

**SINTRONES TECHNOLOGY CORP. AND
SUBSIDIARIES**

Consolidated Financial Statements

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

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

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Representation Letter

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

Company name: SINTRONES Technology Corp.

Chairman: HSU, YU-JUI

Date: March 3, 2025



安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of SINTRONES Technology Corp.:

Opinion

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

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

Basis for Opinion

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

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued unqualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in financial report as follows:

1. Revenue recognition

Please refer to Note 4(n) of the financial statements for the accounting policy of revenue recognition.

Description of key audit matter:

The Group engages primarily in the development, manufacture, and sales of computers. The sales revenue is a key matter in the financial statements, and the amounts and changes of sales revenue may affect the users' understanding of the entire financial statements. Therefore, testing over revenue recognition has been identified as a key audit matter.

Audit Procedures:

In relation to the key audit matter above, our principal audit procedures included testing the internal controls related to the methods of control for the shipment operations and the revenue recognition process; conducting external confirmations for sales revenue and accounts receivable; executing sampling procedures for sales revenue related to recipients of unsent confirmations to evaluate whether revenue recognition is in accordance with the Group's established accounting policies, and verifying whether the revenue had been recognized in the proper period by testing the selected sales transactions before and after the balance sheet date in order to evaluate the accuracy of the timing of the Group's operating revenue recognition.

2. Inventory valuation

Please refer to Note 4(h) and Note 5 of the financial statements for the accounting policy of inventory valuation, as well as the estimation of inventory valuation, respectively. Information regarding the inventories and their related expenses are shown in Note 6(d) of the financial statements.

Description of key audit matter:

The Group engages primarily in the development, manufacture and sales of in-vehicle and embedded computers. It provides a small quantities of various customized computer products. Since inventory depends mainly on product demand within a specific period in the future and its amounts are material, the net realizable values of inventories cannot be properly assessed; and therefore, will have a significant impact on the financial statements.

Audit Procedures:

In relation to the key audit matter above, our principal audit procedures included testing the related controls over the cost cycle, understanding the Group's provision policy and procedures on allowance for inventory valuation losses, evaluating whether the inventory valuation has been made in accordance with the Group's accounting policies, reviewing the inventory aging statement, and performing sampling procedures to recalculate whether the allowance for inventory valuation losses have been established according to the Group's policies.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wang, I-Wen and Chien, Szu-Chuan.

KPMG

Taipei, Taiwan (Republic of China)
March 3, 2025

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 407,717	26	289,500	42	2100	Short-term borrowings (notes 6(i) and 8)	\$ -	-	50,000	7
1110	Current financial assets at fair value through profit or loss (note 6(b))	13,410	1	14,231	2	2130	Current contract liabilities (note 6(s))	7,053	-	9,488	1
1170	Accounts receivable, net (notes 6(c) and (s))	66,995	4	27,460	4	2170	Notes and accounts payable	92,708	6	67,615	10
1310	Inventories (note 6(d))	106,516	7	109,439	16	2200	Other payables and other current liabilities (including related parties) (note 7)	40,270	3	27,045	4
1410	Prepayments and other current assets	12,689	1	5,929	1	2230	Current tax liabilities	8,338	1	8,744	1
1476	Other current financial assets (notes 6(e) and 8)	<u>18,143</u>	<u>1</u>	<u>52,293</u>	<u>7</u>	2250	Current provisions (note 6(l))	6,428	-	5,776	1
		<u>625,470</u>	<u>40</u>	<u>498,852</u>	<u>72</u>	2280	Current lease liabilities (note 6(m))	42,862	3	4,021	1
Non-current assets:						2320	Long-term liabilities, current portion (notes 6(j) and 8)	<u>7,337</u>	<u>-</u>	<u>4,295</u>	<u>1</u>
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and (k))	995	-	-	-			<u>204,996</u>	<u>13</u>	<u>176,984</u>	<u>26</u>
1600	Property, plant and equipment (notes 6(f), 7 and 8)	506,339	33	92,892	14	Non-Current liabilities:					
1755	Right-of-use assets (note 6(g))	377,014	25	11,841	2	2500	Non-current financial liabilities at fair value through profit or loss (notes 6(b) and (k))	2,574	-	-	-
1780	Intangible assets	7,073	-	7,644	1	2527	Non-current contract liabilities (note 6(s))	11,462	1	8,191	1
1840	Deferred tax assets (note 6(o))	7,634	-	7,874	1	2530	Bonds payable (note 6(k))	305,519	20	-	-
1990	Other non-current assets (notes 6(h), 7 and 9)	<u>28,123</u>	<u>2</u>	<u>71,162</u>	<u>10</u>	2540	Long-term borrowings (notes 6(j) and 8)	135,831	9	30,353	4
		<u>927,178</u>	<u>60</u>	<u>191,413</u>	<u>28</u>	2550	Non-current provisions (note 6(l))	261	-	398	-
						2580	Non-current lease liabilities (note 6(m))	300,099	19	7,897	1
						2670	Other non-current liabilities (note 6(o))	<u>495</u>	<u>-</u>	<u>360</u>	<u>-</u>
								<u>756,241</u>	<u>49</u>	<u>47,199</u>	<u>6</u>
								<u>961,237</u>	<u>62</u>	<u>224,183</u>	<u>32</u>
						Total liabilities					
						Equity attributable to owners of parent(note 6(p)):					
						3110	Ordinary shares	233,724	15	210,661	31
						3200	Capital surplus	153,246	10	127,411	18
						3310	Legal reserve	51,962	3	45,096	7
						3320	Special reserve	507	-	-	-
						3350	Unappropriated earnings	151,663	10	89,813	13
						3400	Other components of equity	309	-	(507)	-
						3500	Treasury shares	-	-	(6,392)	(1)
								<u>591,411</u>	<u>38</u>	<u>466,082</u>	<u>68</u>
						Total equity		<u>591,411</u>	<u>38</u>	<u>466,082</u>	<u>68</u>
Total assets		\$ <u>1,552,648</u>	<u>100</u>	<u>690,265</u>	<u>100</u>	Total liabilities and equity		\$ <u>1,552,648</u>	<u>100</u>	<u>690,265</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue, net (notes 6(s) and 7)	\$ 666,577	100	628,628	100
5000	Operating costs (notes 6(d), (n), 7 and 12(a))	<u>436,454</u>	<u>65</u>	<u>429,648</u>	<u>68</u>
5900	Gross profit from operations	<u>230,123</u>	<u>35</u>	<u>198,980</u>	<u>32</u>
	Operating expenses: (notes 6(n), (q), (t), 7 and 12(a))				
6100	Selling expenses	65,046	10	47,982	8
6200	Administrative expenses	40,246	6	27,426	4
6300	Research and development expenses	63,928	10	47,397	8
6450	Expected credit loss (reversal gain) (note 6(c))	<u>315</u>	<u>-</u>	<u>(44)</u>	<u>-</u>
		<u>169,535</u>	<u>26</u>	<u>122,761</u>	<u>20</u>
6900	Net operating income	<u>60,588</u>	<u>9</u>	<u>76,219</u>	<u>12</u>
	Non-operating income and expenses:				
7100	Interest income	7,956	1	9,106	2
7190	Other income	1,135	-	682	-
7210	Gains (losses) on disposals of property, plant and equipment (note 6(f))	35,280	5	(164)	-
7230	Foreign exchange gains, net (note 6(u))	17,841	3	524	-
7510	Interest expense (notes 6(k) and (m))	(6,387)	(1)	(1,962)	-
7635	Gains (losses) on financial assets (liabilities) at fair value through profit or loss, net (notes 6(b) and (k))	(542)	-	921	-
7590	Miscellaneous disbursements	<u>(382)</u>	<u>-</u>	<u>(418)</u>	<u>-</u>
		<u>54,901</u>	<u>8</u>	<u>8,689</u>	<u>2</u>
7900	Profit before income tax	115,489	17	84,908	14
7950	Less: Income tax expenses (note 6(o))	<u>19,017</u>	<u>3</u>	<u>16,246</u>	<u>3</u>
8200	Profit	<u>96,472</u>	<u>14</u>	<u>68,662</u>	<u>11</u>
8300	Other comprehensive income:				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	1,020	-	(634)	-
8399	Income tax related to components of other comprehensive income that maybe reclassified to profit or loss (note 6(o))	<u>204</u>	<u>-</u>	<u>(127)</u>	<u>-</u>
8300	Other comprehensive income (after tax)	<u>816</u>	<u>-</u>	<u>(507)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 97,288</u>	<u>14</u>	<u>68,155</u>	<u>11</u>
	Earnings per share (note 6(r))				
9750	Earnings per share (NT dollars)	<u>\$ 4.15</u>		<u>2.99</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 3.96</u>		<u>2.97</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar)

