Stock Code:3479

AVALUE TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Financial Statements

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

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Representation Letter

The entities that are required to be included in the consolidated financial statements of AVALUE TECHNOLOGY INC. 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 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, AVALUE TECHNOLOGY INC. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: AVALUE TECHNOLOGY INC.
Chairman: Li-Chi Liu
Date: March 11, 2025

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Independent Auditors' Report

To the Board of Directors of AVALUE TECHNOLOGY INC.:

Opinion

We have audited the consolidated financial statements of AVALUE TECHNOLOGY INC. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2024 and 2023, the consolidated statement 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 December 31, 2023 and 2022 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 of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of Inventories

   Please refer to note 4(h) " Inventories" for accounting policies with respect to valuating inventories, to note 5 for accounting estimates for inventory valuation, and to note 6(e) "Inventories" for explanatory notes about inventories.

Description of key audit matters：

The main business activities of the Group's parent company-AVALUE TECHNOLOGY INC. ("the company") are the manufacturing and sales of embedded IPCs and production of various computer systems in small volume to satisfy its consumers’ needs. In addition, the company is the production base of the Group. Inventory aging can lead to valuation loss and obsolescence, and the valuation on inventory aging is subject to management's judgement. Therefore, the test of the Company's inventory valuation is one of the key matters in our audit.

How the matter was addressed in our audit：

Our main audit procedures for the aforementioned key audit matters include testing the related control over the cost operating cycle and evaluating whether policies for setting aside allowance for inventory valuation and obsolescence loss are in accordance with the Group’ s policies and related standards. In addition, obtaining the calculation table of the allowance for inventory to verify whether it matches the accounts; as well as testing the categorization of inventory aging reports and the key data used in the calculation of cost and net realizable value, to assess the resonableness of management's estimates regarding inventory valuation allowances.

2. Revenue recognition

Please refer to note 4(o) “Revenue recognition” for accounting policies with respect to recognizing revenue, and to note 6 (v) “Revenue” for explanatory notes about revenue.

Description of key audit matters:

The business operations of the Group are mainly the manufacturing, processing, as well as the import and export of IPCs. Sales revenue is a major index to determine whether the Group has achieved its financial target and met the expectation of its investors. The results of completion and accuracy of sales revenues depend on the revenues which have been recorded accordingly. Therefore, the test of revenue recognition is one of the key matters in our audit.

How the matter was addressed in our audit:

Our main audit procedures for the aforementioned key audit matters include testing the related controls surrounding the aforementioned sales and collection cycle; verifying and adjusting the information between sales system and general ledger, as well as sampling and verifying relevant sales vouchers, including external orders, packing lists, and export declarations. We also evaluate the accuracy of revenue to ensure it is recognized in accordance with accounting standards.

Other Matter

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

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, IFRIC and 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.

Auditor's 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 detecti9ng 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 auditor's 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 auditor's 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 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 auditor's 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 Au, Yiu-Kwan.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2025

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

AVALUE TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 903,956	13	1,450,470	26
1110	Current financial assets at fair value through profit or loss (note 6(b))	785,290	12	-	-
1170	Notes and accounts receivable, net (notes 6(c) and 8)	1,481,817	22	1,554,200	28
1180	Accounts receivable due from related parties, net (including related parties) (notes 6(c) and 7(b))	220	-	4,155	-
1200	Other receivables (notes 6(d) and 7(b))	49,552	1	11,532	-
1220	Current tax assets	36,824	-	5,158	-
1310	Inventories (note 6(e))	999,631	15	1,214,863	21
1410	Prepayments	49,206	1	46,272	1
1470	Other current assets (note 8)	9,280	-	6,017	-
		4,315,776	64	4,292,667	76
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and 6(m))	65	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income	30,580	-	30,580	1
1550	Investments accounted for using equity method (note 6(f))	48,604	1	43,910	1
1600	Property, plant and equipment (notes (g) and 8)	1,905,327	29	833,769	15
1755	Right-of-use assets (notes 6(h) and 7(b))	37,964	1	50,265	1
1760	Investment property, net (notes 6(i) and 8)	202,698	3	203,508	4
1780	Intangible assets (note 6(j))	59,387	1	59,680	1
1840	Deferred tax assets (note 6(r))	79,846	1	89,721	1
1915	Prepayments for business facilities	2,979	-	5,960	-
1920	Refundable deposits	6,814	-	6,612	-
1975	Non-current net defined benefit assets (note 6(q))	5,783	-	2,076	-
		2,380,047	36	1,326,081	24
	Total assets	**$ 6,695,823**	**100**	**5,618,748**	**100**

		December 31, 2024		December 31, 2023	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes 6(c) and 6(k))	$ 948,255	14	723,357	13
2170	Notes and accounts payable	447,169	7	510,311	9
2180	Accounts payable to related parties (note 7(b))	123,285	2	19,425	-
2200	Other payables (note 6(n))	443,364	7	458,213	8
2230	Current tax liabilities	23,053	-	178,211	3
2280	Current lease liabilities (notes 6(o) and 7(b))	21,062	-	24,742	1
2300	Other current liabilities (note 6(v))	105,929	2	69,062	1
2322	Long-term borrowings, current portion (note 6(l))	7,172	-	535	-
		2,119,289	32	1,983,856	35
	Non-current liabilities:				
2530	Bonds payable (note 6(m))	622,237	9	-	-
2540	Long-term borrowings (note 6(l))	23,413	1	863	-
2570	Deferred tax liabilities (note 6(r))	81,970	1	81,596	1
2580	Non-current lease liabilities (notes 6(o) and 7(b))	17,953	-	26,833	1
2600	Other non-current liabilities	3,298	-	3,432	-
2640	Non-current net defined benefit liabilities (note 6(q))	-	-	7,432	-
		748,871	11	120,156	2
	Total liabilities	2,868,160	43	2,104,012	37
	Equity:				
	Equity attributable to owners of parent (note 6(s)):				
3100	Capital stock	726,302	11	723,682	13
3200	Capital surplus	1,164,130	17	1,058,198	19
3300	Retained earnings	1,434,355	21	1,367,598	24
3400	Other equity interest	60,918	1	(26,270)	-
3500	Treasury shares	(1,535)	-	(1,535)	-
	Total equity attributable to owners of parent	3,384,170	50	3,121,673	56
36XX	Non-controlling interests	443,493	7	393,063	7
	Total equity	3,827,663	57	3,514,736	63
	Total liabilities and equity	**$ 6,695,823**	**100**	**5,618,748**	**100**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

