

Interactive Digital Technologies Inc. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Review Report

For the Three Months Ended March 31, 2025 and 2024 (Restated)

Address: No. 38-1, Wugong 5th Road, Wugu District, New Taipei City, Taiwan(R.O.C)
Telephone:886-2-2298-3456

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.

Table of Contents

Item	Page No.
I.Cover Page	1
II.Table of Contents	2
III.Independent Auditors' Report	3
IV.Consolidated Balance Sheet	4
V.Consolidated Statement of Comprehensive Income	5
VI.Consolidated Statement of Changes in Equity	6
VII.Consolidated Statements of Cash Flows	7
VIII.Notes to Consolidated Financial Statements	
(I) Company history	8
(II) Date and procedure for approving the financial statements	8
(III) Application of new and revised standards and interpretations	8~10
(IV) Summary of significant accounting policies	10~11
(V) Major accounting judgments, estimates, and major sources of uncertainty for assumptions	11
(VI) Description of important accounting items	12~32
(VII) Related party transactions	33~35
(VIII) Mortgage and pledge of assets	35
(IX) Material contingent liabilities and unrecognized contractual commitments	36
(X) Losses due to material disasters	36
(XI) Material events after the reporting period	36
(XII) Others	36
(XIII) Disclosures in Notes	
1. Information on significant transactions	36
2. Information on the reinvestment business	37
3. Information on investments in Mainland China	38
(XIV) Segment information	38

Independent Auditors' Report

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

Foreword

We have reviewed the consolidated balance sheet of Interactive Digital Technologies Inc. and its subsidiaries on March 31, 2025 and March 31, 2024 (recompiled), the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows from January 1 to March 31, 2025 and from January 1 to March 31, 2024 (recompiled), as well as the notes to the financial report (including a summary of significant accounting policies). The management is responsible for the preparation and fair presentation of the consolidated financial report in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” endorsed and released by the Financial Supervisory Commission, while our responsibility is to make a conclusion on the consolidated financial report based on the review results.

Scope

We conducted the review in accordance with No. 2410 of the Regulations - “Review of Financial Statements”. A review of consolidated financial report consists of making inquiries (primarily to persons responsible for financial and accounting matters), and performing analytical and other review procedures. As the review work is substantially less in scope than the audit work, we may not be able to observe significant matters that may be identified in an audit, and therefore we are not able to express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the consolidated financial report does not present fairly, in all material respects, the consolidated financial position of the Company on March 31, 2025 and March 31, 2024 (recompiled), and its consolidated financial performance and consolidated cash flows from January 1 to March 31, 2025 and from January 1 to March 31, 2024 (recompiled) in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and released by the Financial Supervisory Commission.

Matters to be Emphasized

As stated in Notes 4(2), Interactive Digital Technologies Inc. acquired 100% equity of Transnet Co., Ltd., a subsidiary of Enrich Investment Corporation, in June 2024. The transaction, with reference to the Accounting Research and Development Foundation Letter No. (101) Ji-Mi-Zi No. 301 and the IFRS 3 Q&A "Accounting Treatment for Consolidation of Entities or Businesses under Common Control" published on October 26, 2018, is regarded as an organizational restructuring under common control and should be deemed to have been consolidated from the beginning. Based on this, the consolidated financial report for the third quarter of 2024 have been recompiled by Interactive Digital Technologies Inc. and its subsidiaries. We have not revised our review conclusion accordingly.

KPMG Taiwan

CPA: Huang, Ming-Hung
Chang, Huei-Chen

Approval reference : Jin-Guan-Zheng-Shen-Zi
number of the : No. 1060005191
securities authority : (88) Tai-Tsai-Cheng (VI)
No. 18311
April 24, 2025

Unit: NTD thousand

~4~

Interactive Digital Technologies Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to March 31, 2025 and 2024

Unit: NTD thousand

		January to March 2025		January to March 2024 (After restatement)	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(17) and 7)	\$ 413,947	100	433,880	100
5000	Operating cost (Notes 6(4), (12), (13), 7, and 12)	(234,706)	(57)	(254,754)	(59)
	Gross operating profit	179,241	43	179,126	41
	Operating expenses (Notes 6(7), (8), (11), (13), (18), 7, and 12):				
6100	Sales expenses	(77,657)	(19)	(64,059)	(15)
6200	Administrative expenses	(40,284)	(9)	(46,017)	(10)
	Total operating expenses	(117,941)	(28)	(110,076)	(25)
	Operating profit	61,300	15	69,050	16
	Non-operating income and expenses (Notes 6(5), (11), (19) and 7):				
7100	Interest income	4,516	1	3,183	-
7010	Other income	930	-	4,307	1
7020	Other gains and losses	(212)	-	(1,117)	-
7050	Financial cost	(53)	-	(1,245)	-
7375	Share of loss of affiliated companies accounted for using the equity method	(1,183)	-	-	-
	Total non-operating income and expenses	3,998	1	5,128	1
	Profit before tax	65,298	16	74,178	17
7950	Income tax expenses (Note 6(14))	(12,121)	(3)	(15,953)	(4)
	Profit for the period	53,177	13	58,225	13
	Other comprehensive income (Note 6(15)):				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	201	-	285	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Other comprehensive income for the period	201	-	285	-
	Total comprehensive income for the period	<u>\$ 53,378</u>	<u>13</u>	<u>58,510</u>	<u>13</u>
	Current profit attributable to:				
8610	Owners of parent	\$ 53,054	13	63,470	14
8615	Equity of previous party under common control	-	-	(5,245)	(1)
	Non-controlling interest	123	-	-	-
		<u>\$ 53,177</u>	<u>13</u>	<u>58,225</u>	<u>13</u>
	Total comprehensive income attributable to:				
8710	Owners of parent	\$ 53,255	13	63,755	14
8715	Equity of previous party under common control	-	-	(5,245)	(1)
	Non-controlling interest	123	-	-	-
		<u>\$ 53,378</u>	<u>13</u>	<u>58,510</u>	<u>13</u>
	Earnings per share (Unit: NTD, Note 6(16))				
9750	Basic earnings per share	<u>\$ 1.04</u>		<u>1.36</u>	
9850	Diluted earnings per share	<u>\$ 1.03</u>		<u>1.25</u>	

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

Chairperson: 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, 2025 and 2024

