

**Interactive Digital Technologies Inc.
and Subsidiaries**

Consolidated Financial Statements

With Independent Auditors' Review Report

For the Six Months Ended June 30, 2025 and 2024

Address: No. 38-1, Wugong 5th Road, Wugu District, New Taipei City, aiwan(R.O.C)
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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' 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 its subsidiaries for the three months ended June 30, 2025 and the consolidated statement of comprehensive income for the three months ended in June 30, 2024, and the six months ended June 30, 2025, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the six months ended June 30, 2025, as well as June 30, 2024 and the notes to the financial statements, 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 ours 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 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 enable 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 review results, the above consolidated financial statements, in all material aspects, were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 — Interim Financial Reporting, and are a fair representation of the consolidated financial situation of Interactive Digital Technologies Inc. and its subsidiaries as of June 30, 2025 as well as financial performances for the three months ended June 30, 2025 and for the six months ended June 30, 2025, and consolidated cash flow for the six months ended June 30, 2024.

KPMG Taiwan

Certified Public
Accountant:

Huang, Ming-Hung

Chang, Huei-Chen

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

July 24, 2025

Interactive Digital Technologies Inc. and Subsidiaries

Consolidated Balance Sheet

June 30, 2025, December 31, 2024, and June 30, 2024

Unit: NTD thousand

Assets		2025.6.30		2024.12.31		2024.6.30			Liabilities and equity		2025.6.30		2024.12.31		2024.6.30		
		Amount	%	Amount	%	Amount	%				Amount	%	Amount	%	Amount	%	
Current assets:									Current liabilities:								
1100	Cash and cash equivalents (Note 6(1))	\$	1,049,282	32	1,041,129	30	983,172	31	2130	Current contract liabilities (Notes 6 (16) and 7)	\$	342,233	11	479,505	14	279,930	9
1170	Notes and accounts receivable, net (Note 6 (2) and (16))		303,463	9	644,914	19	469,349	15	2170	Notes and accounts payable		455,822	14	531,109	15	408,306	13
1180	Accounts receivable - related parties, net (Note 6 (2), (16) and 7)		30,724	1	37,266	1	21,050	1	2180	Accounts payable - Related parties (Note 7)		27,107	1	34,806	1	20,911	1
									2200	Other payables (Note 6 (17))		147,315	5	200,381	6	153,417	5
1200	Other receivables (Note 7)		5,095	-	2,452	-	998	-	2216	Dividends payable (Note 6 (14))		298,744	9	-	-	275,394	9
130X	Inventories, net (Note 6 (3))		823,893	26	701,212	20	753,063	24	2230	Current income tax liabilities		37,454	1	65,051	2	63,858	2
1410	Prepayments and other current assets		14,822	1	8,155	-	13,217	-	2250	Provision - current (Note 6(11))		37,366	1	34,628	1	42,073	1
	Total current assets		2,227,279	69	2,435,128	70	2,240,849	71	2280	Lease liabilities - current (Note 6(10))		4,439	-	3,812	-	5,180	-
Non-current assets:									2300	Other current liabilities (Note 7)		5,003	-	1,713	-	2,693	-
										Total of current liabilities		1,355,483	42	1,351,005	39	1,251,762	40
1550	Investments accounted for using the equity method (Note 6 (4))		91,518	3	95,818	3	-	-	2530	Non-current liabilities:							
1600	Property, plant and equipment (Note 6(6) and 7)		752,737	23	759,066	22	766,338	24	2540	Corporate bonds payable (Note 6(8))		-	-	-	-	130,701	4
1755	Right-of-use assets (Note 6(7))		13,661	-	5,421	-	7,899	-	2550	Long-term borrowings (Note 6(9))		-	-	25,000	1	25,000	1
1840	Deferred income tax assets		15,143	1	15,143	1	23,612	1	2570	Provision - non-current (Note 6(11))		28,873	1	45,541	1	36,680	1
1990	Other non-current assets (Note 8)		129,567	4	144,131	4	137,362	4	2580	Deferred income tax liabilities		120	-	120	-	409	-
	Total non-current assets		1,002,626	31	1,019,579	30	935,211	29	2600	Lease liabilities - non-current (Note 6(10))		9,281	-	1,654	-	2,754	-
										Other non-current liabilities		-	-	54	-	54	-
										Total non-current liabilities		38,274	1	72,369	2	195,598	6
										Total liabilities		1,393,757	43	1,423,374	41	1,447,360	46
									Equity attributable to owners of the parent company (Note 6(8) and (14)):								
									3100	Share capital							
									3110	Ordinary share capital		508,933	16	508,933	15	476,857	15
									3140	Capital received in advance		-	-	-	-	6,860	-
									3200	Capital surplus		927,599	29	967,454	28	860,344	27
									3300	Retained earnings		388,340	12	543,526	16	385,001	12
									3400	Other equity		(1,220)	-	(294)	-	(362)	-
										Total equity attributable to owners of the parent company		1,823,652	57	2,019,619	59	1,728,700	54
									36XX	Non-controlling interest		12,496	-	11,714	-	-	-
										Total equity		1,836,148	57	2,031,333	59	1,728,700	54
	Total assets	\$	3,229,905	100	3,454,707	100	3,176,060	100		Total liabilities and equity	\$	3,229,905	100	3,454,707	100	3,176,060	100

(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 Comprehensive Income
April 1 to June 30, 2025 and 2024 and January 1 to June 30, 2025 and 2024

