

**INTERACTIVE DIGITAL TECHNOLOGIES INC.
AND SUBSIDIARIES**

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

Address: No. 38-1, Wugong 5th Road, Wugu District, New Taipei City, Taiwan
Telephone: (02) 2298-3456

The independent auditors' 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.

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Independent Auditors' Review Report

To: The Board of Directors of Interactive Digital Technologies Inc.

Foreword

We have reviewed the accompanying Consolidated Balance Sheet of Interactive Digital Technologies Inc. and subsidiaries as of March 31, 2024, and the related Consolidated Statement of Comprehensive Income, of Consolidated Statement of Changes in Equity and of Consolidated Statement of Cash Flows from January 1, 2024 to March 31, 2024, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

We conducted our reviews in accordance with the Statement of Auditing Standards No. 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity.” A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Company as of March 31, 2024 and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other matters

The 2023 first quarter consolidated financial statements of Interactive Digital Technologies Inc. and its subsidiaries were reviewed by other independent auditors, and they issued a review report with unqualified opinion on April 18, 2023.

KPMG Taiwan

Certified Public Accountant: Huang, Ming-Hung
Chang, Huei-Chen

Approval reference number of the securities authority : Jin-Guan-Zheng-Shen-Zi No.
1060005191
April 19, 2024 (88) Tai-Tsai-Cheng (6) No. 18311

Interactive Digital Technologies Inc. and Subsidiaries
Consolidated Balance Sheet
March 31, 2024, December 31, 2023, and March 31, 2023

Unit: NTD thousand

Assets	2024.3.31		2023.12.31		2023.3.31				2024.3.31		2023.12.31		2023.3.31		
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%	
Current assets:															
1100 Cash and cash equivalents (Note 6(1))	\$ 1,086,076	35	895,308	29	707,858	24	2130		298,486	10	289,338	10	405,046	14	
1136 Financial assets measured at amortized cost - current (Note 6(1))	-	-	20,000	1	220,000	8	2180		381,307	12	355,899	12	218,266	8	
1170 Notes and accounts receivable, net (Note 6(3) and (14))	319,804	11	593,160	20	282,421	10	2230		18,932	1	6,681	-	1,941	-	
1180 Accounts receivable - related parties, net (Note 6(3), (14) and 7)	9,313	-	8,403	-	6,299	-	2280		416,057	13	200,760	7	292,061	10	
1200 Other receivables (Note 7)	749	-	845	-	362	-	2300		85,369	3	69,808	2	62,892	2	
130X Inventories, net (Note 6(4))	750,730	24	592,021	19	713,938	25			56,301	2	69,388	2	81,190	3	
1410 Prepayments and other current assets	6,654	-	5,421	1	75,441	2			3,666	-	3,923	-	4,827	-	
Total current assets	2,173,326	70	2,115,158	70	2,006,319	69	2530		1,261,805	41	996,651	33	1,069,593	37	
Non-current assets:															
1510 Financial assets at fair value through profit or loss - non-current (Note 6(2) and (7))		17		55		60	2580								
1536 Financial assets measured at amortized cost - non-current (Note 6(1))	-	-	21,000	1	-	-	2600								
1600 Property, plant and equipment (Note 6(5) and 7)	766,822	25	770,338	25	764,393	27			167,765	5	264,612	9	570,126	20	
1755 Right-of-use assets (Note 6(6))	5,974	-	5,159	-	7,354	-			32,908	1	34,641	1	53,322	2	
1840 Deferred income tax assets	23,612	1	23,612	1	32,230	1			409	-	409	-	11	-	
1990 Other non-current assets	121,614	4	102,211	3	81,073	3			2,334	-	1,266	-	2,554	-	
Total non-current assets	918,039	30	922,375	30	885,110	31	3140		94	-	223	-	364	-	
Total assets	\$ 3,091,365	100	3,037,533	100	2,891,429	100	3200		203,510	6	301,151	10	626,377	22	
							3100		Total liabilities	1,465,315	47	1,297,802	43	1,695,970	59
							3110		Equity attributable to owners of the parent company (Note 6(7) and (12)):						
							3140		Share capital						
							3200		Common stock capital	458,991	15	431,373	14	402,532	14
							3300		Capital received in advance	17,865	1	27,618	1	-	-
							3400		Capital surplus	829,412	27	786,038	26	530,384	18
									Retained earnings	320,231	10	495,436	16	263,032	9
									Other equity	(449)	-	(734)	-	(489)	-
									Total equity attributable to owners of the parent company	1,626,050	53	1,739,731	57	1,195,459	41
									Total equity	1,626,050	53	1,739,731	57	1,195,459	41
									Total liabilities and equity	\$ 3,091,365	100	3,037,533	100	2,891,429	100

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Wen-Fang Huang

Manager: Mei-Lang Liu

Accounting supervisor: Mei-Chi Chen

Interactive Digital Technologies Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to March 31, 2024 and 2023

Unit: NTD thousand

		January to March 2024		January to March 2023	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(14) and 7)	\$ 432,918	100	332,876	100
5000	Operating costs (Note 6(4), (9) and 7)	(252,617)	(58)	(153,877)	(46)
	Gross operating profit	180,301	42	178,999	54
	Operating expenses (Notes 6(3), (5), (6), (8), (10), (15), 7 and 12):				
6100	Sales promotion expenses	(60,068)	(14)	(97,512)	(29)
6200	Administrative expenses	(46,017)	(11)	(39,102)	(12)
6450	Expected credit impairment loss	-	-	(7,024)	(2)
	Total operating expenses	(106,085)	(25)	(143,638)	(43)
	Net operating profit	74,216	17	35,361	11
	Non-operating income and expenses (Note 6(8), (16) and 7):				
7100	Interest revenue	3,176	-	1,034	-
7010	Other income	4,307	1	896	-
7020	Other gains and losses	(1,102)	-	1,798	1
7050	Financial cost	(1,174)	-	(1,881)	(1)
	Total non-operating income and expenses	5,207	1	1,847	-
	Net income before tax	79,423	18	37,208	11
7950	Less: Income tax expenses (Note 6(11))	(15,953)	(3)	(7,849)	(2)
	Net income for the period	63,470	15	29,359	9
	Other comprehensive income (Note 6(12)):				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operations	285	-	-	-
8399	Income tax related to items that may be reclassified	-	-	-	-
	Other comprehensive income for the period	285	-	-	-
	Total comprehensive income for the current period	<u>\$ 63,755</u>	<u>15</u>	<u>29,359</u>	<u>9</u>
	Net profit for the period attributable to:				
8610	Owner of the parent company	<u>\$ 63,470</u>	<u>15</u>	<u>29,359</u>	<u>9</u>
	Total comprehensive income attributable to:				
8710	Owner of the parent company	<u>\$ 63,755</u>	<u>15</u>	<u>29,359</u>	<u>9</u>
	Earnings per share (Unit: NTD, Note 6(13))				
9750	Basic earnings per share	<u>\$ 1.36</u>		<u>0.73</u>	
9850	Diluted earnings per share	<u>\$ 1.25</u>		<u>0.61</u>	