	Share capital			Retained earnings				Other equity interest		
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
Balance at January 1, 2023	\$ 191,020	-	122,109	37,992	-	85,108	123,100	-	(9,192)	427,037
Profit for the year	-	-	-	-	-	68,662	68,662	-	-	68,662
Other comprehensive income	-	-	-	-	-	-	-	(507)	-	(507)
Total comprehensive income	-	-	-	-	-	68,662	68,662	(507)	-	68,155
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	7,104	-	(7,104)	-	-	-	-
Cash dividends	-	-	-	-	-	(37,902)	(37,902)	-	-	(37,902)
Stock dividends of ordinary share	18,951	-	-	-	-	(18,951)	(18,951)	-	-	-
Share-based payments	538	152	5,233	-	-	-	-	-	2,800	8,723
Others	-	-	69	-	-	-	-	-	-	69
Balance at December 31, 2023	210,509	152	127,411	45,096	-	89,813	134,909	(507)	(6,392)	466,082
Profit for the year	-	-	-	-	-	96,472	96,472	-	-	96,472
Other comprehensive income	-	-	-	-	-	-	-	816	-	816
Total comprehensive income	-	-	-	-	-	96,472	96,472	816	-	97,288
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	6,866	-	(6,866)	-	-	-	-
Special reserve appropriated	-	-	-	-	507	(507)	-	-	-	-
Cash dividends	-	-	-	-	-	(27,249)	(27,249)	-	-	(27,249)
Issuance of convertible bonds	-	-	34,003	-	-	-	-	-	-	34,003
Stock dividends from capital surplus	20,961	-	(20,961)	-	-	-	-	-	-	-
Conversion of convertible bonds	892	-	5,181	-	-	-	-	-	-	6,073
Share-based payments	1,362	(152)	7,612	-	-	-	-	-	6,392	15,214
Balance at December 31, 2024	\$ 233,724	-	153,246	51,962	507	151,663	204,132	309	-	591,411

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 115,489	84,908
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	16,237	7,268
Amortization expense	3,307	4,847
Expected credit losses (gains)	315	(44)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	542	(921)
Interest expense	6,387	1,962
Interest income	(7,956)	(9,106)
Share-based payments transaction cost	3,383	2,342
(Gain) loss on disposal of property, plant and equipment	(35,280)	164
Others	(150)	(111)
Total adjustments to reconcile profit	(13,215)	6,401
Changes in operating assets and liabilities:		
Increase in accounts receivable	(39,850)	(526)
Decrease in inventories	2,923	77,529
Increase in prepayments and other current assets	(4,741)	(3,677)
Total changes in operating assets	(41,668)	73,326
Increase (decrease) in contract liabilities	836	(2,630)
Increase in notes and accounts payable	25,093	10,389
Increase in other payable and other current liabilities	13,161	2,882
Increase in provisions	652	1,181
Total changes in operating liabilities	39,742	11,822
Total changes in operating assets and liabilities	(1,926)	85,148
Total adjustments	(15,141)	91,549
Cash inflow generated from operations	100,348	176,457
Interest received	7,923	8,820
Interest paid	(3,754)	(1,999)
Income taxes paid	(19,382)	(24,232)
Net cash flows from operating activities	85,135	159,046
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(463,291)	(72,791)
Proceeds from disposal of property, plant and equipment	121,469	-
(Increase) decrease in restricted deposits	(1,522)	53,491
Increase in refundable deposits	(3,063)	(125)
Acquisition of intangible assets	(2,736)	(3,765)
Decrease (increase) in other financial assets	35,705	(35,705)
Net cash flows (used in) from investing activities	(313,438)	(58,895)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(50,000)	(20,000)
Proceeds from issuance of convertible bonds	344,888	-
Proceeds from long-term borrowings	433,390	35,000
Repayments of long-term borrowings	(325,222)	(48,640)
Payment of lease liabilities	(42,138)	(4,303)
Cash dividends paid	(27,249)	(37,902)
Exercise of employee share options	5,439	3,581
Treasury shares sold to employees	6,392	2,800
Other financing activities	-	69
Net cash flows (used in) financing activities	345,500	(69,395)
Effect of exchange rate changes on cash and cash equivalents	1,020	(634)
Net increase in cash and cash equivalents	118,217	30,122
Cash and cash equivalents at beginning of period	289,500	259,378
Cash and cash equivalents at end of period	<u>\$ 407,717</u>	<u>289,500</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

SINTRONES Technology Corp. (the “Company”) was incorporated in March 20, 2009 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The major business activities of the Company are the manufacture and sale of computers and peripherals. The Company’s common shares were listed on Taipei Exchange (TPEX) in September 16, 2019.

The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group” and individually as the “Group entities”). Please refer to note 4 (c) for related information about the Group primarily business activities.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the Board of Directors on March 3, 2025.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRS Accounting Standards”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

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

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

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

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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Standards or Interpretations	Content of amendment	Effective date per IASB
Annual Improvements to IFRS Accounting Standards—Volume 11	<p>The amendments set out:</p> <ol style="list-style-type: none"> 1. IFRS 1 “First-time Adoption of International Financial Reporting Standards”: The amendments address a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments. 2. IFRS 7 “Financial Instruments: Disclosures”: The amendments address a potential confusion in IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued. 3. IFRS 9 “Financial Instruments”: <ul style="list-style-type: none"> • Derecognition of a lease liability The IASB’s amendment states that if a lease liability is derecognized, then the derecognition will be accounted for under IFRS 9, (i.e. the difference between the carrying amount and the consideration paid is recognized in profit or loss). However, when a lease liability is modified, the modification will be accounted for under IFRS 16 Leases. • Transaction price The amendments require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15 Revenue from Contracts with Customers. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured. 	January 1, 2026

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
	4. IFRS 10 “ Consolidated Financial Statements”: The amendments clarify the determination of a ‘de facto agent’.	
	5. IAS 7 “Statement of Cash Flows”: The amendments address a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term ‘cost method’.	

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material policies:

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

Except for the financial instruments at fair value through other profit or loss are measured at fair value, the financial statements have been prepared on a historical cost basis.

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the noncontrolling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding		Description
			December 31, 2024	December 31, 2023	
The Company	SINTRONES TECHNOLOGY AMERICA Corp	Sales and after-sales service of industrial computers and computer equipments	100 %	100 %	Note 1

Note 1: SINTRONES TECHNOLOGY AMERICA Corp were incorporated in the third quarter of 2023.

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign currencies

(i) Foreign currency transactions

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

(ii) Foreign operations

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

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation and are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) It is expected to be settled in the normal operating cycle;
 - (ii) It is held primarily for the purpose of trading;
 - (iii) It is due to be settled within twelve months after the reporting period; or
 - (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.
- (f) Cash and cash equivalents

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

- (g) Financial instruments

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

- (i) Financial assets

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

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

- 1) Financial assets measured at amortized cost

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

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

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

2) Fair value through profit or loss (FVTPL)

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

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

3) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

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

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

5) Financial liabilities

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

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

6) Derecognition of financial liabilities

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

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

7) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) buildings	31~50 years
2) other facilities	3~10 years

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

(j) Lease

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

(i) As a lessee

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

(Continued)

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

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

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

- fixed payments; including in-substance fix payment
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

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

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

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

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

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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(k) Intangible assets

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Computer software	1~5 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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Impairment losses are recognized in profit or loss. They reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(m) Provisions

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

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

(n) Revenue from contracts with customers

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

(i) Sale of goods

The Group develops and manufactures, In-Vehicle Computing and Embedded Computing and sells them to customer. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's obligation to provide a repair defect for products under the standard warranty terms is recognized as a provision for warranty.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Services

The Group recognizes revenue from providing warranty services in the accounting period in which the services are rendered.