Unit: NTD thousand

		April to June 2025		April to June 2024		January to June 2025		January to June 2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Note 6 (16) and 7)	\$ 486,626	100	640,966	100	900,573	100	1,074,846	100
5000	Operating cost (Notes 6 (3), (11), (12), 7 and 12)	(317,779)	(65)	(441,392)	(69)	(552,485)	(61)	(696,146)	(65)
	Gross operating profit	168,847	35	199,574	31	348,088	39	378,700	35
	Operating expenses (Notes 6 (6), (7), (10), (12), (17), 7, and 12):								
6100	Sales expenses	(74,362)	(15)	(71,345)	(11)	(152,019)	(17)	(135,404)	(12)
6200	Administrative expenses	(41,028)	(9)	(48,836)	(8)	(81,312)	(9)	(94,853)	(9)
	Total operating expenses	(115,390)	(24)	(120,181)	(19)	(233,331)	(26)	(230,257)	(21)
	Operating profit	53,457	11	79,393	12	114,757	13	148,443	14
	Non-operating income and expenses (Note 6 (4), (10), (18) and 7):								
7100	Interest income	5,128	1	4,519	1	9,644	1	7,702	1
7010	Other income	1,502	-	1,178	-	2,432	-	5,485	-
7020	Other gains and losses	1,534	-	(1,624)	-	1,322	-	(2,741)	-
7050	Financial cost	(169)	-	(904)	-	(222)	-	(2,149)	-
7375	Share of loss of affiliated companies accounted for using the equity method	(2,627)	-	-	-	(3,810)	-	-	-
	Total non-operating income and expenses	5,368	1	3,169	1	9,366	1	8,297	1
	Profit before tax	58,825	12	82,562	13	124,123	14	156,740	15
7950	Income tax expenses (Note 6 (13))	(8,377)	(2)	(16,311)	(3)	(20,498)	(2)	(32,264)	(3)
	Profit for the period	50,448	10	66,251	10	103,625	12	124,476	12
	Other comprehensive income (Note 6 (14)):								
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences on translation	(1,127)	-	87	-	(926)	-	372	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Other comprehensive income for the period	(1,127)	-	87	-	(926)	-	372	-
	Total comprehensive income for the period	<u>\$ 49,321</u>	<u>10</u>	<u>66,338</u>	<u>10</u>	<u>102,699</u>	<u>12</u>	<u>124,848</u>	<u>12</u>
	Current profit attributable to:								
8610	Owners of parent	\$ 49,789	10	64,770	10	102,843	12	128,240	12
8615	Equity of previous party under common control	-	-	1,481	-	-	-	(3,764)	-
	Non-controlling interest	659	-	-	-	782	-	-	-
		<u>\$ 50,448</u>	<u>10</u>	<u>66,251</u>	<u>10</u>	<u>103,625</u>	<u>12</u>	<u>124,476</u>	<u>12</u>
	Total comprehensive income attributable to:								
8710	Owners of parent	\$ 48,662	10	64,857	10	101,917	12	128,612	12
8715	Equity of previous party under common control	-	-	1,481	-	-	-	(3,764)	-
	Non-controlling interest	659	-	-	-	782	-	-	-
		<u>\$ 49,321</u>	<u>10</u>	<u>66,338</u>	<u>10</u>	<u>102,699</u>	<u>12</u>	<u>124,848</u>	<u>12</u>
	Earnings per share (Unit: NTD, Note 6 (15))								
9750	Basic earnings per share	<u>\$ 0.98</u>		<u>1.35</u>		<u>2.02</u>		<u>2.71</u>	
9850	Diluted earnings per share	<u>\$ 0.98</u>		<u>1.28</u>		<u>2.01</u>		<u>2.54</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 June 30, 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		Capital surplus	Retained earnings			Exchange differences on translation	Total equity attributable to owners of parent				
	Ordinary Share Capital	Capital received in advance		Legal reserve	Special reserves	Undistributed Earnings			Total			
Balance as of January 1, 2024	\$ 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	-	-	-	-	-	128,240	128,240	-	128,240	(3,764)	-	124,476
Other comprehensive income for the period	-	-	-	-	-	-	-	372	372	-	-	372
Total comprehensive income for the period	-	-	-	-	-	128,240	128,240	372	128,612	(3,764)	-	124,848
Appropriation and distribution of retained earnings:												
Appropriation of legal reserve	-	-	-	26,176	-	(26,176)	-	-	-	-	-	-
Provision of special reserve	-	-	-	-	245	(245)	-	-	-	-	-	-
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	45,484	(45,484)	-	-	-	-	-	-	-	-	-	-
Conversion of convertible bonds to ordinary shares	-	24,726	111,025	-	-	-	-	-	135,751	-	-	135,751
Equity of previous party under common control	-	-	-	-	-	-	-	-	-	(12,975)	-	(12,975)
Balance as of June 30, 2024	\$ 476,857	6,860	860,344	251,523	734	132,744	385,001	(362)	1,728,700	-	-	1,728,700
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	-	-	-	-	-	102,843	102,843	-	102,843	-	782	103,625
Other comprehensive income for the period	-	-	-	-	-	-	-	(926)	(926)	-	-	(926)
Total comprehensive income for the period	-	-	-	-	-	102,843	102,843	(926)	101,917	-	782	102,699
Appropriation and distribution of retained earnings:												
Appropriation of legal reserve	-	-	-	28,677	-	(28,677)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(440)	440	-	-	-	-	-	-
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	-	-	860	-	-	-	-	-	860	-	-	860
Balance as of June 30, 2025	\$ 508,933	-	927,599	280,200	294	107,846	388,340	(1,220)	1,823,652	-	12,496	1,836,148