AVALUE TECHNOLOGY INC. 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	%
4100	Sales revenue	$ 7,391,917	97	7,997,811	97
4600	Service revenue	211,003	3	236,856	3
4000	**Operating revenue** (notes 6(v) and 7(b))	7,602,920	100	8,234,667	100
5000	**Operating costs** (notes 6(e), 6(q), 7(b) and 12)	5,628,211	74	6,048,923	73
5900	**Gross profit**	1,974,709	26	2,185,744	27
6000	**Operating expenses** (notes 6(q), 6(t), 6(w) and 12)**:**				
6100	Selling expenses	502,012	7	467,935	6
6200	Administrative expenses	533,211	7	546,383	6
6300	Research and development expenses	237,650	3	224,938	3
6450	Expected credit loss (reversed gain) (note 6(c))	(5,079)	-	1,512	-
		1,267,794	17	1,240,768	15
6900	**Net operating income**	706,915	9	944,976	12
7000	**Non-operating income and expenses:**				
7100	Interest income	71,610	1	52,560	-
7190	Other income (note 6(p))	22,673	-	13,404	-
7230	Foreign exchange gains (losses) (note 6(x))	29,919	1	(11,946)	-
7020	Other gains and losses (notes 6(b) and 6(m))	452	-	(2,810)	-
7050	Finance costs-interest expense (notes 6(m), 6(o) and 7(b))	(24,060)	-	(15,628)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (note 6(f))	4,694	-	5,518	-
		105,288	2	41,098	-
7900	**Profit before tax**	812,203	11	986,074	12
7950	Less: Income tax expenses (note 6(r))	234,377	3	287,508	4
	Profit for the year	577,826	8	698,566	8
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans (note 6(q))	8,008	-	7,113	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	-	-	(122)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(r))	1,601	-	1,399	-
		6,407	-	5,592	-
8360	**Components of other comprehensive (loss) income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	107,023	1	(10,123)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(r))	2,332	-	(6)	-
		104,691	1	(10,117)	-
8300	**Other comprehensive (loss) income (after tax)**	111,098	1	(4,525)	-
8500	**Comprehensive income**	**$ 688,924**	**9**	**694,041**	**8**
8600	**Profit attributable to:**				
8610	Owners of parent	$ 497,075	7	602,575	7
8620	Non-controlling interests	80,751	1	95,991	1
		$ 577,826	**8**	**698,566**	**8**
8700	**Comprehensive income attributable to:**				
8710	Owners of parent	$ 588,904	8	597,861	7
8720	Non-controlling interests	100,020	1	96,180	1
		$ 688,924	**9**	**694,041**	**8**
	Earnings per share (note 6(u))				
9750	Basic earnings per share (NT dollars)	**$**	**6.85**		**8.38**
9850	Diluted earnings per share (NT dollars)	**$**	**6.51**		**8.26**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

AVALUE TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			Retained earnings				Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized losses on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2023	$ 712,682	1,026,976	320,006	101,178	695,721	1,116,905	(17,098)	-	(17,098)	(1,535)	2,837,930	335,289	3,173,219
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	56,407	-	(56,407)	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	(84,080)	84,080	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(356,340)	(356,340)	-	-	-	-	(356,340)	-	(356,340)
Profit for the year	-	-	-	-	602,575	602,575	-	-	-	-	602,575	95,991	698,566
Other comprehensive loss for the year	-	-	-	-	4,458	4,458	(9,074)	(98)	(9,172)	-	(4,714)	189	(4,525)
Total comprehensive income	-	-	-	-	607,033	607,033	(9,074)	(98)	(9,172)	-	597,861	96,180	694,041
Adjustments of capital surplus for Company's cash dividends received by subsidiaries	-	225	-	-	-	-	-	-	-	-	225	152	377
Share-based payments transactions	11,000	30,997	-	-	-	-	-	-	-	-	41,997	-	41,997
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(38,558)	(38,558)
Balance at December 31, 2023	723,682	1,058,198	376,413	17,098	974,087	1,367,598	(26,172)	(98)	(26,270)	(1,535)	3,121,673	393,063	3,514,736
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	60,703	-	(60,703)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	9,172	(9,172)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(434,959)	(434,959)	-	-	-	-	(434,959)	-	(434,959)
Profit for the year	-	-	-	-	497,075	497,075	-	-	-	-	497,075	80,751	577,826
Other comprehensive income for the year	-	-	-	-	4,641	4,641	87,188	-	87,188	-	91,829	19,269	111,098
Total comprehensive income	-	-	-	-	501,716	501,716	87,188	-	87,188	-	588,904	100,020	688,924
Issuance of convertible bonds	-	98,901	-	-	-	-	-	-	-	-	98,901	-	98,901
Adjustments of capital surplus for Company's cash dividends received by subsidiaries	-	274	-	-	-	-	-	-	-	-	274	183	457
Share-based payments transactions	2,620	6,757	-	-	-	-	-	-	-	-	9,377	-	9,377
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(49,773)	(49,773)
Balance at December 31, 2024	**$ 726,302**	**1,164,130**	**437,116**	**26,270**	**970,969**	**1,434,355**	**61,016**	**(98)**	**60,918**	**(1,535)**	**3,384,170**	**443,493**	**3,827,663**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