Unit: NTD thousand

	Equity attributable to owners of parent							Other equity		Equity of previous party under common control	Non-controlling interest	Total equity
	Share capital			Legal reserve	Retained earnings		Total	Exchange differences on translation	Total equity attributable to owners of parent			
	Ordinary share capital	Capital received in advance	Capital surplus		Special reserves	Undistributed earnings						
Balance on January 1, 2024 after recompilation	\$ 431,373	27,618	786,038	225,347	489	269,600	495,436	(734)	1,739,731	16,739	-	1,756,470
Profit for the period	-	-	-	-	-	63,470	63,470	-	63,470	(5,245)	-	58,225
Other comprehensive income for the period	-	-	-	-	-	-	-	285	285	-	-	285
Total comprehensive income for the period	-	-	-	-	-	63,470	63,470	285	63,755	(5,245)	-	58,510
Appropriation and distribution of retained earnings::												
Cash dividends of ordinary share	-	-	-	-	-	(238,675)	(238,675)	-	(238,675)	-	-	(238,675)
Cash distribution from capital surplus	-	-	(36,719)	-	-	-	-	-	(36,719)	-	-	(36,719)
Advanced proceeds from shares issued transferred to share capital	27,618	(27,618)	-	-	-	-	-	-	-	-	-	-
Conversion of convertible bonds to ordinary shares	-	17,865	80,093	-	-	-	-	-	97,958	-	-	97,958
Balance on March 31, 2024 after recompilation	\$ 458,991	17,865	829,412	225,347	489	94,395	320,231	(449)	1,626,050	11,494	-	1,637,544
Balance on January 1, 2025	\$ 508,933	-	967,454	251,523	734	291,269	543,526	(294)	2,019,619	-	11,714	2,031,333
Profit for the period	-	-	-	-	-	53,054	53,054	-	53,054	-	123	53,177
Other comprehensive income for the period	-	-	-	-	-	-	-	201	201	-	-	201
Total comprehensive income for the period	-	-	-	-	-	53,054	53,054	201	53,255	-	123	53,378
Appropriation and distribution of retained earnings::												
Cash dividends of ordinary share	-	-	-	-	-	(258,029)	(258,029)	-	(258,029)	-	-	(258,029)
Cash distribution from capital surplus	-	-	(40,715)	-	-	-	-	-	(40,715)	-	-	(40,715)
Changes in affiliates recognized using the equity method	-	-	566	-	-	-	-	-	566	-	-	566
Balance on March 31, 2025	\$ 508,933	-	927,305	251,523	734	86,294	338,551	(93)	1,774,696	-	11,837	1,786,533

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

Chairperson: 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, 2025 and 2024

Unit: NTD thousand

	January to March 2025	January to March 2024 (After restatement)
Cash flow from (used in) operating activities:		
Profit before tax for the period	\$ 65,298	74,178
Adjustments:		
Income and expenses		
Depreciation expense	6,671	6,442
Net loss on financial instruments at fair value through profit or loss	-	27
Interest expense	53	1,245
Interest income	(4,516)	(3,183)
Share of loss of affiliated companies accounted for using the equity method	1,183	-
Losses (gains) from the disposal and scrapping of property, plant and equipment	(15)	575
Gain on lease modification	-	(5)
Total income and expense	3,376	5,101
Changes in operating assets/liabilities:		
Net changes in assets related to operating activities:		
Notes and accounts receivable	458,047	294,248
Accounts receivable - related parties	4,714	(793)
Other receivables	353	32
Inventory	(21,327)	(160,857)
Prepayments and other current assets	(4,509)	(1,225)
Total net changes in assets related to operating activities	437,278	131,405
Net changes in liabilities related to operating activities:		
Contract liabilities	(95,580)	9,148
Notes and accounts payable	(149,489)	24,129
Accounts payable - related parties	(13,714)	12,245
Other payables	(73,659)	(55,348)
Provision	(13,582)	(14,820)
Other current liabilities	961	833
Total net changes in liabilities related to operating activities	(345,063)	(23,813)
Total net changes in assets and liabilities related to operating activities	92,215	107,592
Total adjustment items	95,591	112,693
Cash inflow from operations	160,889	186,871
Interest received	4,094	3,247
Interest paid	(28)	(101)
Income tax paid	(15,691)	(392)
Net cash inflows from operating activities	149,264	189,625

(continued on next page)

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

Chairperson: 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, 2025 and 2024

Unit: NTD thousand

	January to March 2025	January to March 2024 (After restatement)
Cash flow from (used in) investing activities:		
Acquisition of financial assets at amortized cost	-	(7)
Disposal of financial assets measured at amortized cost	-	41,000
Acquisition of property, plant and equipment	(2,594)	(2,244)
Proceeds from the disposal of property, plant and equipment	15	-
Decrease (increase) in refundable deposits	17,041	(17,752)
Decrease (increase) in prepayments for business facilities	84	(855)
Net cash inflows from investing activities	<u>14,546</u>	<u>20,142</u>
Cash flows from (used in) financing activities:		
Borrowing of long-term loans	-	5,000
Repayment of long-term borrowings	(5,816)	-
Lease principal repayment	(1,351)	(1,354)
Interest paid on leases	(26)	(22)
Decrease in guarantee deposits received	(54)	(169)
Net cash outflows from (used in) financing activities	<u>(7,247)</u>	<u>3,455</u>
Effect of exchange rate changes on cash and cash equivalents	199	280
Increase in cash and cash equivalents in the current period	156,762	213,502
Opening balance of cash and cash equivalents	1,041,129	900,699
Closing balance of cash and cash equivalents	<u><u>\$ 1,197,891</u></u>	<u><u>1,114,201</u></u>

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

Chairperson: Wen-Fang Huang

Manager: Mei-Lang Liu

Accounting Supervisor: Mei-Chi Chen

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024
(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. 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 report was approved by the Board of Directors on April 24, 2025.

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, 2025, and there was no significant impact on the consolidated financial report.

· Amendments to IAS 21 "Lack of Exchangeability"

- (II) The impact of not yet adopting the IFRS endorsed by the FSC

The consolidated company will begin to apply the following newly amended IFRS on January 1, 2026, and there will be no significant impact on the consolidated financial report.

Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" on the application guidelines for Section 4.1 of IFRS 9 and relevant disclosure requirements of IFRS 7.