(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 June 30, 2025 and 2024

Unit: NTD thousand

	January to June 2025	January to June 2024
Cash flow from (used in) operating activities:		
Profit before tax for the period	\$ 124,123	156,740
Adjustments:		
Income and expenses		
Depreciation expense	13,541	13,211
Net loss on financial instruments at fair value through profit or loss	-	45
Interest expense	222	2,149
Interest income	(9,644)	(7,702)
Share of loss of affiliated companies accounted for using the equity method	3,810	-
Losses (gains) from the disposal and scrapping of property, plant and equipment	(47)	575
Gain on lease modification	(3)	(5)
Total income and expense	7,879	8,273
Changes in operating assets/liabilities:		
Net changes in assets related to operating activities:		
Notes and accounts receivable	341,451	145,104
Accounts receivable - related parties	6,542	7,420
Other receivables	(723)	(96)
Inventory	(122,681)	(147,167)
Prepayments and other current assets	(6,667)	(7,776)
Total net changes in assets related to operating activities	217,922	(2,515)
Net changes in liabilities related to operating activities:		
Contract liabilities	(137,272)	(9,408)
Notes and accounts payable	(75,287)	46,964
Accounts payable - related parties	(7,699)	11,096
Other payables	(53,062)	(53,139)
Provision	(13,930)	(25,276)
Other current liabilities	3,290	(16,948)
Total net changes in liabilities related to operating activities	(283,960)	(46,711)
Total net changes in assets and liabilities related to operating activities	(66,038)	(49,226)
Total adjustment items	(58,159)	(40,953)
Cash inflow from operations	65,964	115,787
Interest received	9,074	7,645
Interest paid	(143)	(239)
Income tax paid	(48,095)	(38,214)
Net cash inflows from operating activities	26,800	84,979

(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 June 30, 2025 and 2024

Unit: NTD thousand

	January to June 2025	January to June 2024
Cash flow from (used in) investing activities:		
Disposal of financial assets measured at amortized cost	-	41,558
Acquisition of property, plant and equipment	(4,321)	(7,039)
Proceeds from the disposal of property, plant and equipment	47	-
Decrease (increase) in refundable deposits	16,023	(31,356)
Increase in prepayment for equipment	(1,459)	-
Net cash inflows from investing activities	10,290	3,163
Cash flows from (used in) financing activities:		
Borrowing of long-term loans	-	25,000
Repayment of long-term borrowings	(25,000)	-
Other payables - decreased loan to related parties	-	(15,000)
Lease principal repayment	(2,885)	(2,834)
Interest paid on leases	(83)	(57)
Decrease in guarantee deposits received	(54)	(169)
Acquisition of shares of subsidiaries	-	(12,975)
Net cash outflows from (used in) financing activities	(28,022)	(6,035)
Effect of exchange rate changes on cash and cash equivalents	(915)	366
Increase in cash and cash equivalents in the current period	8,153	82,473
Opening balance of cash and cash equivalents	1,041,129	900,699
Closing balance of cash and cash equivalents	\$ 1,049,282	983,172

(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 Report
For the Six months ended June 30, 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, 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 report was approved by the Board of Directors on July 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 Group has assessed that the application of the following newly amended IFRSs effective from January 1, 2026 will not cause significant impact on the consolidated financial statements.

- 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:

New or amended standards	Major amendments	Effective date of IASB's announcement
IFRS 18 "Presentation and Disclosure in Financial Statements"	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.	January 1, 2027
IFRS 18 "Presentation and Disclosure in Financial Statements"	<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 introduce a definition for management performance measures, requiring companies to provide a single note in their financial statements explaining each measure, detailing why it provides useful information, how it is calculated, and how the measure reconciles with 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. 	January 1, 2027

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 amended standards that have not Others 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"
- IFRS No. 17 "Insurance Contract", and amendments to IFRS No. 17
- FRS 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 statements

Subsidiaries included in the consolidated financial statements include:

Name of Investing Company	Name of subsidiary	Nature of business	Consolidated shareholding percentage			
			2025.6.30	2024.12.31	2024.6.30	Note
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%	100.00%	Note 1:

Note 1: As stated in Note 6 (5), The Company acquired 100% equity of Transnet Co., Ltd., a subsidiary of Enrich Investment Corporation, in June 2024. The above transaction was an organizational reorganization under common control and shall be deemed to have been consolidated from the beginning. The Group shall prepare the consolidated financial report for period of the six months since January 1 to June 30, 2024 accordingly. In Q3 of 2024, Transnet conducted a cash capital increase. However, the Company did not subscribe to the increase 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 statements: None.

(III) Income tax

The consolidated company measured and disclosed the interim income tax expense in accordance with IAS 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 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.

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>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Cash on hand	\$ 450	450	450
Demand deposits and checking deposits	118,569	154,453	214,782
Time deposits within three months from original maturity date	930,263	886,226	767,940
	<u>\$ 1,049,282</u>	<u>1,041,129</u>	<u>983,172</u>

(II) Notes and accounts receivable

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Notes and accounts receivable	\$ 303,463	644,914	469,349
Accounts receivable - related parties	30,724	37,266	21,050
	<u>\$ 334,187</u>	<u>682,180</u>	<u>490,399</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:

2025.6.30			
	Carrying amounts of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses during the duration
Not overdue	\$ 302,517	0%	-
Overdue within 30 days	29,235	0%	-
Overdue 31 to 90 days	2,407	0%	-
Overdue 91 to 180 days	28	0%	-
Overdue for more than 181 days	-	100%	-
	<u>\$ 334,187</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 31 to 90 days	28,176	0%	-
Overdue for more than 181 days	-	100%	-
	<u>\$ 682,180</u>		<u>-</u>
2024.6.30			
	Carrying amounts of notes and accounts receivable	Weighted average rate of expected credit losses	Allowance for expected credit losses during the duration
Not overdue	\$ 398,309	0%	-
Overdue within 30 days	89,313	0%	-
Overdue 31 to 90 days	1,239	0%	-
Overdue 91 to 180 days	1,538	0%	-
Overdue for more than 181 days	-	100%	-
	<u>\$ 490,399</u>		<u>-</u>

(III) Inventory

	2025.6.30	2024.12.31	2024.6.30
Merchandise inventory	\$ 181,537	59,954	134,328
Consigned goods	262,816	200,269	251,529
Project inventory	379,540	440,989	367,206
	<u>\$ 823,893</u>	<u>701,212</u>	<u>753,063</u>

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:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Cost of sold inventories	\$ 273,045	408,168	470,558	627,901
Inventory valuation losses (reversal gains)	1,109	994	311	(3,505)
Labor and warranty cost	43,625	32,230	81,616	71,750
	<u>\$ 317,779</u>	<u>441,392</u>	<u>552,485</u>	<u>696,146</u>

The above mentioned allowance for decline in value of inventories is recognized when the net realizable value of inventories is offset against the decline in value of inventories to the net realizable value recognized as loss on decline in inventory of net realizable value.