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Wen-Fang Huang

Manager: Mei-Lang Liu

Accounting supervisor: Mei-Chi Chen

Interactive Digital Technologies Inc. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to March 31, 2024 and 2023

Unit: NTD thousand

Equity attributable to owners of the parent

	Share capital		Retained earnings				Total	Other equity	Total equity
	Common stock capital	Capital received in advance	Capital surplus	Legal reserve	Special reserves	Undistributed earnings		Exchange differences on translation of financial statements of foreign operations	
Balance as of January 1, 2023	\$ 402,499	33	486,890	203,846	674	222,368	426,888	(489)	1,315,821
Net income for the period	-	-	-	-	-	29,359	29,359	-	29,359
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the current period	-	-	-	-	-	29,359	29,359	-	29,359
Appropriation and distribution of earnings:									
Appropriation of legal reserve	-	-	-	21,501	-	(21,501)	-	-	-
Common stock cash dividends	-	-	-	-	-	(193,215)	(193,215)	-	(193,215)
Reversal of special reserve	-	-	-	-	(185)	185	-	-	-
Cash distribution from capital reserve	-	-	(20,127)	-	-	-	-	-	(20,127)
Proceeds from shares issued transferred to share capital	33	(33)	-	-	-	-	-	-	-
Conversion of convertible bonds to common shares	-	-	63,621	-	-	-	-	-	63,621
Balance as of March 31, 2023	\$ 402,532	-	530,384	225,347	489	37,196	263,032	(489)	1,195,459
Balance as of January 1, 2024	\$ 431,373	27,618	786,038	225,347	489	269,600	495,436	(734)	1,739,731
Net income for the period	-	-	-	-	-	63,470	63,470	-	63,470
Other comprehensive income for the period	-	-	-	-	-	-	-	285	285
Total comprehensive income for the current period	-	-	-	-	-	63,470	63,470	285	63,755
Appropriation and distribution of earnings:									
Common stock cash dividends	-	-	-	-	-	(238,675)	(238,675)	-	(238,675)
Cash distribution from capital reserve	-	-	(36,719)	-	-	-	-	-	(36,719)
Proceeds from shares issued transferred to share capital	27,618	(27,618)	-	-	-	-	-	-	-
Conversion of convertible bonds to common shares	-	17,865	80,093	-	-	-	-	-	97,958
Balance as of March 31, 2024	\$ 458,991	17,865	829,412	225,347	489	94,395	320,231	(449)	1,626,050

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Wen-Fang Huang

Manager: Mei-Lang Liu

Accounting supervisor: Mei-Chi Chen

Interactive Digital Technologies Inc. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to March 31, 2024 and 2023

Unit: NTD thousand

	January to March 2024	January to March 2023
Cash flow from operating activities:		
Net income before tax for the period	\$ 79,423	37,208
Adjustments:		
Income and expenses		
Depreciation expense	6,442	5,375
Expected credit impairment loss	-	7,024
Net loss (gain) on financial instruments at fair value through profit or loss	27	(1,776)
Interest expense	1,174	1,881
Interest revenue	(3,176)	(1,034)
Losses (gains) from the disposal and scrapping of property, plant and equipment	575	(200)
Gain on lease modification	(5)	-
Total income and expense	5,037	11,270
Changes in operating assets/liabilities:		
Net changes in assets related to operating activities:		
Notes and accounts receivable	273,356	363,443
Accounts receivable - related parties	(910)	630
Other receivables	32	12
Inventory	(158,606)	(66,605)
Prepayments and other current assets	(1,233)	3,569
Total net changes in assets related to operating activities	112,639	301,049
Net changes in liabilities related to operating activities:		
Contract liabilities	9,148	(20,671)
Accounts payable	25,408	(122,465)
Accounts payable - related parties	12,251	1,806
Other payables	(60,097)	(106,901)
Provision	(14,820)	(12,613)
Other current liabilities	833	2,262
Total net changes in liabilities related to operating activities	(27,277)	(258,582)
Total net changes in assets and liabilities related to operating activities	85,362	42,467
Total adjustment items	90,399	53,737
Cash inflow from operations	169,822	90,945
Interest received	3,240	834
Interest paid	(30)	(231)
Income tax paid	(392)	(212)
Net cash inflow from operating activities	172,640	91,336

(continued on next page)

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Wen-Fang Huang

Manager: Mei-Lang Liu

Accounting supervisor: Mei-Chi Chen

Interactive Digital Technologies Inc. and Subsidiaries
Consolidated Statement of Cash Flows (continued from previous page)
January 1 to March 31, 2024 and 2023

Unit: NTD thousand

	January to March 2024	January to March 2023
Cash flow from investing activities:		
Acquisition of financial assets at amortized cost	-	(220,000)
Disposal of financial assets measured at amortized cost	41,000	-
Disposal of financial assets at fair value through profit or loss	-	23,767
Acquisition of property, plant and equipment	(2,244)	(6,983)
Proceeds from the disposal of property, plant and equipment	-	200
Decrease (increase) in refundable deposits	(18,548)	12,524
Increase in prepayment for equipment	(855)	(1,881)
Net cash inflows (outflows) from investing activities	19,353	(192,373)
Cash flow from financing activities:		
Decrease in short-term borrowings	-	(150,000)
Issuance of corporate bonds	-	631,884
Lease principal repayment	(1,354)	(1,319)
Interest paid on leases	(22)	(20)
Increase (decrease) in guarantee deposits received	(129)	142
Net cash inflow (outflow) from financing activities	(1,505)	480,687
Effect of exchange rate changes on cash and cash equivalents	280	-
Increase in cash and cash equivalents in the current period	190,768	379,650
Opening balance of cash and cash equivalents	895,308	328,208
Closing balance of cash and cash equivalents	\$ 1,086,076	707,858

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Wen-Fang Huang

Manager: Mei-Lang Liu

Accounting supervisor: Mei-Chi Chen

Interactive Digital Technologies Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
For the three months ended March 31, 2024 and 2023
(Unless otherwise stated, all amounts are in NTD thousand)

I. Company history

Interactive Digital Technologies Inc. (hereinafter referred to as the "Company") was incorporated on May 14, 2003 with the approval of the Ministry of Economic Affairs. The registered address is No. 38-1, Wugong 5th Rd., Wugu Dist., New Taipei City, Taiwan. The Company and its subsidiaries (hereinafter referred to as the "consolidated company") mainly provide telecommunications and broadband network system services, wireless transmission services, digital media system services, cloud information system services and geographic information system services. Qisda Corporation is the ultimate parent company of the Company.

II. Date and procedure for approving the financial statements

This consolidated financial statement was approved by the Board of Directors on April 19, 2024.

III. Application of new and revised standards and interpretations

(I) The impact of the adoption of the new and revised standards and interpretations approved by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The consolidated company began to apply the following newly amended IFRS on January 1, 2024, and there was no significant impact on the consolidated financial statements.