AVALUE TECHNOLOGY INC. 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 operating activities:		
Profit before tax	$ 812,203	986,074
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	85,649	82,063
Amortization expense	6,521	4,177
Expected credit loss (reversed gain)	(5,079)	1,512
Gain on current financial assets or liabilities at fair value through profit or loss	(322)	-
Interest expense	24,060	15,628
Interest income	(71,610)	(52,560)
Compensation cost of employee share-based payments	-	1,273
Share of profit of associates and joint ventures accounted for using equity method	(4,694)	(5,518)
Gain on disposal of property, plant and equipment	(129)	(189)
Others	6	2,999
	34,402	49,385
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	1,167	-
Decrease (increase) in notes and accounts receivable (including related parties)	81,185	(237,381)
Increase in other receivables (including related parties)	(37,982)	(11,363)
Decrease in inventories	215,232	594,382
(Increase) decrease in prepayments	(2,934)	47,588
Increase in other current assets	(3,263)	(1,469)
(Increase) decrease in net defined benefit assets	(1,210)	11,498
Increase (decrease) in notes and accounts payable (including related parties)	40,718	(68,090)
(Decrease) increase in other payables	(24,033)	37,781
Increase (decrease) in other current liabilities	36,867	(121,083)
Decrease in net defined benefit liabilities	(1,921)	(14,505)
	303,826	237,358
Cash inflow from operations	1,150,431	1,272,817
Interest received	71,572	52,512
Interest paid	(10,008)	(15,855)
Income taxes paid	(414,885)	(221,866)
Net cash flows from operating activities	797,110	1,087,608
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(769,181)	-
Acquisition from disposal of financial assets at fair value through other comprehensive income	-	(30,702)
Acquisition of financial assets at amortised cost	-	(705,438)
Proceeds from disposal of financial assets at amortised cost	-	705,438
Acquisition of investments accounted for using equity method	-	(10,000)
Acquisition of property, plant and equipment	(1,110,039)	(90,304)
Proceeds from disposal of property, plant and equipment	186	189
(Increase) decrease in refundable deposits	(202)	81
Acquisition of intangible assets	(6,057)	(7,412)
Increase in prepayments for business facilities	(2,812)	(4,641)
Net cash flows used in investing activities	(1,888,105)	(142,789)
Cash flows used in financing activities:		
Repayments of lease liabilities	224,898	(67,837)
Proceeds from issuance of bonds	706,787	-
Proceeds from long-term borrowings	34,000	-
Repayments of long-term borrowings	(4,813)	(29,340)
Increase in guarantee deposits received	(134)	(13,169)
Payment of lease liabilities	(26,943)	(26,068)
Cash dividends paid	(434,502)	(355,963)
Exercise of employee stock options	9,377	40,724
Change in non-controlling interests	(49,773)	(38,558)
Net cash flows from (used in) financing activities	458,897	(490,211)
Effect of exchange rate changes on cash and cash equivalents	85,584	(10,129)
Net (decrease) increase in cash and cash equivalents	(546,514)	444,479
Cash and cash equivalents at beginning of period	1,450,470	1,005,991
Cash and cash equivalents at end of period	**$ 903,956**	**1,450,470**

See accompanying notes to financial statements.

(1) Company history

Avalue Technology Inc. (the "Company") was incorporated as a company limited by shares on July 19, 2000. The primary business activities are the production, processing and sale of industrial computer. The consolidated financial statements of the Company as of and for the year ended December 31, 2024 comprise the Company and its subsidiaries (together referred to as the "Group"). Please refer to note 4 (c) for related information about the Group's primary business activities.

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 11, 2025.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the 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 issued 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)

(c) The impact of IFRS 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”	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. ● 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

AVALUE TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Annual Improvements to IFRS Accounting Standards—Volume 11	The amendments set out: 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”: ● 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

(Continued)

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:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(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 by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial assets at fair value through other comprehensive income are measured at fair values;

2) The defined benefit liabilities (or assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(p).

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles 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 power over the entity.

The financial statements of 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 intra group 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 non-controlling 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 difference between the amount by which the noncontrolling 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.

(Continued)

AVALUE TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of Investor	**Name of subsidiary**	**Principal activity**	**December 31, 2024**	**December 31, 2023**	**Note**
The Company	Avalue Technology Inc. (USA) (Avalue USA)	Sale of industrial computer	100 %	100 %	
"	Avalue Technology Inc. (SAMOA) (Avalue SAMOA)	Investment	100 %	100 %	
"	BCM Technology Inc. (BCM Technology)	Sale of industrial computer	82 %	82 %	
"	Avalue Japan Inc. (Avalue Japan)	Sale of industrial computer	100 %	100 %	
"	Eversun Electronic Co., Ltd. (Eversun)	Manufacturing and trading of various circuit board surface mount	60 %	60 %	
"	Avalue Healthcare Inc. (Avalue Healthcare)	Sale of industrial computer and integrated peripherals	100 %	100 %	
"	Bytec Healthcare Limited (Bytec)	Sale of medical trolley and integrated peripherals	60 %	60 %	
Avalue SAMOA	Avalue Technology (Shanghai) Inc. (Avalue Shanghai)	Sale of industrial computer	100 %	100 %	

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at 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. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation 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 its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary items that are considered to form part of a net investment in the foreign operation 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 expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset 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.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability 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.