(IV) 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	2025.6.30		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>\$ 91,518</u>	6.00%	<u>95,818</u>

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

For the period of three months and six month from April 1 to June 30 and January 1 to June 30, 2025, the Group entitled the share of the affiliate's net loss was NT\$2,627 thousand and NT\$3,810 thousand, respectively.

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

Summary financial information of the smart grid:

	2025.6.30	2024.12.31
Current assets	\$ 467,225	547,560
Non-current assets	474,850	486,845
Current liabilities	(107,797)	(120,480)
Non-current liabilities	(18,911)	(13,618)
Net asset	\$ 815,367	900,307
	April to June 2025	January to June 2025
Operating revenue	\$ 30,096	68,932
Net loss for the period	\$ (54,760)	(69,644)
Other comprehensive income for the period	-	-
Total comprehensive income for the current period	\$ (54,760)	(69,644)
		January to June 2025
The book value of the Group's equity in the affiliated enterprise at the beginning of the period	\$	95,818
Net loss attributable to the consolidated company in the current period		(3,810)
Capital reserve attributable to the consolidated company in the current period		860
Dividends receivable from affiliates for the period		(1,350)
The book value of the Group's equity in the affiliated enterprise at the end of the period		91,518
Less: Goodwill and others		(63,590)
The Group's share of the net assets of the affiliates at the end of the period		\$ 27,928

(V) Subsidiaries

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

The Company acquired 100% equity of Transnet Co., Ltd., a subsidiary of Enrich Investment Corporation, in June 2024 for NTD 12,975 thousand in cash. 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:

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. Changes in all equity in subsidiaries that do not result in loss of control

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

(VI) Property, plant and equipment

		Land	Buildings and structures	Machinery and equipment	Others	Total
Cost:						
Balance on January 1, 2025	\$	641,026	155,226	20,318	32,528	849,098
Addition		-	251	-	4,070	4,321
Disposal		-	(163)	-	(2,745)	(2,908)
Effect of exchange rate changes		-	-	(82)	(11)	(93)
Balance on June 30, 2025	\$	641,026	155,314	20,236	33,842	850,418
Balance on January 1, 2024	\$	641,026	153,861	18,649	31,570	845,106
Addition		-	2,202	1,167	3,670	7,039
Disposal		-	-	-	(1,548)	(1,548)
Reclassified to inventories		-	-	(155)	-	(155)
Effect of exchange rate changes		-	-	26	3	29
Balance on June 30, 2024	\$	641,026	156,063	19,687	33,695	850,471
Accumulated depreciation and impairment loss:						
Balance on January 1, 2025	\$	8,984	54,632	9,930	16,486	90,032
Depreciation		-	4,919	2,150	3,570	10,639
Disposal		-	(163)	-	(2,745)	(2,908)
Effect of exchange rate changes		-	-	(72)	(10)	(82)
Balance on June 30, 2025	\$	8,984	59,388	12,008	17,301	97,681
Balance on January 1, 2024	\$	8,984	47,079	5,778	12,927	74,768
Depreciation		-	4,823	2,049	3,495	10,367
Disposal		-	-	-	(973)	(973)
Reclassified to inventories		-	-	(52)	-	(52)
Effect of exchange rate changes		-	-	20	3	23
Balance on June 30, 2024	\$	8,984	51,902	7,795	15,452	84,133
Book value:						
January 1, 2025	\$	632,042	100,594	10,388	16,042	759,066
June 30, 2025	\$	632,042	95,926	8,228	16,541	752,737
June 30, 2024	\$	632,042	104,161	11,892	18,243	766,338

(VII) Right-of-use assets

	Buildings and structures	Transportation equipment	Office equipment	Total
Cost:				
Balance on January 1, 2025	\$ 6,859	10,452	224	17,535
Addition	9,092	2,289	-	11,381
Disposal	(3,820)	(5,393)	-	(9,213)
Balance on June 30, 2025	<u>\$ 12,131</u>	<u>7,348</u>	<u>224</u>	<u>19,703</u>
Balance on January 1, 2024	\$ 5,708	8,192	224	14,124
Addition	4,131	2,293	-	6,424
Disposal	(2,980)	-	-	(2,980)
Balance on June 30, 2024	<u>\$ 6,859</u>	<u>10,485</u>	<u>224</u>	<u>17,568</u>
Accumulated depreciation:				
Balance on January 1, 2025	\$ 4,291	7,639	184	12,114
Provision of depreciation	1,575	1,287	40	2,902
Disposal	(3,581)	(5,393)	-	(8,974)
Balance on June 30, 2025	<u>\$ 2,285</u>	<u>3,533</u>	<u>224</u>	<u>6,042</u>
Balance on January 1, 2024	\$ 3,548	5,312	105	8,965
Provision of depreciation	1,384	1,420	40	2,844
Disposal	(2,140)	-	-	(2,140)
Balance on June 30, 2024	<u>\$ 2,792</u>	<u>6,732</u>	<u>145</u>	<u>9,669</u>
Book value:				
January 1, 2025	<u>\$ 2,568</u>	<u>2,813</u>	<u>40</u>	<u>5,421</u>
June 30, 2025	<u>\$ 9,846</u>	<u>3,815</u>	<u>-</u>	<u>13,661</u>
June 30, 2024	<u>\$ 4,067</u>	<u>3,753</u>	<u>79</u>	<u>7,899</u>