- 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"

(II) New and revised standards and interpretations not yet approved by the FSC

The consolidated company expects the following new and amended standards that have not yet been approved by the FSC to have no significant impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "The Sale or Investment of Assets between Investors and Their Affiliates or Joint Ventures"
- Amendments to IFRS 17 "Insurance contracts"
- Amendments to IAS 21 "Lack of Exchangeability"
- IFRS 18 "Presentation and Disclosure in Financial Statements"

IV. Summary of significant accounting policies

(I) Declaration of compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Regulations") and IAS No. 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC. This consolidated financial statements does not include all the necessary information to be disclosed in the annual financial report in accordance with the IFRS, IAS, interpretations and interpretation announcements approved and issued by the FSC (hereinafter collectively referred to as "IFRSs").

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

Except for the following, the significant accounting policies adopted in this consolidated financial statement are the same as those in the 2023 consolidated financial statements. For relevant information, please refer to Note 4 to the 2023 consolidated financial statements.

(II) Basis for consolidation

1. Subsidiaries included in the consolidated financial statements

Subsidiaries included in the consolidated financial statements include:

<u>Name of Investment Company</u>	<u>Name of subsidiary</u>	<u>Nature of business</u>	<u>Consolidated shareholding percentage</u>		
			<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
The Company	Hwa Chi Technologies (shanghai) Inc. (Hwa Chi Technologies)	Technical consultation, R&D, maintenance and after-sales service of electronic communication products	100.00%	100.00%	100.00%

2. Subsidiaries not included in the consolidated financial statements: None.

(III) Income tax

The consolidated company measured and disclosed the interim income tax expense in accordance with International Accounting Standard No. 34 "Interim Financial Report" Paragraph B12.

Income tax expense is measured by multiplying the net profit before tax during the interim reporting period by the management's best estimate of the expected effective tax rate for the year, and fully recognized as current income tax expense.

Income tax expense that is recognized directly in equity or other comprehensive income item is based on the temporary difference between the carrying amount of the relevant assets and liabilities for financial reporting purposes and their taxation bases, which is measured at the tax rate applicable at the time of expected realization or settlement.

V. Major accounting judgments, estimates, and major sources of uncertainty for assumptions

When preparing the consolidated financial statements, the management has complied with IAS No. 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC, the management must make judgments, estimates and assumptions that may impact the adoption of accounting policies and the reported amount of the assets, liabilities, revenues and expenses. Actual results may differ from estimates.

In preparing the consolidated financial statements, the significant judgments made by the management in adopting the accounting policies of the consolidated company and the main sources of estimation uncertainty are consistent with Note 5 to the 2023 consolidated financial statements.

VI. Description of important accounting items

Except for the following, there is no material difference between the major accounting items in the consolidated financial statements and the 2023 consolidated financial statements. For relevant information, please refer to Note 6 of the 2023 consolidated financial statements.

(I) Cash and cash equivalent

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Cash on hand	\$ 450	470	470
Demand deposits and checking deposits	253,058	283,510	431,388
Time deposits within three months from original maturity date	832,568	611,328	276,000
	<u>\$ 1,086,076</u>	<u>895,308</u>	<u>707,858</u>

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

As of December 31, 2023 and March 31, 2023, bank time deposits with original maturities over three months to one year amounted to NT\$20,000 thousand and NT\$220,000 thousand, respectively. It is classified under the Financial assets measured at amortized cost - current; on December 31, 2023, bank time deposits with original maturity date of more than one year amounted to NT\$21,000 thousand. It is classified under the Financial assets measured at amortized cost - non-current.

(II) Financial instruments measured at fair value through profit or loss

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Financial assets at fair value through profit or loss - non-current:			
Redemption right of convertible corporate bond	\$ 17	55	60

(III) Notes and accounts receivable

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Notes and accounts receivable	\$ 319,804	593,160	292,421
Accounts receivable - related parties	9,313	8,403	6,299
Less: Loss allowance	-	-	(10,000)
	<u>\$ 329,117</u>	<u>601,563</u>	<u>288,720</u>

The consolidated company estimates the expected credit losses using a simplified method for all notes and accounts receivable, that is, using the lifetime expected credit losses to measure, and they have been included in forward-looking information. The expected credit loss of the consolidated company's notes and accounts receivable is analyzed as follows:

	<u>2024.3.31</u>		
	<u>Carrying amount of notes and accounts receivable</u>	<u>Weighted average rate of expected credit losses</u>	<u>Allowance for expected credit losses during the duration</u>
Not past due	\$ 311,782	0%	-
Overdue within 30 days	6,282	0%	-
Overdue 31 to 90 days	11,053	0%	-
Overdue for more than 181 days	-	100%	-
	<u>\$ 329,117</u>		<u>-</u>
	<u>2023.12.31</u>		
	<u>Carrying amount of notes and accounts receivable</u>	<u>Weighted average rate of expected credit losses</u>	<u>Allowance for expected credit losses during the duration</u>
Not past due	\$ 598,070	0%	-
Overdue within 30 days	566	0%	-
Overdue 31 to 90 days	527	0%	-
Overdue for 121 to 180 days	2,400	0%	-
Overdue for more than 181 days	-	100%	-
	<u>\$ 601,563</u>		<u>-</u>

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

	2023.3.31		
	Carrying amount of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses during the duration
Not past due	\$ 268,149	0%	-
Overdue within 30 days	20,571	0%	-
Overdue for more than 181 days	10,000	100%	10,000
	<u>\$ 298,720</u>		<u>10,000</u>

The changes in the allowance for notes and accounts receivable of the consolidated company are as follows:

	January to March 2024	January to March 2023
Opening balance	\$ -	2,976
Recognized impairment loss	-	7,024
Closing balance	<u>\$ -</u>	<u>10,000</u>

(IV) Inventory

	2024.3.31	2023.12.31	2023.3.31
Merchandise inventory	\$ 111,614	22,360	68,027
Deposits	318,915	306,395	261,969
Project inventory	320,201	263,266	383,942
	<u>\$ 750,730</u>	<u>592,021</u>	<u>713,938</u>

Project inventory refers to the labor cost and related inventory that have been invested in projects but have not yet been recognized as revenue.

Details of inventory-related expenses recognized by the consolidated company as operating costs in the current period:

	January to March 2024	January to March 2023
Cost of sold inventories	\$ 217,596	117,066
Gain on reversal of decline in value of inventories	(4,499)	(867)
Labor and warranty cost	39,520	37,678
	<u>\$ 252,617</u>	<u>153,877</u>

The abovementioned gain on reversal of decline in value of inventories is due to the reversal of gain on reversal of inventories to the extent that the original inventories are offset to the net realizable value recognized as loss on decline in inventory of net realizable value.