(iii) Financing components

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

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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(o) Government grants and government assistance

Government assistance in the form of a guarantee from the government for loans from financial institutions is considered part of the unit of account in determining the fair value of the loan. The gap between guarantee from the government for loans from financial institutions and the fair value of the loan is recognized as deferred income. Grants that compensate the Company is recognized as deferred income for interest expenses already incurred are deducted on a systematic basis in the loan periods.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Short-term employee benefits

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

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(r) Income tax

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

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (s) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. The Group's potential dilution of ordinary shares that may be employee bonuses paid by the stock has not been approved by the Board of Directors ; the right to give the employee stock options and convertible bonds.

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Operating segments

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

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

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

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

There are no critical judgements in applying the accounting policies that have significant effect on the amounts recognized in the financial statements. Information about inventory assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Inventories are measured at the lower of cost or net realizable value. The Company writes down the cost of inventories to net realizable value since the inventories at the reporting date were estimated to be obsolescence and slow-moving items. The inventory valuation is based on the demand of the products within a specific period. Therefore, the value of inventories will vary significantly. Please refer to note 6(d) of the financial statement for inventory valuation.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	\$ 20	15
Checking accounts and demand deposits	101,850	258,647
Cash equivalents-time deposits and repurchase agreements	305,847	30,838
	<u>\$ 407,717</u>	<u>289,500</u>

For satisfy short-term cash commitment and other non-investing purposes, our company holding time deposits and repurchase agreement due in three months, which were recognized as cash and cash equivalents. That were readily convertible to known amounts of cash and were subject to an insignificant risk of changes in value.

Time deposits and repurchase agreement not due in three months that recognized as other current financial asset were disclosed in note 6(e).

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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Refer to note 6(u) for the interest risk and sensitivity analysis of the financial assets of the Group.

(b) Current financial assets and liabilities at fair value through profit or loss

	December 31, 2024	December 31, 2023
Financial assets designated at fair value through profit or loss:		
Non-derivative financial assets		
Corporate bonds on foreign	\$ 13,410	14,231
Non-Current Financial assets designated at fair value through profit or loss:		
Convertible bonds embedded options	\$ 995	-
Non-Current Financial liabilities designated at fair value through profit or loss:		
Convertible bonds embedded options	\$ 2,574	-

The gains (losses) on current financial assets and liabilities at fair value through profit or loss, resulting from valuation were \$(542) and \$921, respectively.

The Group did not provide any aforementioned financial assets as collateral as of December 31, 2024 and 2023, respectively.

(c) Accounts receivables

	December 31, 2024	December 31, 2023
Accounts receivables—measured as amortized cost	\$ 67,465	27,615
Less: Loss allowance	(470)	(155)
Accounts receivables, net	\$ 66,995	27,460

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

	December 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 55,459	0.50%	275
1 to 90 days past due	12,006	1.62%	195
	\$ 67,465		470

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 25,817	0.52%	134
1 to 90 days past due	1,798	1.17%	21
	<u>\$ 27,615</u>		<u>155</u>

The movement in the allowance for accounts receivables were as follows:

	2024	2023
Balance at January 1	\$ 155	199
Impairment losses recognized	315	-
Impairment losses reversed	-	(44)
Balance at December 31	<u>\$ 470</u>	<u>155</u>

The Group did not provide any aforementioned accounts receivables as collateral as of December 31, 2024 and 2023.

(d) Inventories

	December 31, 2024	December 31, 2023
Raw materials	\$ 73,944	79,472
Work in progress	3,949	1,817
Finished goods	28,623	28,150
	<u>\$ 106,516</u>	<u>109,439</u>

The details for the cost of sales were as follows:

	2024	2023
Inventory that has been sold	\$ 433,171	428,183
Write-down of inventories	2,995	1,215
Loss on retirement of inventories	288	250
	<u>\$ 436,454</u>	<u>429,648</u>

The Group did not provide any inventories as collaterals for its loans as of December 31, 2024 and 2023, respectively.

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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(e) Other current financial assets

The detail of other financial assets were as follows:

	December 31, 2024	December 31, 2023
Other financial assets (time deposit)	\$ -	35,705
Restricted assets	17,392	15,870
Interest receivable	751	718
	<u>\$ 18,143</u>	<u>52,293</u>

As of December 31, 2024 and 2023, the Group provided other financial assets as collateral. Please refer to note 8.

(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended December 31, 2024 and 2023, were as follows:

	Land	Building and structures	Machinery and equipment	Total
Costs:				
Balance on January 1, 2024	\$ 59,125	35,113	14,817	109,055
Additions	247,536	176,167	16,226	439,929
Disposals	(59,125)	(35,113)	(3,164)	(97,402)
Transfer from prepayment for property and equipment	42,850	25,086	-	67,936
Balance on December 31, 2024	<u>\$ 290,386</u>	<u>201,253</u>	<u>27,879</u>	<u>519,518</u>
Balance on January 1, 2023	\$ 59,125	35,113	10,590	104,828
Additions	-	-	4,890	4,890
Disposals	-	-	(663)	(663)
Balance on December 31, 2023	<u>\$ 59,125</u>	<u>35,113</u>	<u>14,817</u>	<u>109,055</u>
Accumulated depreciation:				
Balance on January 1, 2024	\$ -	7,342	8,821	16,163
Depreciation	-	2,456	5,773	8,229
Disposals	-	(8,121)	(3,092)	(11,213)
Balance on December 31, 2024	<u>\$ -</u>	<u>1,677</u>	<u>11,502</u>	<u>13,179</u>

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Building and structures	Machinery and equipment	Total
Balance on January 1, 2023	\$ -	6,304	7,427	13,731
Depreciation	-	1,038	1,893	2,931
Disposals	-	-	(499)	(499)
Balance on December 31, 2023	<u>\$ -</u>	<u>7,342</u>	<u>8,821</u>	<u>16,163</u>
Carrying amount:				
Balance on December 31, 2024	<u>\$ 290,386</u>	<u>199,576</u>	<u>16,377</u>	<u>506,339</u>
Balance on January 1, 2023	<u>\$ 59,125</u>	<u>28,809</u>	<u>3,163</u>	<u>91,097</u>
Balance on December 31, 2023	<u>\$ 59,125</u>	<u>27,771</u>	<u>5,996</u>	<u>92,892</u>

On September 19, 2024, the Board of Directors resolved to dispose the property. As of December 31, 2024, the transaction has been completed, with a total contract price of \$123,250 (including tax) and a disposal gain of \$35,352.

In November 2023, the Group signed a contract with Huaku Development Co., Ltd. to purchase a pre-sale property for its office use, with a contract price of \$498,000. As of December 31, 2023, the Group had paid a prepayment of \$69,190, which was recorded as other non-current assets. The property was transferred in the third quarter of 2024 and reclassified as fixed assets.

The Group provided partial property, plant and equipment as collaterals for its loans. Please refer to note 8.

(g) Right-of-use assets

The Group's both cost and accumulated depreciation of right-of-use assets were as follows:

	Land	Buildings	Vehicles	Total
Costs:				
Balance on January 1, 2024	\$ -	19,601	2,954	22,555
Additions	199,950	179,298	326	379,574
Disposals	-	(13,310)	-	(13,310)
Balance on December 31, 2024	<u>\$ 199,950</u>	<u>185,589</u>	<u>3,280</u>	<u>388,819</u>
Balance on January 1, 2023	\$ -	11,309	2,413	13,722
Additions	-	12,790	541	13,331
Disposals	-	(4,498)	-	(4,498)
Balance on December 31, 2023	<u>\$ -</u>	<u>19,601</u>	<u>2,954</u>	<u>22,555</u>

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Accumulated depreciation:				
Balance on January 1, 2024	\$ -	7,760	2,954	10,714
Depreciation for the year	-	7,682	326	8,008
Disposals	-	(6,917)	-	(6,917)
Balance on December 31, 2024	<u>\$ -</u>	<u>8,525</u>	<u>3,280</u>	<u>11,805</u>
Balance on January 1, 2023	\$ -	6,639	2,413	9,052
Depreciation for the year	-	3,796	541	4,337
Disposals	-	(2,675)	-	(2,675)
Balance on December 31, 2023	<u>\$ -</u>	<u>7,760</u>	<u>2,954</u>	<u>10,714</u>
Carrying amount:				
Balance on December 31, 2024	<u>\$ 199,950</u>	<u>177,064</u>	<u>-</u>	<u>377,014</u>
Balance on January 1, 2023	<u>\$ -</u>	<u>4,670</u>	<u>-</u>	<u>4,670</u>
Balance on December 31, 2023	<u>\$ -</u>	<u>11,841</u>	<u>-</u>	<u>11,841</u>

Note: In June 2024, the Group has made an agreement with Huaku Development Co., Ltd., anticipating the property transfer to take place in 2029 with a contract price of \$350,000. To adhere to the aforementioned schedule, the Group will acquire the right of use through leasing from the time of signing the contract and handing over the property until the Group obtains the property rights. As of December 31, 2024, the Group had paid the amount of \$35,010 for the property, which was recorded as deduction on of current lease liabilities. Please refer to note 6(m) and note 13.