(VIII) Corporate bonds payable

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Total amount of convertible bonds issued	\$ -	600,000	600,000
Unamortized balance of corporate bond discount payable	-	-	(3,699)
Cumulative converted amount	-	(600,000)	(465,600)
Balance of corporate bonds payable at the end of period	<u>\$ -</u>	<u>-</u>	<u>130,701</u>
Equity component - conversion option (presented in capital reserves - share options)	<u>\$ -</u>	<u>-</u>	<u>14,251</u>

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%. 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. 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 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 execution of conversion

The conversion price per share was initially set at NTD 60.7. Starting from July 23, 2023, the conversion price was adjusted to NTD 56.7, and starting from July 23, 2024, the conversion price was further adjusted to NTD 53.3. As of December 31 and June 30, 2024, the accumulated ordinary shares converted into were 10,640 thousand shares and 8,119 thousand shares, respectively.

(IX) Long-term loans

	2025.6.30	2024.12.31	2024.6.30
Unsecured bank borrowings	\$ -	25,000	25,000
Unused long and short term credit limit	\$ 1,211,857	1,172,291	958,543
Interest rate range	-	0.50% - 2.22%	0.50%
Year to maturity	-	118	118

(X) Lease liabilities

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

	2025.6.30	2024.12.31	2024.6.30
Current	\$ 4,439	3,812	5,180
Non-current	\$ 9,281	1,654	2,754

Please refer to Note 6(19) for maturity analysis.

The amounts recognized in profit or loss are as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Interest expense of lease liabilities	\$ 57	35	83	57
Expenses of short-term leases	\$ 1,245	1,002	2,571	1,938

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

	January to June 2025	January to June 2024
Total cash outflow for leases	\$ 5,539	4,829

1. Lease of buildings

The Group 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 five 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.

(XI) Liabilities reserve - product warranty reserve

	January to June 2025	January to June 2024
Opening balance	\$ 80,169	104,029
Addition in current period	5,298	11,890
Used in current period	(6,419)	(18,530)
Reversal in current period	(12,809)	(18,636)
Closing balance	<u><u>\$ 66,239</u></u>	<u><u>78,753</u></u>
	2025.6.30	2024.12.31
Current	<u><u>\$ 37,366</u></u>	<u><u>34,628</u></u>
Non-current	<u><u>\$ 28,873</u></u>	<u><u>45,541</u></u>
	2024.6.30	2024.6.30
	<u><u>42,073</u></u>	<u><u>36,680</u></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.

(XII) Employee benefits

1. Defined appropriation for retirement

The defined contribution retirement plan of the Company and its domestic subsidiaries is in accordance with the Labor Pension Act. An amount equivalent to 6% of each employee's monthly wage is appropriated to the individual labor pension account 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. For the three months ended June 30, 2025 and 2024, and the six months ended June 30, 2025 and 2024, the pension expenses under the defined contribution plan of the Group were NT\$4,768 thousand, NT\$4,566 thousand, NT\$9,497 thousand, and NT\$9,135 thousand, and six months respectively, and were allocated to the Bureau of Labor Insurance.

- For the three months ended June 30, 2025 and 2024 and six months ended June 30, 2025 and 2024, the Company's subsidiary in China, Hua Chi Communication, in accordance with the local government's retirement plan, made pension contributions of NT\$41 thousand, NT\$41 thousand, NT\$83 thousand, and NT\$81 thousand, respectively, according to the local employees' salaries.

(XIII) Income tax

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

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Current income tax expense	\$ 8,377	16,311	20,498	32,264

- The Group has no income tax directly recognized in equity or other comprehensive income from January 1 to June 30, 2025 and 2024.
- The income tax returns of the Company and Transnet's profit-seeking enterprise income tax was assessed by the tax authorities up to 2023.

(XIV) Capital and other equity

Except for the following, there were no significant changes in the share capital and other equities June the Group from January 1 to June 30, 2025 and 2024. For relevant information, please refer to Note 6 (15) to the 2024 Consolidated Financial Report.

- Common stock capital

On June 30, 2025, December 31 and June 30, 2024, the Company's total authorized capital was NT\$800,000 thousand, with a face value of NT\$10 per share, divided into 80,000 thousand shares with 8,000 thousand shares reserved for the subscription of share options. The total number of issued shares are 50,893 thousand shares, 50,893 thousand shares and 47,686 thousand shares, respectively. All of them are common shares.

As a result of the convertible corporate bond holders' exercise of their conversion right from January 1 to June 30, 2024, the Company issued 4,548 thousand new shares at a par value of NT\$10, for a total amount of NT\$45,484 thousand. The statutory registration procedures have been completed.

June 30 June 30, 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\$6,860 thousand.

2. Capital surplus

The balance of capital reserves is as follows:

	2025.6.30	2024.12.31	2024.6.30
Issued stock premium	\$ 907,773	948,488	828,396
Stock options	-	-	14,251
Recognizing changes in ownership equity in subsidiaries	1,269	1,269	-
Changes in affiliates recognized using the equity method	860	-	-
Others	17,697	17,697	17,697
	<u>\$ 927,599</u>	<u>967,454</u>	<u>860,344</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 earning 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.

