carrying amounts :					
Balance at January 1, 2024	**$ 632,042**	**852,524**	**299,964**	**71,291**	**1,855,821**
Balance at December 31, 2024	**$ 632,042**	**821,123**	**33,789**	**46,577**	**1,533,531**
Balance at January 1, 2023	**$ 632,042**	**912,220**	**431,106**	**83,709**	**2,059,077**
Balance at December 31, 2023	**$ 632,042**	**852,524**	**299,964**	**71,291**	**1,855,821**

As of December 31, 2024 and 2023, the Group’s property, plant and equipment were not pledged.

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(10) Right-of-use assets

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

	Land	Buildings	Transportation equipment	Other facilities	Total
Cost :					
Balance at January 1, 2024	$ 185,088	126,251	9,728	224	321,291
Additions	-	5,448	2,816	-	8,264
Disposals	(3,262)	(2,139)	(1,451)	-	(6,852)
Effect of changes in exchange rates and others	9,676	6,740	(641)	-	15,775
Balance at December 31, 2024	**$ 191,502**	**136,300**	**10,452**	**224**	**338,478**
Balance at January 1, 2023	$ 185,532	37,565	8,863	544	232,504
Additions	-	106,380	2,359	-	108,739
Disposals	-	(16,967)	(1,494)	(320)	(18,781)
Effect of changes in exchange rates and others	(444)	(727)	-	-	(1,171)
Balance at December 31, 2023	**$ 185,088**	**126,251**	**9,728**	**224**	**321,291**
Depreciation :					
Balance at January 1, 2024	$ 26,585	21,364	6,123	106	54,178
Depreciation	5,525	22,643	2,967	79	31,214
Disposals	(406)	(2,139)	(1,451)	-	(3,996)
Effect of changes in exchange rates and others	1,397	1,407	-	-	2,804
Balance at December 31, 2024	**$ 33,101**	**43,275**	**7,639**	**185**	**84,200**
Balance at January 1, 2023	$ 21,308	19,437	4,644	249	45,638
Depreciation	5,455	18,137	2,856	177	26,625
Disposals	-	(16,182)	(1,377)	(320)	(17,879)
Effect of changes in exchange rates and others	(178)	(28)	-	-	(206)
Balance at December 31, 2023	**$ 26,585**	**21,364**	**6,123**	**106**	**54,178**
Carrying amount :					
Balance at January 1, 2024	**$ 158,503**	**104,887**	**3,605**	**118**	**267,113**
Balance at December 31, 2024	**$ 158,401**	**93,025**	**2,813**	**39**	**254,278**
Balance at January 1, 2023	**$ 164,224**	**18,128**	**4,219**	**295**	**186,866**
Balance at December 31, 2023	**$ 158,503**	**104,887**	**3,605**	**118**	**267,113**

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(11) Intangible asset

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2024 and 2023, were as follow:

	Software cost	Other intangible assets	Total
Costs or deemed costs :			
Balance at January 1, 2024	$ 141,848	64,498	206,346
Additions	223	2,969	3,192
Disposals	(7,540)	-	(7,540)
Effect of changes in exchange rates and others	3,000	-	3,000
Balance at December 31, 2024	**$ 137,531**	**67,467**	**204,998**
Balance at January 1, 2023	$ 127,190	38,346	165,536
Additions	11,462	12,559	24,021
Disposals	(636)	-	(636)
Effect of changes in exchange rates and others	3,832	13,593	17,425
Balance at December 31, 2023	**$ 141,848**	**64,498**	**206,346**
Depreciation :			
Balance at January 1, 2024	$ 63,845	41,382	105,227
Amortization	29,055	10,020	39,075
Disposals	(7,506)	-	(7,506)
Effect of changes in exchange rates and others	1,492	-	1,492
Balance at December 31, 2024	**$ 86,886**	**51,402**	**138,288**
Balance at January 1, 2023	$ 36,879	31,232	68,111
Amortization	27,772	10,168	37,940
Disposals	(636)	-	(636)
Effect of changes in exchange rates and others	(170)	(18)	(188)
Balance at December 31, 2023	**$ 63,845**	**41,382**	**105,227**
Carrying amount :			
Balance at January 1, 2024	**$ 78,003**	**23,116**	**101,119**
Balance at December 31, 2024	**$ 50,645**	**16,065**	**66,710**
Balance at January 1, 2023	**$ 90,311**	**7,114**	**97,425**
Balance at December 31, 2023	**$ 78,003**	**23,116**	**101,119**

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A. Amortization expense

The amortization of intangible assets is included in the following items of statement of comprehensive income:

	For the years ended December 31, 2024	For the years ended December 31, 2023
Operating cost	$ 3,065	2,399
Operating expense	36,010	35,541
	$ 39,075	**37,940**

B. Collateral

As of December 31, 2024 and 2023, the Group's intangible assets were not pledged.

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

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

	December 31, 2024	December 31, 2023
Guarantee deposits paid	$ 159,204	120,220
Business taxes refundable	43,556	31,981
Prepaid insurance premiums	14,490	14,603
Prepayments for equipment	11,434	1,012
Restricted bank deposits (note 8)	5,197	3,032
Prepaid pension cost (note 6 (19))	2,749	2,307
Advance payment	508	10,004
Others	96,273	57,006
	$ 333,411	**240,165**
Other current assets	$ 150,140	109,631
Other non-current assets	183,271	130,534
	$ 333,411	**240,165**

(13) Short-term borrowings

	December 31, 2024	December 31, 2023
Unsecured bank loans	**$ 365,695**	**396,227**
Unused short-term credit lines	**$ 7,394,191**	**11,341,374**
Range of interest rates	**3.90%~5.35%**	**4.30%~6.33%**

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Issuance and repayment of loans

As of December 31, 2024, and 2023, the newly added amounts were $5,203,561 thousand and $6,397,414 thousand, respectively, with interest rates ranging from 3.90% to 5.35% and 4.30% to 6.33%, respectively. The maturity dates were from July 2024 to November 2024 and July 2023 to November 2023, respectively. The repaid amounts were $5,253,858 thousand and $7,945,916 thousand, respectively.

(14) Other payables

	December 31, 2024	December 31, 2023
Payroll and bonus payable	$ 257,613	257,950
Business taxes payable	29,031	28,095
Payables on equipment	346	7,770
Others	85,782	110,447
	$ 372,772	**404,262**

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

	December 31, 2024			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	2.06%	2026 (note 2)	$ 400,000
	NTD	1.88%	2027 (note 2)	30,000
	NTD	0.50%	2029 (note 2)	25,000
Subtotal				455,000
Less: current portion				(80,000)
Total				**$ 375,000**
Unused long-term credit lines				**$ 10,000**

	December 31, 2023			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.79050%	2025 (note 1)	$ 300,000
	NTD	1.89617%	2026 (note 2)	400,000
Subtotal				700,000
Less: current portion				-
Total				**$ 700,000**
Unused long-term credit lines				**$ 100,000**

Note 1: The first period of repayment is 18 months after the first loan is used, and the subsequent installments are due every 6 months, with the principal repaid in 2 equal installments. The repayment deadline for the amounts drawn down should be no later than 2 years after the date of initial drawdown.

