

AEWIN Technologies Co., Ltd.
Parent Company Only Financial
Statements and Independent Auditors'
Report

For the year ended December 31, 2024 and 2023

Company Address: 32F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City
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The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. The translation is not prepared by the independent auditor. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors and Shareholders of AEWIN Technologies Co., Ltd.

Audit Opinion

We have audited the accompanying balance sheet as of December 31, 2024 and 2023 of AEWIN Technologies Co., Ltd., which comprise the statement of comprehensive income, statement of changes in equity, and statement of cash flow from January 1 to December 31, 2024 and 2023, as well as the notes to the parent company only financial statement (including the summary of significant accounting policies).

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, as well as the Company's financial performance and cash flows from January 1 to December 31 in 2023 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Audit Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. Key audit matters that we judge should be communicated in the audit reports are stated as follows:

Revenue Recognition

For details regarding the accounting policy for revenue recognition, please refer to Note IV (XIII) of the individual financial report. For an explanation of significant accounting items related to revenue, please refer to Note VI (XVI) of the parent company only financial statement.

Description of Key Audit Matters:

AEWIN Technologies Co., Ltd. engages in sales transactions with customers that involve various transaction conditions. It is crucial to determine the appropriate timing for revenue recognition based on the specific terms of each transaction, which adds a layer of complexity. As a result, the testing of revenue recognition becomes a key area of focus for the CPA when auditing the parent company only financial statements of AEWIN Technologies Co., Ltd.

The corresponding audit procedures:

Our main audit procedures for the above-mentioned key audit matters include understanding the primary types of revenue, contract terms, and transaction conditions, as well as assessing the accuracy of the timing of revenue recognition. We performed sampling tests on the sales and collection cycle, along with the related internal controls and transaction vouchers, to evaluate whether the timing of revenue recognition aligns with the transaction terms agreed upon with customers. Additionally, we conducted sampling tests on sales transactions both before and after the end of the annual reporting period to identify the point at which control of the goods is transferred to the customer, thereby satisfying the performance obligation and assessing the accuracy of the timing of revenue recognition.

Responsibility of Management and Governance Units for Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statement that are free from material misstatement, whether due to fraud or error.

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

AEWIN Technologies Co., Ltd's governance unit (including the Audit Committee) is responsible for overseeing the financial reporting process.

CPA's Responsibility for Auditing the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance regarding whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If the individual amounts or sums that the material misstatement involved may be reasonably expected to affect the financial decision making of users of the parent company only financial statements, such misstatement will be considered material.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- I. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- II. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the AEWIN Technologies Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AEWIN Technologies Co., Ltd.'s to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the related notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- VI. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements of equity-method investees in order to express an opinion on the financial statements. We are responsible for directing, supervising, and performing the audit and for forming an opinion on the financial statements of AEWIN Technologies Co., Ltd.

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

We also provide the governance unit with a statement of independence from the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which is followed by those who are subject to the independence requirements of the firm to which we belong, and we communicate with the governance unit about all relationships and other matters (including relevant safeguards) that might be perceived as affecting the independence of the accountant.

From the matters communicated with the governance unit, we determine the key audit matters of the Company's parent company only financial statements for the year ended December 31, 2024. We describe these matters in our certified public accountants' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

CPA:

Assurance Document Number Approved by Securities Authority	Financial-Supervisory- Securities-Audit-1120333238 Financial-Supervisory- Securities-Six-0950103298
February 25, 2025	

Notes to Reader

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

The independent auditors' review report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and financial statements, the Chinese version shall prevail.

AEWIN Technologies Co., Ltd.
Balance Sheet
December 31, 2024 and 2023

Unit: NTD thousand

Assets		2024.12.31		2023.12.31		Liabilities and equity		2024.12.31		2023.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note VI (I))	\$ 256,466	11	148,847	7	2100	Short-term borrowings (Note VI (IX))	\$ -	-	230,000	11
1110	Financial assets measured at fair value through profit or loss - current (Note VI (II))	3,116	-	11,118	1	2120	Financial liabilities measured at fair value through profit or loss - current (Note VI (II))	5,349	-	3,190	-
1136	Financial assets measured at amortized cost - current (Notes VI (I) & VIII)	210	-	209	-	2130	Contract liabilities - current (Note VI (XVI))	20,167	1	8,521	-
1170	Net of accounts receivable (Notes VI (IV) and (XVI))	159,854	7	76,200	3	2170	Accounts payable	226,598	10	136,682	6
1180	Accounts receivable - related parties (Notes VI (IV), (XVI) and VII)	373,223	16	373,919	18	2180	Accounts payable - related parties (Note VII)	34,834	2	42,512	2
1210	Other receivables- related parties (Note VII)	230,989	10	201,008	9	2200	Other payables	91,829	4	80,555	4
130X	Inventories (Note VI (V))	289,634	12	296,404	14	2220	Other payables - related parties (Note VII)	1,672	-	2,394	-
1470	Other current assets	18,917	1	17,321	1	2230	Current income tax liabilities	14,257	1	13,213	1
Total current assets		1,332,409	57	1,125,026	53	2322	Long-term borrowings - current portion (Notes VI (XI) & VIII)	6,000	-	-	-
Non-current assets:						2300	Other current liabilities	2,775	-	2,929	-
1517	Financial assets measured at fair value through other comprehensive income - non-current (Note VI (III))	740	-	745	-	Total current liabilities		403,481	18	519,996	24
1550	Investment under the equity method (Note VI (VI))	102,771	5	114,593	5	Non-current liabilities:					
1600	Property, plant and equipment (Note VI (VII) VII & VIII)	854,489	37	866,713	41	2530	corporate bonds payable (Note VI (X))	469,057	20	-	-
1780	Intangible assets (Note VI (VIII))	3,954	-	3,900	-	2540	Long-term borrowings (Notes VI (XI) and VIII)	44,000	2	350,000	16
1840	Deferred income tax assets (Note VI (XIII))	22,882	1	22,757	1	2570	Deferred income tax liabilities (Note VI (XIII))	7,054	-	10,182	1
1920	Refundable deposits	449	-	528	-	Total non-current liabilities		520,111	22	360,182	17
1975	Net defined benefit assets (Note VI (XII))	7,009	-	1,943	-	Total liabilities		923,592	40	880,178	41
Total non-current assets		992,294	43	1,011,179	47	Equity (Note VI (XIV)):					
						3110	Share capital - ordinary shares	591,231	25	591,231	28
						3200	Capital reserve	548,760	24	445,936	21
						3300	Retained earnings	251,129	11	215,209	10
						3400	Other equity	9,991	-	3,651	-
						Total equity		1,401,111	60	1,256,027	59
						Total liabilities and equity		\$ 2,324,703	100	2,136,205	100
Total assets		\$ 2,324,703	100	2,136,205	100						

Chairman: Tseng Wen-Hsing

(Please refer to notes to parent company only financial statements)
Managerial Officer: Lin Chang-An

Accounting Supervisor: Li Yi-Mei

AEWIN Technologies Co., Ltd.
Statement of Comprehensive Income
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

		2024		2023	
		Amount	%	Amount	%
4000	Net operating revenue (Notes VI (XVI) & VII)	\$ 1,674,278	100	1,379,452	100
5000	Operating costs (Notes VI (V), (VII), (VIII), (XII), (XVII), VII and XII)	(1,235,628)	(74)	(998,372)	(72)
	Gross profit	438,650	26	381,080	28
5920	Add: Net realized sales profit	8,640	1	22,742	1
	Realized gross profit	447,290	27	403,822	29
	Operating expenses (Notes VI (IV), (VII), (VIII), (XII), (XVII), VII and XII):				
6100	Selling and marketing expenses	(104,346)	(6)	(104,209)	(7)
6200	Management expenses	(68,630)	(4)	(66,282)	(5)
6300	Research and development expenses	(175,065)	(11)	(140,834)	(10)
6450	Expected credit impairment losses	(65)	-	-	-
	Total operating expenses	(348,106)	(21)	(311,325)	(22)
	Net operating income	99,184	6	92,497	7
	Non-operating income and expenses (Note VI (XVIII) and (VII)):				
7100	Interest income	3,264	-	2,608	-
7010	Other income	4,246	-	3,792	-
7020	Other gain and loss	(23)	-	(9,935)	-
7050	Finance costs	(12,369)	(1)	(12,386)	(1)
7375	Share of losses of subsidiaries accounted for under the equity method	(26,807)	(1)	(42,670)	(3)
	Total non-operating income and expenses	(31,689)	(2)	(58,591)	(4)
7900	Profit before tax	67,495	4	33,906	3
7950	Less: Income tax expense (Note VI (XIII))	(14,621)	(1)	(7,290)	(1)
8200	Net income for the period	52,874	3	26,616	2
	Other comprehensive income (Note VI (XII) (XIII) and (XIV)):				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	4,674	-	(319)	-
8316	Unrealized loss on investments in equity instruments measured at fair value through other comprehensive income	(5)	-	(45)	-
8349	Income tax related to items not reclassified	(935)	-	63	-
		3,734	-	(301)	-
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations	6,345	1	(2,187)	-
8399	Income tax related to items that may be reclassified	-	-	-	-
		6,345	1	(2,187)	-
	Other comprehensive income for the current period	10,079	1	(2,488)	-
8500	Total comprehensive income (loss) for the period	\$ 62,953	4	24,128	2
	Earnings per share (Unit: In New Taiwan Dollars, Note VI (XV))				
9750	Basic earnings per share	\$ 0.89		0.45	
9850	Diluted earnings per share	\$ 0.89		0.45	

(Please refer to notes to parent company only financial statements)

Chairman: Tseng Wen-Hsing Managerial Officer: Lin Chang-An Accounting Supervisor: Li Yi-Mei

AEWIN Technologies Co., Ltd.
Consolidated Statement of Changes in Equity
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

	Share capital - ordinary shares	Capital reserve	Statutory surplus reserve	Retained earnings		Other equity items		Total	Total equity
				Undistributed earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income		
Balance as of January 1, 2023	\$ 591,231	445,936	55,380	180,767	236,147	6,507	(624)	5,883	1,279,197
Net income for the period	-	-	-	26,616	26,616	-	-	-	26,616
Other comprehensive income for the current period	-	-	-	(256)	(256)	(2,187)	(45)	(2,232)	(2,488)
Total comprehensive income (loss) for the period	-	-	-	26,360	26,360	(2,187)	(45)	(2,232)	24,128
Appropriation and distribution of earnings:									
Provision of statutory surplus reserve	-	-	15,128	(15,128)	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	(47,298)	(47,298)	-	-	-	(47,298)
Balance as of December 31, 2023	591,231	445,936	70,508	144,701	215,209	4,320	(669)	3,651	1,256,027
Net income for the period	-	-	-	52,874	52,874	-	-	-	52,874
Other comprehensive income for the current period	-	-	-	3,739	3,739	6,345	(5)	6,340	10,079
Total comprehensive income (loss) for the period	-	-	-	56,613	56,613	6,345	(5)	6,340	62,953
Appropriation and distribution of earnings:									
Provision of statutory surplus reserve	-	-	2,636	(2,636)	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	(20,693)	(20,693)	-	-	-	(20,693)
Recognition of Stock Options for Issued Convertible Corporate Bonds	-	102,742	-	-	-	-	-	-	102,742
Disposition of employee stock ownership trust inflows	-	82	-	-	-	-	-	-	82
Balance as of December 31, 2024	\$ 591,231	548,760	73,144	177,985	251,129	10,665	(674)	9,991	1,401,111

(Please refer to notes to parent company only financial statements)

Chairman: Tseng Wen-Hsing

Managerial Officer: Lin Chang-An

Accounting Supervisor: Li Yi-Mei

AEWIN Technologies Co., Ltd.
Statements of Cash Flows
January 1 to December 31, 2024 and 2023

	Unit: NTD thousand	
	2024	2023
Cash flows from operating activities:		
Income before tax for the period	\$ 67,495	33,906
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	26,523	25,423
Amortization expenses	2,186	2,392
Expected credit impairment losses	65	-
Finance costs	12,369	12,386
Interest income	(3,264)	(2,608)
Share of losses of subsidiaries accounted for under the equity method	26,807	42,670
Realized sales profit	(8,640)	(22,742)
Total revenue, expense and loss items	56,046	57,521
Changes in assets/liabilities related to operating activities:		
Net change in assets related to operating activities:		
Financial assets required to be measured at fair value through profit or loss	9,852	(10,818)
Accounts receivable	(83,719)	74,293
Accounts receivable - related parties	696	354,867
Other receivables- related parties	(556)	(123)
Inventories	6,770	94,027
Other current assets	(1,596)	596
Net defined benefit assets	(392)	(392)
Total net changes in assets related to operating activities	(68,945)	512,450
Net change in liabilities related to operating activities:		
Financial liabilities under trading	2,159	311
Contractual liabilities	11,646	(167)
Accounts payable	89,916	(5,630)
Accounts payable - related parties	(7,678)	(199,357)
Other payables	11,200	(28,295)
Other payables- related parties	(722)	(4,869)
Other current liabilities	(154)	869
Total net changes in liabilities related to operating activities	106,367	(237,138)
Total net changes in assets and liabilities related to operating activities	37,422	275,312
Total adjustments	93,468	332,833
Cash inflows from operating activities	160,963	366,739
Interest received	3,263	2,608
Income tax paid	(17,765)	(26,802)
Net cash inflows from operating activities	146,461	342,545

(Continued on the next page)

(Please refer to notes to parent company only financial statements)

Chairman: Tseng Wen-Hsing Managerial Officer: Lin Chang-An Accounting Supervisor: Li Yi-Mei

AEWIN Technologies Co., Ltd.
Statements of Cash Flows (Continued from the previous page)
January 1 to December 31, 2024 and 2023

Unit: NTD thousand

	<u>2024</u>	<u>2023</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(13,819)	(10,413)
(Increase) Decrease in refundable deposits	79	(99)
Other receivables- increase in related parties	(29,425)	(75,049)
Purchase of intangible assets	(2,240)	(150)
Net cash outflows from investing activities	<u>(45,405)</u>	<u>(85,711)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	980,000	1,490,000
Decrease in short-term borrowings	(1,210,000)	(1,700,000)
Issuance of corporate bonds	566,323	-
Long-term borrowings	-	150,000
Repayment of long-term borrowings	(300,000)	(150,000)
Cash dividend distribution	(20,693)	(47,298)
Disposition of employee stock ownership trust inflows	82	-
Interest paid	(9,149)	(12,609)
Net cash inflows (outflows) from financing activities	<u>6,563</u>	<u>(269,907)</u>
Increase (Decrease) in cash and cash equivalents during the period	107,619	(13,073)
Cash and cash equivalents at beginning of period	148,847	161,920
Cash and cash equivalents at end of period	<u><u>\$ 256,466</u></u>	<u><u>148,847</u></u>

(Please refer to notes to parent company only financial statements)

Chairman: Tseng Wen-Hsing Managerial Officer: Lin Chang-An Accounting Supervisor: Li Yi-Mei

AEWIN Technologies Co., Ltd.
Notes to Parent Company Only Financial Statements
For the year ended December 31, 2024 and 2023
(The amount shall be dominated in thousands of NTD, unless otherwise specified)

I. Development History

On October 24, 2000, AEWIN Technologies Co., Ltd. (the “Company”) was established under the approval from the Ministry of Economic Affairs, having the registered address of 32F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City. The Company primarily engage in the design, manufacture, and sale of network security-related products.