On February 25, 2025 and February 23, 2024, the Board of Directors resolved the amounts of the distribution of cash dividends for 2024 and 2023, respectively; on May 23, 2025 and May 28, 2024, the shareholders resolved other earnings distributable for 2024 and 2023. The related distribution amounts are as follows:

	2024		2023	
	Dividends per share (NTD)	Amount	Dividends per share (NTD)	Amount
Legal reserve		<u>\$ 28,677</u>		<u>26,176</u>
Special reserve appropriated (reversed)		<u>\$ (440)</u>		<u>245</u>
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
	<u>\$ 5.87</u>	<u>298,744</u>	<u>6.0</u>	<u>275,394</u>

6. Other equity (net amount after tax)

Exchange differences on translation

	January to June 2025	January to June 2024
Opening balance	\$ (294)	(734)
Exchange differences arising from the translation of net assets of foreign operations	(926)	372
Closing balance	<u>\$ (1,220)</u>	<u>(362)</u>

(XV) Earnings per share

1. Basic earnings per share

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Net profit attributable to the Company's ordinary share holders	\$ 49,789	64,770	102,843	128,240
Weighted average number of outstanding ordinary shares (thousand shares)	50,893	47,902	50,893	47,329
Basic earnings per share (NTD)	\$ 0.98	1.35	2.02	2.71

2. Diluted earnings per share

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Net profit attributable to the Company's ordinary share holders (basic)	\$ 49,789	64,770	102,843	128,240
Interest expense and valuation profit or loss of convertible corporate bonds	-	641	-	1,516
Net profit attributable to the Company's ordinary share holders (diluted)	\$ 49,789	65,411	102,843	129,756
Weighted average number of outstanding ordinary shares (basic) (thousand shares)	50,893	47,902	50,893	47,329
Effect of potential dilutive ordinary shares (thousand shares):				
Effects of remuneration to employees	170	188	313	325
Effect of conversion of convertible corporate bonds	-	2,825	-	3,431
Weighted average number of ordinary shares outstanding (diluted) (thousand shares)	51,063	50,915	51,206	51,085
Diluted earnings per share (NTD)	\$ 0.98	1.28	2.01	2.54

(XVI) Revenue from customer contracts

1. Breakdown of revenue

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Main product/service lines:				
Revenues from sales of system integration projects	\$ 377,181	558,794	689,135	884,452
Service revenue	109,445	82,172	211,438	190,394
	<u>\$ 486,626</u>	<u>640,966</u>	<u>900,573</u>	<u>1,074,846</u>
Timing of revenue recognition:				
At a certain point in time	\$ 479,351	633,132	881,976	1,055,688
Recognized progressively over time	7,275	7,834	18,597	19,158
	<u>\$ 486,626</u>	<u>640,966</u>	<u>900,573</u>	<u>1,074,846</u>

2. Contract balance

	2025.6.30	2024.12.31	2024.6.30
Notes and accounts receivable	<u>\$ 334,187</u>	<u>682,180</u>	<u>490,399</u>
Contract liabilities - current	<u>\$ 342,233</u>	<u>479,505</u>	<u>279,930</u>

Please refer to Note 6 (2) 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 June 30, 2025 and 2024 at the amounts of NT\$213,403 thousand and NT\$223,598 thousand, respectively.

(XVII) Remuneration to employees and directors

According to the Articles of Incorporation, if the Company realizes a profit, 5% to 20% shall be allocated as employee remuneration and no more than 1% as directors' remuneration; however, if the Company has accumulated losses, the amount to cover such losses shall be set aside first. In addition, pursuant to the amendment to the Articles of Incorporation resolved by the Shareholders' meeting on May 23, 2025, the remuneration allocated to non-executive employees shall not be less than 10% of the total employee remuneration mentioned in the preceding paragraph. The employees subject to remuneration in the first paragraph distributed in shares or in cash, may be the employees of the subordinate companies who meet certain criteria.

For the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, the estimated amounts of employees' remuneration were NT\$6,510 thousand, NT\$9,080 thousand, NT\$13,800 thousand, and NT\$17,970 thousand, respectively; the estimated amounts of directors' remuneration were NT\$489 thousand, NT\$681 thousand, NT\$1,035 thousand, and NT\$1,348 thousand, respectively. These amounts were estimated on the basis of multiplying the net profit before tax of the Company for each period by the distribution ratio of remuneration to employees and director before deducting 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.

(XVIII) Non-operating income and expenses

1. Interest revenue

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Interest on bank deposits	\$ 5,128	4,519	9,644	7,702

2. Other income

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Rental income	\$ 411	278	804	883
Government grant income	102	78	107	2,922
Other income	989	822	1,521	1,680
	<u>\$ 1,502</u>	<u>1,178</u>	<u>2,432</u>	<u>5,485</u>

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

3. Other gains and losses

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Gain (loss) on foreign currency exchange	\$ 1,499	(1,621)	1,272	(2,126)
Net gain (loss) on financial instruments at fair value through profit or loss	-	(18)	-	(45)
Gains (losses) from the disposal of property, plant and equipment	32	-	47	(575)
Gain on lease modification	3		3	5
Other gains and losses	-	15	-	-
	\$ 1,534	(1,624)	1,322	(2,741)

4. Financial costs

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Bank borrowing interest expense	\$ 112	101	139	140
Interest expense of corporate bonds payable	-	728	-	1,850
Interest expense of lease liabilities	57	35	83	57
Interest expense on borrowings from related parties	-	40	-	102
	\$ 169	904	222	2,149

(XIX) Financial instruments

1. Types of financial instruments

(1) Financial assets

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Financial assets measured at amortized cost:			
Cash and cash equivalents	1,049,282	1,041,129	983,172
Notes and accounts receivable (including related party)	334,187	682,180	490,399
Other receivables (including related parties)	5,095	2,452	998
Refundable deposits (accounted for in other non-current assets)	127,253	143,276	136,591
	<u>\$ 1,515,817</u>	<u>1,869,037</u>	<u>1,611,160</u>

(2) Financial liabilities

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Corporate bonds payable	\$ -	-	130,701
Long-term borrowings	-	25,000	25,000
Notes and accounts payable (including related parties)	482,929	565,915	429,217
Other payables (including related parties)	147,315	200,381	153,417
Dividends payable	298,744	-	275,394
Lease liabilities (including current and non-current)	13,720	5,466	7,934
Guarantee deposits received (recognized in other non-current liabilities)	-	54	54
	<u>\$ 942,708</u>	<u>796,816</u>	<u>1,021,717</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.