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

(V) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Others</u>	<u>Total</u>
Cost:					
Balance on January 1, 2024	\$ 641,026	153,861	18,649	31,570	845,106
Addition	-	-	617	1,627	2,244
Disposal	-	-	-	(1,485)	(1,485)
Reclassified to inventories	-	-	(155)	-	(155)
Effect of exchange rate changes	-	-	19	3	22
Balance on March 31, 2024	<u>\$ 641,026</u>	<u>153,861</u>	<u>19,130</u>	<u>31,715</u>	<u>845,732</u>
Balance on January 1, 2023	\$ 641,026	143,253	13,461	29,296	827,036
Addition	-	2,786	685	3,512	6,983
Disposal	-	-	-	(3,243)	(3,243)
Effect of exchange rate changes	-	-	4	-	4
Balance on March 31, 2023	<u>\$ 641,026</u>	<u>146,039</u>	<u>14,150</u>	<u>29,565</u>	<u>830,780</u>
Accumulated depreciation and impairment loss:					
Balance on January 1, 2024	\$ 8,984	47,079	5,778	12,927	74,768
Depreciation	-	2,388	1,016	1,683	5,087
Disposal	-	-	-	(910)	(910)
Reclassified to inventories	-	-	(52)	-	(52)
Effect of exchange rate changes	-	-	14	3	17
Balance on March 31, 2024	<u>\$ 8,984</u>	<u>49,467</u>	<u>6,756</u>	<u>13,703</u>	<u>78,910</u>
Balance on January 1, 2023	\$ 8,984	38,360	4,595	13,634	65,573
Depreciation	-	1,910	796	1,347	4,053
Disposal	-	-	-	(3,243)	(3,243)
Effect of exchange rate changes	-	-	4	-	4
Balance on March 31, 2023	<u>\$ 8,984</u>	<u>40,270</u>	<u>5,395</u>	<u>11,738</u>	<u>66,387</u>
Book value:					
January 1, 2024	<u>\$ 632,042</u>	<u>106,782</u>	<u>12,871</u>	<u>18,643</u>	<u>770,338</u>
March 31, 2024	<u>\$ 632,042</u>	<u>104,394</u>	<u>12,374</u>	<u>18,012</u>	<u>766,822</u>
March 31, 2023	<u>\$ 632,042</u>	<u>105,769</u>	<u>8,755</u>	<u>17,827</u>	<u>764,393</u>

(VI) Right-of-use assets

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance on January 1, 2024	\$ 5,708	8,192	224	14,124
Addition	717	2,293	-	3,010
Disposal	(2,980)	-	-	(2,980)
Balance on March 31, 2024	<u>\$ 3,445</u>	<u>10,485</u>	<u>224</u>	<u>14,154</u>

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

	Buildings	Transportation equipment	Office equipment	Total
Balance on January 1, 2023	\$ 5,490	6,799	544	12,833
Addition	33	1,120	-	1,153
Disposal	-	(242)	-	(242)
Balance on March 31, 2023	<u>\$ 5,523</u>	<u>7,677</u>	<u>544</u>	<u>13,744</u>
Accumulated depreciation of right-of-use assets:				
Balance on January 1, 2024	\$ 3,548	5,312	105	8,965
Provision of depreciation	636	699	20	1,355
Disposal	(2,140)	-	-	(2,140)
Balance on March 31, 2024	<u>\$ 2,044</u>	<u>6,011</u>	<u>125</u>	<u>8,180</u>
Balance on January 1, 2023	\$ 1,126	3,935	249	5,310
Provision of depreciation	694	582	46	1,322
Disposal	-	(242)	-	(242)
Balance on March 31, 2023	<u>\$ 1,820</u>	<u>4,275</u>	<u>295</u>	<u>6,390</u>
Book value:				
January 1, 2024	<u>\$ 2,160</u>	<u>2,880</u>	<u>119</u>	<u>5,159</u>
March 31, 2024	<u>\$ 1,401</u>	<u>4,474</u>	<u>99</u>	<u>5,974</u>
March 31, 2023	<u>\$ 3,703</u>	<u>3,402</u>	<u>249</u>	<u>7,354</u>

(VII) Corporate bonds payable

	2024.3.31	2023.12.31	2023.3.31
Total amount of convertible bonds issued	\$ 600,000	600,000	600,000
Unamortized balance of corporate bond discount payable	(5,535)	(9,988)	(29,874)
Cumulative converted amount	(426,700)	(325,400)	-
Balance of corporate bonds payable at the end of period	<u>\$ 167,765</u>	<u>264,612</u>	<u>570,126</u>
Embedded derivatives - redemption option (presented as financial assets measured at fair value through profit or loss)	<u>\$ 17</u>	<u>55</u>	<u>60</u>
Equity component - conversion option (presented in capital reserves - share options)	<u>\$ 18,376</u>	<u>29,117</u>	<u>63,621</u>

Conversion right is classified as equity

On October 24, 2022, the Board of Directors 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 NT\$600,000 thousand and a coupon rate of 0%. Since the corporate bond is denominated in NTD and the embedded conversion option meets the criteria of fixed for fixed, the definition of equity is met. The corporate bond is classified as non-current liabilities.

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

Other conditions for the issuance of corporate bonds are as follows:

1. Repayment method

Except for those converted into the ordinary shares of the Company in accordance with Article 10 of the Regulations, or the shares redeemed by the Company in accordance with Article 18 of the Regulations, or the shares repurchased by the Company from the business place of securities firms for cancellation, the Company will repay the bonds at face value in cash within 10 business days after the maturity date of the convertible bonds.

2. Method of redemption

(1) From the day following the expiration of three months after the issuance to the 40th day prior to the expiration date, if the closing price of the Company's ordinary shares has exceeded the current conversion price by 30% (inclusive) for 30 consecutive business days, the outstanding bonds may be recovered in cash based on the par value.

(2) From the day following expiration of three months after issuance until 40 days prior to maturity, if the outstanding balance of the bonds is less than NT\$60 million, the Company may recover the outstanding bonds in cash based on the par value.

3. Conversion period

From the day following the expiration of three months after the issuance until the maturity date, except for the period of suspension of transfer according to laws, a request for conversion into common shares may be made to the Company's stock agency at any time.

4. Conversion price and execution of conversion

The conversion price per share for the second domestic secured convertible bonds issued by the Company on January 11, 2023 was set at NT\$60.7. The conversion price was adjusted from NT\$60.7 to NT\$56.7 on July 23, 2023. As of March 31, 2024, December 31, 2023 and March 31, 2023, the accumulated common shares converted were 7,432 thousand shares, 5,646 thousand shares, and 0 thousand shares.

(VIII) Lease liabilities

The carrying amount of the consolidated company's lease liabilities is as follows:

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Current	<u>\$ 3,666</u>	<u>3,923</u>	<u>4,827</u>
Non-current	<u>\$ 2,334</u>	<u>1,266</u>	<u>2,554</u>

Please refer to Note 6(17) for maturity analysis.