II. Date and Procedures for Approval of Financial Statements

The parent company only financial statements were approved and issued by the Board of Directors on February 25, 2025.

III. Application of Newly Issued and Revised Standards and Interpretations

(I) Effect of adopting new and amended standards and interpretations endorsed by the Financial Supervisory Commission

As of January 1, 2024, the Company began to apply the following newly revised International Financial Reporting Standards, which has not had a significant impact on the parent company only financial statements.

- Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendment to IAS 1 "Non-current Liabilities with Covenants"
- Amendment to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendment to IFRS 16 "Lease Liabilities in a Sale and Leaseback"

(II) Impact of International Financial Reporting Standards not yet adopted

The Company has assessed the applicability of the following new amendments to International Financial Reporting Standards, which are effective from January 1, 2025, and does not expect them to have a significant impact on the parent company only financial statements.

- Amendments to IAS 21 "Lack of Exchangeability"

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

The standards and interpretations issued and amended by the IASB but not yet endorsed by the FSC that may be related to the Company are as follows:

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

New issued or amended standards	Main amendments	Effective date of issuance by IASB
International Financial Reporting Standard No. 18 "Presentation and Disclosure in Financial Statements"	The new guidelines introduce three categories of income and expenses, two subtotals on the income statement, and a single footnote regarding management performance measurement. These three amendments and enhancements to the guidance on segmenting information in financial statements lay the foundation for providing users with improved and consistent information, and will have an impact on all companies.	January 1, 2027
International Financial Reporting Standard No. 18 "Presentation and Disclosure in Financial Statements"	• A more structured income statement: The company currently uses various formats to express its financial performance, which makes it challenging for investors to compare the financial performance of different companies. The new guidelines have implemented a more structured income statement. They have introduced a new subtotal called "operating profit" and require that all revenues and expenses be classified into three new categories based on the company's main business activities. • Management Performance Measurement (MPM): The new criteria introduce the concept of management performance measurement. Companies are now required to provide an explanation, in a single footnote in the financial statements, regarding the usefulness of each measurement indicator, its calculation method, and how it is adjusted for amounts recognized in accordance with international financial reporting standards accounting principles. • More detailed information: The new guidelines provide instructions on how companies can improve the organization of information in financial statements. This guidance includes determining whether the information should be included in the primary financial statements or further disaggregated in the notes.	January 1, 2027

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

The Company is now continuously assessing the impact of the above standards and interpretations on the financial position and operating results of the Company, and will disclose the related impact after completing the assessment.

The Company expects that the following newly issued and revised standards, which have not yet been adopted, will not have a significant impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and Amendments to IFRS 17
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendment to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Standards
- Amendment "Reliance on Natural Power Contract" to IFRS 9 and IFRS 7

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the parent company only financial statements are summarized below. The following accounting policies have been applied consistently to all periods presented in the parent company only financial statements.

(I) Statement of compliance

These accompanying financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. Basis of measurement

The parent company only financial statements have been prepared on the historical cost basis, except for the following significant balance sheet items:

- (1) Financial instruments (including derivative financial instruments) measured at fair value through profit or loss;
- (2) Financial assets measured at fair value through other comprehensive income; and
- (3) The net defined benefit liability (or asset) is measured as the net amount of the present value of defined benefit obligations, less the fair value of plan assets, and adjusted for the impact of any caps.

2. Functional and presentation currencies

The functional currency of the Company is the currency of the primary economic environment in which the Company operates. The accompanying parent company only financial statements of the Company are presented in the Company's functional

**AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)**

currency, New Taiwan dollar. All financial information dominated in New Taiwan dollars shall be dominated in thousands of NTD, unless otherwise specified.

(III) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are translated into functional currencies at the exchange rates prevailing on the dates of transactions. At the end of each subsequent reporting period (hereinafter referred to as the “reporting date”), monetary items denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing on that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rates prevailing on the date of measurement of the fair value, while non-monetary items measured at historical cost in foreign currencies are translated at the exchange rates prevailing on the date of the transaction.

Translation differences arising from foreign currency translations are generally recognized in profit or loss, except for equity instruments designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

2. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the parent company only financial statements at the exchange rates prevailing on the reporting date; income and expense items are translated into the presentation currency of the parent company only financial statements at the average exchange rates for the period, with the resulting exchange differences recognized in other comprehensive income.

When the disposal of a foreign operating entity results in a loss of control, joint control or significant influence, the cumulative translation differences related to the foreign operating entity are reclassified to profit or loss. When the disposal includes a subsidiary of a foreign operating entity, the related cumulative translation differences are re-attributed to non-controlling interests on a pro rata basis. When the disposal component includes investments in affiliates or joint ventures of foreign operating entities, the related cumulative translation differences are reclassified proportionately to profit or loss.

When there is no plan to settle a monetary receivable or payable from a foreign operation and it is not likely to be settled in the foreseeable future, the resulting foreign currency translation gain or loss is recognized in other comprehensive income as part of the net investment in the foreign operation.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

(IV) Criteria for classifying assets and liabilities as current or non-current

The Company classifies assets meeting one of the following conditions as current assets, while all other assets that are not current assets are classified as non-current assets:

1. The asset is expected to be realized in the normal course of business or is intended to be sold or consumed;
2. The asset is held primarily for trading purposes;
3. The asset is expected to be realized within twelve months after the reporting period;
or
4. The asset is cash or cash equivalents (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability at least twelve months after the reporting period.

The Company classifies liabilities as current liabilities if one of the following conditions is met, and all other liabilities that are not current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled in the normal course of business;
2. The liability is held primarily for trading purposes;
3. The liability is due for settlement within twelve months after the reporting period;
or
4. The entity does not have the right to defer settlement of the liability beyond twelve months after the end of the reporting period.

(V) Cash and cash equivalents

Cash includes cash on hand, checking deposits and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into fixed amounts of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(VI) Financial instruments

Accounts receivable and debt securities issued are recognized as they are incurred. All other financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instruments. Financial assets (excluding accounts receivable that do not include significant financial components) or financial liabilities measured at fair value through profit or loss were originally measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not include significant financial components are originally measured at transaction prices.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

1. Financial assets

At the time of initial recognition, financial assets are classified into three categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. Purchase or sale of financial assets in accordance with transaction practices is subject to accounting treatment on the transaction date.

The Company only reclassifies all affected financial assets from the first day of the next reporting period when it changes its business model for managing financial assets.

(1) Financial assets measured at amortized cost

Financial assets that simultaneously meet the following conditions and are not designated as measured at fair value through profit or loss are measured at amortized cost:

- The financial asset is held under a business model for the purpose of receiving contractual cash flows.
- The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and outstanding principal amounts.

After initial recognition, these financial assets are measured using the effective interest rate method at amortized cost less impairment losses. Interest income, foreign currency exchange gain or loss, and impairment losses are recognized in profit or loss. When de-recognized, profit or loss is included in profit or loss.

(2) Financial assets measured at fair value through other comprehensive income

When a debt instrument investment simultaneously meets the following conditions and is not designated as measured at fair value through profit or loss, it is measured at fair value through other comprehensive income:

- The financial asset is held under a business model for the purpose of receiving contractual cash flows and selling.
- The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of principal and outstanding principal amounts.

Upon initial recognition, the Company may make an irrevocable option to report subsequent changes in the fair value of equity instrument investments not held for trading in other comprehensive income. The above selections were made on a tool by tool basis.

**AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)**

Debt instrument investments are subsequently measured at fair value. Interest income, foreign currency exchange gain or loss, and impairment losses calculated using the effective interest method are recognized in profit or loss, while the remaining net profits or losses are recognized in other comprehensive income. Upon derecognition, the accumulated amount of other comprehensive income under equity is reclassified to profit or loss.

Equity instrument investments are subsequently measured at fair value. Dividend income (unless it clearly represents the recovery of some investment costs) is recognized as profit or loss, and the remaining net profits or losses are recognized as other comprehensive income. When derecognized, the accumulated other comprehensive income under equity are reclassified to retained earnings, not to profit or loss. Dividend income from equity investments is recognized on the date on which the Company is entitled to receive dividends (usually the ex-dividend date).

(3) Financial assets measured at fair value through profit or loss

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company may irrevocably designate financial assets that meet the criteria for measurement at amortized cost or fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

These assets are subsequently measured at fair value, and the net gains or losses (including any dividends and interest income) arising from remeasurement are recognized as profit or loss.

(4) Assess whether the contract's cash flows are solely composed of payments for principal and interest on the outstanding principal amount.

For assessment purposes, the principal denotes the fair value of financial assets at the time of initial recognition. Interest comprises the following factors: the time value of money, credit risk related to the outstanding principal amount during a specific period, other fundamental lending risks, costs, and profit margins.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

The Company evaluates whether the contract cash flows consist solely of payments of principal and interest on the outstanding principal amount. In this assessment, the Company considers the terms of the financial instrument contract, including whether the financial asset includes a provision that could alter the timing or amount of cash flows, which would prevent it from meeting this condition. In the assessment, the Company considers:

- Any contingent events that could alter the timing or amount of contract cash flows;
- Terms that may adjust the contract's nominal interest rate, including the characteristics of variable interest rates;
- Early repayment and extension characteristics; and
- The Company's claim is limited to terms related to cash flows arising from specific assets (e.g., non-recourse characteristics).

(5) Impairment of financial assets

The Company recognizes an allowance for expected credit losses on financial assets measured at amortized cost, including cash and equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, and deposits.

The following financial assets are measured as allowance losses based on the expected amount of credit losses over a twelve-month period, while the remaining financial assets are measured based on the expected amount of credit losses during their lifetime:

- The credit risk of bank deposits (i.e., the risk of default during the expected lifetime of a financial instrument) has not significantly increased since the initial recognition.

The allowance for losses on accounts receivable is measured by the expected amount of credit losses during the period of existence.

The expected credit loss during the expected lifetime of a financial instrument refers to the expected credit loss caused by all possible default events during the expected lifetime of the financial instrument. "12 month expected credit loss" refers to the expected credit loss caused by a possible default event of a financial instrument within 12 months after the reporting date (or a shorter period, if the expected lifetime of the financial instrument is less than 12 months).

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

The longest period over which expected credit losses are measured is the longest contract period to which the Company is exposed to credit risk.

In determining whether the credit risk has significantly increased since the initial recognition, the Company considers reasonable and verifiable information (available without excessive cost or investment), including qualitative and quantitative information, and analysis based on the historical experience, credit evaluation, and forward-looking information of the Company.

The expected credit loss is a weighted estimate of the probability of credit loss during the expected lifetime of a financial instrument. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows that the Company can receive under the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the effective interest rate of the financial assets.

Allowance for losses on financial assets measured at amortized cost is deducted from the carrying amount of the assets,

When the Company does not have a reasonable expectation of recovering all or part of a financial asset, the total carrying amount of the financial asset is directly reduced. The Company analyzes the timing and amount of write-offs individually on the basis of whether recovery is reasonably expected. The Company does not expect any material reversal of the amount written off. However, financial assets that have been written off are still enforceable in order to comply with the Company's procedures for recovering overdue amounts. Based on the Company's experience, amounts overdue by more than 90 days are considered potentially unrecoverable.

(6) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset cease, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to other enterprises, or when substantially all the risks and rewards of ownership of the asset have neither been transferred nor retained and control of the financial asset has not been retained.

If the Company enters into a transaction to transfer a financial asset, the financial asset is continuously recognized in the balance sheet if all or substantially all the risks and rewards of ownership of the transferred asset are retained.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that recognizes the Company's remaining interest in an asset less all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received less the cost of direct issuance.

(2) Compound financial instrument

The compound financial instruments issued by the Company are convertible bonds (denominated in New Taiwan Dollars) that give holders the option to convert them into equity. The number of shares to be issued will not change with fluctuations in the fair value of the bonds.

The initial recognition amount of the liability component of the compound financial instrument is determined based on the fair value of a similar liability, excluding the equity conversion feature. The initial recognition amount of the equity component is determined by calculating the difference between the fair value of the entire compound financial instrument and the fair value of the liability component. Any transaction costs directly attributable to the financial instrument are allocated to the liability and equity components based on their respective carrying amounts at initial recognition.