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Note 2: The first period of repayment is 24 months after the first loan is used, and the subsequent installments are due every 6 months. The principal shall be repaid in 3 equal installments. 20% of the outstanding principal shall be repaid in the lst and 2nd installments. The outstanding principal balance shall be repaid in full in the 3rd installment. Interest is charged on a monthly basis.

In 2023, long-term loan agreements were entered into with the Export-Import Bank of the Republic of China and KGI Bank. The financial commitments for the loan with KGI Bank were as follows (i.e., after the initial drawdown, the following financial ratios shall be maintained for the duration of the facility):

A. Current ratio (Current assets/current liabilities): was no less than 100%.

B. Debt Ratio (total liabilities/net value): was no more than 150%

C. (Cash and cash equivalents + yearly EBITDA)/(short-term borrowings + medium or long-term borrowings mature within 1 year) was no less than one.

Examined once every half year, the financial commitment ratios above are based on the consolidated annual and semi-annual financial statements audited or reviewed by independent auditors. Any breach of the above-mentioned financial commitments during the loan period will result in immediate and full settlement. As of the balance sheet date of this report, there was no risk of breach.

(16) Bonds payable

Secured convertible bonds of Interactive Digital Technologies Inc., were as follows:

	December 31, 2024	**December 31, 2023**
Total amount of convertible bonds issued	$ 600,000	600,000
Unamortized balance of corporate bond discount payable	-	(9,988)
Cumulative converted amount	(600,000)	(325,400)
Total bonds payable at the end of the period	**$ -**	**264,612**
Embedded derivatives – call and put options (included in other non-current assets)	**$ -**	**55**
Equity component – conversion option	**$ -**	**29,117**

(Continued)

On October 24, 2022, the Board of Directors of Interactive Digital Technologies Inc., the Company’s subsidiary, resolved to issue the second domestic secured convertible corporate bonds to supplement the working capital. This issue was approved by the FSC on December 19, 2022, and issued from January 11, 2023 to January 11, 2026 with a period of three years, with a total face value of $600,000 thousand and a coupon rate of 0%. The conversion price was $60.7 per share. On July 23, 2024, Interactive Digital Technologies Inc. adjusted the conversion price of its corporate bonds from $60.7 to $53.3. Except in the cases of conversion of the bond into ordinary shares issued by Interactive Digital Technologies Inc. pursuant to Article 10 of the Regulations Governing the Issue of this Corporate Bond, or early redemption by Interactive Digital Technologies Inc. pursuant to Article 18, or cancellation by Interactive Digital Technologies Inc. through repurchase from the securities dealer, Interactive Digital Technologies Inc. shall make a repayment in the full amount of the bond’s par value in cash within 10 business days after the maturity date.

The convertible bond is guaranteed by First Commercial Bank Co., Ltd. The guarantee period extends from the date of full receipt of the bond amount to the date of full repayment. The guarantee covers the balance of the corporate bond and the burden subordinate to the primary liability.

As of December 31, 2024, the second convertible corporate bonds issued by Interactive Digital Technologies Inc., has been converted into 10,640 thousand ordinary shares.

(17) Lease liabilities

	December 31, 2024	December 31, 2023
Current	$ 21,116	18,673
Non-current	$ 104,723	116,516

For the maturity analysis, please refer to note 6(29).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2024	2023
Interest on lease liabilities	$ 8,593	5,709
Expenses relating to short-term leases and leases of low-value assets	$ 20,932	20,177

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

	For the years ended December 31,	
	2024	2023
Total cash outflow for leases	$ 50,818	41,593

The Group's leased assets comprise land, buildings and structures, transportation equipment and other equipment, and the lease contracts run for a period of 2 to 39 years. The lease contracts do not impose covenants, but leased assets may not be used as security for borrowings.

(18) Provisions

	Warranties	Onerous contracts	Total
Balance at January 1, 2024	$ 128,035	11,232	139,267
Provisions made (reversed) during the year	9,240	(11,232)	(1,992)
Provisions used during the year	(39,648)	-	(39,648)
Effect of changes in foreign exchange rates	681	-	681
Balance at December 31, 2024	**$ 98,308**	**-**	**98,308**
Balance at January 1, 2023	$ 179,797	23,225	203,022
Provisions made during the year	56,618	-	56,618
Provisions used during the year	(108,669)	(11,993)	(120,662)
Effect of changes in foreign exchange rates	289	-	289
Balance at December 31, 2023	**$ 128,035**	**11,232**	**139,267**

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

	December 31, 2024	December 31, 2023
Current	$ 52,767	104,626
Non-current	45,541	34,641
	$ 98,308	**139,267**

The provision for warranties relates mainly to network product sold and professional services provided during the years ended December 31, 2024 and 2023. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability over the next year.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group, from a non-cancelable contract signed with supplier is lower than the unavoidable cost of meeting its obligations under the contract.

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(19) Employee benefits

A. Defined benefit plans

The recognized assets of the defined benefit obligations were consisted of as follows:

		December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	$	(1,449)	(1,505)
Fair value of plan assets		4,198	3,812
Net defined benefit assets (note 6(12))	**$**	**2,749**	**2,307**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(a) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

During January 2023, the Group applied to the competent authority for the suspension of contribution of pension reserve. As of the reporting date, the balance of the Group's labor pension reserve account with the Bank of Taiwan amounted to $4,198 thousand. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligation of the Group were as follows:

		For the years ended December 31,	
		2024	2023
Defined benefit obligations at January 1	$	(1,505)	(1,424)
Interest expenses		(20)	(21)
Remeasurements of net defined benefit liabilities (assets):			
- Actuarial gain (loss) arising from changes in financial assumptions		87	(46)
- Actuarial loss arising from experience adjustments		(11)	(14)
Defined benefit obligation at December 31	**$**	**(1,449)**	**(1,505)**

(Continued)

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(c) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Group were as follows:

	For the years ended December 31,	
	2024	2023
Fair value of plan assets at January 1	$ 3,812	3,733
Interest income	50	56
Return on plan assets	336	23
Fair value of plan assets at December 31	**$ 4,198**	**3,812**

(d) Expenses recognized in profit or loss

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

	For the years ended December 31,	
	2024	2023
Net interest on net defined benefit liabilities	**$ (30)**	**(35)**
Research and development expenses	**$ (30)**	**(35)**
Return on plan assets	**$ 387**	**79**

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.70 %	1.30 %
Future salary growth rate	3.00 %	3.00 %

The weighted average duration of the defined benefit plans is 14.6 years.

(f) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
December 31, 2024	Increase 0.25%	Decrease 0.25%
Discount rate	**$ (52)**	**54**
Future salary growth rate	**$ 49**	**(48)**

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December 31, 2023	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
Discount rate	$ (58)	60
Future salary growth rate	$ 55	(53)

Assuming that all other assumptions remain constant, the above-mentioned sensitivity analysis focuses on the impact of a single assumption. In practice, many assumptions are correlated to each other. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2024 and 2023.

B. Defined contribution plans

The domestic entities of the Group contribute 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group's overseas subsidiaries establish their respective defined contribution plan and their contributions are made in accordance with their local regulations.

The pension costs under contribution plans amounted to $46,522 thousand and $51,339 thousand for the years ended December 31, 2024 and 2023, respectively.