(h) Other non-current assets

	December 31, 2024	December 31, 2023
Prepayments for property and equipment	\$ 23,582	68,147
Refundable deposits	4,541	1,478
Others	-	1,537
	<u>\$ 28,123</u>	<u>71,162</u>

(i) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2024	December 31, 2023
Unsecured bank loans	\$ -	50,000
Unused short-term credit lines	\$ 350,000	268,000
Range of interest rates	<u>1.77%~1.96%</u>	<u>1.75%~2%</u>

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) For the collateral for short-term borrowings, please refer to note 7.
- (ii) The Group provided assets as collaterals for credit line of bank loans, please refer to note 8.
- (j) Long-term borrowings

The long-term borrowings are summarized as follows:

December 31, 2024				
	Currency	Rate	Maturity year	Amount
Secured bank loans	NTD	1.90%~1.94%	2024.08~2044.07	\$ 143,168
Less: current portion				7,337
Total				<u><u>\$ 135,831</u></u>
Unused long-term credit lines				<u><u>\$ -</u></u>

December 31, 2023				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	0.5%	2024.10~2026.09	\$ 35,000
Less: current portion				4,295
Deferred income-government assistance				352
Total				<u><u>\$ 30,353</u></u>
Unused long-term credit lines				<u><u>\$ -</u></u>

- (i) For the collateral for long-term borrowings, please refer to note 7.
- (ii) The Group provided assets as collaterals for credit line of bank loans, please refer to note 8.
- (iii) On January 31, 2024, the Group acquired a new unsecured bank loan of \$35,000, with an annual interest of 0.5% that matures in January 2029. The full amount of this loan is guaranteed by the government under the Low-carbon and Smart Transformation Project for small and medium-sized businesses. The Group made early repayment on December, 2024.

On September 8, 2023, the Group acquired a new unsecured bank loan of \$35,000, with an annual interest rate of 0.5% that matures in September 2026. The full amount of this loan is guaranteed by the government under the Post-Pandemic Recovery Project for small and medium-sized businesses. The Group made early repayment on September, 2024.

On October 30, 2020, the Group acquired a bank loan of \$20,000, with an annual interest rate of 0.155~2.625%. The full amount of this loan is guaranteed by the government under a relief measure in response to COVID-19 pandemic. The Group made early repayment on March, 2023.

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Bonds payable

(i) The Company issued the first domestic unsecured convertible bonds at 100.0% of the par value, with a total amount of \$350,000 thousands on September 2, 2024.

1) The significant terms of the convertible bonds were as follows:

- a) Interest rate: 0%
- b) Duration: 5 years. (September 2, 2024 to September 2, 2029)
- c) Terms of conversion:
 - a. The bondholders may request the conversion of the convertible bonds into the Company's common stock at par value based on the conversion price at the time of the request, at any time between three months after the issuance date (December 3, 2024) and the maturity date (September 2, 2029), except for the following periods: 1. The period in which transfer common stocks is suspended by laws; 2. The period starts from 15 business days before the book closure date for issuance of the bonus shares, book closure date for cash dividends, book closure date for rights issue, to the record date for distribution of entitlements; 3. The period starts from the base date of capital reduction to the day before the transaction of reissue of shares after the capital reduction; 4. The period starts from the starting date of the suspension of conversion for the change of the stock's par value to the date before the trading date of the reissuance shares.
 - b. Conversion price: NT\$76.2 per share. Starting from the issue date.
- d) Redemption at the option of the Company: The Company may redeem the bonds under the following circumstances:
 - a. Within the period between three months after the issuance date (December 3, 2024) and 40 days before the last convertible date (July 24, 2029), the Company may redeem the bonds at their principal amount if the closing price of the Company's common stock on the TPEx for a period of 30 consecutive trading days has been 30% more than the conversion price in effect on each such trading day.
 - b. If at least 90% of the principal amount of the bonds has been converted, redeemed, or purchased and cancelled, the Company may redeem the bonds at their principal amount within the period between three months after the issuance date (December 3, 2024) and 40 days before the last convertible date (July 24, 2029).
- e) Redemption at the option of the bondholders :

The bondholders have the right to request the Company to repurchase the bonds at a price equal to the face value, plus, an accrued premium three years after the issuance date (September 2, 2027).

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) The details of unsecured convertible bonds were as follows:

	December 31, 2024
Total convertible corporate bonds issued	\$ 350,000
Unamortized discounted corporate bonds payable	(37,681)
Cumulated converted amount	<u>(6,800)</u>
Unamortized discounted corporate bonds payable	<u>\$ 305,519</u>
Embedded derivative –call options, included in financial assets at fair value through profit or loss	<u>\$ 995</u>
Embedded derivative –put options, included in financial liabilities at fair value through profit or loss	<u>\$ 2,574</u>
Equity component – conversion options, included in capital surplus–stock options	<u>\$ 33,343</u>

- (iii) The Company separated its equity and debt components as follows:

The compound interest present values of the convertible bonds' face value at issuance	\$ 313,600
The embedded derivative liabilities at issuance – put rights	1,890
The equity components at issuance	<u>34,510</u>
The total amounts of the convertible bonds at issuance	<u>\$ 350,000</u>

The effective interest rate of the first convertible bonds was 2.52%; and the interest expenses on convertible bonds were \$2,565 for the year ended December 31, 2024.

The transaction cost of \$5,140 thousand related to the issuance of the aforementioned convertible bonds was allocated to the component of liabilities and equity instruments in proportion to their relative fair value. The transaction cost of \$4,633 thousand is related to the liability, of which \$28 was recognized in the current period, the remaining \$4,605 thousand would be amortized at the effective interest rate over the duration of the convertible bond; and the transaction cost of \$507 thousand related to the equity component will not be measured after the initial recognition.

The gains or losses on the recognition of financial liabilities was a gain of \$279 for the year ended December 31, 2024.

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Provisions

	<u>Site restoration</u>	<u>Warranties</u>	<u>Total</u>
Balance at January 1, 2024	\$ 398	5,776	6,174
Provisions made during the year	9	652	661
Provisions reversed during the year	(150)	-	(150)
Provisions used during the year	<u>4</u>	<u>-</u>	<u>4</u>
Balance at December 31, 2024	<u><u>\$ 261</u></u>	<u><u>6,428</u></u>	<u><u>6,689</u></u>
Balance at January 1, 2023	\$ 225	4,595	4,820
Provisions made during the year	246	1,181	1,427
Provisions reversed during the year	(78)	-	(78)
Provisions used during the year	<u>5</u>	<u>-</u>	<u>5</u>
Balance at December 31, 2023	<u><u>\$ 398</u></u>	<u><u>5,776</u></u>	<u><u>6,174</u></u>

(i) Site restoration

The Group's provision liability for the demolition, relocation and restitution of leased plants is estimated by the discount rate at the time of estimating the restoration cost. It is estimated that the greatest uncertainty of this liability provision lies in the future costs.

(ii) Warranties

The provision for warranties relates mainly to product sold. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects the provision liability occur over the warranty period.