Upon initial recognition, the liability component of the compound financial instrument is subsequently measured at amortized cost using the effective interest method. The equity component of compound financial instruments is not remeasured after initial recognition.

Interest related to financial liabilities is recognized as profit or loss. Financial liabilities are reclassified as equity upon conversion, and this conversion does not result in the recognition of any gain or loss.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

(3) Financial liabilities

Financial liabilities are classified as being measured at amortized cost or measured at fair value through profit or loss. Financial liabilities are classified as being measured at fair value through profit or loss if they are held for trading, derivative instruments or designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, and the related net gain or loss, including any interest expense, are recognized in profit or loss.

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

(4) Derecognition of financial liabilities

The Company derecognizes financial liabilities when the contractual obligations are fulfilled, canceled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and the new financial liability is recognized at fair value based on the modified terms. When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3. Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis only when the Company has a legally enforceable right to do so and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4. Derivative financial instruments

The Company holds derivative financial instruments to hedge the risk of foreign currency exposure. Derivatives are initially recognized at fair value, with transaction costs recognized in profit or loss; subsequently, they are measured at fair value, with gains or losses arising from remeasurement recognized directly in profit or loss. When its fair value is positive, the derivative is recognized as a financial asset; when its fair value is negative, the derivative is recognized as a financial liability.

(VII) Inventories

Inventory is valued at the lower of cost or net realizable value, determined on an individual item basis. The costs encompass acquisition, production, or processing expenses, as well as other costs incurred to render the location and condition suitable

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

for use, calculated using the weighted average method. The net realizable value is the estimated selling price under normal conditions, less the estimated costs to complete the work and the estimated costs required to make the sale.

(VIII) Investment in subsidiaries

In the preparation of the parent company only financial statements, the Company adopts the equity method to evaluate the investee companies under its control. Under the equity method, the current gains or losses and other composite gains or losses of the financial statements shall be the same as the share of the current gains or losses and other composite gains or losses attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. Equity attributable to the owners of financial statements should be the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis.

Where the change in the Company's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction with the owner.

(IX) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

If the significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when it is probable that future economic benefits will flow to the Company.

3. Depreciation

Depreciation is calculated on the basis of the cost of an asset less its residual value and is recognized in profit or loss over the estimated useful life of each component using the straight-line method. Except for land, which is not subject to depreciation, the estimated useful lives of the remaining components are as follows: Building and construction: 5 to 50 years; machinery and equipment: 2 to 6 years; production equipment and other equipment: 3 to 10 years.

The depreciation method, useful lives and residual values are reviewed at each reporting date, and the effects of any changes in estimates are deferred and adjusted.

**AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)**

(X) Leases

The Company assesses whether a contract is or comprises a lease at the inception date of the contract. A contract is or comprises a lease if it transfers control over the use of an identified asset for a period of time in exchange for consideration.

1. Lessees

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is measured initially at cost, which includes the original measurement of the lease liability, adjusted for any lease payments made on or before the commencement date of the lease, plus the original direct costs incurred and the estimated costs to disassemble, remove and restore the subject asset to its location or to the subject asset, less any lease incentives received. The lease payments are added to the original direct costs incurred and the estimated costs of dismantling, removing and restoring the subject asset to its location or to the subject asset, less any incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss incurred, and adjusts the right-of-use asset when the lease liability is remeasured.

Lease liabilities are measured initially at the present value of the lease payments outstanding at the inception date of the lease. If the implied interest rate of the lease is readily determinable, the discount rate is that rate; if it is not readily determinable, the Company's incremental borrowing rate is used. In general, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

- (1) Fixed payments, including real fixed payments;
- (2) Variable lease payments that depend on an index or rate, using the index or rate at the inception date of the lease as the original measure.

Lease liabilities are subsequently accrued for using the effective interest method and are remeasured when the following occurs:

- (1) There is a change in future lease payments as a result of a change in the index or rate used to determine lease payments;
- (2) There is a change in the estimate of whether to exercise the option to extend or terminate the lease, resulting in a change in the evaluation of the lease term;
- (3) There is a change in the subject matter, scope or other terms of the lease.

When a lease liability is remeasured as a result of changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount and

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

changes in the evaluation of the purchase, extension or termination option as described above, the carrying amount of the right-of-use asset is adjusted accordingly and the remaining remeasurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

The Company presents right-of-use assets and lease liabilities that do not meet the definition of investment property as separate line items in the balance sheet.

Regarding short-term leases and low-value asset leases for warehouses, parking spaces, and other equipment, the Company has opted not to recognize right-of-use assets and lease liabilities. Instead, the associated lease payments are recorded as expenses on a straight-line basis over the lease term.

The Company will offer rent reductions for all leased properties and buildings that satisfy the following conditions, choosing to implement practical measures without evaluating whether these measures constitute a modification of the lease.

- (1) Rent concessions arising as a direct result of the COVID-19 pandemic
- (2) The change in lease payments results in the revised consideration for the lease being almost the same as or smaller than the consideration before the change.
- (3) Any reduction in lease payments shall only apply to those payments due prior to June 30, 2022; and
- (4) There are no significant changes to the other terms and conditions of the lease.

In accordance with practical and flexible approaches, when a rent concession results in changes to lease payments, the change amount shall be recognized in profit and loss when the event or circumstance triggering the rent concession occurs.

2. Lessors

Transactions in which the Company is the lessor are classified as finance leases on the inception date of the lease based on whether the lease contracts transfer substantially all the risks and rewards incidental to the ownership of the subject assets, and otherwise are classified as operating leases. In its evaluation, the Company considers specific indicators, including whether the lease period covers a significant portion of the economic life of the subject asset.

For operating leases, the Company recognizes the lease payments received as rental income over the lease term on a straight-line basis.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

(XI) Intangible assets

The intangible assets acquired by the Company are measured at cost less accumulated amortization and accumulated impairment. Amortization is provided on a straight-line basis over the following estimated useful lives and is recognized in profit or loss: patent rights, 20 years; and purchased software, 1 to 5 years.

The Company reviews the residual value, useful life and amortization method of intangible assets at each reporting date, and makes appropriate adjustments when necessary.

(XII) Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventories, deferred income tax assets and assets for employee benefits) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

The purpose of the impairment test is to identify a group of assets as the smallest identifiable group of assets for which a significant portion of the cash inflows are separate from other individual assets or groups of assets.

The recoverable amount is the higher of the fair value of the individual asset or cash-generating unit, less costs to dispose, and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized if the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount. The impairment loss is recognized immediately in profit or loss and reduces the carrying amount of the goodwill amortized for the cash-generating unit first, and then reduces the carrying amount of each asset in proportion to the carrying amount of the other assets in the unit.

Non-financial assets other than goodwill are reversed only to the extent that the carrying amount of the asset, net of depreciation or amortization, would have been determined had no impairment loss been recognized in prior years.

(XIII) Revenue recognition

Revenue is measured at the consideration to which the Group is expected to be entitled as a result of the transfer of goods or services. The Company recognizes revenue when control of goods or services is transferred to customers to satisfy performance obligations. The Company explains the main revenue items as follows:

1. Sales of goods

The Company recognizes revenue when control of goods is transferred to customers. Transfer of control of goods means that the goods has been delivered to the customer,

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

and there are no outstanding obligations that would affect the customer's acceptance of the goods. Delivery is considered complete when the customer accepts the goods in accordance with the transaction terms, at which point the risks of obsolescence and loss transfer to the customer. Additionally, the Company has objective evidence to confirm that all acceptance criteria have been met at this stage.

The Company recognizes accounts receivable upon delivery of goods because the Company has the unconditional right to receive the consideration at that point in time.

2. Financial components

The Company does not adjust the time value of money of the transaction price because the time interval between the expected transfer of goods to customers and the payment of goods or services by customers does not exceed one year.

(XIV) Employee benefits

1. Defined contribution plans

The contribution obligation of the defined contribution pension plan is recognized as employee benefit expense in profit or loss during the period in which the employees render service.

2. Defined benefit plans

The net obligation under the defined benefit pension plan is calculated as the discounted value of the future benefit amounts to be earned by each plan for each employee's current or prior service, less the fair value of any plan assets. The discount rate is based on the market yield rate at the reporting date for government bonds with maturity dates approximating the term of the Company's net obligation and denominated in the same currency as the expected benefit payments. The net obligation of the defined benefit plans is actuarially determined annually by a qualified actuary using the projected unit benefit method.

When benefits under a plan are improved, the related expense is recognized immediately in profit or loss for the portion of the benefit increase attributable to employees' past service.

The remeasurement of the net defined benefit obligation (asset) consists of (1) actuarial gain or loss; (2) compensation on plan assets, excluding the amount included in net interest on the net defined benefit obligation (asset); and (3) any change in the asset ceiling effect, excluding the amount included in net interest on the net defined benefit obligation (asset). The remeasurement of the net defined benefit liability (asset) is recognized in other comprehensive income and is transferred to other equity in the current period.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

The Company recognizes a gain or loss on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The curtailment or settlement gain or loss includes the change in the fair value of any plan assets and the change in the present value of the defined benefit obligation.

3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as an expense when the related services are rendered. The amount expected to be paid under short-term cash bonus or dividend plans is recognized as a liability when the Company has a present legal or constructive obligation to pay as a result of past services rendered by employees and the obligation can be reliably estimated.

(XV) Income taxes

Income tax expense includes current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except when they relate to business combinations, items recognized directly in equity or other comprehensive income.

The Company determines that the supplemental tax it should pay under the Pillar Two of the global minimum tax regulations falls within the scope of IAS 12 "Income Taxes" and has applied the temporary mandatory exemption from deferred income tax accounting for the supplemental tax, with the actual occurrence of the supplemental tax recognized as current income tax.

Current income taxes include estimated income taxes payable or refunds receivable based on current year's taxable income (loss) and any adjustments to prior years' income taxes payable or refunds receivable. The amount reflects the best estimate of the amount expected to be paid or received, measured at the statutory tax rate at the reporting date or the tax rate of substantive legislation, after reflecting uncertainties, if any, related to income taxes.

Deferred income taxes are recognized on temporary differences between the carrying amounts of assets and liabilities at the reporting date and their tax bases. Temporary differences arising from the following situations are not recognized as deferred income tax:

1. Assets or liabilities that are not part of the original recognition of a business combination transaction and at the time of the transaction do not affect the accounting profit or taxable income (loss), and do not generate equal taxable and deductible temporary differences;
2. Temporary differences arising from investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary differences is

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for unused tax losses and unused tax credits in subsequent periods, together with deductible temporary differences, to the extent that it is probable that future taxable income will be available for use. Deferred income tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefit will be realized or to the extent that it becomes probable that sufficient taxable income will be available to allow the reversal of the original reduction.

Deferred income taxes are measured at the tax rates that are expected to apply to the reversal of temporary differences, based on the statutory tax rate at the reporting date or the tax rate of substantive legislation, and reflecting uncertainties, if any, related to income taxes.

The Company shall offset deferred income tax assets and deferred income tax liabilities only if the following conditions are met at the same time:

1. There is a legally enforceable right to offset current income tax assets and current income tax liabilities; and
2. The deferred income tax assets and deferred income tax liabilities relate to one of the following taxable entities that are subject to income tax by the same taxing authority:
 - (1) The same taxable entity; or
 - (2) different taxable entities, provided that each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(XVI) Earnings per share

The Company presents basic and diluted earnings per share attributable to equity holders of the Company's common stock. Basic earnings per share of the Company is calculated by dividing the profit or loss attributable to the holders of the Company's common stock by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to equity holders of the Company's common stock and the weighted-average number of common shares outstanding, respectively, for the effect of all potentially dilutive common shares. The potential diluted common stock of the Company is the employee compensation that may be issued in stock and corporate bond conversion.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

(XVII) Segment Information

The Company has disclosed segment information in the consolidated financial statements and therefore does not disclose segment information in the parent company only financial statements.

V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates and Assumptions

When preparing the parent company only financial statements, the management shall make judgments and estimates for the future (including climate related risks and opportunities), which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from estimates.

Management regularly reviews estimates and key assumptions to ensure they are consistent with the Company's risk management and climate-related commitments. Any changes in estimates are recognized during the period of change and deferred to the relevant future periods. The uncertainties in the following assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next fiscal year, and the relevant information is as follows:

Valuation of inventories

Inventory is subsequently measured at the lower of cost or net realizable value. Given the rapid innovation and highly competitive nature of the electronics industry, products often have a quick turnover rate and are subject to price fluctuations. As a result, inventory may become obsolete or lose market value, leading to inventory write-downs or losses from slow-moving stock. This inventory valuation is primarily based on estimates of product demand in specific periods in the future and is subject to significant changes.

VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

	<u>2024.12.31</u>	<u>2023.12.31</u>
Demand deposits and checking accounts	<u>\$ 256,466</u>	<u>148,847</u>

On December 31, 2024, and December 31, 2023, bank time deposits with original maturities exceeding three months amount to NTD 210 thousand, and NTD 209 thousand, respectively. These are classified as financial assets measured at amortized cost - current.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

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

	<u>2024.12.31</u>	<u>2023.12.31</u>
Financial assets measured at fair value through profit or loss:		
Forward exchange contracts	\$ 1,916	-
Foreign exchange swap contracts	-	11,118
Call option on corporate bonds payable (Note VI (X))	1,200	-
	<u>\$ 3,116</u>	<u>11,118</u>
	<u>2024.12.31</u>	<u>2023.12.31</u>
Financial liabilities measured at fair value through profit or loss:		
Forward exchange contracts	\$ 68	3,190
Foreign exchange swap contracts	5,281	-
	<u>\$ 5,349</u>	<u>3,190</u>

The Company engages in derivative financial instruments to hedge the exposure to exchange rate risk arising from operating activities, which are reported as financial assets or liabilities measured at fair value through profit or loss because hedge accounting is not applied. The details of the derivative financial instruments of the Company that are not yet matured as of the reporting date are as follows:

1. Forward exchange contracts

	<u>2024.12.31</u>	
	<u>Contract amount (in thousands of NTD)</u>	<u>Maturity period</u>
Buy USD/Sell RMB	USD <u>14,191</u>	2025.01
Buy NTD/Sell USD	USD <u>980</u>	2025.01
	<u>2023.12.31</u>	
	<u>Contract amount (in thousands of NTD)</u>	<u>Maturity period</u>
Buy USD/Sell RMB	USD <u>15,497</u>	2023.01
Buy NTD/Sell USD	USD <u>500</u>	2024.01

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
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2. Foreign exchange swap contracts

2024.12.31		
	Contract amount (in thousands of NTD)	Maturity period
Swap in NTD/Swap out USD	USD <u>17,800</u>	2025.01
2023.12.31		
	Contract amount (in thousands of NTD)	Maturity period
Swap in NTD/Swap out USD	USD <u>19,100</u>	2024.01

(III) Financial assets measured at fair value through other comprehensive income - non-current

	<u>2024.12.31</u>	<u>2023.12.31</u>
Equity instruments measured at fair value through other comprehensive income:		
Foreign unlisted (OTC) stocks	<u>\$ 740</u>	<u>745</u>

The Company holds the above-mentioned equity instrument investments for the long-term strategic investment purpose, instead of trading purpose. Therefore, they have been designated as measured at fair value through other comprehensive income.

The Company did not dispose of the above-mentioned strategic investments for the years, 2023 and 2024, and the gain or loss accumulated during those periods were not transferred to equity.

(IV) Accounts receivable

	<u>2024.12.31</u>	<u>2023.12.31</u>
Accounts receivable	\$ 159,919	76,200
Accounts receivable - related parties	<u>373,223</u>	<u>373,919</u>
	533,142	450,119
Less: allowance for losses	<u>(65)</u>	-
	<u>\$ 533,077</u>	<u>450,119</u>

The Company uses a simplified approach to estimate expected credit losses for accounts receivable from non-related parties (including those from related parties), which are measured using the lifetime expected credit losses and includes forward-looking information. The expected credit losses of the Company's notes receivable and accounts receivable are analyzed as follows:

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

	2024.12.31		
	Carrying amount of accounts receivable	Weighted average expected credit loss rate	Allowance for expected credit losses over the remaining life
Not overdue	\$ 158,871	0%	-
1-30 days overdue	983	0%	-
31-60 days overdue	-	0%	-
61-90 days overdue	-	0%	-
Overdue for more than 91 days	65	100%	65
	<u>\$ 159,919</u>		<u>65</u>

	2023.12.31		
	Carrying amount of accounts receivable	Weighted average expected credit loss rate	Allowance for expected credit losses over the remaining life
Not overdue	\$ 62,810	0%	-
1-30 days overdue	13,390	0%	-
31-60 days overdue	-	0%	-
61-90 days overdue	-	0%	-
Overdue for more than 91 days	-	100%	-
	<u>\$ 76,200</u>		<u>-</u>

The Company as of December 31, 2024 and 2023, accounts receivable - related parties have been assessed that there was no credit expected credit loss. The aging analysis was as follows:

	2024.12.31	2023.12.31
Not overdue	\$ 301,931	272,426
Overdue for less than 90 days	53,366	39,823
Overdue for more than 91 days	17,926	61,670
	<u>\$ 373,223</u>	<u>373,919</u>

(V) Inventories

	2024.12.31	2023.12.31
Raw materials	\$ 185,178	174,246
Work in progress	42,682	50,200
Finished goods	61,774	71,958
	<u>\$ 289,634</u>	<u>296,404</u>

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Details of inventory-related costs recognized in operating expenses for the current period are as follows:

	<u>2024</u>	<u>2023</u>
Cost of inventory sold	\$ 1,209,898	989,221
Inventory write-down and obsolescence losses (reversal of impairment)	14,894	(1,249)
Inventory scrap loss	10,836	10,400
	<u>\$ 1,235,628</u>	<u>998,372</u>

The above loss on decline in value of inventories and obsolescence losses was due to the write-down of inventories to net realizable value, thus recognized as loss on decline in value of inventories and obsolescence losses. The inventory recovery benefit mentioned above results from the sale or disposal of obsolete inventory by the Company. As a result, the recovery benefit is recognized within the scope of inventory write-down losses, as the original inventory is adjusted to its net realizable value.

(VI) Investment under the equity method

Investments of the Company under equity method at reporting date are listed below:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Subsidiary	<u>\$ 102,771</u>	<u>114,593</u>

Please refer to the 2024 consolidated financial statement.

(VII) Property, plant and equipment

The details of changes in the cost and accumulated depreciation of property, plant, and equipment for the Company are as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Production equipment and other equipment</u>	<u>Uncompleted works and equipment pending inspection</u>	<u>Total</u>
Costs:						
Balance as of January 1, 2024	\$ 219,815	704,194	44,528	50,069	-	1,018,606
Addition	-	357	9,044	3,391	1,507	14,299
Reclassification and changes in exchange rate effect	-	-	644	120	(764)	-
Balance as of December 31, 2024	<u>\$ 219,815</u>	<u>704,551</u>	<u>54,216</u>	<u>53,580</u>	<u>743</u>	<u>1,032,905</u>

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Production equipment and other equipment</u>	<u>Uncompleted works and equipment pending inspection</u>	<u>Total</u>
Balance as of January 1, 2023	\$ 219,815	700,447	41,863	47,403	588	1,010,116
Addition	-	3,036	2,318	2,666	2,431	10,451
Disposal	-	-	(1,361)	-	-	(1,361)
Reclassification and changes in exchange rate effect	-	711	1,708	-	(3,019)	(600)
Balance as of December 31, 2023	<u>\$ 219,815</u>	<u>704,194</u>	<u>44,528</u>	<u>50,069</u>	<u>-</u>	<u>1,018,606</u>
Accumulated depreciation:						
Balance as of January 1, 2024	\$ -	82,231	39,299	30,363	-	151,893
Depreciation for the current period	-	18,228	2,147	6,148	-	26,523
Balance as of December 31, 2024	<u>\$ -</u>	<u>100,459</u>	<u>41,446</u>	<u>36,511</u>	<u>-</u>	<u>178,416</u>
Balance as of January 1, 2023	\$ -	64,101	39,155	24,575	-	127,831
Depreciation for the current period	-	18,130	1,505	5,788	-	25,423
Disposal	-	-	(1,361)	-	-	(1,361)
Balance as of December 31, 2022	<u>\$ -</u>	<u>82,231</u>	<u>39,299</u>	<u>30,363</u>	<u>-</u>	<u>151,893</u>
Book value:						
December 31, 2024	<u>\$ 219,815</u>	<u>604,092</u>	<u>12,770</u>	<u>17,069</u>	<u>743</u>	<u>854,489</u>
December 31, 2023	<u>\$ 219,815</u>	<u>621,963</u>	<u>5,229</u>	<u>19,706</u>	<u>-</u>	<u>866,713</u>

Please refer to Note VIII for property, plant and equipment pledged as collaterals for long-term borrowings.

(VIII) Intangible assets

	<u>Patent</u>	<u>Computer software</u>	<u>Total</u>
Costs:			
Balance as of January1, 2024	\$ -	23,224	23,224
Separate acquisition	1,011	1,229	2,240
Balance as of December 31, 2024	<u>\$ 1,011</u>	<u>24,453</u>	<u>25,464</u>

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

	<u>Patent</u>	<u>Computer software</u>	<u>Total</u>
Balance as of January 1, 2023	\$ -	22,474	22,474
Separate acquisition	-	150	150
Reclassification for this period	-	600	600
Balance as of December 31, 2023	<u>\$ -</u>	<u>23,224</u>	<u>23,224</u>
Accumulated depreciation:			
Balance as of January1, 2024	\$ -	19,324	19,324
Current amortization	13	2,173	2,186
Balance as of December 31, 2024	<u>\$ 13</u>	<u>21,497</u>	<u>21,510</u>
Balance as of January 1, 2023	\$ -	16,932	16,932
Current amortization	-	2,392	2,392
Balance as of December 31, 2023	<u>\$ -</u>	<u>19,324</u>	<u>19,324</u>
Book value:			
December 31, 2024	<u>\$ 998</u>	<u>2,956</u>	<u>3,954</u>
December 31, 2023	<u>\$ -</u>	<u>3,900</u>	<u>3,900</u>

The amortization charges for intangible assets for the year ended December 31, 2024 and 2023 are reported sequentially in the statements of comprehensive income as follows:

	<u>2024</u>	<u>2023</u>
Operating costs	\$ 606	522
Operating expenses	1,580	1,870
	<u>\$ 2,186</u>	<u>2,392</u>

(IX) Short-term borrowings

	<u>2024.12.31</u>	<u>2023.12.31</u>
Unsecured bank loan	<u>\$ -</u>	<u>230,000</u>
Available credit limit	<u>\$ 1,330,000</u>	<u>880,000</u>
Annual interest rate range	<u>1.73%~2.31%</u>	<u>1.56%~2.04%</u>

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

(X) Corporate bonds payable

	<u>2024.12.31</u>	<u>2023.12.31</u>
Total amount of corporate bonds payable issued	\$ 500,000	-
Unamortized balance of discount on corporate bonds payable	<u>(30,943)</u>	<u>-</u>
Ending balance of corporate bonds payable	<u>\$ 469,057</u>	<u>-</u>
Embedded derivative – call option (reported as financial assets measured at fair value through profit or loss, Note VI (II))	<u>\$ 1,200</u>	<u>-</u>
Equity components - conversion rights (reported in capital surplus - stock options, Note VI (XIV))	<u>\$ 102,742</u>	<u>-</u>
	<u>2024</u>	<u>2023</u>
Embedded derivative – call option remeasured at fair value through profit or loss (reported as valuation gains on financial assets measured at fair value through profit or loss)	<u>\$ 650</u>	<u>-</u>

On July 16, 2024, the Company's Board of Directors resolved to issue its second domestic unsecured convertible corporate bonds to repay bank loans and strengthen working capital. The issuance was approved by the Financial Supervisory Commission on August 13, 2024, and began on September 3, 2024. The bonds will mature on September 3, 2027, with a term of three years. The total face value of the issuance is NTD 500,000 thousand, with a coupon rate of 0%, and the effective interest rate at initial recognition was 2.4%. The convertible corporate bonds were publicly underwritten through a competitive auction. The actual issue price per bond was 114.32% of the face value, resulting in a total amount raised of NTD 566,323 thousand (after deducting issuance costs of NTD 5,277).

The other terms and conditions of the Company's bond issuance are as follows:

1. Repayment method

Except for the conversion of the Company's second domestic unsecured convertible corporate bonds into the Company's ordinary shares pursuant to Article 10 of the Regulations on the Issuance and Conversion of the Company's Second Unsecured Convertible Corporate Bonds, or the early redemption by the Company in accordance with Article 18 of the same Regulations, or the repurchase and cancellation by the Company through a securities dealer's business office, the Company shall repay the convertible bonds in cash in a lump sum within ten business days following the maturity date, based on the bond's face value. If the aforementioned date falls on a day when the Taipei Stock Exchange is closed, the repayment date will be postponed to the next business day.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

2. Redemption method

- (1) From the day after three months following the issuance date until forty days before the expiration of the issuance period, if the closing price of the Company's ordinary shares exceeds 30% (inclusive) of the conversion price for thirty consecutive business days, the Company may, within the next thirty business days, redeem the outstanding bonds in circulation in cash at their face value.
- (2) From the day after three months following the issuance date until forty days before the expiration of the issuance period, if the remaining balance of the bond in circulation is less than NTD 50 million, the Company may, at any time thereafter, redeem the outstanding bonds in circulation for cash at their face value.

3. Conversion period

Shareholders may request the conversion to ordinary shares through the Company's stock transfer agent at any time from the day after three months following the issuance date until the maturity date, except during any legally required suspension of the transfer period.

4. Conversion price

The conversion price per share at the time of issuance is set at NTD 85.0. If any adjustments to the conversion price are required due to changes in the Company's ordinary shares, the conversion price will be modified according to the formula specified in the conversion terms. The bond does not have any reset provisions.

(XI) Long-term borrowings

	<u>2024.12.31</u>	<u>2023.12.31</u>
Unsecured bank loan	\$ 50,000	150,000
Secured bank loans	-	200,000
	50,000	350,000
Less: portion due within one year	(6,000)	-
	\$ 44,000	350,000
Available credit limit	\$ 380,000	100,000
Annual interest rate range	1.84%~2.22%	1.84%~2.14%
Maturity year	116	115

Please refer to Note VIII for details of the situation where the Company pledged assets as collaterals for bank loan line.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

(XII) Employee benefits

1. Defined benefit plans

The Company has determined the adjustments between the present value of defined benefit obligations and the net defined benefit assets as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Present value of defined benefit obligations	\$ 9,120	12,381
Fair value of plan assets at the end of the period	(16,129)	(14,324)
Asset ceiling effects	-	-
Net defined benefit assets	<u>\$ (7,009)</u>	<u>(1,943)</u>

The defined benefit plans of the Company are allocated to the special account for labor pension reserves of the Bank of Taiwan. The pension payment for each employee subject to the Labor Standards Act is calculated based on the base obtained through service years and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension funds allocated by the Company in accordance with the Labor Standards Act are administrated by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as “BLF”). In accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the minimum income for the annual final distribution of the funds shall not be lower than the income calculated based on the two-year fixed deposit rate of the local bank.

As of December 31, 2024 and 2023, the balances in the special accounts for labor pension reserves of the Company in the Bank of Taiwan were NTD 16,129 thousand and 14,324 thousand, respectively. Information on the use of labor pension fund assets, including fund returns and fund asset allocation, can be found on the website of the BLF.