(Continued)

(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; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; 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.

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.

(Continued)

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). 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.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) 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, notes and accounts receivable, other receivables, guarantee deposit paid and other financial 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.

(Continued)

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

The Group assumes that the credit risk on a financial asset has increased significantly when the borrower is unlikely to pay its credit obligations to the Group in full.

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'.

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 90 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.

5) 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) 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.

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.

4) 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.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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.

6) 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.

(Continued)

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Investment property

Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) 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 cost

Subsequent expenditure is capitalized only when 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 for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings and construction: 51 years

2) Machinery and equipment: 1 ~12 years

3) Office and other equipment: 1 ~39 years

Plant and equipment constitutes mainly building, mechanical and electrical power equipment, and their related facilities. Each such part depreciates based on its useful life respectively.

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

(l) Leases

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 leasee

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.

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.

(Continued)

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

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. 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 in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, 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 and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of 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.

(Continued)

(ii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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, including patents and trademarks, computer software and others 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:

1)	Patents	3~10 years
2)	Cost of computer software	3 years
3)	Others	10 years

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

(Continued)

(n) 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. Goodwill is tested annually for impairment.

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. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Revenue from contract 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.

1) Sale of goods

The Group manufactures and sells embedded computers, industrial computers and others to computer manufacturers. The Group recognizes revenue when control of the products has been 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.

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.

(Continued)

AVALUE TECHNOLOGY INC. AND SUBSIDIARIES
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2) IT Service

The Group provides its customers IT hardware and software design, as well as implementation and technological support services. Revenue from providing services is recognized in the accounting period in which services are rendered.

If the circumstance change, the management would revise the assessment of revenue, cost and completion degree of services rendered, and the movement caused by the situation described above will be recognized in profit or loss during the period.

For fixed price contracts, revenue is recognized as a proportion of the total services to be provided based on the actual service provided at the end of the reporting period. The proportion of the service exceeding the services rendered will be recognized in the contract assets, otherwise, contact liabilities.

3) 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.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(Continued)

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) 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.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the Company and its employees reach an agreement on the subscription price and the number of shares.

(r) Income taxes

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 shall be recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

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.

(Continued)

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 at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(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; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

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) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

(Continued)

For each business combination, the Group measures any non controlling interests in the acquiree either at fair value or at the non controlling interest’ s proportionate share of the acquiree’ s identifiable net assets, if the non controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire’ s net assets in the event of liquidation. Other components of non controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accountimg Standards endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group’ s financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(t) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Group. 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 Group divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as remuneration to employees not yet approved by the directors, employee stock options, and convertible bonds.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn 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, estimates, and assumptions 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.

(Continued)

The management continues to monitor the accounting estimates and assumptions. It recognizes anychanges in accounting estimates during the period and the impact of those changes in accounting estimatesin the next period.

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

As inventories are stated at the lower of cost or net realizable value, the Group estimates its net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(e) for further description of the valuation of inventories.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2024	**December 31, 2023**
Cash on hand	$ 476	518
Checking accounts and demand deposits	903,480	1,416,176
Time deposits	-	33,776
	$ 903,956	**1,450,470**

Please refer to note 6(x) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(b) Financial assets at fair value through profit or loss

	December 31, 2024	**December 31, 2023**
Current mandatorily measured at fair value through profit or loss:		
Foreign money market funds	**$ 785,290**	**-**
Non-current mandatorily measured at fair value through profit or loss:		
Convertible bonds - embedded derivatives	**$ 65**	-

The company discloses information related to credit risk, please refer to note 6(x).

As of December 31, 2024, the financial assets at fair value through profit or loss of the Group were not pledged as collateral.

AVALUE TECHNOLOGY INC. AND SUBSIDIARIES
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(c) Notes and accounts receivable (including related parties)

	December 31, 2024	December 31, 2023
Notes receivable from operating activities	$ 211	6,905
Accounts receivable (including related parties)-measured as amortized cost	1,484,229	1,558,723
	1,484,440	1,565,628
Less: Loss allowance	(2,403)	(7,273)
	$ 1,482,037	1,558,355

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, notes and accounts receivables (including related parties) have been grouped based on shared credit risk characteristics and the days past due as well as the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance as of December 31, 2024 and 2023 were determined as follows:

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Overdue in 30 days	$ 1,434,763	0.05%	(789)
Overdue 31 to 90 days	43,603	1.59%	(693)
Overdue 91 to 180 days	5,351	14.32%	(766)
Overdue over 181 days	723	21.44%	(155)
	$ 1,484,440		(2,403)

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Overdue in 30 days	$ 1,425,595	0.10%	(1,370)
Overdue 31 to 90 days	128,349	0.60%	(765)
Overdue 91 to 180 days	9,143	44.82%	(4,098)
Overdue over 181 days	2,541	40.93%	(1,040)
	$ 1,565,628		(7,273)

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AVALUE TECHNOLOGY INC. AND SUBSIDIARIES
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The movements in the allowance for notes and accounts receivable were as follows:

		2024	2023
Balance on January 1	$	7,273	6,823
Impairment loss (gain) recognized		(5,079)	1,512
Amounts written off		(3)	(996)
Effect of movements in exchange rates		212	(66)
Balance on December 31	$	**2,403**	**7,273**

As of December 31, 2024 and 2023, parts of the notes and accounts receivable (including related parties) of the Group were pledged as collaterals for its loans. Please refer to note 8.

The Group has entered into accounts receivable factoring agreements with a financial institution. Under the agreements, the Group guarantees for all of the account receivables which cannot be received in a certain period and bears almost all of the risks and rewards, and thus do not qualify for derecognition of the financial assets.