- (III) New and revised standards and interpretations not yet endorsed by the FSC

The standards and interpretations that have been issued and amended by the IASB but have not yet been approved by the FSC may be relevant to the consolidated company as follows:

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

New or amended standards	Major amendments	Effective date of IASB's announcement
IFRS 18 "Presentation and Disclosure in Financial Statements".	<p>The new standard introduces three types of income and expense, two income statement subtotals, and a single note regarding management's performance measures. These three amendments and enhancements in the guidelines for segmenting information in financial statements lay the groundwork for providing users with more refined and consistent information, impacting all companies.</p> <ul style="list-style-type: none"> • More structured income statement: Under current standards, companies use varying formats to present their operating results, making it difficult for investors to compare financial performance across different companies. The new standards adopt a more structured income statement format, introducing a newly defined "operating income" subtotal and requiring all income and expenses to be classified into three distinct categories based on the Company's main operating activities. • Management Performance Measurement (MPM): The new standards introduced a definition for management performance measures, requiring companies to provide a single note in their financial statements explaining why each measurement indicator may provide useful information, how it is calculated, and how to reconcile between the measurement indicator and the amounts recognized under IFRS. • Detailed information: The new standards include guidance on how companies should enhance the grouping of information within financial statements. This includes guidance on whether the information should be included in the main financial statements or further detailed in notes. 	<p>January 1, 2027</p> <p>January 1, 2027</p>

Interactive Digital Technologies Inc. and Subsidiaries

Notes to Consolidated Financial Report (continued)

The consolidated company is currently evaluating the impact of the above standards and interpretations on the financial position and operating results of the consolidated company. The relevant impact will be disclosed when the evaluation is completed.

The consolidated company expects the following new and amendments to standards that have not yet been approved 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".
- IFRS No. 17 "Insurance Contract", and amendment to IFRS No. 17.
- IFRS 19 "Subsidiaries without Public Accountability: Disclosure".
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" on the application guidelines for Sections 3.1 and 3.3 of IFRS 9 and relevant disclosure requirements of IFRS 7.
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS No. 9 and IFRS 7 "Nature-dependent Electricity Contracts".

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").

Except for the following, the significant accounting policies adopted in this consolidated financial report are the same as those in the 2024 consolidated financial report. For relevant information, please refer to Note 4 to the 2024 consolidated financial report.

(II) Basis for consolidation

1. Subsidiaries included in the consolidated financial report

Interactive Digital Technologies Inc. and Subsidiaries

Notes to Consolidated Financial Report (continued)

Subsidiaries included in the consolidated financial statements include:

Name of Investing Company	Name of subsidiary	Nature of business	Consolidated share holding percentage			Note
			2025.3.31	2024.12.31	2024.3.31	
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%	-
The Company	Transnet Co., Ltd. (Transnet)	Integrated supply of network communication products, system services, and import and export of network equipment	80.00%	80.00%	-	Note 1:

Note 1: As stated in Note 6(6), Interactive Digital Technologies Inc. acquired 100% of the equity of Transnet Co., Ltd., a subsidiary of Enrich Investment Corporation, in June 2024. The above transaction was an organizational restructuring under common control, and should be deemed to have been consolidated from the beginning. When the consolidated company prepared the Q1 2025 consolidated financial report, it retroactively recompiled the Q1 2024 consolidated financial report. In Q3 2024, Transnet conducted a capital increase in cash. However, the consolidated company did not subscribe to the increased shares in proportion to its shareholding, resulting in a reduction of the consolidated company's equity interest in Transnet to 80%.

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

(III) Income tax

The consolidated company measured and disclosed the interim income tax expense in accordance with IAS No. 34 "Interim Financial Report" in 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 report, the management complied with IAS No. 34 "Interim Financial Reporting" endorsed and released by the FSC, the management must make judgments, estimates and assumptions that may affect 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 2024 consolidated financial report.

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

VI. Description of important accounting items

Except for the following, there is no material difference between the major accounting items in the consolidated financial report and the 2024 consolidated financial report. For relevant information, please refer to Note 6 of the 2024 consolidated financial report.

(I) Cash and cash equivalent

	<u>2025.3.31</u>	<u>2024.12.31</u>	<u>2024.3.31</u> (After restatement)
Cash on hand	\$ 450	450	450
Demand deposits and checking deposits	185,095	154,450	281,183
Time deposits within three months from original maturity date	<u>1,012,346</u>	<u>886,220</u>	<u>832,568</u>
	<u><u>\$ 1,197,891</u></u>	<u><u>1,041,120</u></u>	<u><u>1,114,201</u></u>

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

	<u>2025.3.31</u>	<u>2024.12.31</u>	<u>2024.3.31</u>
Financial assets at fair value through profit or loss - non-current:			
Redemption right of convertible corporate bond	<u>\$ -</u>	<u>-</u>	<u>17</u>

(III) Notes and accounts receivable

	<u>2025.3.31</u>	<u>2024.12.31</u>	<u>2024.3.31</u> (After restatement)
Notes and accounts receivable	\$ 186,867	644,910	320,205
Accounts receivable - related parties	<u>32,552</u>	<u>37,260</u>	<u>29,263</u>
	<u><u>\$ 219,419</u></u>	<u><u>682,170</u></u>	<u><u>349,468</u></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:

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

2025.3.31			
	Carrying amounts of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses during the duration
Not overdue	\$ 208,605	0%	-
Overdue within 30 days	10,814	0%	-
Overdue for more than 181 days	-	100%	-
	<u>\$ 219,419</u>		<u>-</u>
2024.12.31			
	Carrying amounts of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses during the duration
Not overdue	\$ 633,641	0%	-
Overdue within 30 days	20,363	0%	-
Overdue for 31~90 days	28,176	0%	-
Overdue for more than 181 days	-	100%	-
	<u>\$ 682,180</u>		<u>-</u>
2024.3.31 (After restatement)			
	Carrying amounts of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses during the duration
Not overdue	\$ 332,133	0%	-
Overdue within 30 days	6,282	0%	-
Overdue for 31~90 days	11,053	0%	-
Overdue for more than 181 days	-	100%	-
	<u>\$ 349,468</u>		<u>-</u>

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

(IV) Inventory

	2025.3.31	2024.12.31	2024.3.31 (After restatement)
Merchandise inventory	\$ 76,818	59,951	111,614
Consigned goods	233,674	200,261	318,915
Project inventory	412,047	440,981	336,224
	\$ 722,539	701,211	766,753

Consigned goods and 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 2025	January to March 2024 (After restatement)
Cost of sold inventories	\$ 197,513	219,733
Gain on reversal of decline in value of inventories	(798)	(4,499)
Labor and warranty cost	37,991	39,520
	\$ 234,706	254,754

The above-mentioned 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.