(2) Changes in the present value of defined benefit obligations

	<u>2024</u>	<u>2023</u>
Defined benefit obligations at the beginning of the period	\$ 12,381	11,801
Current service cost and interest	151	173
Remeasurement of net defined benefit liabilities (assets)		
— Effects of changes in demographic assumptions	18	76

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

	<u>2024</u>	<u>2023</u>
— Actuarial gain or loss arising from experience adjustments	(3,287)	79
— Actuarial gain or loss arising from changes in financial assumptions	<u>(143)</u>	<u>252</u>
Defined benefit obligations at the end of the period	<u>\$ 9,120</u>	<u>12,381</u>
(3) Changes in fair value of plan assets		
	<u>2024</u>	<u>2023</u>
Fair value of plan assets at the beginning of the period	\$ 14,324	13,671
Interest income	178	204
Remeasurement of net defined benefit liabilities (assets)		
— Compensation of plan assets (excluding current interest)	1,262	88
Amount contributed to the plan	<u>365</u>	<u>361</u>
Fair value of plan assets at the end of the period	<u>\$ 16,129</u>	<u>14,324</u>
(4) Change in asset ceiling effects		
The Company did not have defined benefit plan asset ceiling effects for the year ended December 31, 2024, and 2023.		
(5) Expenses (gain) recognized as profit or loss		
	<u>2024</u>	<u>2023</u>
Net interest on net defined benefit liabilities (assets)	<u>\$ (27)</u>	<u>(31)</u>
Operating expenses (profit)	<u>\$ (27)</u>	<u>(31)</u>
(6) Actuarial assumptions		
The significant actuarial assumptions used by the Company at the reporting date to determine the present value of the defined benefit obligations are as follows:		
	<u>2024.12.31</u>	<u>2023.12.31</u>
Discount rate	1.50%	1.25%
Future salary increases	2.00%	2.00%

The Company expects to make a contribution of NTD 368 thousand to the defined benefit plan within one year after the reporting date of the fiscal year 2024. The weighted average duration of the defined benefit plan is 6.5 years.

**AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
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(7) Sensitivity analysis

The effect of changes in the main actuarial assumptions used on the present value of defined benefit obligations is as follows:

	Effect on defined benefit obligations	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2024		
Discount rate	\$ (139)	143
Future salary increases	139	(136)
December 31, 2023		
Discount rate	(253)	262
Future salary increases	255	(247)

The sensitivity analysis described above is based on analyzing the impact of changes in a single assumption while other assumptions remain unchanged. In practice, many hypothetical changes may be sequential. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liabilities on the balance sheet date.

The methods and assumptions used in preparing the sensitivity analysis in this period are the same as those used in the previous period.

2. Defined contribution plans

The defined contribution plan of the Company is made in accordance with the provisions of the Labor Pension Act at a contribution rate of 6% of the monthly salary of the laborers to the individual pension account of the Bureau of Labor Insurance (BLI). There is no statutory or presumptive obligation to pay additional amount after the Company has made a defined contribution under these plans.

The pension expenses under the defined pension contribution measures of the Company in 2024 and 2023 were NTD 10,246 thousand and NTD 9,685 thousand, respectively.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

(XIII) Income taxes

1. Income tax expenses

The income tax expenses of the Company are detailed as follows:

	<u>2024</u>	<u>2023</u>
Current income tax		
Generated in the current year	\$ 18,809	1,999
Surtax on unappropriated earnings	-	4,443
Prior period adjustment of current income tax	-	(4,816)
Deferred income tax expenses (benefits)		
Occurrence and reversal of temporary differences.	<u>(4,188)</u>	<u>5,664</u>
	<u>\$ 14,621</u>	<u>7,290</u>

The Company did not recognize any income tax expense directly in equity for the year ended December 31, 2024 and 2023.

The details of income tax expenses recognized by the Company under other comprehensive income in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	<u>\$ (935)</u>	<u>(63)</u>

The adjustment of income tax expenses and profit before tax by the Company in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Profit before tax	<u>\$ 67,495</u>	<u>33,906</u>
Income tax at the Company's domestic tax rate	\$ 13,499	6,782
Prior period adjustment of income tax	-	(4,816)
Surtax on unappropriated earnings	-	4,443
Others	<u>1,122</u>	<u>881</u>
	<u>\$ 14,621</u>	<u>7,290</u>

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

2. Deferred income tax assets and liabilities

(1) Deferred income tax assets and liabilities recognized

Deferred income tax assets:

	Beginning balance	Recognized in (profit) or loss	Recognized in other comprehensive income	Ending balance
2024				
Unrealized gross profit on sales between affiliated companies	\$ 10,861	(1,728)	-	9,133
Allowance for obsolete inventory and decline in value losses	6,101	2,979	-	9,080
Impairment loss on financial instruments	3,840	-	-	3,840
Others	1,955	(286)	(840)	829
	<u>\$ 22,757</u>	<u>965</u>	<u>(840)</u>	<u>22,882</u>

	Beginning balance	Recognized in (profit) or loss	Recognized in other comprehensive income	Ending balance
2023				
Unrealized gross profit on sales between affiliated companies	\$ 15,409	(4,548)	-	10,861
Allowance for obsolete inventory and decline in value losses	6,351	(250)	-	6,101
Impairment loss on financial instruments	3,840	-	-	3,840
loss carryforward	6,783	(6,783)	-	-
Others	1,293	599	63	1,955
	<u>\$ 33,676</u>	<u>(10,982)</u>	<u>63</u>	<u>22,757</u>

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

Deferred income tax liabilities:

		Beginning balance	Recognized in (profit) or loss	Recognized in other comprehensive income	Ending balance
2024					
	Revenue from investments in subsidiaries	\$ (8,596)	5,361	-	(3,235)
	Others	(1,586)	(2,138)	(95)	(3,819)
		<u>\$ (10,182)</u>	<u>3,223</u>	<u>(95)</u>	<u>(7,054)</u>
2023					
	Revenue from investments in subsidiaries	\$ (10,355)	1,759	-	(8,596)
	Others	(5,145)	3,559	-	(1,586)
		<u>\$ (15,500)</u>	<u>5,318</u>	<u>-</u>	<u>(10,182)</u>

3. Circumstances of income tax approval

The Company's business income tax returns have been approved by the tax authorities up to the fiscal year 2022.

(XIV) Capital and other equities

1. Equity

As of December 31, 2024, and 2023, the total authorized capital of the Company was NTD 1,000,000 thousand, which was divided into 100,000 thousand shares at NTD 10 per share. The issued shares are all ordinary shares, totaling 59,123 thousand shares. From the authorized capital stock mentioned above, 10,000 thousand shares are reserved for issuance of stock options to employees.

2. Capital reserve

	<u>2024.12.31</u>	<u>2023.12.31</u>
May be used to offset losses, distribute cash, or allocate to share capital:		
Share premium	\$ 426,638	426,638
May only be used to offset losses:		
Expired convertible corporate bond subscription rights	5,518	5,518
Expired employee stock options	13,780	13,780
Convertible corporate bond subscription rights (Note VI (X))	102,742	-
Others	82	-
	<u>\$ 548,760</u>	<u>445,936</u>

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

According to the Company Act, capital reserves must first be used to offset losses before they can be used to issue new shares or distribute cash in proportion to the shareholders' original shareholdings, using realized capital reserves. The realized capital reserves referred to are the premiums received from issuing shares above their par value. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserves allocated to share capital each year must not exceed 10% of the paid-in capital.

3. Retained earnings

According to the Company's profit distribution policy as stipulated in its Articles of Incorporation, if there is any surplus after the annual financial statements, the Company must first pay taxes, cover losses, and allocate statutory surplus reserve in accordance with statutory requirements. However, if the statutory surplus reserve has reached the Company's paid-in capital, this requirement does not apply. Any remaining surplus should then be allocated or reversed as special surplus reserve as required by laws or business needs. If there is still a remaining balance, it, together with the accumulated undistributed earnings, will be included in a profit distribution proposal prepared by the Board of Directors for approval by the shareholders' meeting. If the dividends of the profit distribution proposal are distributed in cash, the Board of Directors shall be authorized to pass a resolution in respect of the distribution and report to the shareholders' meeting.

Given the current phase of business growth, the dividend distribution policy must consider various factors, including the present and future investment climate, capital requirements, domestic and international competitive conditions, and capital budgeting. Simultaneously, it must also prioritize the interests of shareholders, strike a balance between dividends, and facilitate long-term financial planning. In the event of a surplus in the annual financial statements, where the distributable surplus for that year exceeds 2% of the capital, the dividend distribution should not fall below 10% of the distributable surplus. Furthermore, the proportion of cash dividends distributed annually must not be less than 10% of the total cash and stock dividends distributed for that year.

(1) Statutory surplus reserve

Under the Company Act, when a company has no deficit, it may issue new shares or cash out of statutory surplus reserve by resolution of the shareholders' meeting, provided that such reserve shall not exceed 25% of the paid-in capital.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

(2) Special surplus reserve

According to the regulations of the FSC, when the Company distributes distributable earnings, it must allocate a special surplus reserve from the current period's after-tax net income, plus amounts included in the current period's undistributed earnings from items other than the current period's after-tax net income, to cover the net amount of other equity deductions recorded during the year. For amounts related to other equity deductions accumulated in prior periods, a special surplus reserve must be allocated from prior periods' undistributed earnings and cannot be distributed. If there is a reversal of other equity deductions in the future, the amount of the reversal may be distributed as earnings.

4. Distribution of earnings

The Company's Board of Directors resolved on March 1, 2024, and March 2, 2023, respectively, regarding the distribution of cash dividends for the fiscal years 2023 and 2022. The details of the cash dividend amounts are as follows:

	2023		2022	
	Dividend per share (NTD)	Amount	Dividend per share (NTD)	Amount
Dividends distributed to owners of ordinary shares:				
Cash	\$ 0.35	<u>20,693</u>	0.8	<u>47,298</u>

The Company's Board of Directors resolved on February 25, 2025, respectively, regarding the distribution of earnings for the fiscal years 2024. The details of the cash dividend amounts are as follows:

	2024	
	Dividend per share (NTD)	Amount
Dividends distributed to owners of ordinary shares:		
Cash	\$ 0.89	<u>52,620</u>

The related information on distribution of earnings can be found through platforms such as the MOPS (Market Observation Post System).

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

5. Other equity (net amount after tax)

- (1) Exchange differences on translating the financial statements of foreign operations

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 4,320	6,507
Exchange difference from conversion of net assets of foreign operating organizations	<u>6,345</u>	<u>(2,187)</u>
Ending balance	<u><u>\$ 10,665</u></u>	<u><u>4,320</u></u>

- (2) Unrealized loss on financial assets measured at fair value through other comprehensive income

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ (669)	(624)
Unrealized loss on investments in equity instruments measured at fair value through other comprehensive income	<u>(5)</u>	<u>(45)</u>
Ending balance	<u><u>\$ (674)</u></u>	<u><u>(669)</u></u>

(XV) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year ended December 31, 2024 and 2023 is as follows:

1. Basic earnings per share

	<u>2024</u>	<u>2023</u>
Net income attributable to equity holders of the Company's ordinary shares	<u><u>\$ 52,874</u></u>	<u><u>26,616</u></u>
Weighted average number of ordinary shares outstanding (in thousands)	<u><u>59,123</u></u>	<u><u>59,123</u></u>
Basic earnings per share (NTD)	<u><u>\$ 0.89</u></u>	<u><u>0.45</u></u>

2. Diluted earnings per share

	<u>2024</u>	<u>2023</u>
Net income attributable to equity holders of the Company's ordinary shares	<u><u>\$ 52,874</u></u>	<u><u>26,616</u></u>
Weighted average number of ordinary shares outstanding (in thousands)	59,123	59,123
Impact of potential ordinary shares with dilutive effect (in thousands):		
Impact of employee remuneration	<u>78</u>	<u>105</u>
Weighted average number of ordinary shares outstanding (in thousands) (after adjusting for dilutive potential ordinary shares)	<u><u>59,201</u></u>	<u><u>59,228</u></u>
Diluted earnings per share (NTD)	<u><u>\$ 0.89</u></u>	<u><u>0.45</u></u>

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
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As of December 31, 2024, the calculation of the weighted average number of diluted common shares outstanding excludes convertible bonds due to their anti-dilutive effect.

(XVI) Revenue from customer contracts

1. Breakdown of revenue

	<u>2024</u>	<u>2023</u>
Main products and services:		
Network communication equipment	\$ 1,671,491	1,373,446
Others	<u>2,787</u>	<u>6,006</u>
	<u>\$ 1,674,278</u>	<u>1,379,452</u>

2. Contract balance

	<u>2024.12.31</u>	<u>2023.12.31</u>	<u>2023.01.01</u>
Accounts receivable (include related parties)	\$ 533,142	450,119	879,279
Less: allowance for losses	<u>(65)</u>	<u>-</u>	<u>-</u>
	<u>\$ 533,077</u>	<u>450,119</u>	<u>879,279</u>
Contractual liabilities	<u>\$ 20,167</u>	<u>8,521</u>	<u>8,688</u>

Disclosure of accounts receivable (including related parties) and their impairment is detailed in Note VI (IV).

The changes in contractual liabilities mainly come from the difference between the time point of satisfying the performance obligation when the Company transfers goods to a customer and the time point of the customer's payment.

The beginning balance of contract liabilities as of January 1, 2024 and 2023, recognized as revenue for the years ended December 31, 2024 and 2023, were NTD 8,274 thousand and NTD 7,876 thousand, respectively.