(20) Income taxes

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

	For the years ended December 31,	
	2024	2023
Current tax expenses		
Current period	$ 58,687	52,669
Adjustment for prior periods and others	9,619	(26,033)
	68,306	26,636
Deferred tax expenses		
Origination and reversal of temporary differences	14,944	(1,736)
Income tax expense	$ 83,250	24,900

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The amount of income tax expense recognized in other comprehensive income for the years ended December 31, 2024 and 2023, was as follows:

	For the years ended December 31, 2024	2023
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefit plans	**$ 162**	**-**

Reconciliations of income tax and profit before tax for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31, 2024	2023
Profit before income tax	**$ 220,435**	**188,714**
Income tax using the Company's domestic tax rate	$ 44,087	37,743
Effect of tax rates variances in foreign jurisdictions	539	(1,000)
Permanent differences	578	22,903
Changes in temporary differences	14,944	(1,736)
Overestimate (underestimate) for the prior periods	5,792	(26,033)
Others	17,310	(6,977)
Income tax expense	**$ 83,250**	**24,900**

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax asset

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2024	December 31, 2023
Tax effect of deductible temporary differences	**$ 6,156**	**61,946**

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2024, Hitron Technologies' unused tax losses for which no deferred tax assets were recognized and the expiry dates were as follows:

Year	Expiry year	Amount deductible
2023 (filing)	2033	**$ 30,778**

(b) Unrecognized deferred tax liabilities

Deferred tax liabilities have not been recognized in respect of the following items:

	December 31, 2024	December 31, 2023
Tax effect of deductible temporary differences	$ 168,495	174,056

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2024 and 2023. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities.

(c) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2024 and 2023 were as follows:

Deferred tax assets :

	January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2024
Unrealized foreign exchange losses	$ 8,965	3,013	-	-	11,978	(2,140)	-	-	9,838
Unrealized profit (loss) from sales	65,657	(13,335)	-	-	52,322	(18,619)	-	-	33,703
Provision for inventory devaluation	$ 6,368	5,863	-	-	12,231	(10,706)	-	22,618	24,143
Provisions	38,154	(10,266)	-	-	27,888	(10,439)	-	887	18,336
Investment tax credits	-	22,491	-	-	22,491	(22,491)	-	-	-
Tax losses carried forward	-	178,550	-	-	178,550	(135,533)	-	2,072	45,089
Losses on equity-accounted investments	-	3,312	-	-	3,312	-	-	-	3,312
Lease liabilities	-	27,377	-	-	27,377	(4,360)	-	1,774	24,791
Others	45,940	(16,027)	-	-	29,913	2,120	-	(20,603)	11,430
	$ 165,084	200,978	-	-	366,062	(202,168)	-	6,748	170,642

Deferred tax liabilities :

	January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Effect of change in exchange rate	December 31, 2024
Unrealized foreign exchange losses	$ (17,728)	789	-	-	(16,939)	7,835	-	(136)	(9,240)
Repatriation of dividends from subsidiaries	-	(174,056)	-	-	(174,056)	174,056	-	-	-
Defined benefit plans	(1,736)	-	-	-	(1,736)	-	(162)	136	(1,762)
Right-of-use assets	-	(25,965)	-	-	(25,965)	5,333	-	(1,672)	(22,304)
	$ (19,464)	(199,232)	-	-	(218,696)	187,224	(162)	(1,672)	(33,306)

As of December 31, 2024, the Company's income tax returns for the years up to 2022 were assessed by the Tax Administration.

(21) Capital and other equity

Reconciliation of shares outstanding for 2024 and 2023 were as follows (in thousands of shares):

	Ordinary share capital	
	2024	2023
Balance on December 31 (Balance on January 1)	**321,317**	**321,317**

A. Issue of ordinary shares

As of December 31, 2024 and 2023, the Company’s authorized share capital amounted to $4,000,000 thousand (including $300,000 thousand reserved for employee stock option plan and conversion of convertible bond into shares); the issued capital for the years ended December 31, 2024 and 2023 were both amounted to $3,213,172 thousand.

On December 19, 2018, a resolution to issue shares by way of private placement to increase capital was passed in a temporary meeting of the Company’s shareholders. On December 12, 2019, the Board of Directors resolved to issue 100,000 thousand shares through a private placement for a subscription price of $16.11 per share, and the proceeds totaled $1,611,000 thousand in cash. According to the Securities and Exchange Act, the transfer of such privately placed ordinary shares within three years from the delivery date is forbidden. Three years after delivery, such shares may apply for listing only after public offering. Except for that, such shares are the same as other ordinary shares that have been issued. Public issuance has been applied for the aforesaid transactions to the competent authority, which was approved and declared effective by the competent authority on May 10, 2023.

B. Capital surplus

The balances of capital surplus were as follows:

	December 31, 2024	December 31, 2023
Capital surplus－premium	$ 742,718	742,718
Convertible bonds payable－premium	221,176	279,668
Changes in ownership interests in subsidiaries	186,395	160,202
Employee share options	2,480	2,480
Others	236	236
	$ 1,153,005	**1,185,304**

According to the R.O.C Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

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C. Retained earnings

The Company’s Articles of Incorporation stipulate that the Company’s net earnings shall first be used to offset prior years’ losses, if any, before paying any income taxes. Of the remaining portion, 10% is to be appropriated as legal reserve, unless the amount of the legal reserve has already reached the Company’s paid-in capital. In addition, special reserve shall be appropriated according to laws and regulations as well as the Company’s operating needs. After the above appropriations, the remainder plus prior-period earnings that remain undistributed, will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to decide on this matter. The above-mentioned distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and be reported in a shareholder meeting.

(a) Legal reserve

In accordance with the R.O.C. Company Act, 10% of a company’s net profit after tax shall be appropriated as legal reserve until the amount of accumulated legal reserve equals that of total paid-in capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders’ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

In accordance with Ruling issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders’ equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders’ equity pertaining to prior period. Amounts of subsequent reversals pertaining to the net reduction of other shareholders’ equity shall qualify for additional distributions.

D. Earnings distribution

The amounts of cash dividends on the 2023 and 2022 earnings distribution had been approved during the board meeting on February 26, 2024 and February 23, 2023, respectively. The amounts of cash dividends and other earnings distribution in 2023 and 2022 that were approved by the shareholders' meeting on May 27, 2024 and May 25, 2023 were as follows:

		2023	2022
Dividends distributed to ordinary shareholders:			
Appropriation of legal reserve	$	488	57,277
Reversal of special reserve		-	(145,512)
	$	**488**	**(88,235)**

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Dividends distributed to ordinary shareholders:			
Cash dividends distributed from retained earnings (dividends were $0.12 and $1.5 per share)	$	37,903	481,976
Cash dividends distributed from capital surplus (divideds were $0.18 per share)		58,492	-
	$	**96,395**	**481,976**

The appropriation of retained earnings is consistent with the resolutions approved by the Board of Directors. The related information would be available at the Market Observation Post System website.

The deficit compensation for 2024 was presented for a resolution in the Board of Directors' meeting on February 26, 2025, which are then to be approved in annual stockholders' meeting. The information will be available on the Market Observation Post System website.