(m) Lease liabilities

The details of leases liability were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current	\$ <u>42,862</u>	<u>4,021</u>
Non-current	\$ <u>300,099</u>	<u>7,897</u>

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

The amounts recognized in profit or loss were as follows:

	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	\$ <u>489</u>	<u>166</u>
Expenses relating to short-term leases	\$ <u>2,031</u>	<u>1,106</u>

The amounts recognized in the statements of cash flows for the Group were as follows:

	<u>2024</u>	<u>2023</u>
Total cash outflow for leases	\$ <u>44,658</u>	<u>5,575</u>

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Real estate leases

The Group leases buildings for its plant. The leases of plant typically run for a period of 1 month ~ 5 years. Leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases vehicles with lease terms of 1~3 years.

(n) Employee benefits

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$4,060 and \$3,304 for the years ended December 31, 2024 and 2023, respectively.

(o) Income taxes

(i) Tax expenses

1) The amount of income tax in the years 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Current tax expense		
Current period tax	\$ 20,829	19,722
Tax incentives	(1,883)	(1,162)
Adjustment for prior periods	(452)	6
Surtax on undistributed earnings	<u>-</u>	<u>354</u>
	<u>18,494</u>	<u>18,920</u>
Deferred tax expense		
Recognition and reversal of temporary differences	<u>523</u>	<u>(2,674)</u>
Income tax expenses	<u>\$ 19,017</u>	<u>16,246</u>

2) The amounts of income tax recognized in other comprehensive income for 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u>\$ 204</u>	<u>(127)</u>

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 3) Reconciliations of income tax expenses and profit before tax for 2024 and 2023 were as follows:

	2024	2023
Profit before income tax	\$ 115,489	84,908
Income tax using the Company's domestic tax rate	\$ 23,084	16,993
Tax-exempt income from the disposal of land	(2,384)	-
Tax incentives	(1,883)	(1,162)
Surtax on undistributed earnings	-	354
Others	200	61
Income tax expenses	\$ 19,017	16,246

(ii) Deferred tax assets and liabilities

- 1) As of December 31, 2024 and 2023, the Group has no unrecognized deferred tax assets and liabilities
- 2) Recognized deferred tax assets and liabilities

	Unearned revenue	Net unrealized exchange loss	Loss for market price decline and obsolete inventories	Foreign currency translation adjustment and other	Total
Deferred tax assets					
Balance on January 1, 2024	\$ 2,007	2,126	1,266	2,475	7,874
Recognized in profit or loss	873	(2,126)	599	541	(113)
Recognized in other comprehensive income	-	-	-	(127)	(127)
Balance on December 31, 2024	\$ 2,880	-	1,865	2,889	7,634
Balance on January 1, 2023	\$ 1,426	528	1,023	2,102	5,079
Recognized in profit or loss	581	1,598	243	246	2,668
Recognized in other comprehensive income	-	-	-	127	127
Balance on December 31, 2023	\$ 2,007	2,126	1,266	2,475	7,874

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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	Foreign currency translation adjustment	Other	Total
Deferred tax liabilities			
Balance on January 1, 2024	\$ -	8	8
Recognized in profit or loss	-	410	410
Recognized in other comprehensive income	<u>77</u>	<u>-</u>	<u>77</u>
Balance on December 31, 2024	<u><u>\$ 77</u></u>	<u><u>418</u></u>	<u><u>495</u></u>
Balance on January 1, 2023	-	14	14
Recognized in profit or loss	<u>-</u>	<u>(6)</u>	<u>(6)</u>
Balance on December 31, 2023	<u><u>\$ -</u></u>	<u><u>8</u></u>	<u><u>8</u></u>

(iii) The Company's tax returns for the years through 2022 were assessed by the tax authority.

(p) Capital and other equity

(i) Ordinary shares

As of December 31, 2024 and 2023, the Company's authorized capital amounted to \$300,000 with the issued shares were 23,372 and 21,066 thousand shares, with par value of \$10 (NT dollars) per share. All relevant share proceeds had been issued and received.

Reconciliations of shares outstanding for the years ended December 31, 2024 and 2023 were as follows (in thousand shares):

	2024	2023
Balance on January 1	<u>21,066</u>	<u>19,102</u>
Stock dividend	2,096	1,895
Employee stock options exercised	121	69
Conversion of convertible bonds	<u>89</u>	<u>-</u>
Balance on December 31	<u><u>23,372</u></u>	<u><u>21,066</u></u>

A resolution was made during the general meeting of shareholders held on May 30, 2023, to allocate the amount of 18,951 from the retained earnings of the share premium for the issuance of 1,895 thousand ordinary shares, with par value of New Taiwan dollars \$10 per share. The record date for the ex-dividend effective day was July 31, 2023. The relevant legal registration procedures had been completed.

A resolution was made during the general meeting of shareholders held on May 21, 2024, to allocate the amount of \$20,961 from the capital surplus of the share premium for the issuance of 2,096 thousand ordinary shares, with par value of New Taiwan dollars \$10 per share. The record date for the ex-dividend effective day was August 12, 2024. The relevant legal registration procedures had been completed.

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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The Company issued 121 thousand (68 thousand new shares have been registered as the change of stock ownership) and 69 thousand new shares of common stock, amounting to \$5,439 and \$3,581, have been registered as the change of stock ownership for the exercise of employee stock options in 2024 and 2023, respectively.

The Company issued 89 new shares of common stock at par value, amounting \$6,800, due to the execution of conversion rights by the holders of convertible bonds in 2024. The relevant legal registration procedures have not yet been completed.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2024 and 2023, were as follows:

	December 31, 2024	December 31, 2023
Share Premium	\$ 108,877	118,605
Employee stock options	6,744	7,441
Conversion options	33,343	-
Treasury share transactions	4,213	1,296
Others	69	69
	<u>\$ 153,246</u>	<u>127,411</u>

For the years ended December 31, 2024, the capital surplus deriving from those convertible bonds, which were converted to common stock, amounted to \$5,841.

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

(iii) Retained earnings

The Company's Article of Incorporation stipulate that the Company's net earnings should be used by order as follows:

- 1) Paying income tax, if any
- 2) Offsetting the prior years' deficits
- 3) Appropriating 10% as legal reserve (Except for legal reserve and total capital are equal)
- 4) Appropriating or reversing special earnings reserve

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 5) Remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan, which is proposed by the Board of Directors and is submitted to the stockholders' meeting for approval. According to the R.O.C. Company Act, article 240-5 and 240-1, the Company should be affected by a resolution to be adopted by the Board of Directors as authorized distribution of dividends, bonuses, legal reserve and capital reserve in whole or in part, by paid in cash after a resolution has been adopted by a majority of directors present at a meeting of Board of Directors attended by two-third of total number of directors; and the report of distribution shall be submitted to the shareholder's meeting.

The Company operates high tech computer and internet related industries, and is in the growth stage of the corporate cycle. In line with the overall environment and industrial growth characteristics, it has not achieved the Company's sustainable operation, the pursuit of long-term shareholder benefits, and stable operating performance goals. According to the Company's future capital expenditure budget and capital needs, the total amount of dividends paid should not be less than 5% of the distributable earnings to maintain the stable growth of earnings per share. The distribution of stock dividends shall not be more 75% of dividends planned to be distributed.