They can be classified 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).

(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 June 30, 2025 and 2024, no financial assets and liabilities transferred between the fair value levels.

(5) Details of changes in level 3

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

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

	Contractual cash flow	Within 1 year	1-2 years	2-5 years	Over 5 years
June 30, 2025					
Non-derivative financial liabilities					
Accounts payable	\$ 482,929	482,929	-	-	-
Other payables	147,315	147,315	-	-	-
Dividends payable	298,744	298,744	-	-	-
Lease liabilities	14,263	4,665	3,134	6,464	-
	\$ 943,251	933,653	3,134	6,464	-
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	-	-
	\$ 798,252	770,553	1,474	26,225	-
June 30, 2024					
Non-derivative financial liabilities					
Corporate bonds payable	\$ 134,400	-	134,400	-	-
Long-term borrowings	25,458	125	125	25,208	-
Accounts payable	429,217	429,217	-	-	-
Other payables	153,417	153,417	-	-	-
Dividends payable	275,394	275,394	-	-	-
Lease liabilities	8,076	5,271	1,949	856	-
Guarantee deposits received	54	-	54	-	-
	\$ 1,026,016	863,424	136,528	26,064	-

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:

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

Amount: NTD Thousand

2025.6.30					
	Foreign currency	Exchange rate	NTD	Range of exchange rate changes	Impact on profit and loss
<u>Financial</u> <u>assets</u>					
<u>Monetary</u> <u>items</u>					
US Dollars \$	2,968	29.30	86,962	1%	870
<u>Financial</u> <u>liabilities</u>					
<u>Monetary</u> <u>items</u>					
US Dollars \$	2,985	29.30	87,461	1%	875
2024.12.31					
	Foreign currency	Exchange rate	NTD	Range of exchange rate changes	Impact on profit and loss
<u>Financial</u> <u>assets</u>					
<u>Monetary</u> <u>items</u>					
US Dollars \$	2,093	32.785	68,619	1%	686
<u>Financial</u> <u>liabilities</u>					
<u>Monetary</u> <u>items</u>					
US Dollars \$	2,088	32.785	68,455	1%	685
2024.6.30					
	Foreign currency	Exchange rate	NTD	Range of exchange rate changes	Impact on profit and loss
<u>Financial</u> <u>assets</u>					
<u>Monetary</u> <u>items</u>					
US Dollars \$	1,277	32.45	41,439	1%	414
<u>Financial</u> <u>liabilities</u>					
<u>Monetary</u> <u>items</u>					
US Dollars \$	1,323	32.45	42,931	1%	429

As the consolidated company has a wide variety of transactions in foreign currencies, for the information on exchange gain or loss of monetary items for the three months ended June 30, 2025 and 2024 and six months ended June 30, 2025 and 2024, please refer to Note 6 (18) for the net foreign currency exchange gains (losses) (including realized and unrealized).

(XX) 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.

(XXI) 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.

(XXII) Financing activities of non-cash transactions

1. Please refer to Note 6 (7) for the consolidated company's acquisition of the right-of-use assets by way of lease during January 1 to June 30, 2025 and 2024.
2. The adjustment of liabilities from financing activities is as follows:

			<u>Non-cash changes</u>		
	<u>2025.1.1</u>	<u>Cash flows</u>	<u>Addition in current period</u>	<u>Others</u>	<u>2025.6.30</u>
Long-term borrowings	\$ 25,000	(25,000)	-	-	-
Lease liabilities	5,466	(2,968)	11,381	(159)	13,720
Guarantee deposits received	54	(54)	-	-	-
Total liabilities from financing activities	<u>\$ 30,520</u>	<u>(28,022)</u>	<u>11,381</u>	<u>(159)</u>	<u>13,720</u>

			<u>Non-cash changes</u>		
	<u>2024.1.1</u>	<u>Cash flows</u>	<u>Addition in current period</u>	<u>Others</u>	<u>2024.6.30</u>
Corporate bonds payable	\$ 264,612	-	-	(133,911)	130,701
Long-term borrowings	-	25,000	-	-	25,000
Other payables - Related parties	15,000	(15,000)	-	-	-
Lease liabilities	5,189	(2,891)	6,424	(788)	7,934
Guarantee deposits received	223	(169)	-	-	54
Total liabilities from financing activities	<u>\$ 285,024</u>	<u>6,940</u>	<u>6,424</u>	<u>(134,699)</u>	<u>163,689</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:

<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
Enrich Investment Corporation (Enrich Investment)	Subsidiary of Alpha Networks Inc.
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
Ace Energy Co., Ltd. (Ace Energy)	A subsidiary of Qisda
Topview Optronics Corporation (Topview)	Affiliates 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:	
FiberLogic Communications Inc.	Affiliated enterprise of the consolidated company since November 19, 2024

(II) Material transactions with related parties.