E. Other equity and non-controlling interest

		Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Non-controlling interests	Total
Balance at January 1, 2024	$	106,285	35,304	1,102,675	1,244,264
Exchange differences on translation of foreign financial statements		179,154	-	295	179,449
Unrealized losses from financial assets measured at FVOCI		-	(17,010)	-	(17,010)
Conversion of convertible bonds issued by subsidiaries		-	-	241,031	241,031
Cash dividends paid by subsidiaries		-	-	(175,179)	(175,179)
Increase in non-controlling interests		-	-	197,466	197,466
Balance at December 31, 2024	**$**	**285,439**	**18,294**	**1,366,288**	**1,670,021**
Balance at January 1, 2023	$	93,125	15,967	766,085	875,177
Exchange differences on translation of foreign financial statements		13,160	-	-	13,160
Unrealized gains from financial assets measured at FVOCI		-	19,337	-	19,337
Cash dividends paid by subsidiaries		-	-	(127,622)	(127,622)
Convertible bonds issued by subsidiaries		-	-	37,225	37,225
Conversion of convertible bonds issued by subsidiaries		-	-	268,052	268,052
Increase in non-controlling interests		-	-	158,935	158,935
Balance at December 31, 2023	**$**	**106,285**	**35,304**	**1,102,675**	**1,244,264**

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(22) Earnings (Loss) per share

A. Basic earnings (loss) per share

	For the years ended December 31, 2024	2023
Profit (loss) attributable to ordinary shareholders of the company	$ (52,139)	4,879
Weighted-average number of shares outstanding (in thousands of shares)	321,317	321,317
Basic earnings (loss) per share (in dollars)	$ (0.16)	0.02

B. Diluted earnings (loss) per share

	For the years ended December 31, 2024	2023
Profit (loss) attributable to ordinary shareholders of the company	$ (52,139)	4,879
Weighted-average number of shares outstanding (in thousands of shares) (basic)	321,317	321,317
Effect of employee remuneration in shares	10	51
Weighted-average number of shares outstanding (in thousands of shares) (diluted)	321,327	321,368
Diluted earnings (loss) per share (in dollars)	$ (0.16)	0.02

(23) Revenue from contracts with customers

A. Details of revenues

	For the years ended December 31, 2024	2023
Primary geographical markets:		
America	$ 4,247,125	5,810,018
Taiwan	3,124,459	2,835,659
Other	1,716,631	757,985
	$ 9,088,215	9,403,662

	For the years ended December 31, 2024	2023
Main products:		
Wireless broadband network products	$ 6,602,073	7,191,263
Other network-related products	2,486,142	2,212,399
	$ 9,088,215	9,403,662

B. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes and accounts receivable (including related parties), net	$ 2,199,801	1,860,839	2,525,693
Contract liabilities	$ 479,844	562,840	531,475

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

For details on onerous contracts as of December 31, 2024 and 2023, please refer to note 6(18).

The amount of revenue recognized for the years ended December 31, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were $424,535 thousand and $417,164 thousand, respectively.

Contract liabilities related to products primarily arise from advance payments received for product sales contracts of the Group. The Group will recognize these amounts as revenue when the products are delivered to the customers.

Contract liabilities related to services primarily arise from advance payments received for product development service contracts of the Group. The Group recognizes these amounts as revenue based on the proportion of the actual services provided to the total services.

(24) Remuneration to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute 5% to 20% of the profit as employee compensation and less than 1% as directors' remuneration when there is profit for the year. However, if the company has accumulated deficits, the profit should be reserved to offset the deficit. Employees who are entitled to receive the above-mentioned employee compensation, in share or cash,may include the employees serve in the subsidiaries of the Company who meet certain specific requirements.

For the years ended December 31, 2024 and 2023, the Company accrued its remuneration to employees amounting to $0 and $2,028 thousand, respectively, and directors' remuneration amounting to $0 and $152 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, deduction of the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations are recorded under operating costs or operating expenses. The differences between the actual amounts and the estimations recognized in the financial statement, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the following year. If the Board of Directors approve to distribute employee remuneration in the form of stock, the number of the shares of the employee remuneration is determined based on the closing price of the day before the Board of Directors' meeting. Related information would be available at the Market Observation Post System website.

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For the year ended December 31, 2023, the remunerations to employees and directors amounted to $2,028 thousand and $152 thousand, respectively. The appropriation of remunerations is consistent with the resolutions approved by the Board of Directors. For the year ended December 31, 2022, the remunerations to employees and directors amounted to $50,577 thousand and $3,793 thousand, respectively. However the Board of Directors resolved to distribute $50,292 thousand and $3,772 thousand, respectively. Related information would be available at the Market Observation Post System website.

(25) Interest income

The details of the Group's interest income of 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Bank deposits	$ **34,187**	**28,623**

(26) Other income

The details of the Group's other income of 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Rental income	$ 3,577	2,303
Government grants income	61	4,193
Dividend income	1,306	2,005
Other income	17,613	14,918
	$ **22,557**	**23,419**

(27) Other gains and losses

The details of the Group’s other gains and losses of 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Foreign exchange gain (loss), net	$ 6,250	(26,929)
Gain (Loss) on disposals of property, plant and equipment	(3,578)	2,114
Gain (losses) on financial assets (liabilities) at fair value through profit or loss, net	(1,120)	6,324
Other gains or losses, net	(14,330)	(6,207)
	$ **(12,778)**	**(24,698)**

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(28) Finance costs

The details of the Group's finance costs of 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Interest expense of borrowings, etc.	$ 67,029	90,843
Interest expense of lease liabilities	8,593	5,709
	$ 75,622	**96,552**

(29) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amounts of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The major customers of the Group are centralized in the networking related industries. The Group generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Group is mainly influenced by the networking industry. As of December 31, 2024 and 2023, 64% and 45%, respectively, of the Group' s accounts receivable (including related parties) were from the top 5 customers. Although there is a potential in concentration of credit risk, the Group routinely assesses the collectability of its accounts receivable and makes a corresponding allowance for doubtful accounts.

(c) Credit risk associated with receivables

Risk exposure information for notes receivable and accounts receivable, please refer to note 6(5).

Other financial assets measured at amortized cost include time deposits with maturities of more than three months and restricted bank deposits, please refer to note 6(4) for details of relevant investments.

All of these financial assets were considered to have low credit risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7).