(V) Investments accounted for using the equity method

The consolidated company's investments under the equity method on the reporting date are as follows:

Associate name	Main businesses	principal place of business/ country of incorporation	2025.3.31		2024.12.31	
			% of ownership interests and voting rights held	Carrying amount	% of ownership interests and voting rights held	Carrying amount
Fiber Logic Communications ,Inc. ("Fiber Logic")	Production and sales of wideband communication equipment and service routers	Taiwan	6.00%	<u>\$ 95,201</u>	6.00%	<u>95,818</u>

In Q4 2024, the consolidated company invested NT\$96,930 thousand in cash to acquire a 6% equity stake in Fiber Logic and assumed one of the five board seats in the company. Therefore, the consolidated company is considered to have significant influence over Zhitong IoT Technology and has adopted the equity method for valuation.

From January 1 to March 31, 2025, the consolidated company's share of the affiliated enterprise's net loss was NT\$1,183 thousand.

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

The summarized financial information of affiliates important to the consolidated company is as follows:

Summary financial information of Fiber Logic:

	2025.3.31	2024.12.31
Current assets	\$ 500,785	547,560
Non-current assets	493,276	486,845
Current liabilities	(82,488)	(120,480)
Non-current liabilities	(21,747)	(13,618)
Net asset	<u>\$ 889,826</u>	<u>900,307</u>

	January to March 2025
Operating revenue	<u>\$ 38,236</u>
Net loss for the period	\$ (14,884)
Other comprehensive income for the period	-
Total comprehensive income for the current period	<u>\$ (14,884)</u>

	January to March 2025
The consolidated company's share of the net assets of the affiliated enterprise at the beginning of the period	\$ 95,818
Net loss attributable to the consolidated company in the current period	(1,183)
Capital reserve attributable to the consolidated company in the current period	566
The book value of the Company's equity in the affiliated enterprise at the end of the period	<u>\$ 95,201</u>

(VI) Subsidiaries

1. Acquisition of subsidiary - Transnet Co., Ltd.

The Company spent NT\$12,975 thousand in cash to acquired 100% of the equity of Transnet Co., Ltd., a subsidiary of Enrich Investment Corporation, in June 2024. Transnet is mainly engaged in the integrated supply of network communication products, systems and services, and the import and export of network equipment. The Group's acquisition of Transnet is to expand the value-added applications and services of the 5G enterprise private network.

The above-mentioned Group acquisition of Transnet's equity is an organizational restructuring under common control, and should be deemed to have been consolidated from the beginning. The assets acquired and the liabilities assumed by the Group in June 2024 are as follows:

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

Transfer consideration:		
Cash		12,975
Assets acquired and liabilities assumed:		
Cash and cash equivalents	19,072	
Notes and accounts receivable	28,618	
Inventory	8,158	
Prepayments and other current assets	41	
Other non-current assets	4,828	
Contract liabilities	(34,100)	
Accounts payable	(4,146)	
Accounts payable - -related parties	(615)	
Other payables	(777)	
Other current liabilities	(3,104)	
Long-term borrowings	(5,000)	12,975
Difference		-

2. The changes in the ownership of the subsidiary did not result in a loss of control

In Q3 2024, Transnet conducted a capital increase in cash. However, the consolidated company did not subscribe to the increased shares in proportion to its shareholding, resulting in a reduction of the consolidated company's equity interest in Transnet to 80%.

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

(VII) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Others</u>	<u>Total</u>
Cost:					
Balance on January 1, 2025	\$ 641,026	155,226	20,318	32,528	849,098
Addition	-	167	-	2,427	2,594
Disposal	-	-	-	(1,781)	(1,781)
Effect of exchange rate changes	-	-	17	2	19
Balance on March 31, 2025	\$ 641,026	155,393	20,335	33,176	849,930
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	\$ 641,026	153,861	19,130	31,715	845,732
Accumulated depreciation and impairment loss:					
Balance on January 1, 2025	\$ 8,984	54,632	9,930	16,486	90,032
Depreciation	-	2,461	1,075	1,782	5,318
Disposal	-	-	-	(1,781)	(1,781)
Effect of exchange rate changes	-	-	16	1	17
Balance on March 31, 2025	\$ 8,984	57,093	11,021	16,488	93,586
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	\$ 8,984	49,467	6,756	13,703	78,910
Book value:					
January 1, 2025	\$ 632,042	100,594	10,388	16,042	759,066
March 31, 2025	\$ 632,042	98,300	9,314	16,688	756,344
March 31, 2024	\$ 632,042	104,394	12,374	18,012	766,822

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

(VIII) Right-of-use assets

	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
Cost:				
Balance on January 1, 2025	\$ 6,859	10,452	224	17,535
Addition	-	1,680	-	1,680
Disposal	<u>(746)</u>	<u>(4,267)</u>	<u>-</u>	<u>(5,013)</u>
Balance on March 31, 2025	<u>\$ 6,113</u>	<u>7,865</u>	<u>224</u>	<u>14,202</u>
Balance on January 1, 2024	\$ 5,708	8,192	224	14,124
Addition	717	2,293	-	3,010
Disposal	<u>(2,980)</u>	<u>-</u>	<u>-</u>	<u>(2,980)</u>
Balance on March 31, 2024	<u>\$ 3,445</u>	<u>10,485</u>	<u>224</u>	<u>14,154</u>
Accumulated depreciation:				
Balance on January 1, 2025	\$ 4,291	7,639	184	12,114
Provision of depreciation	688	645	20	1,353
Disposal	<u>(746)</u>	<u>(4,267)</u>	<u>-</u>	<u>(5,013)</u>
Balance on March 31, 2025	<u>\$ 4,233</u>	<u>4,017</u>	<u>204</u>	<u>8,454</u>
Balance on January 1, 2024	\$ 3,548	5,312	105	8,965
Provision of depreciation	636	699	20	1,355
Disposal	<u>(2,140)</u>	<u>-</u>	<u>-</u>	<u>(2,140)</u>
Balance on March 31, 2024	<u>\$ 2,044</u>	<u>6,011</u>	<u>125</u>	<u>8,180</u>
Book value:				
January 1, 2025	<u>\$ 2,568</u>	<u>2,813</u>	<u>40</u>	<u>5,421</u>
March 31, 2025	<u>\$ 1,880</u>	<u>3,848</u>	<u>20</u>	<u>5,748</u>
March 31, 2024	<u>\$ 1,401</u>	<u>4,474</u>	<u>99</u>	<u>5,974</u>

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

(IX) Corporate bonds payable

	<u>2025.3.31</u>	<u>2024.12.31</u>	<u>2024.3.31</u>
Total amount of convertible bonds issued	\$ -	600,000	600,000
Unamortized balance of corporate bond discount payable	-	-	(5,535)
Cumulative converted amount	-	(600,000)	(426,700)
Balance of corporate bonds payable at the end of period	<u>\$ -</u>	<u>-</u>	<u>167,765</u>
Embedded derivatives - redemption option (presented as financial assets measured at fair value through profit or loss)	<u>\$ -</u>	<u>-</u>	<u>17</u>
Equity component - conversion option (presented in capital reserves - share options)	<u>\$ -</u>	<u>-</u>	<u>18,376</u>

On October 24, 2022, the Board of Directors resolved to issue the second domestic secured convertible corporate bond to replenish 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 for a total face value of NT\$600,000 thousand, and a coupon rate of 0%. The Company exercised its bond redemption rights in Q3 of 2024. Before the bonds were delisted, all bondholders had fully converted their bonds into ordinary shares.