The carrying value of the accounts receivable factored but not yet derecognized at the reporting date were as follows:

December 31, 2024						
Purchaser		**Assignment Facility**	**Factoring Line**	**Advanced Amount (classified as short-term borrowings)**	**Range of Interest Rate**	**Collateral**
Royal Bank of Scotland	$	13,739 (GBP334 thousands)	15,208 (GBP400 thousands)	10,893 (GBP264 thousands)	5.90%~7.30%	－

December 31, 2023						
Purchaser		**Assignment Facility**	**Factoring Line**	**Advanced Amount (classified as short-term borrowings)**	**Range of Interest Rate**	**Collateral**
Royal Bank of Scotland	$	4,042 (GBP103 thousands)	15,208 (GBP400 thousands)	1,722 (GBP44 thousands)	6.75%~7.80%	－

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(d) Other receivables(including related parties)

	December 31, 2024	December 31, 2023
Other receivables	$ 57,195	19,175
Less: Loss allowance	(7,643)	(7,643)
	$ 49,552	**11,532**

As of December 31, 2024 and 2023, the other receivables of the Group were not pledged as collaterals.

(e) Inventories

(i) The details of inventories of the Group were as follows:

	December 31, 2024	December 31, 2023
Finished goods and merchandise	$ 406,238	471,901
Semi-finished goods	50,624	58,288
Work in progress	147,709	137,585
Raw materials	395,060	547,089
	$ 999,631	**1,214,863**

(ii) Components of operating costs for the years ended December 31, 2024 and 2023, were as follows:

	2024	2023
Cost of goods sold	$ 5,602,493	5,944,429
Inventory valuation loss and obsolescence (reversed)	(10,973)	90,951
Loss on scrapping of inventory	36,999	12,929
Loss (gain) on physical inventory	(308)	614
	$ 5,628,211	**6,048,923**

(iii) As of December 31, 2024 and 2023, the inventories of the Group were not pledged as collaterals.

(f) Investments accounted for using equity method

(i) A summary of the Group's financial information about investments accounted for using equity method at the reporting date was as follows:

		December 31, 2024	December 31, 2023
Associates	$	**48,604**	**43,910**

(ii) The Group's financial information about investments accounted for using equity method that are individually insignificant was as follows:

		December 31, 2024	December 31, 2023
Carrying amount of individually insignificant associate's equity	$	**157,567**	**137,170**

		2024	2023
Attributable to the Group:			
Profit	$	4,694	5,518
Other comprehensive income		-	-
Total comprehensive income	$	**4,694**	**5,518**

The Group subscribed 10,000 thousand ordinary shares of Immense Oak Technology Inc.(Immense Oak) through a cash capital increase in November 2023, with a total consideration of $10,000. Following the cash capital increase, the Group holds a 33% ownership stake in Immense Oak, and has significant influence over the company.

(iii) Collateral

As of December 31, 2024 and 2023, the investments accounted for using equity method of the Group were not pledged as collateral.

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(g) Property, plant and equipment

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

	Land	Buildings and construction	Machinery and equipment	Office and other equipment	Under construction and prepayment for purchase of equipment	Total
Cost:						
Balance on January 1, 2024	$ 478,013	408,510	330,170	103,764	-	1,320,457
Additions	1,029,111	6,895	33,214	13,056	36,329	1,118,605
Disposals	-	-	(5,574)	(13,884)	-	(19,458)
Reclassifications	-	-	-	5,793	-	5,793
Effect of movements in exchange rates	2,021	4,395	170	2,119	-	8,705
Balance on December 31, 2024	$ 1,509,145	419,800	357,980	110,848	36,329	2,434,102
Balance on January 1, 2023	$ 478,017	359,078	328,618	100,880	19,361	1,285,954
Additions	-	49,442	30,107	10,755	-	90,304
Disposals	-	-	(51,672)	(7,662)	-	(59,334)
Reclassifications	-	-	23,049	-	(19,361)	3,688
Effect of movements in exchange rates	(4)	(10)	68	(209)	-	(155)
Balance on December 31, 2023	$ 478,013	408,510	330,170	103,764	-	1,320,457
Depreciation:						
Balance on January 1, 2024	$ -	173,711	240,016	72,961	-	486,688
Depreciation	-	13,396	32,510	12,354	-	58,260
Disposals	-	-	(5,562)	(13,839)	-	(19,401)
Effect of movements in exchange rates	-	1,468	156	1,604	-	3,228
Balance on December 31, 2024	$ -	188,575	267,120	73,080	-	528,775
Balance on January 1, 2023	$ -	165,455	257,474	67,112	-	490,041
Depreciation	-	8,283	33,838	13,652	-	55,773
Disposals	-	-	(51,672)	(7,662)	-	(59,334)
Reclassifications	-	-	297	47	-	344
Effect of movements in exchange rates	-	(27)	79	(188)	-	(136)
Balance on December 31, 2023	$ -	173,711	240,016	72,961	-	486,688
Carrying amounts:						
Balance on December 31, 2024	$ 1,509,145	231,225	90,860	37,768	36,329	1,905,327
Balance on January 1, 2023	$ 478,017	193,623	71,144	33,768	19,361	795,913
Balance on December 31, 2023	$ 478,013	234,799	90,154	30,803	-	833,769

(i) In December 2023, a subsidiary-Eversun acquired a factory building from its unrelated party with a total price of $48,950. .As of December 31, 2023, the payment has been settled in full and the transfer procedures have since been completed.

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(ii) For its overall future planning and operational needs, the Group decided to purchase a parcel of land for the construction of corporate headquarters on July 4, 2024, with the approval of its board. On July 10, 2024, the Company signed a land purchase contract with an unrelated natural person for a total contract price of $1,019,800 thousand. As of December 31, 2024, the payment has paid in full and the ownership has since been transferred.