(iv) Legal reserve

According to the Company Law, the company should allocate 10% of its net profit after tax as a legal reserve until it matches the total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(v) Earnings distribution

The amount of cash dividends on the appropriation of earnings for 2023 and 2022 had been approved during the Board of Directors meeting on February 20, 2024 and March 10, 2023 and the amount of stock dividends on the appropriation of earnings for 2022 had been approved during the shareholders' meeting on May 30, 2023. The relevant dividend distributions to shareholders were as follows:

	2023		2022	
	Amount per share (NT dollars)	Total amount	Amount per share (NT dollars)	Total amount
Dividends distributed to ordinary shareholders				
Cash	\$ 1.28935840	27,249	1.99517812	37,902
Shares	-	-	0.99758906	18,951
Total		<u>\$ 27,249</u>		<u>56,853</u>

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vi) Treasury shares

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 151 thousand shares as treasury shares in order to transfer shares to employees. As of December 31, 2024 and 2023, the Company already transferred 151 thousand shares and 46 thousand shares to employees, respectively, wrote off treasury shares cost of \$9,192 and \$2,800, respectively, recognized capital surplus-treasury stock transactions of \$4,213 and \$1,296, respectively, and 0 thousand shares and 105 thousand shares were not yet cancelled.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(vii) Other equity (net taxes)

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2024	\$ (507)
Exchange differences on translation	816
Balance at December 31, 2024	<u>\$ 309</u>
	Exchange differences on translation of foreign financial statements
Balance at January 1, 2023	\$ -
Exchange differences on translation	(507)
Balance at December 31, 2023	<u>\$ (507)</u>

(q) Share-based payment

(i) Employee stock option

On July 3, 2020, the Board of Directors approved a resolution to issue employee stock option in a total of 500 units. Each unit can purchase 1,000 shares, delivered by issuing new shares. The total insurance is 500,000 shares and the period is 5 years. The aforesaid information on the employee stock option was as follows:

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 1) Employee stock ownership plan for the first time

	2024		2023	
	Weighted average exercise price (NT dollars)	Outstanding number of options	Weighted average exercise price (NT dollars)	Outstanding number of options
Outstanding as of January 1	\$ 47.45	296	53.42	365
Granted during the period	44.95	(121)	51.91	(69)
Outstanding as of December 31	42.76	<u>175</u>	47.45	<u>296</u>
Exercisable as of December 31	-	<u>145</u>	-	<u>157</u>

On November 20, 2020, the Board of Directors approved a resolution to issue employee stock option in a total of 355 units(First time), On March 12, 2021, the Board of Directors approved another resolution to issue employee stock option in a total of 145 units (Second time).

The weighted average residual duration of the employee stock option (First time) were 0.89 and 1.89 years for the years ended December 31, 2024 and 2023, respectively.

The weighted average residual duration of the employee stock option (Second time) were 1.35 and 2.35 years for the years ended December 31, 2024 and 2023, respectively.

- 2) After dilution of surpluses from equity distributions over the years, first time and second time's exercise price are \$42.2 and \$43.7 NT dollars per share.
- 3) The life of option is five years, before it vested. These certificates shall not be transferred, pledged, gifted or by any other means of disposal to third parties during the vesting period, except certain circumstances. Shares subscribers are entitled to purchase share according to the following schedules:

<u>Vesting condition</u>	<u>Vesting percentage of stock option</u>
Two years from grant date	40 %
Three years from grant date	70 %
Four years from grant date	100 %

- 4) The method of performance is delivered by issuing new shares.
- 5) In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Company issues new shares to the subscribers, and applies to the Company's registration authority at least once a quarter to complete the registration of the change in the capital.

For the years ended December 31, 2024 and 2023, the Company recognized an expense of \$466 and \$1,466 from the employee stock option.

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023, the Company recognized capital surplus as \$5,961 and \$3,134 and reversed \$1,163 and \$812 from the employee stock option.

The Company adopted the Black-Scholes model to calculate the fair value of the employee stock option at grant date, and the assumptions adopted in this valuation model were as follow:

	First	Second
Fair value at grant date (dollar)	58	60
Stock price at grant date (dollar)	55.8	57.8
Cash dividend yield	0%	0%
Expected price volatility	30.06~30.48%	33.67%
Risk-free interest rate	0.20~0.21%	0.2~0.26%
Expected life of the option	3.5~4.5 years	3.5~4.5 years
Weighted average fair value (dollar/unit)	13.18~14.88	15.02~17.00

(ii) Treasury stock transferred to employees

On August 3, 2023, in accordance with the Company's Article "Measures for Repurchased Shares and Transferring Employees, 2020", which approved during the Board of Directors meeting on July 3, 2020, the Board of Directors approved to transfer 105 thousands shares to employees, with May 7, 2024 , as the base date for the employees to subscribe for the shares.

For the years ended December 31, 2024 and 2023, the Company recognized an expense of \$2,917 and \$1,296 for the transfer of treasury stock to employees.

The Company adopted the Black-Scholes model to calculate the fair value of the employee stock option at grant date, and the assumptions adopted in this valuation model were as follow:

	2024	2023
	Treasury stock transferred to employees	Treasury stock transferred to employees
Fair value at grant date (NT dollars)	27.96	28.35
Share price at grant date (NT dollars)	88.80	89.20
Exercise price	60.88	60.88
Expected volatility(%)	24.54%	47.27%
Expected life (years)	23 days	20 days
Risk free interest rate(%)	1.15%	1.01%

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Earnings per share

	<u>2024</u>	<u>2023</u>
Basic earnings per share:		
Profit of the Company for the year	\$ <u>96,472</u>	<u>68,662</u>
Weighted average number of ordinary shares (thousands)	<u>23,240</u>	<u>22,963</u>
Basic earnings per share (NTD)	\$ <u>4.15</u>	<u>2.99</u>
Diluted earnings per share:		
Profit of the Company for the year (basic)	\$ 96,472	68,662
Convertible bonds payable	<u>2,228</u>	<u>-</u>
Profit of the Company (diluted)	\$ <u>98,700</u>	<u>68,662</u>
Weighted average number of ordinary shares (thousands)	23,240	22,963
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	25	34
Effect of convertible bonds	1,518	-
Employee share options	<u>121</u>	<u>148</u>
Weighted average number of ordinary shares (diluted) (thousands)	<u>24,904</u>	<u>23,145</u>
Diluted earnings per share (NTD)	\$ <u>3.96</u>	<u>2.97</u>

(s) Revenue from contracts with customers

(i) Details of revenue

	<u>2024</u>	<u>2023</u>
Primary geographical markets		
Europe	\$ 259,122	244,391
the America	256,887	223,260
Middle East	79,775	93,990
Other	<u>70,793</u>	<u>66,987</u>
	\$ <u>666,577</u>	<u>628,628</u>
Major products/services lines		
In-Vehicle Computer	\$ 589,099	528,170
Embedded Computer	38,466	42,757
Other	<u>39,012</u>	<u>57,701</u>
	\$ <u>666,577</u>	<u>628,628</u>

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable	\$ 67,465	27,615	27,089
Less: allowance for impairment	(470)	(155)	(199)
Total	<u>\$ 66,995</u>	<u>27,460</u>	<u>26,890</u>
Contract liabilities(current and Non-current)\$	<u>18,515</u>	<u>17,679</u>	<u>20,309</u>

For details on accounts receivables and allowance for impairment, please refer to note 6(c).

The amount of revenue recognized for the years ended December 31, 2024 and 2023 that was included in the contract liability balance at the beginning of the period were \$9,145 and \$15,095, respectively.

(t) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation, the Company should contribute no less than 1% of the profit as employee compensation and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2024 and 2023, the Company estimated its employee compensation amounting to \$1,890 and \$2,087, and directors' remuneration amounting to \$1,680 and \$1,685, respectively. These amounts were calculated using the Company's net income before tax without the compensation to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's Management proposal. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remunerations amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees compensation is calculated based on the closing price of the Company's shares on the day before the resolution by the Board of Directors.

The compensation to employees amounted to \$2,087 and \$2,203 and the remunerations to directors amounted to \$1,685 and \$1,806, in 2023 and 2022, respectively. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022. Related information would be available at the Market Observation Post System website.

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Financial instruments

(i) The categories of financial instruments

1) Financial assets

	December 31, 2024	December 31, 2023
Financial assets at fair value through profit or loss		
Non derivative financial assets designated at fair value through profit or loss	\$ 13,410	14,231
Convertible bonds — embedded derivatives	995	-
Subtotal	<u>14,405</u>	<u>14,231</u>
Financial assets measured at amortized cost		
Cash and cash equivalents	407,717	289,500
Accounts receivable	66,995	27,460
Current-other financial assets	18,143	52,293
Refundable deposits ((Other non-current financial assets)	4,541	1,478
Subtotal	<u>497,396</u>	<u>370,731</u>
Total	<u>\$ 511,801</u>	<u>384,962</u>

2) Financial liability

	December 31, 2024	December 31, 2023
Financial liabilities at fair value through profit or loss		
Convertible bonds — embedded derivatives	\$ <u>2,574</u>	<u>-</u>
Financial liability measured at amortized cost:		
Short-term borrowings	-	50,000
Notes and accounts payable	92,708	67,615
Other payables (including related parties)	36,318	24,188
Current and non-current lease liabilities	342,961	11,918
Long-term liabilities, current portion	7,337	4,295
Bonds payable	305,519	-
Long-term borrowings	<u>135,831</u>	<u>30,353</u>
Subtotal	<u>920,674</u>	<u>188,369</u>
Total	<u>\$ 923,248</u>	<u>188,369</u>

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

The aggregation of sales to the Group's major customers exceeding 10% of the Group's total sales accounted for 61% and 59% of total net sales for the years ended December 31, 2024 and 2023, respectively. In order to reduce credit risk, the Group assesses the financial status of the customers and the possibility of collection of receivables in order to estimate an adequate allowance for doubtful accounts on a regular basis.