The amounts recognized in profit or loss are as follows:

	<u>January to March 2024</u>	<u>January to March 2023</u>
Interest expense of lease liabilities	<u>\$ 22</u>	<u>20</u>
Expenses of short-term leases	<u>\$ 807</u>	<u>800</u>

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

	<u>January to March 2024</u>	<u>January to March 2023</u>
Total cash outflow for leases	<u>\$ 2,183</u>	<u>2,139</u>

1. Lease of buildings

The consolidated company leases buildings and structures as office space, and the lease terms are usually one to three years.

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

2. Other leases

The lease term of the transportation equipment leased by the consolidated company is one to three years. Furthermore, the consolidated company leases some of the transportation equipment and office equipment that expire within one year. These leases are short-term leases, and the consolidated company has elected to apply the recognition exemption rules and not recognize its related right-of-use assets and lease liabilities.

(IX) Liabilities reserve - product warranty reserve

	<u>January to March 2024</u>	<u>January to March 2023</u>
Opening balance	\$ 104,029	147,125
New in current period	6,132	12,290
Used in current period	(10,915)	(13,422)
Current period reversal	(10,037)	(11,481)
Closing balance	<u>\$ 89,209</u>	<u>134,512</u>
Current	<u>\$ 56,301</u>	<u>81,190</u>
Non-current	<u>\$ 32,908</u>	<u>53,322</u>

The consolidated company's product warranty reserve is mainly related to project sales. The warranty liabilities are recognized in accordance with the consolidated company's management's best estimate of the expenditure required to settle the warranty obligation.

(X) Employee benefits

1. Defined appropriation for retirement

The Company's defined contribution retirement plan complies with the Labor Pension Act. An amount equivalent to 6% of each employee's monthly salary is appropriated to the employees' individual pension accounts with the Bureau of Labor Insurance. Under this plan, after appropriating a fixed amount to the Bureau of Labor Insurance, the Company has no legal or constructive obligation to make additional payments. The pension expenses under the Company's defined contribution plan for the years ended March 31, 2024 and 2023 were NT\$4,413 thousand and NT\$4,180 thousand respectively, which were appropriated to the Labor Insurance Bureau.

2. The Company's subsidiary, Hwa Chi Technologies, from January 1 to March 31, 2024 and 2023, contributes to the pension insurance based on the salaries of local employees in accordance with the retirement regulations stipulated by the local government. They were NT\$40 thousand and NT\$41 thousand, respectively.

(XI) Income tax

1. The details of income tax expenses of the consolidated company are as follows:

	<u>January to March 2024</u>	<u>January to March 2023</u>
Current income tax expense		
Occurred in the current period	\$ 15,953	4,906
Foreign withheld tax	-	179
Current income tax expense	<u>15,953</u>	<u>5,085</u>
Deferred income tax expense (profit)		
Occurrence and reversal of temporary difference	-	2,764
Income tax expense	<u>\$ 15,953</u>	<u>7,849</u>

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

2. The consolidated company has no income tax directly recognized in equity or other comprehensive income from January 1 to March 31, 2024 and 2023.
3. The income tax returns of the Company's profit-seeking business have been audited and approved by the tax authorities up to 2021.

(XII)Capital and other equity

Except for the following, there were no significant changes in the share capital and other equities of the consolidated company during the three months ended March 31, 2024 and 2023. For relevant information, please refer to the 2023 Consolidated Financial Note 6(13) to the Report.

1. Common stock capital

The Company's authorized capital amounted to NT\$800,000 thousand on March 31, 2024, December 31, 2023 and March 31, 2023, 80,000 thousand shares, at a par value of NT\$10, of which 8,000 thousand shares were reserved for the employee stock warrants. The issued shares were 45,899 thousand shares, 43,137 thousand shares, and 40,253 thousand shares, respectively, all of which were common shares.

As a result of the convertible corporate bond holders exercising their right of conversion from January 1 to March 31, 2024 and 2023, the Company issued 2,762 thousand shares and 3 thousand new shares, respectively, at a par value of NT\$10, for a total amount of NT\$27,618 thousand and NT\$33 thousand, respectively. The statutory registration procedures have been completed.

As of March 31, 2024 and December 31, 2023, as the convertible corporate bond holders have applied for conversion into common shares but the change registration has not been completed, and the amounts that have been recorded as capital collected in advance were NT\$17,865 thousand and NT\$27,618 thousand, respectively.

2. Capital surplus

The balance of capital reserves is as follows:

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Issued stock premium	\$ 793,339	739,224	440,268
Stock options	18,376	29,117	63,621
Others	17,697	17,697	26,495
	<u>\$ 829,412</u>	<u>786,038</u>	<u>530,384</u>

3. Legal reserve

When the Company has no losses, the shareholders' meeting may issue a resolution to distribute new shares or cash out of the legal reserve, provided that such reserve exceeds 25% of the paid-in capital.

4. Special reserve

According to the regulations of the FSC, when the Company distributes the distributable earnings, for the net amount debited to other shareholders' equity in the current year, the net profit after tax of the current period plus the item other than the net profit after tax of the current period is included in the undistributed earnings of the current period and the prior undistributed earnings are made into special reserve; the other shareholders' equity deduction amount accumulated in the prior period shall be added to the special reserve from the undistributed earnings of the prior period and shall not be distributed. When the amount debited to other shareholders' equity is reversed afterwards, the reversed amount may be distributed as earnings.

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

5. Retained earnings

According to the Company's Articles of Incorporation, if there is a net profit after tax in the current period for the general financial statement, the tax should be paid first, the losses of the previous years should be paid, and then 10% of the legal reserve should be appropriated. However, if the accumulated legal reserve has reached the Company's total paid-in capital, the Company may cease to set aside the legal reserve. In addition, depending on the Company's operational needs and laws and regulations, a special reserve may be set aside. If there is still earnings undistributed at the beginning of the same period, the Board of Directors shall prepare an earnings distribution proposal and submit it to the Shareholders' Meeting for resolution. If the aforementioned appropriation of earnings is in the form of cash dividends, the Board of Directors is authorized to resolve and report the appropriation at the shareholders' meeting.

The Company may issue new shares or cash out of the legal reserve or capital reserve in accordance with Article 241 of the Company Act. If the foregoing is distributed in cash, the Board of Directors is authorized to resolve and report at the shareholders' meeting.

The Company operates in a volatile market environment and its corporate life cycle is in a stable growth stage. The dividend policy shall take into account the Company's future capital needs and long-term financial planning in order to achieve sustainable operation. The Company adopts a residual dividend policy, and considers the Company's future capital planning. The total amount of dividends to be paid each year shall not be less than 50% of the total distributable earnings for that year, of which cash dividends shall not be less than 10% of the total amount of cash and stock dividends paid in that same year.