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. Redemption method

- (1) From the day following three months after the issuance till the 40th day prior to the maturity date, if the closing price of the Company's ordinary shares exceeds 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 three months after the issuance till the 40th day prior to the maturity date, if the outstanding balance of the bond is less than NT\$60 million, the

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

Company may redeem the outstanding bonds in cash based on the par value.

3. Conversion period

From the day following three months after the issuance till the maturity date, except for the period of transfer suspension according to laws, the investor may request the Company's stock agency to convert the bond into ordinary shares at any time.

4. Conversion price and conversion status

The conversion price per share was initially set at NT\$60.7. Starting from July 23, 2023, the conversion price was adjusted to NT\$56.7, and starting from July 23, 2024, the conversion price was further adjusted to NT\$53.3. As of December 31, 2024 and March 31, the accumulated ordinary shares converted into were 10,640 thousand shares and 7,432 thousand shares, respectively.

(X) Long-term borrowings

	2025.3.31	2024.12.31	2024.3.31 (After restatement)
Unsecured bank borrowings	<u>\$ 19,184</u>	<u>25,000</u>	<u>5,000</u>
Unused long and short term credit limit	<u>\$ 1,198,940</u>	<u>1,237,291</u>	<u>1,151,532</u>
Interest rate range	<u>0.50%~2.22%</u>	<u>0.50%~2.22%</u>	<u>0.50%</u>
Year to maturity	<u>118</u>	<u>118</u>	<u>118</u>

(XI) Lease liabilities

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

	2025.3.31	2024.12.31	2024.3.31
Current	<u>\$ 3,683</u>	<u>3,812</u>	<u>3,666</u>
Non-current	<u>\$ 2,111</u>	<u>1,654</u>	<u>2,334</u>

Please refer to Note 20 for maturity analysis.

The amounts recognized in profit or loss are as follows:

	January to March 2025	January to March 2024 (after restatement)
Interest expense of lease liabilities	<u>\$ 26</u>	<u>22</u>
Expenses of short-term leases	<u>\$ 1,326</u>	<u>936</u>

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

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

	January to March 2025	January to March 2024 (after restatement)
Total cash outflow for leases	\$ 2,703	2,312

1. Lease of buildings and structures

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

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.

(XII) Provisions - product warranty reserve

	January to March 2025	January to March 2024
Opening balance	\$ 80,169	104,029
Addition in current period	1,283	6,132
Used in current period	(7,070)	(10,915)
Reversal in current period	(7,795)	(10,037)
Closing balance	\$ 66,587	89,209
	2025.3.31	2024.12.31
Current	\$ 36,287	56,301
Non-current	\$ 30,300	32,908

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.

(XIII) Employee benefits

1. Measures for defined pension contribution

The defined pension contribution plan of the Company and its domestic subsidiaries, in accordance with the Labor Pension Act. Is an amount equivalent to 6% of each employee's monthly wage appropriated to the individual labor pension account at 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 pension contribution plan from January 1 to March 31, 2025 and 2024 (recompiled) were

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

NT\$4,729 thousand and NT\$4,569 thousand respectively, which were appropriated to the Bureau of Labor Insurance.

2. The Company's subsidiary, Hua Chi Communication, from January 1 to March 31, 2025 and 2024, 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\$42 thousand and NT\$40 thousand, respectively.

(XIV) Income tax

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

	<u>January to March 2025</u>	<u>January to March 2024</u>
Current income tax expense	\$ <u>12,121</u>	<u>15,953</u>

2. The consolidated company has no income tax directly recognized in equity or other comprehensive income from January 1 to March 31, 2025 and 2024.
3. The income tax returns of the Company's profit-seeking business income have been audited and approved by the tax authorities up to 2022.

(XV) Capital and other equity

Except for the following, there were no significant changes in the share capital and other equities of the consolidated company from January 1 to March 31, 2025 and 2024. For relevant information, please refer to Note 6(15) to the 2024 Consolidated Financial Report.

1. Ordinary share capital

As of March 31, 2025, December 31, 2024, and March 31, 2024, the company's authorized capital was NT\$800,000 thousand, with a par value of NT\$10 per share, divided into 80,000 thousand shares. Among these, 8,000 thousand shares were reserved for stock warrants. The issued shares were 50,893 thousand shares, 50,893 thousand shares, and 45,899 thousand shares, respectively, all of which were common shares.

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

As of March 31, 2024, for convertible corporate bond holders who have applied for conversion into ordinary shares but the change registration has not been completed, the amount recorded as share capital received in advance was NT\$17,865 thousand.

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

2. Capital surplus

The balance of capital reserves is as follows:

	2025.3.31	2024.12.31	2024.3.31
Issued stock premium	\$ 907,773	948,488	793,339
Stock options	-	-	18,376
Recognizing changes in ownership equity in subsidiaries	1,269	1,269	-
Changes in affiliates recognized using the equity method	566	-	-
Others	17,697	17,697	17,697
	<u>\$ 927,305</u>	<u>967,454</u>	<u>829,412</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.

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.