(iii) As of December 31, 2024 and 2023, the Group's property, plant and equipment were provided as collateral for the credits lines of short-term and long-term borrowings. Please refer to note 8.

(h) Right-of-use assets

The Group leases plenty of assets including land and buildings and vehicles. Information about leases for which the Group has been a lessee is presented below:

	Land	Buildings	Vehicles	Total
Cost:				
Balance on January 1, 2024	$ 9,451	71,922	8,504	89,877
Additions	1,411	6,026	5,605	13,042
Disposals	-	(14,162)	(4,620)	(18,782)
Effect of movements in exchange rates	-	3,083	-	3,083
Balance on December 31, 2024	**$ 10,862**	**66,869**	**9,489**	**87,220**
Balance on January 1, 2023	$ 2,530	45,146	4,620	52,296
Additions	9,451	32,441	3,884	45,776
Disposals	(2,530)	(5,023)	-	(7,553)
Effect of movements in exchange rates	-	(642)	-	(642)
Balance on December 31, 2023	**$ 9,451**	**71,922**	**8,504**	**89,877**
Depreciation and impairment loss:				
Balance on January 1, 2024	$ 93	35,096	4,423	39,612
Depreciation	1,084	22,960	2,535	26,579
Disposals	-	(14,162)	(4,562)	(18,724)
Effect of movements in exchange rates	-	1,789	-	1,789
Balance on December 31, 2024	**$ 1,177**	**45,683**	**2,396**	**49,256**
Balance on January 1, 2023	$ 1,758	18,149	2,167	22,074
Depreciation	865	22,359	2,256	25,480
Disposals	(2,530)	(5,023)	-	(7,553)
Effect of movements in exchange rates	-	(389)	-	(389)
Balance on December 31, 2023	**$ 93**	**35,096**	**4,423**	**39,612**
Carrying amount:				
Balance on December 31, 2024	**$ 9,685**	**21,186**	**7,093**	**37,964**
Balance on January 1, 2023	**$ 772**	**26,997**	**2,453**	**30,222**
Balance on December 31, 2023	**$ 9,358**	**36,826**	**4,081**	**50,265**

The Group signed a lease contract with related party for renting the warehouse and office with lease terms ranging for three to five years. Please refer to note 7.

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(i) Investment property

Investment property belongs to the Group, are leased to third parties under operating leases. The leases of investment properties contain an initial non-cancellable lease term of 2 to 5 years.

For all investment property leases, the rental income is fixed under the contracts.

	Land	Buildings	Total
Cost:			
Balance on January 1, 2024 (Same balance on December 31, 2024)	$ 168,826	41,293	210,119
Balance on January 1, 2023 (Same balance on December 31, 2023)	$ 168,826	41,293	210,119
Depreciation:			
Balance on January 1, 2024	$ -	6,611	6,611
Depreciation	-	810	810
Balance on December 31, 2024	$ -	7,421	7,421
Balance on January 1, 2023	$ -	5,801	5,801
Depreciation	-	810	810
Balance on December 31, 2023	$ -	6,611	6,611
Carrying amounts:			
Balance on December 31, 2024	$ 168,826	33,872	202,698
Balance on January 1, 2023	$ 168,826	35,492	204,318
Balance on December 31, 2023	$ 168,826	34,682	203,508
Fair value:			
Balance on December 31, 2024			$ 365,249
Balance on December 31, 2023			$ 331,124

The Group classify non-operating assets into investment properties. In addition, the fair value of investment properties was evaluated according to the market transaction prices of relevant similar properties in the neighboring areas.

Each of the leases contains an initial non-cancellable period, and subsequent renewals are negotiated with the lessee, and no contingent rents are charged. Please refer to note 6(p) for further information.

As of December 31, 2024 and 2023, the Investment property of the Group was provided as collateral for the credits lines of short-term and long-term borrowings. Please refer to note 8.

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(j) Intangible assets

	Goodwill	Patents	Cost of computer software	Others	Total
Cost:					
Balance on January 1, 2024	$ 45,654	56,835	18,771	2,117	123,377
Additions	-	60	5,997	-	6,057
Disposals	-	-	-	(237)	(237)
Effect of movements in exchange rates	-	7	272	-	279
Balance on December 31, 2024	**$ 45,654**	**56,902**	**25,040**	**1,880**	**129,476**
Balance on January 1, 2023	$ 45,654	57,281	8,209	2,117	113,261
Additions	-	38	7,374	-	7,412
Disposals	-	-	(1,465)	-	(1,465)
Reclassifications	-	(513)	4,712	-	4,199
Effect of movements in exchange rates	-	29	(59)	-	(30)
Balance on December 31, 2023	**$ 45,654**	**56,835**	**18,771**	**2,117**	**123,377**
Amortization and impairment losses:					
Balance on January 1, 2024	$ -	56,279	5,385	2,033	63,697
Amortization	-	182	6,299	40	6,521
Disposals	-	-	-	(237)	(237)
Effect of movements in exchange rates	-	3	105	-	108
Balance on December 31, 2024	**$ -**	**56,464**	**11,789**	**1,836**	**70,089**
Balance on January 1, 2023	$ -	56,416	2,959	1,951	61,326
Amortization	-	188	3,907	82	4,177
Disposals	-	-	(1,465)	-	(1,465)
Reclassifications	-	(344)	-	-	(344)
Effect of movements in exchange rates	-	19	(16)	-	3
Balance on December 31, 2023	**$ -**	**56,279**	**5,385**	**2,033**	**63,697**
Carrying amounts:					
Balance on December 31, 2024	**$ 45,654**	**438**	**13,251**	**44**	**59,387**
Balance on January 1, 2023	**$ 45,654**	**865**	**5,250**	**166**	**51,935**
Balance on December 31, 2023	**$ 45,654**	**556**	**13,386**	**84**	**59,680**

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AVALUE TECHNOLOGY INC. AND SUBSIDIARIES
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(i) The Group obtained the goodwill

The Group merged with BCM Technology in 2006 by transfer of shares in accordance with SFAS No. 25 “Business Combinations”, and the cost of acquisition was allocated to the fair value of the acquired assets and assumed liabilities within one year of acquisition date. Moreover, the excess cost of investment over the fair value of identifiable net assets amounting to $45,654 is recognized as goodwill.