(XVII) Remuneration of employees and directors

According to the Company's Articles of Incorporation, if there is a profit for the year, 5% to 20% shall be allocated as employee remuneration, and up to 1% shall be allocated as directors' remuneration. Nonetheless, in case of accumulated deficit in the Company, a proportion of the profit shall be reserved for recovering the loss before an amount is appropriated at the aforementioned ratio as remuneration to employees and directors. The recipients of the employee remuneration mentioned above, whether in the form of shares or cash, may include employees of subsidiaries or affiliates who meet certain criteria. The criteria and distribution method shall be determined by the Board of Directors or its authorized person.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

For the years ended December 31, 2024 and 2023, the estimated employee compensations of the Company were NTD 5,122 thousand and NTD 2,573 thousand, respectively, and the estimated director compensations were NTD 549 thousand and NTD 276 thousand, respectively, which were estimated based on the Company's pre-tax net income before deducting the compensations of employees and directors multiplied by the Company's proposed distribution amount of compensations of employees and directors for each period, and were reported as operating costs or operating expenses for each such period. If the actually distributed amount of next year is different from the estimate, the difference will be treated as an accounting estimate change and listed in the profit and loss of next year.

The estimated amounts in the financial report align with the allocations set by the Board of Directors, and all amounts will be disbursed in cash. For further details, please refer to the Market Observation Post System (MOPS).

(XVIII) Non-operating income and expenses

1. Interest income

	<u>2024</u>	<u>2023</u>
Interest income on bank deposit	\$ 3,255	2,601
Interest income from financial assets measured at amortized cost	3	3
Others	6	4
	<u><u>\$ 3,264</u></u>	<u><u>2,608</u></u>

2. Other income

	<u>2024</u>	<u>2023</u>
Grant income	\$ 2,875	2,966
Others	1,371	826
	<u><u>\$ 4,246</u></u>	<u><u>3,792</u></u>

3. Other gain and loss

	<u>2024</u>	<u>2023</u>
Net gains (losses) on foreign currency exchange	\$ 44,087	(2,929)
Net loss on financial instruments measured at fair value through profit or loss	(44,110)	(7,006)
	<u><u>\$ (23)</u></u>	<u><u>(9,935)</u></u>

4. Finance costs

	<u>2024</u>	<u>2023</u>
Interest expense on bank loans	\$ (8,743)	(12,386)
Interest expense on corporate bonds payable	(3,626)	-
	<u><u>\$ (12,369)</u></u>	<u><u>(12,386)</u></u>

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

(XIX) Financial instruments

1. Types of financial instruments

(1) Financial assets

	<u>2024.12.31</u>	<u>2023.12.31</u>
Financial assets measured at fair value through profit or loss	\$ 3,116	11,118
Financial assets measured at fair value through other comprehensive income	740	745
Financial assets measured at amortized cost:		
Cash and cash equivalents	256,466	148,847
Financial assets measured at amortized cost - current	210	209
Accounts receivable and other receivables (including related parties)	764,066	651,127
Refundable deposits	449	528
Total	<u><u>\$ 1,025,047</u></u>	<u><u>812,574</u></u>

(2) Financial liabilities

	<u>2024.12.31</u>	<u>2023.12.31</u>
Financial liabilities measured at fair value through profit or loss	\$ 5,349	3,190
Financial liabilities measured at amortized cost:		
Short-term borrowings	-	230,000
corporate bonds payable	469,057	-
Accounts payable and other payables (including related parties)	354,933	262,143
Long-term borrowings (including the part due within one year)	50,000	350,000
Total	<u><u>\$ 879,339</u></u>	<u><u>845,333</u></u>

2. Fair value

(1) Financial instruments not measured at fair value

The management of the Company believes that the carrying amounts of financial assets and financial liabilities classified as measured at amortized cost in the consolidated financial statements approximate their fair values.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

(2) Financial instruments measured at fair value

The Company's financial assets/liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income are valued at fair value on a recurring basis. The following table provides an analysis of the financial instruments measured at fair value after initial recognition, classified into Levels 1 to 3 based on the degree to which the fair value is observable. Each fair value level is defined as follows:

- A. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- B. Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- C. Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

		2024.12.31				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:						
Derivative financial instruments - Forward foreign exchange contracts						
\$	1,916	-	1,916	-	1,916	
Call option on corporate bonds payable						
	1,200	-	1,200	-	1,200	
Financial assets measured at fair value through other comprehensive income:						
Foreign unlisted (OTC) stocks						
	740	-	-	740	740	
Total	\$ 3,856	-	3,116	740	3,856	

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

2024.12.31					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss:					
Derivative financial instruments - Forward foreign exchange contracts	\$ 68	-	68	-	68
Derivative financial instruments - Foreign exchange swaps contracts	5,281	-	5,281	-	5,281
Total	\$ 5,349	-	5,349	-	5,349

2023.12.31					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:					
Derivative financial instruments - Foreign exchange swaps contracts	\$ 11,118	-	11,118	-	11,118
Financial assets measured at fair value through other comprehensive income:					
Foreign unlisted (OTC) stocks	745	-	-	745	745
Total	\$ 11,863	-	11,118	745	11,863

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

2023.12.31				
Carrying amount	Fair value			
	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss:				
Derivative financial instruments -				
Forward foreign exchange contracts	\$ 3,190	-	3,190	-
				<u>3,190</u>

(3) Valuation techniques for fair value measurement of financial instruments

A. Non-derivative financial instruments

For financial instruments with an active market, the fair value is determined based on the quoted market price in that active market.

For financial instruments without an active market, fair value is determined using valuation techniques or based on quotes from counterparties. The fair value obtained through valuation techniques can be referenced from the current fair value of similar financial instruments with substantially similar conditions and characteristics, discounted cash flow methods, or other valuation techniques, including models that use market information available as of the reporting date.

The fair value of the financial instruments held by the Company is presented by category and attribute as follows:

- For unlisted (OTC) stocks without an active market held by the Company, fair value is primarily estimated using the asset-based approach. This valuation is determined by evaluating the total market value of the individual assets and liabilities covered by the valuation target.

B. Derivative financial instruments

Are valued based on valuation models widely accepted by market participants. Forward exchange contracts and foreign exchange swap contracts are typically valued based on the current forward exchange rates. The redemption rights of corporate bonds are evaluated using the binary tree convertible bond pricing model.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

(4) Transfer between fair value levels

There were no transfers of fair value levels of any financial asset and financial liability for the years ended December 31, 2024 and 2023.

(5) Detailed statement on changes in level 3

Financial assets measured at fair value through other comprehensive income:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 745	790
Changes recognized in other comprehensive incomes in current period	<u>(5)</u>	<u>(45)</u>
Ending balance	<u><u>\$ 740</u></u>	<u><u>745</u></u>

(XX) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including foreign exchange risk and interest rate risk) as a result of its business activities. This note outlines the Company's policies and procedures for measuring and managing the above-mentioned risks.

The Board of Directors is responsible for developing and overseeing the Company's risk management policies. The establishment of these policies aims to identify and analyze the risks the Company faces, set appropriate risk limits and controls, and monitor compliance with the risks and their limits. The risk management policies and systems are subject to regular review to reflect changes in market conditions and the operations of the Company.

The Company monitors and evaluates financial activities to ensure compliance with relevant regulations and internal control systems. Internal audit personnel play a supervisory role and regularly report their findings to the Board of Directors.

1. Credit risk

Credit risk is the risk of financial loss to the Company arising from a counterparty's failure to meet its contractual obligations. This risk primarily comes from financial assets such as bank deposits (including bank deposits classified as financial assets measured at amortized cost - current) and accounts receivable. The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's bank deposits are held with reputable financial institutions, and thus, the Company believes that significant credit risk is unlikely.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

The Company has established a credit policy that involves analyzing the financial condition of each customer to determine their credit limits. As of December 31, 2024 and December 31, 2023, 89, and 88% of the total accounts receivable (including related parties), respectively, were from the Company's top five customers. The Company regularly assesses the financial condition of these customers and uses insurance to mitigate credit risk. For details on credit risk exposure related to accounts receivable, please refer to Note (IV).

2. Liquidity risk

Liquidity risk is the risk that the Company will be unable to deliver cash or other financial assets to settle financial liabilities and fulfill related obligations. The Company regularly monitors its short-term and projected medium- to long-term funding needs, and manages liquidity risk by maintaining sufficient cash and cash equivalents, as well as available bank credit lines, and ensuring compliance with borrowing contract terms. As of December 31, 2024 and 2023, the undrawn bank loan amounts were NTD1,710,000 thousand, NTD 980,000 thousand, respectively. The following table shows the contractual maturity date of financial liabilities, including the impact of estimated interest, and prepared at the undiscounted cash flow.

	<u>Contractual cash flows</u>	<u>1-6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>
December 31, 2024					
Non-derivative financial liabilities:					
Accounts payable and other payables (including related parties)	\$ 354,933	354,933	-	-	-
corporate bonds payable	500,000	-	-	-	500,000
Long-term borrowings (including the part due within one year)	51,647	463	6,442	32,581	12,161
	<u>\$ 906,580</u>	<u>355,396</u>	<u>6,442</u>	<u>32,581</u>	<u>512,161</u>
Derivative financial instruments:					
Forward foreign exchange contracts:					
Outflow	\$ 495,448	495,448	-	-	-
Inflow	(497,296)	(497,296)	-	-	-

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

	<u>Contractual cash flows</u>	<u>1-6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>
Foreign exchange swap contracts:					
Outflow	582,981	582,981	-	-	-
Inflow	(577,700)	(577,700)	-	-	-
	<u>\$ 3,433</u>	<u>3,433</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 230,297	230,297	-	-	-
Accounts payable and other payables (including related parties)	262,143	262,143	-	-	-
Long-term borrowings (including the part due within one year)	364,870	3,386	3,480	36,705	321,299
	<u>\$ 857,310</u>	<u>495,826</u>	<u>3,480</u>	<u>36,705</u>	<u>321,299</u>
Derivative financial liabilities:					
Forward foreign exchange contracts:					
Outflow	\$ 495,040	495,040	-	-	-
Inflow	(491,850)	(491,850)	-	-	-
Foreign exchange swap contracts:					
Outflow	585,548	585,548	-	-	-
Inflow	(596,666)	(596,666)	-	-	-
	<u>\$ (7,928)</u>	<u>(7,928)</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company doesn't expect the time point of the cash flow under the maturity date analysis will come much earlier or the actual amount will be substantially different.

3. Market risk

(1) Exchange rate risk

The Company's exchange rate risk primarily arises from cash and cash equivalents, accounts receivable (payable) (including related parties), and other receivables (payables) (including related parties) that are not denominated in the functional currency, resulting in foreign currency exchange gains and losses upon translation.

As of the reporting date, the carrying amounts of monetary assets and liabilities not denominated in the functional currency are as follows (Monetary unit: In thousands of NTD):

**AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
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2024.12.31						
	Foreign currency	Exchange rate	NTD	Exchange rate fluctuations	Profit and loss impact (before tax)	
Financial assets						
Monetary items						
USD	\$	25,242	32.79 (Note)	827,522	2%	16,550
Non-monetary items						
USD		3,135	32.79 (Note)	102,771	2%	2,055
Financial liabilities						
Monetary items						
USD		5,218	32.79 (Note)	168,134	2%	3,363
2023.12.31						
	Foreign currency	Exchange rate	NTD	Exchange rate fluctuations	Profit and loss impact (before tax)	
Financial assets						
Monetary items						
USD	\$	24,416	30.75 (Note)	750,782	2%	15,016
Non-monetary items						
USD		3,727	30.75 (Note)	114,593	2%	2,292
Financial liabilities						
Monetary items						
USD		3,980	30.75 (Note)	122,390	2%	2,448

Note: The exchange rate is USD to NTD.

Foreign exchange gains (losses) (including realized and unrealized) for the years ended December 31, 2024 and 2023, are detailed in Note VI (XVIII) on other gains and losses.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

(2) Interest rate risk

The Company's bank borrowings are all based on floating interest rates. To manage interest rate risk, the Company primarily assesses bank and currency-specific borrowing rates regularly and maintains good relationships with financial institutions to obtain lower financing costs. At the same time, it enhances working capital management to reduce dependence on bank borrowings and diversify interest rate risk.

The following sensitivity analysis is based on the interest rate exposure of floating-rate bank borrowings as of the reporting date, assuming that the amount of borrowings outstanding remains constant throughout the year. The sensitivity analysis uses a change rate of 1% increase or decrease in the annual interest rate, which reflects the management's assessment of reasonable potential variations in interest rates.

If the annual interest rate increases/decreases by 1%, with all other variables held constant, the Company's income before tax for the years ended December 31, 2024 and 2023, will decrease/increase by NTD 500 thousand and NTD 5,800 thousand, respectively.

(XXI) Capital management

Based on the current operational industry characteristics and future development plans, as well as considering factors such as external environmental changes, the Company has planned its future operational funding, capital expenditures, debt repayment, and dividend distribution needs. This ensures the Company's ability to continue its operations, reward shareholders, and simultaneously consider the interests of other stakeholders, while maintaining an optimal capital structure to enhance long-term shareholder value.