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

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 cash dividend amount for the 2024 and 2023 per the resolution for distribution of earnings at the board meetings on February 25, 2025 and February 23, 2024, respectively are as follows:

	2024		2023	
	Dividends per share (NTD)	Amount	Dividends per share (NTD)	Amount
Cash dividends distributed to ordinary share holders	\$ 5.07	258,029	5.2	238,675
Cash distribution from capital surplus	0.8	40,715	0.8	36,719
	\$ 5.87	298,744	6.0	275,394

6. Other equity (net after tax)

Exchange differences on translation

	January to March 2025	January to March 2024
Opening balance	\$ (294)	(734)
Exchange differences arising from the translation of net assets of foreign operations	201	285
Closing balance	\$ (93)	(449)

(XVI) Earnings per share

1. Basic earnings per share

	January to March 2025	January to March 2024
Net profit attributable to the Company's ordinary share holders	\$ 53,054	63,470
Weighted average number of outstanding ordinary shares (thousand shares)	50,893	46,755
Basic earnings per share (NTD)	\$ 1.04	1.36

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

2. Diluted earnings per share

	January to March 2025	January to March 2024
Net profit attributable to the Company's ordinary share holders (basic)	\$ 53,054	63,470
Interest expense and valuation profit or loss of convertible corporate bonds	-	876
Net profit attributable to the Company's ordinary share holders (diluted)	\$ 53,054	64,346
Weighted average number of outstanding ordinary shares (basic) (thousand shares)	50,893	46,755
Effect of potential dilutive ordinary shares (thousand shares):		
Effects of remuneration to employees	374	379
Effect of conversion of convertible corporate bonds	-	4,213
Weighted average number of ordinary shares outstanding (diluted) (thousand shares)	51,267	51,347
Diluted earnings per share (NTD)	\$ 1.03	1.25

(XVII) Revenue from customer contracts

1. Breakdown of revenue

	January to March 2025	January to March 2024 (after restatement)
Main product/service lines:		
Revenues from sales of system integration projects	\$ 311,954	325,658
Service revenue	101,993	108,222
	\$ 413,947	433,880
Timing of revenue recognition:		
At a certain point in time	\$ 402,625	422,696
Recognized progressively over time	11,322	11,184
	\$ 413,947	433,880

2. Contract balance

	2025.3.31	2024.12.31	2024.3.31 (after restatement)
Notes and accounts receivable	\$ 219,419	682,180	349,468
Contract liabilities - current	114.3.31 \$ 383,925	113.12.31 479,505	113.3.31 298,486

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

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, 2025 and 2024 are recognized as income from January 1 to March 31, 2025 and 2024 at the amounts of NT\$139,836 thousand and NT\$140,357 thousand, respectively.

(XVIII) 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 employees' remuneration, and no higher than 1% as directors' remuneration. 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.

From January 1 to March 31, 2025 and 2024, the estimated employees' remuneration was NT\$7,290 thousand and NT\$8,890 thousand, respectively; the estimated amounts of directors' remuneration were NT\$546 thousand and NT\$667 thousand, respectively. These amounts were estimated on the basis of multiplying the profit before tax for each period before deducting remuneration to employees and directors by the distribution ratio of remuneration to employees and directors as 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 remuneration amounts of NT\$39,980 thousand and NT\$2,997 thousand distributed to employees and directors for 2024 as resolved by the board meeting on February 25, 2025 are the same as the estimated amounts in the 2024 financial report, and all the amounts are paid in cash. The relevant information can be obtained on the Market Observation Post System.

(XIX) Non-operating income and expenses

1. Interest revenue

	January to March 2025	January to March 2024 (after restatement)
Interest on bank deposits	<u><u>\$ 4,516</u></u>	<u><u>3,183</u></u>

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

2. Other income

	January to March 2025	January to March 2024
Rental income	\$ 393	605
Government grant income	5	-
Other income	532	3,702
	<u>\$ 930</u>	<u>4,307</u>

3. Other gains and losses

	January to March 2025	January to March 2024 (after restatement)
Foreign exchange loss	\$ (227)	(505)
Net gain (loss) on financial instruments at fair value through profit or loss	-	(27)
Gains (losses) from the disposal of property, plant and equipment	15	(575)
Gain on lease modification		5
Other gains and losses	-	(15)
	<u>\$ (212)</u>	<u>(1,117)</u>

4. Financial costs

	January to March 2025	January to March 2024 (after restatement)
Bank borrowing interest expense	\$ 27	39
Interest expense of corporate bonds payable	-	1,122
Interest expense of lease liabilities	26	22
Interest expense on borrowings from related parties	-	62
	<u>\$ 53</u>	<u>1,245</u>

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

(XX) Financial instruments

1. Types of financial instruments

(1) Financial assets

	<u>2025.3.31</u>	<u>2024.12.31</u>	<u>2024.3.31</u> (after restatement)
Financial assets at fair value through profit or loss - non-current	\$ -	-	17
Financial assets measured at amortized cost:			
Cash and cash equivalents	1,197,891	1,041,129	1,114,201
Non-current financial assets at amortized cost	-	-	565
Notes and accounts receivable (including related party)	219,419	682,180	349,468
Other receivables (including related parties)	2,521	2,452	749
Refundable deposits (accounted for in other non-current assets)	126,235	143,276	122,987
	<u><u>\$ 1,546,066</u></u>	<u><u>1,869,037</u></u>	<u><u>1,587,987</u></u>

(2) Financial liabilities

	<u>2025.3.31</u>	<u>2024.12.31</u>	<u>2024.3.31</u> (after restatement)
Corporate bonds payable	\$ -	-	167,765
Long-term borrowings	19,184	25,000	5,000
Notes and accounts payable (including related parties)	402,712	565,915	407,531
Other payables (including related parties)	126,721	200,381	157,991
Dividends payable	298,744	-	275,394
Lease liabilities (including current and non-current)	5,794	5,466	6,000
Guarantee deposits received (recognized in other non-current liabilities)	-	54	54
	<u><u>\$ 853,155</u></u>	<u><u>796,816</u></u>	<u><u>1,019,735</u></u>

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

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: Except for publicly quoted prices included in the first level, the input parameters of assets or liabilities are directly (i.e. price) or indirectly (i.e. derived from price) observable.

C Level 3: The input parameters of the asset or liability are not based on observable market data (non-observable parameters).

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

(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

From January 1 to March 31, 2025 and 2024, there were no financial assets and

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

liabilities transferred between the fair value levels.

(5) Details of changes in level 3

	January to March 2025	January to March 2024
Financial assets at fair value through profit or loss		
Opening balance	\$ -	55
Recognized in profit or loss for the current period	-	(38)
Closing balance	<u><u>\$ -</u></u>	<u><u>17</u></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.