3) Credit risk of receivables and debt securities

For credit risk exposure of accounts receivable, please refer to note 6(c).

Financial assets at amortized cost includes other receivables, certificate of deposits. All of these financial assets are considered to have low risk, and this, the impairment provision recognizes during the period was limited to 12 months expected losses, please refer to note 4(g).

The exposure to credit risk for the bank deposits and fixed income investments is measured. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(iii) Liquidity risk

	Carrying amount	Contractual cash flows	Within 1 year	1~2 years	Over 2 years
December 31, 2024					
Non derivative financial liabilities					
Notes and accounts payable	\$ 92,708	(92,708)	(92,708)	-	-
Other payables (including related parties)	36,318	(36,318)	(36,318)	-	-
Current and non-current lease liabilities	342,961	(344,365)	(43,418)	(7,624)	(293,323)
Bonds payable	305,519	(343,200)	-	-	(343,200)
Long-term borrowings (including current portion)	143,168	(168,027)	(10,022)	(10,022)	(147,983)
Derivative financial liabilities					
Convertible bonds — embedded derivatives	2,574	-	-	-	-
	\$ 923,248	(984,618)	(182,466)	(17,646)	(784,506)

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~2 years</u>	<u>Over 2 years</u>
December 31, 2023					
Non derivative financial liabilities					
Short-term borrowings	\$ 50,000	(50,175)	(50,175)	-	-
Notes and accounts payable	67,615	(67,615)	(67,615)	-	-
Other payables (including related parties)	24,188	(24,188)	(24,188)	-	-
Current and non-current lease liabilities	11,918	(12,255)	(4,191)	(3,282)	(4,782)
Long-term borrowings (including current portion)	34,648	(35,548)	(4,602)	(17,884)	(13,062)
	<u>\$ 188,369</u>	<u>(189,781)</u>	<u>(150,771)</u>	<u>(21,166)</u>	<u>(17,844)</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly differences.

(iv) Currency risk

1) Exposure to foreign currency risk

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

	<u>December 31, 2024</u>			<u>December 31, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets						
Monetary items						
USD	\$	6,322 USD/NTD =32.79	207,298	10,967 USD/NTD =30.71		336,797
Financial liabilities						
Monetary items						
USD		934 USD/NTD =32.79	30,626	958 USD/NTD =30.71		29,420

2) Sensitivity analysis

The Group exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, and accounts and other payables that are denominated in foreign currency. An appreciation (depreciation) of 5% of the NTD against the USD, would have increased (decreased) the net profit before tax by \$8,834 and \$15,369. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2024 and 2023.

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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3) Foreign exchange gain and loss on monetary items

Gains or losses on foreign exchange of the Group's monetary items from the translation of the functional currency. For years 2024 and 2023, foreign exchange gain (including realized and unrealized portions) amounted to \$17,841 and \$524, respectively.

(v) Interest rate analysis

	Carry amount	
	December 31, 2024	December 31, 2023
Variable rates instruction:		
Financial assets	\$ 100,889	257,837
Financial liabilities	(143,168)	(84,648)
	\$ (42,279)	173,189

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the Group's net income would have increased or decreased for the years ended December 31, 2024 and 2023 as follows: This is mainly due to the Group's demand deposits and borrowing at variable rates.

	2024	2023
Increasing 0.25%	\$ (106)	433
Decreasing 0.25%	106	(433)

(vi) Fair value of financial instruments

1) Fair value hierarchy

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

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2024				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets designated at fair value through profit or loss	\$ 13,410	13,410	-	-	13,410
Convertible bonds-embedded derivatives	<u>995</u>	-	995	-	995
	<u>14,405</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	407,717	-	-	-	-
Accounts receivable, net	66,995	-	-	-	-
Other current financial assets	18,143	-	-	-	-
Refunded deposits (recognized as other non-current assets)	<u>4,541</u>	-	-	-	-
	<u>497,396</u>				
	<u>\$ 511,801</u>				
Financial liabilities at fair value through profit or loss					
Convertible bonds — embedded derivatives	\$ <u>2,574</u>	-	2,574	-	2,574
Financial liabilities measured at amortized cost:					
Notes and accounts payable	92,708	-	-	-	-
Other payables	36,318	-	-	-	-
Lease liabilities (including current and non-current)	342,961	-	-	-	-
Long-term liabilities, current portion	7,337	-	-	-	-
Bonds payable	305,519	-	-	-	-
Long-term borrowings	<u>135,831</u>	-	-	-	-
	<u>920,674</u>	-	-	-	-
	<u>\$ 923,248</u>				

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2023				
		Book value	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Non derivative financial assets designated at fair value through profit or loss						
	\$	<u>14,231</u>	14,231	-	-	14,231
Financial assets measured at amortized cost						
Cash and cash equivalents		289,500	-	-	-	-
Accounts receivable, net		27,460	-	-	-	-
Other current financial assets		52,293	-	-	-	-
Refunded deposits (recognized as other non-current assets)		<u>1,478</u>	-	-	-	-
		<u>370,731</u>				
	\$	<u><u>384,962</u></u>				
Financial liabilities measured at amortized cost:						
Short-term borrowings	\$	50,000	-	-	-	-
Notes and accounts payable		67,615	-	-	-	-
Other payables		24,188	-	-	-	-
Lease liabilities (including current and non-current)		11,918	-	-	-	-
Long-term liabilities, current portion		4,295	-	-	-	-
Long-term borrowings		<u>30,353</u>	-	-	-	-
	\$	<u><u>188,369</u></u>				

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets and liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

Financial instruments trade in active markets is based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) There was no transfer from one level to another in 2024 and 2023.

(v) Financial risk management

(i) Overview

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

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements

(ii) Structure of risk management

The Group's finance department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

(iii) Credit risk

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

1) Accounts and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group set the allowance for bad debt account to reflect the estimated losses for accounts and other receivable.

At necessary, the Group will have collateral or other credit enhancements to avoid credit risk of financial assets.

(Continued)

SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Investments

The exposure to credit risk for the bank deposits is measured and monitored by the Group's finance department. The Group only deals with banks and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2024 and 2023, the Group's unused credit lines, please refer to note 6(i) and (j).

(v) Market risk

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

The main financial risks that the Group's operating activities make the Group are the risk of changes in foreign currency exchange rates and interest rate risk.

1) Currency risk

The Group is exposed to currency risk on sales, purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the US Dollar (USD).

The Group adopts the principle of natural hedging in view of the risks of existing and future cash flow foreign currency assets and liabilities exposed to market exchange rate fluctuations, and adopts financial instruments when necessary to avoid exchange rate risks.

2) Interest rate risk

The Group manages interest rate risk by maintaining an appropriate combination of fixed-rate and floating interest rates. The Group regularly evaluates hedging activities to make it consistent with the interest rate view and established risk appetite to ensure that the most cost-effective hedging strategy is adopted.

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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(w) Capital management

The Group maintain the capital based on the current operating characteristics of the industry, future development, and changes in external environment, to assure there is financial resource and operating plan to support working capital, capital expenditures, debt redemption, dividend payment, and so on. The management uses liability-to-equity ratio, debt-to-equity ratio and other financial ratios to maintain an optimal capital structure and raise returns on equity.