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B. Liquidity risk

The following are the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
December 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	$ 365,695	(368,730)	(368,730)	-	-
Accounts payable (including related-parties)	1,675,186	(1,675,186)	(1,675,186)	-	-
Other payables (including related parties)	395,196	(395,196)	(395,196)	-	-
Lease liabilities (current and non-current)	125,839	(152,802)	(28,778)	(94,351)	(29,673)
Long-term borrowings (including maturity within 1 year)	455,000	(471,373)	(88,807)	(382,566)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	1,436	(65,570)	(65,570)	-	-
Inflow	-	64,134	64,134	-	-
	$ 3,018,352	**(3,064,723)**	**(2,558,133)**	**(476,917)**	**(29,673)**
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	$ 396,227	(396,349)	(396,349)	-	-
Accounts payable (including related parties)	1,575,668	(1,575,668)	(1,575,668)	-	-
Other payables (including related parties)	405,196	(405,196)	(405,196)	-	-
Lease liabilities (current and non-current)	135,189	(170,616)	(28,724)	(90,798)	(51,094)
Long-term borrowings	700,000	(732,603)	(12,956)	(719,647)	-
Bonds payables	264,612	(264,612)	-	(264,612)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	-	(88,172)	(88,172)	-	-
Inflow	(140)	88,032	88,032	-	-
	$ 3,476,752	**(3,545,184)**	**(2,419,033)**	**(1,075,057)**	**(51,094)**

(Continued)

C. Currency risk

(a) Exposure to currency risk

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

	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 18,066	32.785	592,287	22,389	30.75	688,462
EUR	19	34.132	636	23	34.030	783
CAD	717	22.809	16,362	589	23.230	13,681
Financial liabilities						
Monetary items						
USD	46,275	32.785	1,517,117	18,673	30.75	574,195
VND	863,855	0.0013	1,111	9,618,912	0.0013	12,505

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange gains and losses resulted from the translation of cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, accounts payable and other payables which are denominated in foreign currencies. A strengthening (weakening) of 5% of the NTD against the USD, EUR, CAD and the VND as of December 31, 2024 and 2023, would have increased or decreased the profit before tax by $45,447 thousand and $5,811 thousand, respectively. The analysis assumed that all other variables remain constant, and performed on the same basis for both periods.

(c) Exchange gains and losses on monetary items

Since the Group has different functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed in aggregate amount. For the years ended December 31, 2024 and 2023, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $6,250 thousand and $(26,929) thousand, respectively.

D. Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities. The following sensitivity analysis was based on the exposure to the interest rate rick. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Group's profit before tax would have increased or decreased by $3,839 thousand and $2,314 thousand, respectively for the years ended December 31, 2024 and 2023 with all other variable factors remaining constant. The movements were mainly due to the Group's cash and cash equivalents, current and non-current financial assets at amortized cost, short-term borrowings and long-term borrowings with variable interest rates.

(Continued)

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E. Other market price risk

For the years ended December 31, 2024 and 2023, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Securities price on the reporting date	For the years ended December 31, 2024	2023
Financial assets at fair value through profit or loss		
Increasing 5%	$ 245	306
Decreasing 5%	$ (245)	(306)
Financial assets at fair value through other comprehensive income		
Increasing 5%	$ 1,707	2,558
Decreasing 5%	$ (1,707)	(2,558)

F. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for lease liabilities, disclosure of fair value information is not required:

	December 31, 2024				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets mandatorily at fair value through profit or loss – stocks	$ 4,902	4,902	-	-	4,902
Non-current financial assets at fair value through other comprehensive income-stock	34,142	-	-	34,142	34,142
Total	$ 39,044	4,902	-	34,142	39,044
Financial liability measured at fair value under repetitive bass					
Financial liabilities mandatorily at fair value through profit or loss – derivative	$ 1,436	-	1,436	-	1,436

(Continued)

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	December 31, 2023				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets mandatorily at fair value through profit or loss – derivative	$ 140	-	140	-	140
Financial assets mandatorily at fair value through profit or loss – stocks	5,989	5,989	-	-	5,989
Non-current financial assets at fair value through other comprehensive income-stock	51,152	-	-	51,152	51,152
Total	**$ 57,281**	**5,989**	**140**	**51,152**	**57,281**

(b) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

Fair values of financial instruments were measured based on quoted market prices if these prices were available in active markets. The prices of financial instruments quoted by main exchanges and popular bonds quoted by the Taipei Exchange can be adopted as a benchmark to determine the fair values of equity instruments issued by listed entities and quoted debt instruments with an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm' s-length basis. Otherwise, the market is deemed to be inactive. Only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The categories and nature of the fair value for the Group's financial instruments which have an active market are presented as follows:

Shares in listed companies are financial assets and financial liabilities with standard terms and conditions and are traded in active markets, and their fair values are determined with reference to quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The fair values of the Group's financial instruments without an active market are presented according to categories and attributes as follows:

The fair values of equity instruments without a public quoted price are measured based on net asset values of comparable companies. The main assumption is based on the market multiples derived from investees' net value per share and quoted prices of EV/EBIT's comparable listed companies. The estimate has been adjusted for the discount on equity securities arising from lack of liquidity.

ii. Derivative financial instruments

Fair value of forward currency is usually determined by the forward currency exchange rate.

(c) During 2024 and 2023, there was no transfer between levels of the fair value hierarchy.

(d) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
Balance on January 1, 2024	$ 51,152
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(17,010)
Balance on December 31, 2024	**$ 34,142**
Balance on January 1, 2023	$ 31,815
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	19,337
Balance on December 31, 2023	**$ 51,152**

(e) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include investments in financial assets measured at fair value through other comprehensive income.

As of December 31, 2024 and 2023, quantified information on significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income – equity investment without an active market	P/B and P/E ratio method	P/B ratios of industry peers (1.50 and 1.75 as of December 31, 2024 and 2023, respectively)	The higher the P/B ratio, the higher the fair value.
		P/E ratio of industry peers (16.31 and 23.21 as of December 31, 2024 and 2023, respectively)	The higher the P/E ratio, the higher the fair value.
		Market liquidity discount rate (17.41% and 18.34% as of December 31, 2024 and 2023, respectively)	The higher the discount for lack of marketability, the lower the fair value.

(30) Financial risk management

A. Overview

The Group have exposures to the following risks from its financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

In this notes expressed the Group’ s objectives, policies and processes for measuring and managing the above mentioned risks. Please refer to the notes for further quantitative disclosures.

B. Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Group Audit Committee oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported regularly to the Board of Directors on its activities.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

(a) Accounts receivable and other receivables

The Group has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and represent the maximum open amount; these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group did not have any collateral on accounts receivable and other receivable.

(b) Investment

The credit risk of bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the financial department of the Group. There is no significant credit risk because the Group used to transact with or deal with counterparty with good credit ratings financial institutions, corporate organizations and government agencies.

(c) Guarantee

The Group's policy provides only financial security to fully owned subsidiaries. As of December 31, 2024 and 2023, except for the subsidiaries, the Group did not provide any endorsement guarantee.

D. Liquidity risk

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

Bank borrowing is an essential liquidity source for the Group. Please refer to note 6(13) and (15) for the Group's unused credit lines for short-term and long-term borrowings as of December 31, 2024 and 2023.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices that will affect the Group's income or the value of its holdings on financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimizing the return.

The Group trades derivative instruments, and also incurs financial liabilities, in order to manage market risks. All such transactions are executed in accordance with the Group's procedures for conducting derivative transactions which were approved by the Board of Directors.

(a) Foreign currency risk

The Group is exposed to currency risk associated with sales, purchases, and borrowings denominated in a currency other than the functional currencies of the Company. These transactions are primarily denominated in NTD, USD, and RMB.

The derivate financial products traded by the Group adopt economic hedging to avoid the exchange rate risk of foreign currency assets or liabilities held by the Group. The gains and losses arising from exchanges rate changes will offset the hedged items, therefore, the market risk is usually low.

(b) Other market price risk

The Group is exposed to equity price risk due to its investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments. Therefore, the Group will be exposed to the risk of market price changes in its equity securities.