The amounts of cash dividends for the 2023 and 2022 proposals for distribution of earnings, as resolved by the Board of Directors on February 23, 2024 and February 22, 2023, respectively, are as follows:

	2023		2022	
	Dividends per share (NTD)	Amount	Dividends per share (NTD)	Amount
Cash distribution to common shareholders				
Dividend dividends	\$ 5.2	238,675	4.8	193,215
Cash distribution from capital reserve	0.8	36,719	0.5	20,127
	\$ 6.0	275,394	5.3	213,342

6. Other equity (net amount after tax)

Exchange differences on translation of financial statements of foreign operations

	January to March 2024	January to March 2023
	Opening balance	\$ (734)
Exchange differences arising from the translation of net assets of foreign operations	285	-
Closing balance	\$ (449)	(489)

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

(XIII) Earnings per share

1. Basic earnings per share

	<u>January to March 2024</u>	<u>January to March 2023</u>
Net profit attributable to the Company's common stock shareholders	<u>\$ 63,470</u>	<u>29,359</u>
Weighted average number of outstanding common stock (shares in thousands)	<u>46,755</u>	<u>40,253</u>
Basic earnings per share (NTD)	<u>\$ 1.36</u>	<u>0.73</u>

2. Diluted earnings per share

	<u>January to March 2024</u>	<u>January to March 2023</u>
Net profit attributable to the Company's common stock shareholders (Basic)	\$ 63,470	29,359
Interest expense and valuation profit or loss of convertible corporate bonds	<u>876</u>	<u>1,442</u>
Net profit attributable to the Company's common stock shareholders (diluted)	<u>\$ 64,346</u>	<u>30,801</u>
Weighted average number of outstanding common stock (basic) (shares in thousands)	46,755	40,253
Effect of potential dilutive ordinary shares (shares in thousands):		
Effects of remuneration to employees	379	312
Effect of conversion of convertible corporate bonds	<u>4,213</u>	<u>9,885</u>
Weighted average number of common shares outstanding (diluted) (thousand shares)	<u>51,347</u>	<u>50,450</u>
Diluted earnings per share (NTD)	<u>\$ 1.25</u>	<u>0.61</u>

(XIV) Revenue from customer contracts

1. Breakdown of revenue

	<u>January to March 2024</u>	<u>January to March 2023</u>
Main product/service lines:		
Revenues from sales of system integration projects	\$ 324,696	217,745
Service revenue	<u>108,222</u>	<u>115,131</u>
	<u>\$ 432,918</u>	<u>332,876</u>
Timing of revenue recognition:		
At a certain point in time	\$ 422,556	321,904
Recognized progressively over time	<u>10,362</u>	<u>10,972</u>
	<u>\$ 432,918</u>	<u>332,876</u>

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

2. Contract balance

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Notes and accounts receivable	\$ 329,117	601,563	298,720
Less: Loss allowance	-	-	(10,000)
	<u>\$ 329,117</u>	<u>601,563</u>	<u>288,720</u>
	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Contract liabilities - current	<u>\$ 298,486</u>	<u>289,338</u>	<u>405,046</u>

Please refer to Note 6(3) for the disclosure of notes and accounts receivable and the impairment thereof.

The opening balances of contract liabilities on January 1, 2024 and 2023 are recognized as income for the three months ended March 31, 2024 and 2023 in the amounts of NT\$140,357 thousand and NT\$89,032 thousand, respectively.

(XV) Remuneration to employees and directors

According to the Company's Articles of Incorporation, if there is a profit in the year, 5% - 20% of the profit shall be appropriated as employee remuneration, and no higher than 1% (it was set at 2% before the amendment of the Articles of Incorporation on May 30, 2023) as remuneration to directors. However, if the Company still has accumulated losses, an amount shall be reserved in advance to offset the losses. The employee compensation in the preceding paragraph may be paid in shares or in cash, and the recipients of the payment may include employees of the subordinate companies who meet certain criteria.

For the three months ended March 31, 2024 and 2023, the estimated employees' remuneration was NT\$8,890 thousand and NT\$4,160 thousand, respectively; the estimated amounts of directors' remuneration were NT\$667 thousand and NT\$311 thousand, respectively. These amounts were estimated on the basis of multiplying the net profit before tax of the Company for each period before deducting remuneration to employees and directors to the distribution ratio of remuneration to employees and directors set out in the Articles of Incorporation of the Company, and recorded as operating expenses for the period. If there is a discrepancy between the actual distributed amount and the estimated figure in the following year, it shall be treated as a change in accounting estimates and recognized as profit or loss of the following year.

The amount of remuneration distributed to employees and directors for the year 2023, as resolved by the board of directors, amounted to NT\$36,590 thousand and NT\$2,744 thousand, respectively, on February 23, 2024. There is no difference to the estimated amount in the 2023 financial statements, and all the amounts are paid in cash. The relevant information can be obtained from the Market Observation Post System.

(XVI) Non-operating income and expenses

1. Interest revenue

	<u>January to March 2024</u>	<u>January to March 2023</u>
Interest on bank deposits	<u>\$ 3,176</u>	<u>1,034</u>

2. Other income

	<u>January to March 2024</u>	<u>January to March 2023</u>
Rental income	\$ 605	529
Other income	3,702	367
	<u>\$ 4,307</u>	<u>896</u>

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

3. Other gains and losses

	<u>January to March 2024</u>	<u>January to March 2023</u>
Foreign exchange loss	\$ (505)	(178)
Net gain (loss) on financial instruments at fair value through profit or loss	(27)	1,776
Gains (losses) from the disposal of property, plant and equipment	(575)	200
Gain on lease modification	5	
	<u><u>\$ (1,102)</u></u>	<u><u>1,798</u></u>

4. Financial costs

	<u>January to March 2024</u>	<u>January to March 2023</u>
Bank borrowing interest expense	\$ 30	58
Interest expense of corporate bonds payable	1,122	1,803
Interest expense of lease liabilities	22	20
	<u><u>\$ 1,174</u></u>	<u><u>1,881</u></u>

(XVII) Financial instruments

Except for the following, there was no significant change in the fair value of the consolidated company's financial instruments and the exposure to credit risk and market risk due to the financial instruments. For relevant information, please refer to Note 6(18)(19) of the 2023 consolidated financial statements.

1. Types of financial instruments

(1) Financial assets

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Financial assets at fair value through profit or loss - non-current	\$ 17	55	60
Financial assets measured at amortized cost:			
Cash and cash equivalents	1,086,076	895,308	707,858
Financial assets measured at amortized cost (including current and non-current)	-	41,000	220,000
Notes and accounts receivable (including related party)	329,117	601,563	288,720
Other receivables (including related parties)	749	845	362
Refundable deposits (accounted for in other non-current assets)	119,989	101,441	77,587
	<u><u>\$ 1,535,948</u></u>	<u><u>1,640,212</u></u>	<u><u>1,294,587</u></u>

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

(2) Financial liabilities

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Corporate bonds payable	167,765	264,612	570,126
Accounts payable (including related parties)	400,239	362,580	220,207
Other payables (including related parties)	416,057	200,760	292,061
Lease liabilities (including current and non-current)	6,000	5,189	7,381
Guarantee deposits received (recognized in other non-current liabilities)	94	223	223
	<u>\$ 990,155</u>	<u>833,364</u>	<u>1,089,998</u>

2. Fair value information

(1) Financial instruments not measured at fair value

The management of the consolidated company believes that the carrying amount of financial assets and financial liabilities measured at amortized cost in the consolidated financial statements approximates their fair value.