The Group supervises funds by regularly reviewing the assets-to-liabilities ratio. The Group's assets-to-liabilities ratio at the end of the reporting periods as of December 31, 2024 and 2023, were as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 961,237	224,183
Total equity	591,411	466,082
Total debts	143,168	84,648
Liabilities-to-equity ratio	163 %	48 %
Debt-to-equity ratio	24 %	18 %

(x) Investing and financing activities not affecting current cash flow

(i) The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2024 and 2023, were as follows:

- 1) For right-of-use assets under leases, please refer to note 6(g)
- 2) Government assistance for loans from bank, please refer to note 6(j).
- 3) Convertible bonds converted to common stock, please refer to note 6(k).
- 4) Earnings and capital surplus transferred to capital, please refer to note 6(p).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes	December 31, 2023
Short-term borrowings	\$ 50,000	(50,000)	-	-
Long-term borrowings (Current portion of long-term liability)	34,648	108,168	352	143,168
Bonds payable	-	344,888	(39,369)	305,519
Lease liabilities	11,918	(42,138)	373,181	342,961
Total liabilities from financing activities	<u>\$ 96,566</u>	<u>360,918</u>	<u>334,164</u>	<u>791,648</u>

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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	January 1, 2023	Cash flows	Non-cash changes	December 31, 2023
Short-term borrowings	\$ 70,000	(20,000)	-	50,000
Long-term borrowings (Current portion of long-term liability)	48,640	(13,640)	(352)	34,648
Lease liabilities	4,746	(4,303)	11,475	11,918
Total liabilities from financing activities	<u>\$ 123,386</u>	<u>(37,943)</u>	<u>11,123</u>	<u>96,566</u>

(7) Related-party transactions:

(a) Names and relationship with the Group

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

<u>Related party name</u>	<u>Related-party relationship</u>
AU Optronics Corp.	The Company is the corporate director of this company
AUO Display Plus Corporation	The Company is the subsidiary of AU Optronics Corp.
Jector Digital Corporation	The Company is the subsidiary of AUD Display Plus Corporation

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties were as follows:

	2024	2023
Others	\$ <u>3,788</u>	<u>5,582</u>

The terms and pricing of sales transactions with related parties were not significantly different from those offered by other customers. The credit terms of sales were from 60 to 90 days after shipment.

(ii) Purchase

	2024	2023
Others	\$ <u>9,624</u>	<u>6,350</u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms were from 5 to 30 days.

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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(iii) Operating expenses

The other related party was commissioned to some purchased by the Group, which account as operating expenses. These expenses amounted to \$166 and \$5 in 2024 and 2023, respectively. For the years ended December 31, 2024 and 2023, the payment that had not been paid amounted to \$0 and \$5, respectively, which was recorded as other payables.

(iv) Property transaction

In November 2024, the Group purchased office equipment from its related parties for a total price of \$1,180 (excluding tax). As of December 31, 2024, the amount of \$571 has been paid and recorded as prepaid equipment expenses.

(c) Key management personnel compensation

	2024	2023
Short-term employee benefits	\$ 11,141	10,738
Post-employment benefits	262	219
Share-based payments	82	200
	<u><u>\$ 11,485</u></u>	<u><u>11,157</u></u>

(d) Guarantee

The Group's loan of credit contract is supported, with the Group's main management personnel acting as joint guarantors.

(8) Pledged assets:

Pledged assets	Object	December 31, 2024	December 31, 2023
Property, plant and equipment	Short, Long-term borrowings and credit lines	\$ 489,962	57,603
Other current financial assets (pledged assets-time deposits)	Short-term borrowings and credit lines	17,285	15,764
Other current financial assets (pledged assets-time deposits)	Deposits of guarantee for custom	107	106
		<u><u>\$ 507,354</u></u>	<u><u>73,473</u></u>

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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(9) Commitments and contingencies:

- (a) The unrecognized contractual commitments of the Group are as follows:

	December 31, 2024	December 31, 2023
Acquisitions of property, plant and equipment	<u>\$ -</u>	<u>419,810</u>

The Group entered into a contract with Huaku Development Co., Ltd. to buy a pre-sale property for its office use in November 2023. As of December 31, 2023, the payment that had been paid for the purchase of the house amounted to \$69,190, which was recorded as other non-current assets. The property was transferred in the third quarter of 2024 and reclassified as a fixed asset. Please refer to note 6(f).

- (b) Other: None.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	2024			2023		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		2,595	89,547	92,142	3,408	67,009	70,417
Labor and health insurance		693	7,012	7,705	631	5,751	6,382
Pension		365	3,695	4,060	316	2,988	3,304
Remuneration of directors		-	3,114	3,114	-	2,876	2,876
Others		312	5,562	5,874	336	3,668	4,004
Depreciation		2,437	13,800	16,237	1,433	5,835	7,268
Amortization		144	3,163	3,307	342	4,505	4,847

(13) Other disclosures:

- (a) Information on significant transactions
- (i) Loans to other parties:None
- (ii) Guarantees and endorsements for other parties:None

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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- (iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest balance during the year		Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Shares/Units (thousands)	Percentage of ownership (%)	
The Company	Beneficiary certificate-bonds									
	Apple Inc. — Bond	None	Current financial assets at fair value through profit or loss	600	11,466	- %	11,466	600	-	
"	VISA Inc. — Bond	"	"	110	1,944	- %	1,944	110	-	
					<u>\$ 13,410</u>		<u>13,410</u>			

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Buildings	2023.11.27	\$ 498,000	\$ 498,000	HUAKU DEVELOPMENT CO., LTD.	None	Not applicable	Not applicable	Not applicable	-	Price negotiation	to expand production	
The Company	Buildings	2024.6.28	350,000	35,010	HUAKU DEVELOPMENT CO., LTD.	None				-	Price negotiation	to expand production	Note

Note. From the date of contract signing and handover until the Company obtained the property title, the right to use the property was acquired through leasing. The initially recognized right-of-use asset was \$379,248, and the lease liability was \$362,100. Upon obtaining the property title in July 2029, the property was reclassified as owner-occupied property.

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
The Company	Buildings	2024.9.19	2013.6.7 2018.10.29	86,117	123,250	123,250	35,352	Hsin Wei Investment Co., Ltd.	None	Enhance the turnover of working capital and centralize the application of management resources.	Price negotiation	

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:None

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ix) Trading in derivative instruments: Please refer to notes 6(b)

(x) Business relationships and significant intercompany transactions: None

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			Highest		Net income (losses) of investee (Note 2)	Share of profits/losses of investee (Note 3)	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value (Note 1)	Shares (thousands)	Percentage of ownership			
The Company	SINTRONES TECHNOLOGY AMERICA Corp.	USA	Sales and after-sales service of industrial computers and computer equipments.	15,995 (USD500 thousand dollar)	15,995	1	100 %	15,922	1	100 %	(218)	(218)	

Note 1: The amounts of New Taiwan Dollars were exchanged by the closing rates on the reporting date.

Note 2: The amounts of New Taiwan Dollars were exchanged by the average rates on the reporting date.

Note 3: The transactions above have been eliminated in the consolidated financial statement.

(c) Information on investment in mainland China: None

(d) Major shareholders: None

Unit: shares

Shareholder's Name	Shareholding	Shares	Percentage
KAI-TRONES International Investment Co. Ltd.		3,607,886	15.43 %
KAI-SIN International Investment Co. Ltd.		3,601,772	15.41 %
Konly Venture Corp.		3,000,991	12.84 %
AU Optronics Corp.		1,617,383	6.92 %
HSU, YU-JUI		1,429,031	6.11 %
KO, SHU PING		1,250,193	5.34 %

(14) Segment information:

(a) The Group only has one reportable segment. This segment is mainly involved in the equipment of computer manufacturing, and selling. The segment of profit and loss, assets and liabilities information are consistent with the financial statements, please refer to the balance sheets and statements of comprehensive income.

(b) Reportable segment information

(i) Product and service information

Revenue from the external customers of the Group, please refer to note 6(s).

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SINTRONES TECHNOLOGY CORP. AND SUBSIDIARIES
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(c) Geographic information

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

- 1) Revenue from the external customers, please refer to note 6(s).
- 2) Non-current assets:

<u>Area</u>	<u>2024</u>	<u>2023</u>
Taiwan	\$ <u><u>919,544</u></u>	<u><u>183,539</u></u>

(d) Major customers

The sales details from the external customers exceeding 10% of the income on the statements of comprehensive income are as follows:

	<u>2024</u>	<u>2023</u>
C Company	\$ 232,334	183,304
A Company	101,122	109,679
D Company	<u>72,994</u>	<u>78,358</u>
	\$ <u><u>406,450</u></u>	<u><u>371,341</u></u>