(ii) Test of goodwill impairment

Based on the results of goodwill impairment test, the Group’s goodwill has no impairment loss for the reporting date.

(iii) Collateral

As of December 31, 2024 and 2023, the intangible assets of the Group were not pledged as collateral.

(k) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2024	December 31, 2023
Secured bank loans	$ 713,860	-
Unsecured bank loans	223,502	721,635
Accounts receivables factoring	10,893	1,722
	$ 948,255	**723,357**
Range of interest rates	**1.87%~7.30%**	**1.60%~7.80%**

(i) For the collateral with assets pledged for the credit lines of bank loans, please refer to note 8.

(ii) For the interest rate and exposure to liquidity risk, please refer to note 6(x).

(l) Long-term borrowings

The details, conditions and terms of long-term borrowings were as following:

	December 31, 2024	December 31, 2023
Secured bank loans	$ 29,661	-
Unsecured bank loans	780	1,124
Other loans	144	274
Less: Long-term borrowings, current portion	(7,172)	(535)
	$ 23,413	**863**
Range of interest rates	**2.01%~5.44%**	**2.50%~5.44%**

(Continued)

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(i) For the collateral with assets pledged for the credit lines of bank loans, please refer to note 8.

(ii) For the interest rate and exposure to liquidity risk, please refer to note 6(x).

(m) Bonds payable

The Company issued the third domestic unsecured convertible corporate bonds on January 22, 2024. The information was as follows:

(i) The details of bonds payable were as follows:

	December 31, 2024
Total convertible corporate bonds issued	$ 650,000
Unamortized discounts on bond payable	(27,763)
Balance of bonds payable as of the reporting date	**$ 622,237**
Embedded derivatives - call options (recorded as financial assets at fair value through profit or loss - non current)	**$ 65**
Equity component - conversion options (recorded as capital surplus)	**$ 98,901**

	2024
Embedded derivatives - gains or losses resulting from call options at fair value (recorded as loss on financial assets at fair value through profit or loss)	**$ (845)**
Interest expenses	**$ (13,434)**

(ii) The Company separated conversion options from liabilities, and recognized as equity and liabilities. The related information was as follows:

The compound interest present value of the convertible bonds' par value at issuance	$ 613,210
The embedded derivative asset at issuance - call option	(910)
The equity components at issuance	99,617
Total amount of the convertible bonds at issuance	**$ 711,917**

The effective interest rate of convertible bonds was 2.2066%.

The significant terms of the aforementioned convertible bonds were as follows:

1) Interest rate: 0%

2) IDuration: Three years (January 22, 2024~ January 22, 2027)

3) Redemption at the option of the Company:

Within the period between three months after the issuance date (April 23, 2024) and 40 days before the last convertible date (December 13, 2026), if the closing price of the Company's common stock listed on the Taiwan Stock Exchange exceeds 30% of the conversion price for 30 consecutive business days, or if the remaining amount of the convertible bonds that have not been redeemed, repurchased, resold, or converted, is less than 10% of the total par value, then the Company could redeem the bonds at par value of the corporate bonds in cash within the next 5 business days on the base date.

4) Terms of conversion:

a) The bondholders may request the conversion of the convertible bonds into the Company's common stock at the par value and conversion price at the time of the request, at any time between three months after the issuance date (April 23, 2024) and the maturity date (January 22, 2027), except for the following periods:

- The period in which transfer common stocks is suspended by laws;
- 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;
- The period starts from the base date of capital reduction to the day before the transaction of reissue of shares after the capital reduction;
- 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) The conversion price: The conversion price was NTD121.50 per share at issuance. The conversion price will be adjusted to NTD115.30 per share since July 10, 2024, because of the distribution of cash dividends.

(n) Other payables

The details of other payables were as following:

	December 31, 2024	December 31, 2023
Salaries and bonus payable	$ 311,774	322,147
Remuneration to employees and directors payables	63,153	79,478
Pension payable	7,315	6,690
Business tax payable	3,989	1,339
Interest payable	1,053	435
Others	56,080	48,124
	$ 443,364	**458,213**

Others include professional service fees, insurance and other expenses.

(Continued)

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(o) Lease liabilities

The details of lease liabilities were as follows:

	December 31, 2024	December 31, 2023
Current	$ 21,062	24,742
Non-current	$ 17,953	26,833

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

The amounts recognized in profit or loss were as follows:

	2024	2023
Interest on lease liabilities	$ 2,399	2,983
Expenses relating to short-term leases	$ 5,252	3,837
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 490	488

The amounts recognized in the statement of cash flows by the Group were as follows:

	2024	2023
Total cash outflow for leases	$ 35,084	33,376

(p) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(i) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	December 31, 2024	December 31, 2023
Less than one year	$ 8,099	6,405
One to two years	4,618	3,730
Two to three years	2,240	2,726
Three to four years	-	1,136
	$ 14,957	13,997

For the years ended December 31, 2024 and 2023, the amounts of rental revenue recognized in profit or loss under other income amounted to $8,173 and $7,521, respectively.