1. Operating revenue

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Parent company	\$ 14,329	10,452	22,971	21,485
The parent company of Hitron	125	3,150	5,983	3,150
Other related party	1,774	1,710	2,567	3,402
	\$ 16,228	15,312	31,521	28,037

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

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Parent company	\$ -	-	42	-
The parent company of Hitron	614	3,033	614	4,883
Other related party	29,627	16,746	54,592	33,020
	\$ 30,241	19,779	55,248	37,903

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:

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

Accounting entry	Category of related party	2025.6.30	2024.12.31	2024.6.30
Accounts receivable	Parent company	\$ 10,085	7,701	8,865
	The parent company of Hitron	19,714	25,969	11,130
	Other related party	925	3,596	1,055
		\$ 30,724	37,266	21,050
Other receivables	Other related party	\$ 1,007	364	108
Dividends receivable (accounted in other receivables)	Affiliated enterprise	\$ 1,350	-	-
Contract liabilities - current	Parent company	\$ 96	20	100
	The parent company of Hitron	22,310	28,168	12,610
	Other related party	54	-	2,340
		\$ 22,460	28,188	15,050

4. Payables to related parties and prepaid purchase payment

The consolidated company's payables to related parties and advanced purchase payment are as follows:

Accounting entry	Category of related party	2025.6.30	2024.12.31	2024.6.30
Accounts payable	The parent company of Hitron	\$ 644	-	3,185
	Other related party	22,456	12,472	17,726
	Affiliated enterprise	4,007	22,334	-
		\$ 27,107	34,806	20,911
Prepaid purchase payment	Affiliated enterprise	\$ 3,816	-	-

5. Property transactions

The consolidated company purchased office equipment from the parent company and other related parties for the amounts of NT\$400 thousand and NT\$1,816 thousand between January 1 to June 30, 2025 and 2024, respectively, recognized in the "Accounts payable - related parties" account.

6. Leases

The consolidated company leased offices from Alpha Networks Inc. for a short term based on the rent in the neighborhood. Rent expense for the six months ended June 30, 2025 and 2024 amounted to NT\$35 thousand and NT\$26 thousand,

respectively.

The consolidated company leased offices to the parent company for NT\$309 thousand from January 1 to June 30, 2025 and 2024. December 31, 2025 and December 31 and June, 2024, the rental receipts in advance are both NT\$ 309 thousand, NT\$0, and NT\$309 thousand, recognized as other current liabilities.

7. Acquisition of subsidiaries

As Note 1 in Note 6 (6) to the financial statements, the consolidated company acquired 100% equity of Transnet from Enrich Investment Corporation with cash of NT\$12,975 thousand in June 2024 and the above amount has been paid in full.

8. Loans from related parties

The consolidated company borrowed NTD 15,000 thousand from Enrich Investment Corporation on December 29, 2023, at the interest rate of 1.65%. The Group repaid the loan in Q2 2024. The interest expenses recognized for April 1 to June 30 and January 1 to June 30, 2024 were NTD 40 thousand and NTD 102 thousand, respectively.

(III) Remuneration to key management personnel

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Short-term employee benefits and remuneration	\$ 11,549	13,532	31,629	33,026
Post-employment benefits	297	297	594	594
	\$ 11,846	13,829	32,223	33,620

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	2025.6.30	2024.12.31	2024.6.30
Other non-current assets (bank time deposits)	Customer contract's retention amount	\$ -	-	21,000
Refundable deposits (recognized as other non-current assets)	Customer contract's retention amount	110,008	123,231	117,969
		\$ 110,008	123,231	138,969

IX. Material contingent liabilities and unrecognized contractual commitments

	2025.6.30	2024.12.31	2024.6.30
Guaranteed notes payable from project issuance	\$ 9,731	8,456	16,808
Guarantee letter issued for construction guarantee	\$ 98,143	107,799	76,457

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:

By function By nature	April to June 2025			April to June 2024		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense						
Salary expenses	29,543	78,146	107,689	37,659	81,413	119,072
Labor and national health insurance expenses	2,986	5,187	8,173	3,733	5,446	9,179
Pension expense	1,486	3,078	4,564	1,895	3,101	4,996
Other employee benefit expenses	1,180	2,954	4,134	1,453	3,197	4,650
Depreciation expense	-	6,870	6,870	-	6,741	6,741
Amortization expense	-	-	-	-	-	-

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

By function By nature	January to June 2025			January to June 2024		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense						
Salary expenses	51,173	161,537	212,710	55,354	156,547	211,901
Labor and national health insurance expenses	5,232	11,053	16,285	5,519	10,125	15,644
Pension expense	2,608	6,466	9,074	2,801	5,998	8,799
Other employee benefit expenses	2,066	5,910	7,976	2,042	5,533	7,575
Depreciation expense	-	13,541	13,541	-	13,211	13,211
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.
4. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more: None.
5. Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more: None.
6. Business relationships and important transactions between the parent company and subsidiaries:

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

Number (Note 1)	Name	Trading counterparty	Relationship with the counterparty (Note 2)	Transaction status			
				Account	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	716	Under general terms and conditions	0.08%
0	The Company	Hwa Chi Technologies (Shanghai) Inc.	1	Contract liabilities	716	Under general terms and conditions	0.02%

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

- 0 represents the parent company.
- 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:

- Parent company to subsidiary.
- Subsidiary to parent company.
- 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 investees:

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%	49,986	3,909	3,127	Parent and subsidiary
The Company	Smart Internet of Things	Taiwan	Production and sales of wideband communication equipment and service routers	96,930	96,930	1,350	6.00%	91,518	(53,187)	(3,810)	Affiliated enterprise

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

(III) Investment information 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	Recovered						
Hwa Chi Technologies (Shanghai) Inc.	Technical consultation, technical research, maintenance and after-sales service of electronic communication products	USD 100	Direct investment	8,854	-	-	8,854	1,220	100.0	1,220	9,685	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	1,094,191

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 June 30, 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 Group's operational decision-maker evaluates performance based on overall operating results, the Group is a single segment, and the operating segment information for January 1 to June 30, 2025 and 2024 is consistent with the information in the consolidated financial statements.