(31) Capital management

The Group's objective for managing its capital is to safeguard the capacity to continue as a going concern, to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Group may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell its assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage their capital. This ratio is the total net debt divided by the total capital.

The net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity.

The Group's debt-to-equity ratio at the end of the reporting period was as follows:

	December 31, 2024	**December 31, 2023**
Total liabilities	$ 3,716,609	4,486,517
Less: Cash and cash equivalents	(2,352,742)	(1,980,637)
Net debt	**$ 1,363,867**	**2,505,880**
Total equity	**$ 6,326,241**	**6,022,177**
Debt-to-equity ratio	**21.56%**	**41.61%**

On December 31, 2024, the debt-to-equity ratio decreased primarily due to the increased equity from company profits and the conversion of subsidiary convertible bonds. Additionally, the repayment of bank loans resulted in a decrease in liabilities.

(32) Non-cash investing and financing activities

The Group's investing and financing activities which did not affect the current cash flow were as follows:

A. For right-of-use assets obtained due to lease, please refer to note 6(10).

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

	January 1, 2024	Cash flows	Exchange rate movements and others	December 31, 2024
Short-term borrowings	$ 396,227	(50,297)	19,765	365,695
Long-term borrowings (Including maturity within 1 year)	700,000	(245,000)	-	455,000
Bonds payable	264,612	-	(264,612)	-
Lease liabilities	135,189	(21,293)	11,943	125,839
Total liabilities from financing activities	**$ 1,496,028**	**(316,590)**	**(232,904)**	**946,534**

	January 1, 2023	Cash flows	Exchange rate movements and others	December 31, 2023
Short-term borrowings	$ 1,940,870	(1,548,502)	3,859	396,227
Long-term borrowings	-	700,000	-	700,000
Bonds payable (including maturity within 1 year)	-	631,884	(367,272)	264,612
Lease liabilities	45,735	(15,707)	105,161	135,189
Total liabilities from financing activities	**$ 1,986,605**	**(232,325)**	**(258,252)**	**1,496,028**

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Alpha Networks lnc. (Alpha) is the Group's parent company and Qisda Corporation (Qisda) is the Group's ultimate controlling party. Alpha held 62.24% of the Group's outstanding shares and has issued the consolidated financial statements available for public use.

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(2) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statement:

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Ultimate parent company
Alpha Networks lnc. (Alpha)	Parent company
Alpha Networks (Hong Kong) Limited (Alpha HK)	Parent’s subsidiary
Alpha Networks Vietnam Company Limited (Alpha VN)	Parent’s subsidiary
Fiber Logic Communications Inc. (Fiber Logic)	Parent’s subsidiary
MetaAge Corporation (MetaAge)	Qisda’s subsidiary
Qisda Optronics (Suzhou) Co., Ltd.	Qisda’s subsidiary
Qisda Vietnam Co.,Ltd (QVH)	Qisda’s subsidiary
Concord Medical Co., Ltd. (Concord)	Qisda’s subsidiary
BenQ Healthcare Corporation	Qisda’s subsidiary
BenQ Materials Corporation	Qisda’s subsidiary
Global Intelligence Network Co., Ltd.	Qisda’s subsidiary
BenQ Technologies (Shanghai) Co., Ltd. (BQls)	Qisda’s subsidiary
AdvancedTEK International Corp. (AdvancedTEK)	Qisda’s subsidiary
Golden Spirit CO., LTD. (Golden)	Qisda’s subsidiary
BenQ Asia Pacific Co.,	Qisda’s subsidiary
Unictron Technologies Corporation (UTC)	Qisda’s associate
Darwin Precisions Corp.	Qisda’s associate
AUO Education Service Co.,	Qisda’s associate
Darfon Electronics Corp. (Darfon)	Qisda’s associate

(3) Significant related-party transactions

A. Operating revenue

The amounts of sales to related parties were as follows:

	For the years ended December 31,	
	2024	**2023**
Parent company	$ 21,014	7,060
Other related parties	15,949	18,806
	$ 36,963	**25,866**

(Continued)

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The prices for sales to the above related parties were determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

The collection terms for related parties were 30 to 120 days, which were same as the collection terms given to other customers.

Starting from third quarter of 2024, the Company has a new transaction pattern with the parent company and other related parties. The Company supplies raw materials to the parent company and other related parties for processing and repurchase the processed materials after the processing completed. The sales to the parent company and other related parties amounted to $740,475 thousand in 2024. These sales were not recognized as sales revenue and cost of goods sold; instead, the difference was adjusted to deferred gains. The realized gains will be recognized when these processed goods are resold to customers. As of December 31, 2024, the cumulative balance of deferred gains amounted to $2,305 thousand, which is accounted for as other current liabilities.

B. Purchases

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

	For the years ended December 31,	
	2024	**2023**
Parent company	$ 1,854,414	68,484
Other related parties	117,354	54,063
	$ 1,971,768	**122,547**

The prices for purchase to the above related parties were determined by general market conditions and adjusted by considering the geographic purchase area and purchase volumes. The prices for purchase with related parties were not materially different from those with third parties. The payment terms for purchase from related parties were 30 to 120 days after purchase.

C. Receivables from related parties

The receivables from related parties were as follows:

Account	**Relationship**	**December 31, 2024**	**December 31, 2023**
Accounts receivable from related parties	Parent company	$ 29,315	3,540
	Other related parties	88,781	-
		$ 118,096	**3,540**

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D. Payables to related parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2024	December 31, 2023
Accounts payable to related parties	Parent company	$ 984,599	14,736
	Other related parties	34,819	16,911
		$ **1,019,418**	**31,647**

E. Prepayments

Account	Relationship	December 31, 2024	December 31, 2023
Prepayments (recorded in other current assets)	Ultimate parent company	$ -	200
	Parent company	14	446
	Other related parties	241	360
		$ **255**	**1,006**

F. Property transactions

(a) Acquisition of property, plant and equipment

	Acquisition price For the years ended December 31, 2024	2023
Ultimate parent company	$ 4,180	200
Parent company	8,457	2,112
Other related parties	2,567	2,538
	$ **15,204**	**4,850**

(b) Disposal of property, plant, and equipment

	Disposal price For the years ended December 31, 2024	2023
Parent company	$ 23,420	-
Other related parties	178,981	8,801
	$ **202,401**	**8,801**

Due to the aforementioned transaction, as of December 31, 2024, the outstanding balance was $34,215 thousand and recorded as other receivables from related parties.

(c) Acquisition of intangible assets

	Amount	
	For the years ended December 31,	
	2024	2023
Parent company	$ 1,093	-
Other related parties	830	95
	$ 1,923	**95**

(d) Disposal of intangible assets

	Amount	
	For the years ended December 31,	
	2024	2023
Other related parties	**$ 34**	**-**

G. Other operating costs

	For the years ended December 31,	
	2024	2023
Parent company	**$ 42,058**	**279**

H. Operating expenses

	For the years ended December 31,	
	2024	2023
Ultimate parent company	$ 269	1,024
Parent company	68,882	3,758
Other related parties	157	99
	$ 69,308	**4,881**

I. Other receivables

Account	Relationship	December 31, 2024	December 31, 2023
Other receivables	Parent company	$ -	1,296
	Other related parties	363	30,255
		$ 363	**31,551**

Starting from the first quarter of 2023 to the second quarter of 2024, the Company has adopted a new transaction pattern with its parent company. The Company purchases raw materials from its parent company and sends them to Hitron Vietnam for processing. After Hitron Vietnam completes the processing, the Company sells the finished goods back to its parent company.