	Contractual cash flow	Within 1 year	1-2 years	2-5 years	Over 5 years
March 3, 2025					
Non-derivative financial liabilities					
Long-term borrowings	\$ 20,373	356	426	19,591	-
Accounts payable	402,712	402,712	-	-	-
Other payables	126,721	126,721	-	-	-
Dividends payable	298,744	298,744	-	-	-
Lease liabilities	5,912	3,754	1,014	1,144	-
	<u><u>\$ 854,462</u></u>	<u><u>832,287</u></u>	<u><u>1,440</u></u>	<u><u>20,735</u></u>	<u><u>-</u></u>
December 31, 2024					
Non-derivative financial liabilities					
Long-term borrowings	\$ 26,339	384	555	25,400	-
Accounts payable	565,915	565,915	-	-	-
Other payables	200,381	200,381	-	-	-
Lease liabilities	5,563	3,873	865	825	-
Guarantee deposits received	54	-	54	-	-
	<u><u>\$ 798,252</u></u>	<u><u>770,553</u></u>	<u><u>1,474</u></u>	<u><u>26,225</u></u>	<u><u>-</u></u>
December 31, 2024 (after restatement)					
Non-derivative financial liabilities					
Long-term borrowings	\$ 5,328	111	111	5,106	-
Corporate bonds payable	173,300	-	-	173,300	-
Accounts payable	407,531	407,531	-	-	-
Dividends payable	275,394	275,394	-	-	-
Other payables (including related parties)	157,991	157,991	-	-	-
Lease liabilities	6,118	3,731	1,448	939	-
Guarantee deposits received	54	-	54	-	-
	<u><u>\$ 1,025,716</u></u>	<u><u>844,758</u></u>	<u><u>1,613</u></u>	<u><u>179,345</u></u>	<u><u>-</u></u>

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

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 Group's significant 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						
2025.3.31						
	Foreign currency	Exchange rate	NTD	Range of exchange rate changes	Impact on profit and loss	
<u>Financial assets</u>						
<u>Monetary items</u>						
US Dollars	\$	1,674	33.205	55,585	1%	556
<u>Financial liabilities</u>						
<u>Monetary items</u>						
US Dollars	\$	1,681	33.205	55,818	1%	558
2024.12.31						
	Foreign currency	Exchange rate	NTD	Range of exchange rate changes	Impact on profit and loss	
<u>Financial assets</u>						
<u>Monetary items</u>						
US Dollars	\$	2,093	32.785	68,619	1%	686
<u>Financial liabilities</u>						
<u>Monetary items</u>						
US Dollars	\$	2,088	32.785	68,455	1%	685
2024.3.31						
	Foreign currency	Exchange rate	NTD	Range of exchange rate changes	Impact on profit and loss	
<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

Due to the wide variety of foreign currency transactions of the consolidated company, the foreign currency exchange gains (losses) on monetary items are disclosed in a summarized manner. Please refer to Note 6(19) "Other gains and losses" for the foreign

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

currency exchange gains (losses) (including realized and unrealized) from January 1 to March 31, 2025 and 2024.

(XXI) Financial risk management

There was no significant change in the objectives and policies of the consolidated company's financial risk management as disclosed in Note 6(21) to the 2024 consolidated financial statements.

(XXII) Capital management

The consolidated company's capital management objective, policy and procedures are consistent with those disclosed in the 2024 consolidated financial report, and there is no significant change in the aggregated quantitative information of capital management items with those disclosed in the 2023 consolidated financial report. Please refer to Note 6(22) of the 2024 consolidated financial report for relevant information.

(XXIII) Financing activities of non-cash transactions

1. Please refer to Note 6(8) for the consolidated company's acquisition of right-of-use assets by way of leasing from January 1 to March 31, 2025 and 2024.
2. The adjustments to liabilities from financing activities are as follows:

			Non-cash changes		
	2025.1.1	Cash flows	Addition in current period	Others	2025.3.31
Long-term borrowings	\$ 25,000	(5,816)	-	-	19,184
Lease liabilities	5,466	(1,377)	1,680	25	5,794
Guarantee deposits received	54	(54)	-	-	-
Total liabilities from financing activities	\$ 30,520	(7,247)	1,680	25	24,978

			Non-cash changes		
	2024.1.1 (after restatement)	Cash flows	Addition in current period	Others	2024.3.31 (after restatement)
Corporate bonds payable	\$ 264,612	-	-	(96,847)	167,765
Long-term borrowings	-	5,000	-	-	5,000
Other payables - Related parties	15,000	-	-	-	15,000
Lease liabilities	5,189	(1,376)	3,010	(823)	6,000
Guarantee deposits received	223	(169)	-	-	54
Total liabilities from financing activities	\$ 285,024	3,455	3,010	(97,670)	193,819

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

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:

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Controlling party:	
Qisda Corporation (Qisda)	The consolidated company's ultimate controller
Hitron Technologies Inc. (Hitron)	Parent company of the consolidated company
Alpha Networks Inc. (Alpha)	The parent company of Hitron
Other related party:	
Hitron Technologies (Vietnam) Inc. (Hitron Vietnam)	A subsidiary of Hitron
Hitron Technologies (Suzhou Industrial Park) Inc.	A subsidiary of Hitron
Alpha Networks Vietnam Company Limited (Alpha Vietnam)	Subsidiary of Alpha Networks Inc.
Metaage Corporation (Metaage)	A subsidiary of Qisda
Golden Spirit Co., Ltd. (Golden Spirit)	A subsidiary of Qisda
BenQ Asia Pacific Corp. (BenQ Asia Pacific)	A subsidiary of Qisda
Global Intelligence Network Co., Ltd.	Subsidiary of Metaage
Darwin Precision Corporation (Darwin Precision)	A subsidiary of AUO Corporation (corporate director of Qisda)
Affiliated enterprise:	
Fiber Logic Communications, Inc.	Affiliated enterprise of the consolidated company since November 19, 2024

(II) Material transactions with related parties.

1. Operating revenue

	<u>January to March 2025</u>	<u>January to March 2024</u>
Parent company	\$ 8,642	11,033
The parent company of Hitron	5,858	-
Other related party	793	1,692
	<u><u>\$ 15,293</u></u>	<u><u>12,725</u></u>

The consolidated company's selling prices and trading conditions to the

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

above-mentioned related parties are handled in accordance with the general selling conditions.