(XXII) Non-cash transactions in investing and financing activities

1. Investment activities with only partial cash outflows:

	<u>2024</u>	<u>2023</u>
Purchase of property, plant and equipment	\$ 14,299	10,451
Add: accounts payable for equipment at beginning of period	263	225
Less: accounts payable for equipment at end of period	<u>(743)</u>	<u>(263)</u>
Cash paid at the end of the period	<u>\$ 13,819</u>	<u>10,413</u>

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

2. The liabilities from financing activities are reconciled in the following table:

			<u>Non-cash change</u>	
	<u>2024.01.01</u>	<u>Cash flows</u>	<u>New additions for the current period</u>	<u>2024.12.31</u>
Short-term borrowings	\$ 230,000	(230,000)	-	-
Long-term borrowings (including those due within one year)	350,000	(300,000)	-	50,000
Total liabilities from financing activities	<u>\$ 580,000</u>	<u>(530,000)</u>	<u>-</u>	<u>50,000</u>

			<u>Non-cash change</u>	
	<u>2023.01.01</u>	<u>Cash flows</u>	<u>New additions for the current period</u>	<u>2023.12.31</u>
Short-term borrowings	\$ 440,000	(210,000)	-	230,000
Long-term borrowings (including those due within one year)	350,000	-	-	350,000
Total liabilities from financing activities	<u>\$ 790,000</u>	<u>(210,000)</u>	<u>-</u>	<u>580,000</u>

VII. Related Party Transactions

(I) Parent company and ultimate controller

DFI Inc. (hereinafter referred to as "DFI") is the parent company of the Company, holding 51.38% of the Company's outstanding ordinary shares. Qisda Corporation (hereinafter referred to as "Qisda") is the ultimate controlling entity of the group to which the Company belongs. Both DFI and Qisda have prepared consolidated financial statements for public use.

(II) Name and relationship of related parties

The subsidiaries of the Company had transactions during the reporting period covered by this parent company only financial statement are as follows:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Qisda Corporation (Qisda)	Ultimate controller of the Company
DFI Inc.	Parent Company of the Company
Aewin Beijing Technologies Co., Ltd. (Beijing AEWIN)	Subsidiary of the Company

**AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)**

<u>Name of related party</u>	<u>Relationship with the Group</u>
Aewin Tech Inc. (AEWIN)	Subsidiary of the Company
Wise way internation CO., Ltd. (Wise way)	Subsidiary of the Company
Bright profit enterprise Limited (Bright profit)	Subsidiary of the Company
Aewin (Shenzhen) Technologies Co., Ltd.	The Company's subsidiary completed its deregistration in July 2024.
Alpha Networks Inc.	Subsidiaries directly or indirectly held by Qisda
Metaage Corporation	Subsidiaries directly or indirectly held by Qisda
Global Intelligence Network Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
AdvancedTEK International Corp.	Subsidiaries directly or indirectly held by Qisda
BenQ Material Corp.	Subsidiaries directly or indirectly held by Qisda
BenQ Asia Pacific Corp.	Subsidiaries directly or indirectly held by Qisda
BenQ Healthcare Corporation	Subsidiaries directly or indirectly held by Qisda
BenQ AB DentCare Corp.	Subsidiaries directly or indirectly held by Qisda
Concord Medical Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
BenQ Technology (Shanghai) Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Golden Spirit Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Metaguru Corporation	Subsidiaries directly or indirectly held by Qisda
EXPERT ALLIANCE SYSTEMS & CONSULTANCY (HK) COMPANY LIMITED	Subsidiaries directly or indirectly held by Qisda
AEWIN KOREA TECHNOLOGIES CO., LTD.	Substantive related party

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

(III) Material transactions with related party

1. Operating revenue

	<u>2024</u>	<u>2023</u>
Parent company	\$ 20	12
Subsidiary:		
Beijing AEWIN	250,359	286,858
AEWIN	421,787	187,442
Other related parties	<u>8,421</u>	<u>11,040</u>
	<u>\$ 680,587</u>	<u>485,352</u>

The Company's payment terms for sales to subsidiaries are typically 120 days from the shipment date, with possible extensions based on market conditions. Aside from this, there are no significant differences compared to regular sales. Additionally, The prices of goods to related parties by the Group are not significantly different from general sales prices. If the specifications are unique and there are no comparable transactions, the transactions are conducted at mutually agreed-upon prices.

2. Purchases

	<u>2024</u>	<u>2023</u>
Ultimate controller	\$ 81,924	31,690
Parent company	12,445	301,918
Subsidiary	<u>70,681</u>	<u>-</u>
	<u>\$ 165,050</u>	<u>333,608</u>

The purchase prices from the aforementioned related parties by the Company are not significantly different from those of other suppliers. If the specifications are unique and there are no comparable transactions, the transactions are conducted at mutually agreed-upon prices.

3. Accounts receivable from related parties

In summary, the details of accounts receivable from related parties by the Company are as follows:

<u>Account items</u>	<u>Category of related party</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Accounts receivable - related parties	Ultimate controller	\$ 3,678	5,814
	Parent company	13	-
	Subsidiary:		
	Beijing AEWIN	239,388	275,316

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

<u>Account items</u>	<u>Category of related party</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
	AEWIN	125,484	92,440
	Other related parties	4,660	349
		<u>\$ 373,223</u>	<u>373,919</u>
Other receivables- related parties	AEWIN	<u>\$ 678</u>	<u>123</u>

The Company provides certain raw materials to the ultimate controlling party and the parent company for manufacturing. The semi-finished products produced are then sold back to the Company for further processing and assembly. To avoid double-counting the above purchase and sales amounts, the Company does not recognize the value of the raw materials provided to the ultimate controlling party and the parent company as operating revenue. Additionally, the accounts receivable and payable resulting from the sale of raw materials and the repurchase of semi-finished products are not offset against each other and are not presented on a net basis.

4. Loans to related parties (listed under other receivables - related parties).

The actual utilization of funds lent to related parties by the Company is as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Beijing AEWIN	<u>\$ 230,311</u>	<u>200,885</u>

The Company's funding extended to related parties is classified as unsecured loans. Following an assessment, there is no requirement to recognize impairment losses.

5. Property transaction

The transaction amounts for property acquired by the Company from related parties are as follows:

<u>Account items</u>	<u>Category of related party</u>	<u>2024</u>	<u>2023</u>
Property, plant and equipment - Machinery and equipment	Other related parties	<u>\$ -</u>	<u>452</u>

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

6. Others

The details of operating costs and expenses incurred by the Company due to related parties providing product manufacturing, management services, and promotion services, along with other income arising from other transactions, are as follows:

Account items	Category of related party	2024	2023
Operating costs	Ultimate controller	\$ 3,483	74
	Parent company	39,446	20,766
	Other related parties	535	299
		\$ 43,464	21,139
Operating expenses	Ultimate controller	\$ 1,467	1,196
	Parent company	90	601
	Other related parties	4,684	10,648
	Beijing AEWIN	15,987	-
		\$ 22,228	12,445

7. Accounts payable to related parties

In summary, the details of accounts payable from related parties by the Company are as follows:

Account items	Category of related party	2024.12.31	2023.12.31
Accounts payable - related parties	Ultimate controller	\$ 9,026	9,450
	Parent company	25,700	33,062
	Beijing AEWIN	108	-
		\$ 34,834	42,512
Other payables- related parties	Ultimate controller	\$ 164	136
	Parent company	896	1,472
	Other related parties	612	786
		\$ 1,672	2,394

(IV) Remuneration of key management personnel

	2024	2023
Short-term employee benefits	\$ 19,598	19,935
Post-employment benefits	445	452
	\$ 20,043	20,387

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements
(Continued)

VIII. Pledged Assets

Details of the book value of assets provided as collateral by the Company are as follows:

Asset name	Subject matter of pledge guarantee	2024.12.31	2023.12.31
Financial assets measured at amortized cost - fixed deposits	Customs deposit	\$ 210	209
Land, buildings and structures	Bank loan credit guarantees	439,077	446,422
		\$ 439,287	446,631

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments: None.

X. Significant Disaster Losses: None.

XI. Significant Events after the Balance Sheet Date: None.

XII. Others

(I) Employee benefits, depreciation and amortization charges are summarized below by function:

By function	2024			2023		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
By nature						
Employee benefit expenses						
Salary expense	41,527	174,202	215,729	38,592	164,189	202,781
Labor and health insurance expenses	4,511	14,152	18,663	4,480	14,151	18,631
Pension expense	2,096	8,123	10,219	2,011	7,643	9,654
Remuneration of Directors	-	5,679	5,679	-	5,381	5,381
Other employee benefit expenses	3,881	7,813	11,694	2,921	6,280	9,201
Depreciation expenses	13,475	13,048	26,523	12,921	12,502	25,423
Amortization expenses	606	1,580	2,186	522	1,870	2,392

(II) Additional information on the number of employees and employee welfare expenses of the Company is as follows:

	2024	2023
Number of employees	224	222
Number of directors not concurrently employed	7	7
Average employee benefit expenses	\$ 1,184	1,118
Average employee salary expense	\$ 996	943
Average employee salary expense adjustment	5.62%	(18.14)%
Remuneration of the supervisor	\$ -	-

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

The Company's salary and award policies (for directors, managerial officers, and employees) are as follows:

1. The Policy on remuneration of directors

The remuneration for all directors of the Company shall be determined by the Board of Directors, considering their level of involvement in the Company's operations, the value of their contributions, and industry-standard practices. Also, if the Company generates a profit for the year, director compensation should not exceed 1% of the profit.

2. The policy on remuneration of managerial officers:

The compensation of the Company's managerial officer is determined in accordance with the Company's personnel regulations and is awarded based on individual performance and the Company's business performance.

3. The policy on remuneration of employees:

Provide salaries and meal allowances, and distribute employee compensation and year-end bonuses based on individual performance. Employee salaries and bonuses are administered according to the Company's personnel regulations; employee compensation is governed by the provisions of the company's bylaws.

- (III) (On August 15, 2023, the Company's Board of Directors resolved to activate company assets and increase operating capital by proposing to sell the Company's land and building located at Farglory U-TOWN, Xizhi District, New Taipei City, and to lease them back after the sale in order to maintain operations.

XIII. Notes Disclosure

(I) Information on significant transactions:

1. Lending funds to others: Please refer to Table 1.
2. Providing endorsements or guarantees for others: None.
3. Marketable securities held at the end of the period (excluding the investments in subsidiaries, associates and equity interests in joint ventures): Please refer to Table 2.
4. The cumulative purchase or sale of the same securities amounted to NTD 300 million or 20% and above of the paid-in capital: None.
5. The amount of property acquired reached NTD 300 million or 20% and above of the paid-in capital: None.
6. The amount of property disposal reached NTD 300 million or 20% and above of the paid-in capital: None.
7. The amount of purchases or sales with related parties reached NTD 100 million or 20% and above of the paid-in capital: Please refer to Table 3.

AEWIN Technologies Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

8. Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital: Please refer to Table 4.
9. Engaged in derivative products transactions: Note VI (II).
- (II) Information on investees: Please refer to Table 5.
- (III) Information on investments in mainland China: Please refer to Table 6.
- (IV) Information on major shareholders:

Unit: Shares

Name of major shareholders	Shares	Number of shares held	Shareholding ratio
DFI Inc.		30,376,000	51.38%
Qixin Co., Ltd.		6,550,610	11.07%

Note: This table displays the information of the shareholders who have delivered a total of more than 5% of the ordinary shares (including treasury stocks) of the Company without physical share registration until the final working day every quarter, as calculated by the central clearing company. The number of shares recorded in the Company's financial report may differ from the actual number of shares that have been fully dematerialized due to differences in calculation bases.

XIV. Segment Information

Please refer to the 2024 consolidated financial statement.

Table 1.

AEWIN Technologies Co., Ltd.
Lending funds to others
From January 1 to December 31, 2024

Unit: In thousands of New Taiwan Dollars/In thousands of foreign currency

No.	Creditor	Borrower	Subject	Is a related party	Maximum outstanding balance	Ending balance	Actual amount drawn down for the current period	Range of interest rate	Nature of financing (Note 2)	Business transaction amounts (Note 3)	Reason for short-term financing	Allowance for bad debts recognized	Collateral		Financing limits for each borrowing company (Note 1)	Total financing limits (Note 1)
													Name	Value		
0	The Company	Aewin Beijing Technologies Co., Ltd.	Other receivables	Yes	237,676 (USD 7,427)	230,311 (USD 7,025)	230,311 (USD 7,025)	-	1	250,359	Business interaction	-	-	-	280,222	560,444

Note 1: The total loan limit to related parties and the loan limit to individual counterparties are 40% and 20%, respectively, of the net equity as reported in the most recent financial statements audited or reviewed by the accountants.

Note 2: The nature of financing is described as follows:

1. For parties with business transactions.
2. For parties with a short-term need for funding.

Note 3: The amount of business transactions is based on the sales transactions amount for the most recent fiscal year between the parties.

Table 2.

AEWIN Technologies Co., Ltd.
Marketable securities held at the end of the period (excluding the investments in subsidiaries, associates and joint ventures)
December 31, 2024

Unit: In thousands of New Taiwan Dollars/In thousands of shares

Company held	Type and name of marketable securities	Relationship with the issuer of marketable securities	Accounts	End of period				Remarks
				Number of shares/units	Carrying amount	Shareholding ratio	Fair value	
The Company	AEWIN KOREA TECHNOLOGIES CO., LTD Stock	Substantive related party	Financial assets measured at fair value through other comprehensive income - non-current	10	740	16.67%	740	
The Company	Authentrend Technology Inc. - stock (Former name: Stock: Authentrend Technology Inc.)	-	Financial assets measured at fair value through profit or loss - non-current	300	-	1.08%	-	

Table 3.

AEWIN Technologies Co., Ltd.

The amount of purchases or sales with related parties reached NTD 100 million or 20% and above of the paid-in capital

From January 1 to December 31, 2024

Unit: NTD thousand

Companies for Purchases (Sales)	Name of counterparty	Relationship	Transaction status				Situation and reason for difference between the trading terms and those of the general trading		Notes and accounts receivable (payable)		Remarks
			Purchase (Sales)	Amount	Proportion to total purchase (sales)	Credit period	Unit price	Credit period	Balance	Proportion to total notes and accounts receivable (payable)	
The Company	Aewin Beijing Technologies Co., Ltd.	Parent company and subsidiary	(Sales)	(250,359)	15%	150 days after shipment	Comparable to general customers	(Note 1)	239,388	45%	
The Company	Aewin Tech Inc.	Parent company and subsidiary	(Sales)	(421,787)	25%	120 days after shipment	Comparable to general customers	(Note 1)	125,484	24%	
Aewin Beijing Technologies Co., Ltd.	The Company	Parent company and subsidiary	Purchases	250,359	38%	150 days after shipment	Comparable to general customers	(Note 1)	(239,388)	92%	
Aewin Tech Inc.	The Company	Parent company and subsidiary	Purchases	421,787	100%	120 days after shipment	Comparable to general customers	(Note 1)	(125,484)	100%	

Note 1: Receivables are recognized 120 days after shipment, with possible extensions considered based on market conditions.