The transaction was recorded on a net basis. Unsold raw materials at the end of the period were recorded as other receivables from related parties.

J. Other payables

Account	Relationship	December 31, 2024	December 31, 2023
Other payables	Ultimate parent company	$ 271	212
	Parent company	21,806	651
	Other related parties	347	71
		$ 22,424	**934**

K. Contract liabilities

Account	Relationship	December 31, 2024	December 31, 2023
Contract liabilities	Parent company	**$ 28,168**	**1,600**

L. Leases

Account	Relationship	For the years ended December 31, 2024	2023
Rental expense	Parent company	**$ 57**	**-**
Rental revenue	Other related parties	**$ 330**	**-**

M. Other revenue

Account	Relationship	For the years ended December 31, 2024	2023
Other revenue	Other related parties	**$ 659**	**-**

N. Dividends

The dividend income from the profit distribution of other related parties, Fiber Logic Communications Inc. amounted to $2,700 thousand. As of December 31, 2024, the aforementioned amount has been fully settled.

(4) Key management personnel compensation

	For the years ended December 31, 2024	2023
Short-term employee benefits	$ 58,393	74,826
Retirement benefits	1,188	1,187
	$ 59,581	**76,013**

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8. Pledged assets:

Pledged assets	Object	December 31, 2024	December 31, 2023
Time deposits (recorded in other current assets)	Guarantees for forward exchange	$ -	650
Restricted time deposits (recorded in other non-current assets)	Guarantees for land lease and import customs clearance	2,382	2,382
Refundable deposit (recorded in other non-current assets)	Guarantee to local authority for sales to abroad customers	11,347	12,061
Refundable deposit (recorded in other non-current assets)	Guarantee for customer contracts	123,231	105,235
		$ 136,960	120,328

9. Significant commitments and contingencies:

(1) As of December 31, 2024 and 2023, the Group's deposited notes and guarantees in the bank amounting to $8,224,886 thousand and $12,537,601 thousand, respectively.

(2) Others:

	December 31, 2024	December 31, 2023
Guaranteed notes payable for tender contract	$ 8,456	15,256
Guarantee for construction projects	$ 107,799	113,771

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other:

A summary of employee benefits, depreciation, and amortization, by function, was as follows:

By function / By item	2024			2023		
	Cost of sales	Operation expenses	Total	Cost of sales	Operation expenses	Total
Employee benefits						
Salary	110,746	802,322	913,068	106,928	1,045,348	1,152,276
Labor and health insurance	7,339	53,357	60,696	11,977	78,676	90,653
Pension	1,313	45,209	46,522	-	51,339	51,339
Remuneration of directors	-	19,778	19,778	-	14,953	14,953
Others	6,797	24,449	31,246	10,736	31,189	41,925
Depreciation	83,943	116,886	200,829	128,084	127,611	255,695
Amortization	3,065	36,010	39,075	2,399	35,541	37,940

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HITRON TECHNOLOGIES INC. AND SUBSIDIARIES
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13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

A. Loans to other parties: None

B. Guarantees and endorsements for other parties: None

C. Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 1.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 million or 20% of the capital stock: None

E. Acquisition of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock: None

F. Disposal of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock: Please refer to Table 2.

H. Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock: Please refer to Table 3.

I. Trading in derivative instruments: Please refer to note 6(2).

J. Business relationships and significant intercompany transactions: Please refer to Table 4.

(2) Information on investees: Please refer to Table 5.

(3) Information on investment in Mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 6.

B. Limitation on investment in Mainland China: Please refer to Table 6.

C. Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(4) Major shareholders: Please refer to Table 7.

14. Segment information:

(1) General information

The Group has two reportable segments, both of which were the Group's strategic business units (SBU). As the strategic business units provide different products and services, they are managed separately because they require different technology and marketing strategies. The Group's chief operating decision maker reviews the internal management reports submitted by each SBU on a quarterly basis. The businesses of Group's reportable segments are as follows:

A. Manufacturing:

Design, research, development, production and sale of broadband products, wireless network products, computer network system, and related components.

B. System integration:

Telecoms and broadband network system, wireless transmission, digital media system, cloud information system, geographic information system, etc.

(2) Information on reportable segments and their measurement and reconciliations

The Group's operating segment information and reconciliation are as follows:

	For the year ended December 31, 2024			
	System integration	Manufacturing	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	$ 2,486,142	6,602,073	-	9,088,215
Intersegment revenue	45,096	-	(45,096)	-
Total revenue	**$ 2,531,238**	**6,602,073**	**(45,096)**	**9,088,215**
Interest expenses	**$ 2,782**	**72,846**	**(6)**	**75,622**
Depreciation and amortization	**$ 26,801**	**213,968**	**(865)**	**239,904**
Reportable segment profit or loss	**$ 285,985**	**(52,139)**	**(96,661)**	**137,185**

	December 31, 2024			
	System integration	Manufacturing	Reconciliation and elimination	Total
Assets of reportable segments	**$ 3,454,707**	**7,262,092**	**(673,949)**	**10,042,850**
Liabilities of reportable segments	**$ 1,423,374**	**2,302,139**	**(8,904)**	**3,716,609**

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

	For the year ended December 31, 2023			
	System integration	Manufacturing	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	$ 2,212,399	7,191,263	-	9,403,662
Intersegment revenue	30,161	-	(30,161)	-
Total revenue	**$ 2,242,560**	**7,191,263**	**(30,161)**	**9,403,662**
Interest expenses	**$ 8,642**	**87,918**	**(8)**	**96,552**
Depreciation and amortization	**$ 23,944**	**273,066**	**(3,375)**	**293,635**
Reportable segment profit or loss	**$ 261,763**	**6,259**	**(104,208)**	**163,814**

	December 31, 2023			
	System integration	Manufacturing	Reconciliation and elimination	Total
Assets of reportable segments	**$ 3,037,533**	**8,115,352**	**(644,191)**	**10,508,694**
Liabilities of reportable segments	**$ 1,297,802**	**3,195,941**	**(7,226)**	**4,486,517**

(3) Products and services information

Details of customers contract revenue for 2024 and 2023, please refer to note 6(23).

(4) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Please refer to note 6(23) for revenue from contracts with customers for 2024 and 2023.

	December 31, 2024	December 31, 2023
Non-current assets:		
Taiwan	$ 1,008,233	1,070,580
Asia	767,925	1,048,023
America	92,077	103,306
Europe	2,563	4,617
	$ 1,870,798	**2,226,526**

Non-current assets include property, plant, and equipment, right-of-use assets, intangible asset and other assets, not including financial instruments and deferred tax assets.