(2) Financial instruments measured at fair value

Financial instruments that are measured at fair value through profit or loss of the consolidated company are measured at fair value on a repetitive basis. The following table provides analysis of the financial instruments measured at fair value after initial recognition, and classified them from Level 1 to Level 3 based on the fair value. The fair value hierarchy is defined as follows:

- A. Level 1: The open quotation (unadjusted) of the same assets or liabilities in an active market.
- B. Level 2: It refers to the directly (i.e. price) or indirectly (i.e. derived from price) observable input value of assets or liabilities other than the quotation of level 1.
- C. Level 3: The input parameters of the asset or liability are not based on observable market data (non-observable parameters).

	<u>2024.3.31</u>			
	<u>Fair value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss:				
Right of redemption of corporate bond payable	\$ -	-	17	17

	<u>2023.12.31</u>			
	<u>Fair value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss:				
Right of redemption of corporate bond payable	\$ -	-	55	55

	<u>2023.3.31</u>			
	<u>Fair value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss:				
Right of redemption of corporate bond payable	\$ -	-	60	60

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

(3) Valuation techniques and assumptions adopted for measuring fair value

If there is a quoted market price for the financial instrument, the quoted price on the active market is used as the fair value.

Except for the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained through valuation technique or by referring to the quotations of the counterparties. The fair value obtained through the valuation technique can be referred to the current fair value, the discounted cash flow method or other valuation techniques of other financial instruments with similar conditions and characteristics, including the calculation of the fair value based on the model and the market information available on the merger reporting date.

(4) Transfer between fair value levels

For the three months ended March 31, 2024 and 2023, there were no financial assets and liabilities transferred to the fair value hierarchy.

(5) Details of changes in level 3

	<u>January to March 2024</u>	<u>January to March 2023</u>
Financial assets at fair value through profit or loss		
Opening balance	\$ 55	-
Increase in the current period	-	60
Recognized in profit or loss for the current period	(38)	-
Closing balance	<u>\$ 17</u>	<u>60</u>

3. Liquidity risk

The following table shows the consolidated company's remaining contractual maturity analysis for financial liabilities with agreed repayment periods, which is based on the earliest date on which the consolidated company may be required to repay, prepared based on the undiscounted cash flows, and includes estimated interest.

	<u>Contractual cash flow</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
March 31, 2024					
Non-derivative financial liabilities					
Corporate bonds payable	173,300	-	-	173,300	-
Accounts payable	400,239	400,239	-	-	-
Other payables	416,057	416,057	-	-	-
Lease liabilities	6,118	3,731	1,448	939	-
Guarantee deposits received	94	-	94	-	-
	<u>\$ 995,808</u>	<u>820,027</u>	<u>1,542</u>	<u>174,239</u>	<u>-</u>
December 31, 2023					
Non-derivative financial liabilities					
Corporate bonds payable	274,600	-	-	274,600	-
Accounts payable	362,580	362,580	-	-	-
Other payables	200,760	200,760	-	-	-
Lease liabilities	5,229	3,957	1,272	-	-
Guarantee deposits received	223	-	223	-	-
	<u>\$ 843,392</u>	<u>567,297</u>	<u>1,495</u>	<u>274,600</u>	<u>-</u>

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

	Contractual cash flow	Within 1 year	1-2 years	2-5 years	Over 5 years
March 31, 2023					
Non-derivative financial liabilities					
Corporate bonds payable	600,000	-	-	600,000	-
Accounts payable	220,207	220,207	-	-	-
Other payables	292,061	292,061	-	-	-
Lease liabilities	7,441	4,875	2,258	308	-
Guarantee deposits received	223	-	223	-	-
	\$ 1,119,932	517,143	2,481	600,308	-

The consolidated company does not expect the maturity analysis of cash flows will be significantly early or the actual amount will be significantly different.

4. Exchange rate risk

The book value of the consolidated company's monetary assets and liabilities denominated in non-functional currencies on the reporting date (including monetary items denominated in non-functional currencies that have been offset in the consolidated statements) and related sensitivity analysis are as follows:

Amount: NTD Thousand

2024.3.31					
<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Range of exchange rate changes</u>	<u>Impact on profit and loss</u>	
<u>Financial assets</u>					
<u>Monetary items</u>					
US Dollars	\$ 2,447	32.00	78,304	1%	783
<u>Financial liabilities</u>					
<u>Monetary items</u>					
US Dollars	\$ 2,449	32.00	78,368	1%	784
2023.12.31					
<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Range of exchange rate changes</u>	<u>Impact on profit and loss</u>	
<u>Financial assets</u>					
<u>Monetary items</u>					
US Dollars	\$ 2,995	30.75	92,096	1%	921
<u>Financial liabilities</u>					
<u>Monetary items</u>					
US Dollars	\$ 2,977	30.75	91,543	1%	915
2023.3.31					
<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Range of exchange rate changes</u>	<u>Impact on profit and loss</u>	
<u>Financial assets</u>					
<u>Monetary items</u>					
US Dollars	\$ 1,889	30.48	57,577	1%	576
<u>Financial liabilities</u>					
<u>Monetary items</u>					
US Dollars	\$ 1,527	30.48	46,543	1%	465

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

Due to the wide variety of transactions denominated in the consolidated company's foreign currency, the net amount of foreign currency exchange gain (loss) on monetary items is disclosed in a summarized manner. (including realized and unrealized), please refer to Note 6(16) Other gains and losses.

(XVIII) Financial risk management

There is no significant change in the objectives and policies of the consolidated company's financial risk management as disclosed in Note 6(19) to the 2023 consolidated financial statements.

(XIX) Capital management

The consolidated company's capital management objectives, policies and procedures are consistent with those disclosed in the 2023 consolidated financial statements; there is no significant change in the aggregated quantitative information of the capital management item with those disclosed in the 2023 consolidated financial statements. Please refer to Note 6(20) of the 2023 consolidated financial statements for relevant information.