2. Purchase

	January to March 2025	January to March 2024 (after restatement)
Parent company	\$ 42	-
Other related party	24,965	18,124
	<u>\$ 25,007</u>	<u>18,124</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 and contract liabilities

The consolidated Company's receivables from related parties and contractual liabilities due to the aforementioned projects' operating revenues are as follows:

Accounting entry	Category of related party	2025.3.31	2024.12.31	2024.3.31 (after restatement)
Accounts receivable	Parent company	\$ 6,430	7,701	8,678
	The parent company of Hitron	25,357	25,969	20,475
	Other related party	765	3,596	110
		<u>\$ 32,552</u>	<u>37,266</u>	<u>29,263</u>
Other receivables	Other related party	\$ -	364	-
Contract liabilities - current	Parent company	\$ 142	20	-
	The parent company of Hitron	22,310	28,168	12,610
	Other related party	-	-	2,340
		<u>\$ 22,452</u>	<u>28,188</u>	<u>14,950</u>

4. Payables to related parties

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

Accounting entry	Category of related party	2025.3.31	2024.12.31	2024.3.31 (after restatement)
Accounts payable	Other related party	\$ 21,092	12,472	18,932
	The parent company of Hitron	-	-	3,128
	Affiliated enterprise	-	22,334	-
		<u>\$ 21,092</u>	<u>34,806</u>	<u>22,060</u>

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

5. Property transactions

The consolidated company purchased office equipment from the parent company and other related parties for NT\$400 thousand and NT\$1,674 thousand respectively from January 1 to March 31, 2025 and 2024.

6. Leases

The consolidated company leased offices to the parent company for a rent income of NT\$269 thousand from January 1 to March 31, 2025 and 2024. As of March 31, 2025 and 2024, the rental receipts in advance are both NT\$463 thousand, recognized as other current liabilities.

7. Acquisition of subsidiaries

As stated in Note 6(6) to the financial statements, the consolidated company spent NT\$12,975 thousand to acquire 100% of the equity in Transnet from Enrich Investment Corporation in June 2024, and the amount was paid in full.

8. Loans from related parties

The consolidated company borrowed NT\$15,000 thousand from Enrich Investment Corporation on December 29, 2023 at an interest rate of 1.65%, recognized as other payables to -related parties on March 31, 2024. The consolidated company repaid the loan in Q2 2024. It was recognized as an interest expense for NT\$62 thousand from January 1 to March 31, 2024.

(III) Remuneration to key management personnel

	January to March 2025	January to March 2024
Short-term employee benefits and remuneration	\$ 20,080	19,494
Post-employment benefits	297	297
	<u>\$ 20,377</u>	<u>19,791</u>

VIII. Mortgage and pledge of assets

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

Asset name	Object of the pledge guarantee	2025.3.31	2024.12.31	2024.3.31 (after restatement)
Other non-current assets (fixed bank deposits)	Customer contract's retention amount	\$ -	-	21,000
Refundable deposits (accounted for in other non-current assets)	Customer contract's retention amount	112,373	123,231	93,330
		<u>\$ 112,373</u>	<u>123,231</u>	<u>114,330</u>

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

IX. Material contingent liabilities and unrecognized contractual commitments

	2025.3.31	2024.12.31	2024.3.31 (after restatement)
Guaranteed notes payable from project issuance	\$ 9,412	8,456	16,798
Guarantee letter issued for construction guarantee	\$ 111,151	107,799	71,468

X. Losses due to material disasters: None.

XI. Material events after the reporting period: None.

XII. Others

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

Function Nature	January to March 2025			January to March 2024 (after restatement)		
	Attributable to operating costs	Classified as operating expenses	Total	Attributable to operating costs	Classified as operating expenses	Total
Employee benefit expense						
Salary expenses	21,630	83,391	105,021	17,695	76,845	94,540
Labor and national health insurance expenses	2,246	5,866	8,112	1,786	4,679	6,465
Pension expense	1,122	3,388	4,510	906	3,703	4,609
Other employee benefit expenses	886	2,956	3,842	589	2,336	2,925
Depreciation expense	-	6,671	6,671	-	6,442	6,442
Amortization expense	-	-	-	-	-	-

(II) Seasonality of operation:

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

XIII. Disclosures in Notes

(I) Information on significant transactions:

1. Lending funds to others: None.
2. Providing endorsements or guarantees for others: None.
3. Holdings of securities at the end of the period (excluding the portion held due to investment in a subsidiaries, associates, or interests in a joint ventures): None.

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

4. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital: None.
5. Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital: None.
6. Business relationships and important transactions between the parent company and subsidiaries: None.

Number (Note 1)	Name	Trading counterparty	Relationship with the issuer (Note 2)	Transaction status			
				Title	Amount (Note 3)	Transaction terms and conditions	As a percentage of consolidated total operating revenue or total assets (Note 4)
0	The Company	Hwa Chi Technologies (Shanghai) Inc.	1	Operating revenue	358	Under general terms and conditions	0.09%
0	The Company	Hwa Chi Technologies (Shanghai) Inc.	1	Contract liabilities	1,074	Under general terms and conditions	0.03%

Note 1: The method of entering the serial number is as follows:

1. 0 represents the parent company.

2. Subsidiaries are numbered sequentially starting from 1 according to the company type.

Note 2: The types of relationships with the transaction parties are as follows:

1. Parent company to subsidiary.

2. Subsidiary to parent company.

3. Subsidiary to subsidiary.

Note 3: The above transactions have been written off when preparing the consolidated financial statements.

Note 4: The transaction amount is divided by the consolidated operating revenue or consolidated total assets.

(II) Information on the reinvestment business:

Unit: NTD Thousand/Thousand shares

Name of Investing Company	Name of investee company	Location	Main business items	Initial investment amount		Holding at end of period			Investee profit or loss for the period	Investment gains and losses recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio	Carrying amount			
The Company	Transnet	Taiwan	Integrated supply of network communication products, system services, and import and export of network equipment	36,236	36,236	4,000	80.00%	47,350	614	491	Parent and subsidiary
The Company	Fiber Logic	Taiwan	Production and sales of wideband communication equipment and service routers	96,930	96,930	1,350	6.00%	95,201	(14,884)	(1,183)	Affiliated enterprise

The transactions between the consolidated company listed above have been written off when the consolidated financial statements were prepared.

Interactive Digital Technologies Inc. and Subsidiaries
Notes to Consolidated Financial Report (continued)

(III) Information on investments in Mainland China:

1. Information on re-investments in Mainland China:

Unit: NTD thousand/Foreign currency thousand

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	Withdrawal						
Hwa Chi Technologies (Shanghai) Inc.	Technical consultation, technical research, maintenance and after-sales service of electronic communication products	USD100	Direct investment	8,854	-	-	8,854	1,030	100.00 %	1,030	10,621	21,654

2. Limits on investment in Mainland China:

Unit: NTD thousand/Foreign currency thousand

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	1,064,818

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

For the consolidated company's significant transactions with investees in China from January 1 to March 31, 2025 (which have been written off when preparing the consolidated financial statements), please refer to the description of "Business Relations and Significant Transactions Between the Parent Company and Subsidiaries" in the "consolidated financial statements.

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, 2025 and 2024 is consistent with the information in the consolidated financial statements.