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

(5) Major customer information

Sales to individual customers representing greater than 10% of consolidated revenue were as follows:

	For the years ended December 31,	
	2024	**2023**
C Company	**$ 2,377,460**	**2,571,750**

Hitron Technologies Inc. and Subsidiaries

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

December 31, 2024

Table 1 (In Thousands of New Taiwan Dollars/In Thousands of Shares)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Highest Percentage of ownership during the year (%)	Note
				Shares/ Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Senao International Co., Ltd.	-	Current financial assets at fair value through profit or loss	152	4,902	0.06	4,902	0.06	
The Company	Chao Long Motor Parts Corp.	-	Non-current financial assets at fair value through other comprehensive income	668	34,142	1.79	34,142	1.79	
The Company	Imagetech Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	120	-	1.20	-	1.20	
The Company	Tsunami Visual Technologies Inc.	-	Non-current financial assets at fair value through other comprehensive income	1,220	-	9.34	-	9.34	
The Company	Pivot Technology Corp.	-	Non-current financial assets at fair value through other comprehensive income	198	-	10.94	-	10.94	
The Company	Cardtek Technology Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,000	-	6.45	-	6.45	
The Company	Yesmobile Holdings Company Ltd.	-	Non-current financial assets at fair value through other comprehensive income	294	-	0.75	-	0.75	
The Company	Codent Networks (Cayman) Ltd. (preference shares)	-	Non-current financial assets at fair value through other comprehensive income	1,570	-	-	-	-	

Hitron Technologies Inc. and Subsidiaries

Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock

For the year ended December 31, 2024

Table 2 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Company	Hitron America	Parent and subsidiary	(Sales)	(4,557,272)	76.68%	120 days	Agreed by both parties	Same	2,173,774	84.94%	
The Company	Hitron Europe	Parent and subsidiary	(Sales)	(155,587)	2.62%	90 days	Agreed by both parties	Same	18,413	0.72%	
The Company	Alpha	Parent and subsidiary	Purchase	1,849,531	26.02%	60 days	Agreed by both parties	Same	(984,599)	43.17%	
The Company	Hitron Vietnam	Parent and subsidiary	Purchase	4,366,596	61.42%	60 days	Agreed by both parties	Same	(1,154,580)	50.62%	

Hitron Technologies Inc. and Subsidiaries

Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock

December 31, 2024

Table 3 (In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Loss Allowance	Note
					Amount	Action taken			
The Company	Hitron America	Parent and subsidiary	2,173,774	2.47	-	-	786,265	-	Note 2
Hitron Vietnam	The Company	Parent and subsidiary	1,154,580	3.06	-	-	218,179	-	Note 2

Note 1: The amount recovered as of February 19, 2025.

Note 2: Relevant transactions and closing balance have been eliminated.

Hitron Technologies Inc. and Subsidiaries
Business relationships and significant intercompany transactions
For the year ended December 31, 2024

Table 4 (In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account	Amount	Payment terms	Percentage of the consolidated operating revenue or total assets
0	The Company	Hitron America	Parent to subsidiary	Sales	4,557,272	-	50.14%
0	The Company	Hitron America	Parent to subsidiary	Accounts receivable	2,173,774	120 days	21.64%
0	The Company	Hitron Europe	Parent to subsidiary	Sales	155,587	-	1.71%
0	The Company	Hitron Vietnam	Parent to subsidiary	Purchases	4,366,596	-	48.05%
0	The Company	Hitron Vietnam	Parent to subsidiary	Accounts payable	1,154,580	60 days	11.50%
0	The Company	Alpha	Subsidiary to parent	Purchases	1,849,531	-	20.35%
0	The Company	Alpha	Subsidiary to parent	Accounts payable	984,599	60 days	9.80%

Note: The significant transaction listed in this table reach 1% of consolidated revenue or total assets ratio.

Hitron Technologies Inc. and Subsidiaries

Information on investees (excluding information on investees in Mainland Cina)

For the year ended December 31, 2024

Table 5

(In Thousands of New Taiwan Dollars/In Thousands of shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Hitron Samoa	Samoa	International trade	172,179	172,179	5,850	100.00 %	210,034	100.00 %	11,959	14,954	
The Company	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	32.82 %	668,599	35.03 %	286,766	98,872	
The Company	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunication products	1,511,735	1,511,735	-	100.00 %	2,069,200	100.00 %	(52,911)	(68,913)	
The Company	Hitron America	USA	International trade	90,082	90,082	300	100.00 %	305,151	100.00 %	15,710	(43,721)	
The Company	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	73,919	100.00 %	56	(7,242)	
The Company	Innoauto Technologies	Taiwan	Investments	20,000	20,000	2,000	100.00 %	3,175	100.00 %	(265)	(265)	
Interactive Digital	Transnet	Taiwan	Engaging in the integrated supply of system services for network communication products and the import and export trading of network equipment	36,236	-	4,000	80.00 %	46,859	100.00 %	8,573	note 1	note 2
Interactive Digital	Fiber Logic	Taiwan	Production and sales of broadband transmission equipment and service routers	96,930	-	1,350	6.00 %	95,818	6.00 %	79,846	note 1	

Note 1: Recognized through subsidiaries.

Note 2: In June 2024, Transnet agreed to transfer 100% equity to Interactive Digital. After conducting a cash capital increase in the third quarter of 2024, Interactive Digital's shareholding was reduced to 80%.

Hitron Technologies Inc. and Subsidiaries
The names of investees in Mainland China, the main businesses and products, and other information
For the year ended December 31, 2024

Table 6 (In Thousands of New Taiwan Dollars)

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (note 3)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Hitron Suzhou	Broadband telecommunications product research and development	171,245 (RMB34,800)	(2) note 1	171,245	-	-	171,245	11,962	100.00%	100.00%	11,962	209,891	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (RMB5,425)	(2) note 1	31,139	-	-	31,139	(4)	100.00%	100.00%	(4)	3,797	-
Hwa Chi Technologies	Technical consulting, researching, maintenance and after service regarding electronic communication products	2,907 (USD100)	(3) note 2	12,048	-	3,194 (USD100)	8,854	1,177	32.82%	35.64%	402	3,082	30,079

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
Hitron Technologies Inc.	211,238	214,432	2,975,972

Note 1: Through investing in an existing company in the third area, which is Hitron Somoa.

Note 2: Hwa Chi Technologies was originally a mainland China company invested through the subsidiary, Hitron Samoa. However, in 2012, the Board of Directors resolved to adjust the investment structure, changing it to an indirect investment through the subsidiary, Interactive Digital.

Note 3: Investment profits (losses) recognized, which base on financial statements audited by the independent auditors.

Note 4: Calculated as 60% (the upper limit on investment) of the Company’s net worth on December 31, 2024, in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China, amended on August 29, 2008.

Hitron Technologies Inc. and Subsidiaries
Major shareholders
For the year ended December 31, 2024

Table 7

Unit: Shares

Shareholding Shareholder's Name	Shares	Percentage
Alpha Networks Inc.	200,000,000	62.24 %

1.The main shareholder information in this table is calculated on the last business day at the end of each quarter by the Taiwan Depository & Clearing Corporation, based on those who held more than 5% of the Company's ordinary shares and preferred shares and have completed unregistered non-physical securities delivered (including treasury shares). As for the share capital recorded in the Company's financial report and the Company's actual number of shares delivered without physical registration, there may be differences due to different basis of calculation.

2.In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in the individual accounts of the trustee who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider's equity declaration, please refer to Market Observation Post System website.