Table 4.

AEWIN Technologies Co., Ltd.
Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital
December 31, 2024

Unit: NTD thousand

Company with receivables	Name of counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the balance sheet date	Allowance for bad debts recognized
					Amount	Treatment		
The Company	Aewin Beijing Technologies Co., Ltd.	Parent company and subsidiary	239,388	0.97	71,292	Strengthen collection	-	-
The Company	Aewin Beijing Technologies Co., Ltd.	Parent company and subsidiary	230,311	-	-	-	13,680	-
The Company	Aewin Tech Inc.	Parent company and subsidiary	125,484	3.87	-	-	-	-

Table 5.

AEWIN Technologies Co., Ltd.
Information on reinvestment (excluding investments in mainland China)
From January 1 to December 31, 2024

Unit: In thousands of New Taiwan Dollars/In thousands of shares

Name of investor company	Name of investee	Location	Primary business	Original investment amount		Ending shareholding			Current profit (loss) of the investee in the period	Investment profit (loss) recognized for the period	Remarks
				End of current period	End of last year	Number of shares	Ratio	Carrying amount			
The Company	Wise way internation CO., Ltd.	Anguilla	Investment holding	46,129	46,129	1,500	100%	78,776	(38,354)	(38,354)	Parent company and subsidiary Parent company and subsidiary
The Company	Aewin Tech Inc.	USA	Business of wholesaling computers and their peripheral equipment and software	77,791	77,791	2,560	100%	23,995	11,547	11,547	
Wise way internation CO., Ltd.	Bright profit enterprise Limited	Hong Kong	Investment holding	46,129	46,129	1,500	100%	112,478	(38,355)	-	

Table 6.

AEWIN Technologies Co., Ltd.
Investment Information in Mainland China
From January 1 to December 31, 2024

Unit: In thousands of New Taiwan Dollars/In thousands of foreign currencies

1. Information on reinvestment in Mainland China:

Investee in mainland China	Primary business	Paid-in capital	Investment method	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated investment amount remitted from Taiwan at the end of current period	Current profit (loss) of the investee in the period	Shareholding ratio of direct or indirect investment of the Company	Investment profit (loss) recognized in the period	Ending carrying value of investment (Note 6)	Repatriated investment income as of the end of the period
					Remitted	Repatriated						
Aewin Beijing Technologies Co., Ltd.	Business of wholesaling computers and their peripheral equipment and software	46,129 (USD 1,500)	(Note 1)	46,129 (USD 1,500)	-	-	46,129 (USD 1,500)	(38,355)	100%	(38,355) (Note 3)	112,472	-
Aewin (Shenzhen) Technologies Co., Ltd.	Business of wholesaling computers and their peripheral equipment and software	15,265 (RMB 3,500)	(Note 2)	- -	-	-	- -	1,288 (RMB 286)	100%	1,288 (RMB 286)	(Note 5)	-

2. Limit of investment in mainland China:

Name of investor company	Culmulative remitted from Taiwan	Investment Commission of the Ministry of Economic Affairs	In accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs Limit of investment in mainland China
	Amount of investment in mainland China	Approved Investment Amount	
The Company	46,129 (USD 1,500)	49,178 (USD 1,500)	840,667 (Note 4)

Note 1: Investment in mainland China was made through the establishment of the company in a third region: Reinvested through BRIGHT PROFIT.

Note 2: It is a Mainland China-based company reinvested by Beijing AEWIN.

Note 3: It is recognized in line with the financial report prepared by the investee and audited by the CPA of the parent company in Taiwan.

Note 4: According to the Review Principles for Investment or Technical Cooperation in Mainland China, the investment limit in Mainland China shall not exceed 60% of the net value.

Note 5: Aewin (Shenzhen) has been fully liquidated in June, 2024 and deregistration has been completed in July, 2024.

3. Material transactions with investees in Mainland China:

Please refer to the statement under the "Information on significant transactions" for the direct or indirect material transactions between the Company and the investees in mainland China from January 1 to December 31, 2024.

AEWIN Technologies Co., Ltd.
Statement of cash and cash equivalent

December 31, 2024

Unit: NTD thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Demand deposits and checking accounts	NTD 192,221 thousand	\$ 192,221
Foreign currency deposits	USD 1,956,thousand; Exchange Rate: 32.785	<u>64,245</u>
		<u><u>\$ 256,466</u></u>

AEWIN Technologies Co., Ltd.

**Financial assets measured at fair value through
profit or loss - non-current**

December 31, 2024

Unit: NTD thousand

Summary	Name of financial instruments	Amount	
		Contract amount (in thousands of NTD)	Fair value
Taishin Bank	Forward exchange contracts	USD 11,698	\$ 1,667
Far Eastern Bank	Forward exchange contracts	USD 2,493	249
Yuanta Bank	Redemption option of convertible bonds	NTD 500,000	1,200
			<u><u>\$ 3,116</u></u>

Statement on accounts receivable

Customer name	Amount
Company A	\$ 68,285
Company B	25,202
Company C	16,584
Company D	15,691
Company E	9,502
Others (all less than 5% of the amount of this account)	24,655
	159,919
Less: Allowance for doubtful amounts	(65)
	<u><u>\$ 159,854</u></u>

AEWIN Technologies Co., Ltd.

Statement on inventory

December 31, 2024

Unit: NTD thousand

<u>Item</u>	<u>Amount</u>		<u>Remarks</u>
	<u>Carrying amount (Note)</u>	<u>Net realizable value</u>	
Raw materials	\$ 185,178	185,175	Net Realizable Value
Work in progress	42,682	42,682	Net Realizable Value
Finished goods	<u>61,774</u>	<u>69,598</u>	Net Realizable Value
	<u>\$ 289,634</u>	<u>297,455</u>	

(Note) The inventory amount has been adjusted to reflect the provision for inventory write-down.

Statement on other current assets

<u>Item</u>	<u>Amount</u>
Input tax	\$ 11,426
Other prepaid expenses	6,020
Others (all less than 5% of the amount of this account)	<u>1,471</u>
	<u>\$ 18,917</u>

AEWIN Technologies Co., Ltd.

Financial assets measured at fair value through other comprehensive income - non-current statement of change

From January 1 to December 31, 2024

**Unit: In thousands of New Taiwan
Dollars/In thousands of shares**

<u>Name</u>	<u>Beginning of the period</u>		<u>Increase during the period</u>		<u>Decrease in the current period</u>		<u>Unrealized gain or loss changes on financial assets</u>	<u>End of period</u>		<u>Provision of guarantees or pledges</u>
	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>		<u>Number of shares</u>	<u>Amount</u>	
AEWIN Korea Co., LTD.	10	<u>\$ 745</u>	-	<u>-</u>	-	<u>-</u>	<u>(5)</u>	10	<u>740</u>	None

AEWIN Technologies Co., Ltd.

Statement of changes on the investment under the equity method

From January 1 to December 31, 2024

Unit: In thousands of New Taiwan Dollars/
thousands of shares

Investee	Beginning balance		Increase during the period		Decrease in the current period		Loss on investment	Realized gross profit sales	Exchange differences on translating the financial statements of foreign operations	Ending balance			Net equity		
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount				Number of shares	Percentage (%)	Amount	Net Asset Value per Share (NT\$)	Total	Provision of guarantees or pledges
Wise way internation CO., Ltd. (Wise way)	1,500	\$ 99,601	-	-	-	-	(38,354)	12,965	4,564	1,500	100.00	78,776	-	78,776	None
Aewin Tech Inc.	2,560	14,992	-	-	-	-	11,547	(4,325)	1,781	2,560	100.00	23,995	-	23,995	None
Total		<u>\$ 114,593</u>		<u>-</u>		<u>-</u>	<u>(26,807)</u>	<u>8,640</u>	<u>6,345</u>			<u>102,771</u>		<u>102,771</u>	

AEWIN Technologies Co., Ltd.

**Financial liabilities measured at fair value
through profit or loss - current statement**

December 31, 2024

Unit: NTD thousand

Summary	Name of financial instruments	Amount	
		Contract amount (in thousands of NTD)	Fair value
Far Eastern Bank	Forward exchange contracts	USD 980	68
Far Eastern Bank	Foreign exchange swap contracts	USD 16,400	4,766
Yuanta Bank	Foreign exchange swap contracts	USD 500	153
Taishin Bank	Foreign exchange swap contracts	USD 900	362
			<u><u>\$ 5,349</u></u>

Contractual liabilities - statement on current asset

Supplier	Amount
A Company	\$ 17,046
B Company	2,868
Others (all less than 5% of the amount of this account)	253
	<u><u>\$ 20,167</u></u>

AEWIN Technologies Co., Ltd.

Statement on accounts payable

December 31, 2024

Unit: NTD thousand

Supplier	Amount
A Company	\$ 38,617
B Company	18,122
C Company	14,982
D Company	12,684
Others (all less than 5% of the amount of this account)	142,193
	<u>\$ 226,598</u>

Statement on other payables

Item	Summary	Amount
Salaries and bonuses payable		\$ 47,340
Compensation for unused leave		10,363
Accrued employee bonuses and directors' remuneration		6,191
Others (all less than 5% of the amount of this account)		27,935
		<u>\$ 91,829</u>

AEWIN Technologies Co., Ltd.

Statement on other liabilities

December 31, 2024

**Unit: NTD
thousand**

<u>Item</u>	<u>Amount</u>
Collection funds	<u>\$ 2,775</u>

Statement on long-term borrowings

<u>Creditor</u>	<u>Summary</u>	<u>Amount of borrowing</u>	<u>Contract period</u>	<u>Interest rate %</u>	<u>Mortgage or pledge</u>
KGI Bank	3 year medium-term loan	50,000	2023.09~2027.11	1.84%~2.22%	None
Less: Long-term borrowings due within one year		<u>(6,000)</u>			
		<u>\$ 44,000</u>			

AEWIN Technologies Co., Ltd.
Statement on operating revenue

Item	Amount
Network communication equipment	\$ 1,671,491
Others	3,418
Less: sales returns and allowances	(631)
	<u><u>\$ 1,674,278</u></u>

AEWIN Technologies Co., Ltd.

Statement on operating costs

From January 1 to December 31, 2024

Unit: NTD thousand

Item	Amount
Beginning raw materials	\$ 200,391
Add: Material received in the period	1,029,010
Less: Raw materials at the end of the period	(224,797)
Disposal of raw materials	(48,027)
Reclassified to expenses	(14,270)
Raw material scrap	<u>(7,573)</u>
Raw material consumption in the period	<u>934,734</u>
Direct manual	17,693
Manufacturing expense	<u>70,985</u>
Manufacturing costs	<u>1,023,412</u>
Beginning work in progress	50,200
Add: Outsourcing processing fee	97,054
Less: Ending work in process	<u>(42,682)</u>
Finished goods cost	1,127,984
Add: Beginning finished goods	76,320
Purchase for the current period	43,730
Less: Beginning work in progress	(67,555)
Reclassified to expenses and others	(21,039)
Finished goods scrap	<u>(3,263)</u>
Cost of goods sold	<u>1,156,177</u>
Inventory scrap loss	10,836
Loss on decline in value of inventories and obsolescence losses	14,894
Cost of disposal of raw materials	48,027
Others	<u>5,694</u>
Operating costs	<u><u>\$ 1,235,628</u></u>

AEWIN Technologies Co., Ltd.

Statement of selling and marketing expenses

From January 1 to December 31, 2024

Unit: NTD thousand

Item	Amount
Salary (Includes bonuses)	\$ 47,334
Commission expense	16,492
Verification usage and testing fees	8,728
Insurance expenses	5,921
Freight expenses	5,752
Others (All are less than 5%)	20,119
Total	<u><u>\$ 104,346</u></u>

Statement of general and administrative expenses

Item	Amount
Salary (Includes bonuses)	\$ 36,179
Depreciation expenses	6,872
Labor costs	3,970
Others (All are less than 5%)	21,609
Total	<u><u>\$ 68,630</u></u>

AEWIN Technologies Co., Ltd.

Statement of research and development expenses

From January 1 to December 31, 2024

Unit: NTD thousand

<u>Item</u>	<u>Amount</u>
Salary (Includes bonuses)	\$ 90,689
BIOS system development and engineering after-sales service R&D	15,987
Consumable expenses	15,439
Insurance expenses	8,686
Others (All are less than 5%)	<u>44,264</u>
Total	<u><u>\$ 175,065</u></u>

Please refer to Note VI (I) of the parent company only financial statements for the Statement of Financial Assets Measured at Amortized Cost - Current

Please refer to Note VII of the parent company only financial statements for the Statement of Accounts Receivable - Related Parties

Other accounts receivable - For statement of related parties, please refer to note VII of the parent company only financial statement

Please refer to Note VI (VII) of the parent company only financial statements for the Statement of Changes in Property, Plant and Equipment

For details on changes in intangible assets, please refer to Note VI (VIII) of the parent company only financial statement

Accounts payable - For statement of related parties, please refer to note VII of the parent company only financial statement

Other accounts payable - For statement of related parties, please refer to note VII of the parent company only financial statement

For statement on other income, please refer to Note VI (XVIII) of the parent company only financial statement

For statement on other gain and loss, please refer to Note VI (XVIII) of the parent company only financial statement

For statement on finance costs, please refer to Note VI (XVIII) of the parent company only financial statement