(XX) Financing activities of non-cash transactions

- Please refer to Note 6(6) for the consolidated company's acquisition of the right-of-use assets by way of lease during January 1 to March 31, 2024 and 2023.
- The adjustment of liabilities from financing activities is as follows:

	2024.1.1	Cash flow	Non-cash changes		2024.3.31
			New in current period	Others	
Corporate bonds payable	\$ 264,612	-	-	(96,847)	167,765
Lease liabilities	5,189	(1,376)	3,010	(823)	6,000
Total liabilities from financing activities	<u>\$ 269,801</u>	<u>(1,376)</u>	<u>3,010</u>	<u>(97,670)</u>	<u>173,765</u>

	2023.1.1	Cash flow	Non-cash changes		2023.3.31
			New in current period	Others	
Short-term borrowings	\$ 150,000	(150,000)	-	-	-
Corporate bonds payable	-	631,884	-	(61,758)	570,126
Lease liabilities	7,547	(1,339)	1,153	20	7,381
Total liabilities from financing activities	<u>\$ 157,547</u>	<u>480,545</u>	<u>1,153</u>	<u>(61,738)</u>	<u>577,507</u>

VII. Related party transactions

(I) Names and relationships of related parties

During the period covered by the consolidated financial statements, the related parties that have transactions with the consolidated company are as follows:

Name of related party	Relationship with the consolidated company
Qisda Corporation (Qisda)	The consolidated company's ultimate controller
HITRON TECHNOLOGIES INC. (Hitron)	Parent company of the consolidated company
Alpha Networks Inc.	The parent company of Hitron
Other related party:	
HITRON TECHNOLOGIES INC. (Suzhou Industrial Park)	A subsidiary of Hitron
HITRON TECHNOLOGIES INC. (Vietnam)	A subsidiary of Hitron
Metaage Corporation	A subsidiary of Qisda

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

(II) Material transactions with related parties.

1. Operating revenue

	<u>January to March 2024</u>	<u>January to March 2023</u>
Parent company	\$ 11,033	7,549
Other related party	1,692	133
	<u>\$ 12,725</u>	<u>7,682</u>

The consolidated company's selling prices and trading conditions to the above-mentioned related parties are handled in accordance with the general selling conditions.

2. Purchase

	<u>January to March 2024</u>	<u>January to March 2023</u>
Other related party	<u>\$ 16,274</u>	<u>1,662</u>

The consolidated company's purchase prices and payment terms for the above companies are based on general purchase terms.

3. Receivables from related parties

<u>Presentation account</u>	<u>Category of related party</u>	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Accounts receivable	Parent company	\$ 8,678	6,723	6,166
	The parent company of Hitron	525	1,680	-
	Other related party	110	-	133
		<u>\$ 9,313</u>	<u>8,403</u>	<u>6,299</u>
Other receivables	Parent company	<u>\$ -</u>	<u>41</u>	<u>-</u>

4. Payables to related parties

The consolidated company's payables to related parties are as follows:

<u>Presentation account</u>	<u>Category of related party</u>	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Accounts payable	Other related party	<u>\$ 18,932</u>	<u>6,681</u>	<u>1,941</u>

5. Property transactions

The consolidated company has purchased office equipment from the parent company and other related parties for the amounts of NT\$16,740 thousand and NT\$4,000 thousand during January 1 to March 31, 2024 and 2023, respectively. Recognized in the "Accounts payable - related parties" account.

6. Leases

The consolidated company leased offices to the parent company and other related parties for a rent income of NT\$269 thousand and NT\$154 thousand for the three months ended March 31, 2024 and 2023, respectively.

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

(III) Remuneration to key management personnel

	<u>January to March 2024</u>	<u>January to March 2023</u>
Short-term employee benefits and remuneration	\$ 19,494	24,314
Post-employment benefits	297	270
	<u>\$ 19,791</u>	<u>24,584</u>

VIII. Mortgage and pledge of assets

The book value of the assets pledged by the consolidated company as collateral is as follows:

<u>Asset name</u>	<u>Object of the pledge guarantee</u>	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Other non-current assets (bank time deposit)	Customer contract's retention amount	<u>\$ 21,000</u>	-	-

IX. Material contingent liabilities and unrecognized contractual commitments

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Guaranteed notes payable from project issuance	<u>\$ 16,798</u>	<u>15,256</u>	<u>4,395</u>
Guarantee letter issued for construction guarantee	<u>\$ 71,468</u>	<u>113,771</u>	<u>99,566</u>

X. Losses due to material disasters: None.

XI. Material events after the reporting period: None.

XII. Others

The employee benefits, depreciation and amortization expenses by function are summarized as follows:

By function	January to March 2024			January to March 2023		
	Attributable to operating costs	Classified as operating expenses	Total	Attributable to operating costs	Classified as operating expenses	Total
By nature						
Employee benefit expense						
Salary expenses	17,695	72,314	90,009	-	93,166	93,166
Labor and national health insurance expenses	1,786	4,423	6,209	-	6,979	6,979
Pension expense	906	4,453	5,359	-	4,221	4,221
Other employee benefit expenses	589	2,235	2,824	-	3,042	3,042
Depreciation expense	-	6,442	6,442	-	5,375	5,375
Amortization expense	-	-	-	-	-	-

(I) Seasonality of operation:

The operations of the consolidated company are not affected by seasonal or cyclical factors.

Interactive Digital Technologies Inc. and subsidiaries Notes to the consolidated financial statements (continued)

XIII. Disclosures in Notes

(I) Information on significant transactions:

1. Lending funds to others: None.
2. Providing endorsements or guarantees for others: None.
3. Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): None.
4. Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more: None.
8. Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more: None.
9. Engagement in derivative transactions: Please refer to Note 6(2).
10. Business relationships and important transactions between the parent company and its subsidiaries: None.

(II) Information on investees: None.

(III) Information on investments in Mainland China:

1. Information on re-investments in Mainland China:

Unit: NT\$1,000/Foreign currency \$1,000

Name of investee company in Mainland China	Main business items	Paid-up capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of current period	Investment amount remitted or recovered in the current period		Accumulated investment amount remitted from Taiwan at the end of the period	Investee profit or loss for the period	The Company's shareholding ratio in direct or indirect investments	Investment gains (losses) recognized in the current period	Book value of investment at the end of the period	Repatriated investment income up to the current period
					Outward remittance	Recovered						
Hwa Chi Technologies (shanghai) Inc.	Technical consultation, technical research, maintenance and after-sales service of electronic communication products	USD 100	Direct investment	12,048	-	3,194	8,854	495	100.00%	495	10,889	19,033

2. Limits on investment in Mainland China:

Unit: NT\$1,000/Foreign currency \$1,000

Company Name	Accumulated amount of remittance from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	The limit on investment in Mainland China stipulated by the Investment Commission of the Ministry of Economic Affairs
Interactive Digital Technologies Inc.	8,854	USD414	975,630

3. Significant transactions with investee companies in Mainland China: None.

(IV) Information of major shareholders:

Unit: shares

Name of major shareholder	Shares of Stock	Number of shares held	Shareholding ratio (%)
HITRON TECHNOLOGIES INC.		16,702,600	35.02%
Enrich Investment Corporation		2,575,000	5.39%

XIV. Segment information

The consolidated company's principal businesses are telecommunications and broadband network system services, wireless transmission services, digital media system services, cloud information system services, and geographic information system services. The consolidated company's operational decision-maker evaluates performance based on overall operating results, the consolidated company is a single segment, and the operating segment information for January 1 to March 31, 2024 and 2023 is consistent with the information in the consolidated financial statements.