(q) Employee benefits

(i) Defined benefit plans

Reconciliation of the present value of the defined benefit obligations and the fair value of plan assets for the Company and Eversun were as follows:

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	$ (69,344)	(72,031)
Fair value of plan assets	75,127	66,675
Net defined benefit assets (liabilities)	**$ 5,783**	**(5,356)**

The carrying amounts of the net defined benefit assets (liabilities) of the Company and Eversun are as follows:

	December 31, 2024	December 31, 2023
Non-current net defined benefit assets	**$ 5,783**	**2,076**
Non-current net defined benefit liabilities	**$ -**	**(7,432)**

The Company and Eversun makes defined benefit plan contributions to the pension fund account with at the Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company and Eversun allocate pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, the minimum earnings in the annual distributions shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's and Eversun's Bank of Taiwan labor pension reserve account balance amounted to $75,127 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company and Eversun for the years ended December 31, 2024 and 2023 were as follows:

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		2024	2023
Defined benefit obligation on January 1	$	(72,031)	(83,337)
Current service costs and interest		(853)	(1,072)
Remeasurements of net defined benefit liabilities		1,924	6,554
Benefits paid		1,616	5,824
Defined benefit obligation on December 31	**$**	**(69,344)**	**(72,031)**

3) Movements of the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company and Eversun for the years ended December 31, 2024 and 2023 were as follows:

		2024	2023
Fair value of plan assets on January 1	$	66,675	67,861
Expected return on plan assets		807	891
Benefits paid		(1,616)	(5,824)
Remeasurements of net benefit plan assets		6,084	559
Contributions from employers		3,177	3,188
Fair value of plan assets on December 31	**$**	**75,127**	**66,675**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company and Eversun for the years ended December 31, 2024 and 2023 were as follows:

		2024	2023
Net interest of net liabilities for defined benefit obligations	**$**	**46**	**181**
Operating cost	$	61	133
Operating expenses		(15)	48
	$	**46**	**181**

5) Actuarial assumptions

The principal actuarial assumptions of the Company and Eversun at the reporting date were as follows:

	December 31, 2024		December 31, 2023	
	The Company	Eversun	The Company	Eversun
Discount rate	1.65 %	1.65 %	1.20 %	1.20 %
Future salary increasing rate	4.00 %	2.00 %	4.00 %	2.00 %

The expected allocation payment to be made by the Company and Eversun to the defined benefit plans for the one-year period after the reporting date for the year ended December 31, 2024 was $3,144.

The weighted-average lifetime of the defined benefits plans for the Company and Eversun were 9 years and 8 years, respectively.

6) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Company and Eversun uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

On December 31, 2024 and 2023, if the main actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

The Company	December 31, 2024 Impact on the defined benefit obligations		December 31, 2023 Impact on the defined benefit obligations	
	Increased 0.25%	**Decreased 0.25%**	**Increased 0.25%**	**Decreased 0.25%**
Discount rate	$ (420)	434	(462)	478
Future salary increasing rate	423	(412)	464	(451)

Eversun	December 31, 2024 Impact on the defined benefit obligations		December 31, 2023 Impact on the defined benefit obligations	
	Increased 0.25%	**Decreased 0.25%**	**Increased 0.25%**	**Decreased 0.25%**
Discount rate	$ (1,013)	1,044	(1,160)	1,198
Future salary increasing rate	1,038	(1,012)	1,185	(1,154)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of the sensitivity analysis for 2024 and 2023.

(ii) Defined contribution plans

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

The Company and Eversun, recognized their pension costs amounting to $24,376 and $23,269 using the defined contribution method for the years ended December 31, 2024 and 2023, respectively. All payments were made to the Bureau of the Labor Insurance.

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(iii) The pension expense recognized by the other subsidiaries were included in the consolidated financial statements.

Other subsidiaries recognized the pension expense and basic endowment insurance expense amounting to $11,509 and $9,984 for the years ended December 31, 2024 and 2023, respectively.

(r) Income taxes

(i) The components of income tax expense for the years ended December 31, 2024 and 2023 were as follows:

		2024	2023
Current tax expense			
Current period	$	242,273	287,806
Adjustment for prior periods		(14,212)	(5,891)
		228,061	281,915
Deferred tax expense			
Origination and reversal of temporary differences		6,316	5,593
Income tax expense	**$**	**234,377**	**287,508**

(ii) The details of income tax expense recognized in other comprehensive income for the years ended December 31, 2024 and 2023 were as follows:

		2024	2023
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement from the defined benefit plans	$	1,601	1,423
Unrealized losses from investments in equity instruments at fair value through other comprehensive income		-	(24)
	$	**1,601**	**1,399**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	**$**	**2,332**	**(6)**

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(iii) The reconciliation of income tax and profit before tax for 2024 and 2023 were as follows:

	2024	2023
Profit before income tax	$ 812,203	986,074
Income tax using the Company's and other subsidiaries' domestic tax rate	285,384	345,386
Tax exempt net profit and loss from investment	(8,634)	(10,147)
Tax incentives	(10,390)	(12,273)
Prior periods income tax adjustment	(14,212)	(5,891)
Changes in unrecognized temporary differences	(31,752)	(41,450)
Effect of differences in foreign dividend withholding tax rates	16,169	17,249
Recognition of previously unrecognized losses	(2,498)	(1,063)
Additional tax on undistributed earnings	5,120	9,960
Others	(4,810)	(14,263)
	$ 234,377	**287,508**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2024 and 2023. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2024	December 31, 2023
Aggregate amount of temporary differences related to investments in subsidiaries	**$ 902,772**	**744,010**
Unrecognized deferred tax liabilities	**$ 180,554**	**148,802**

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2024	December 31, 2023
The carry forward of unused tax losses	**$ 53**	**2,551**

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

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AVALUE TECHNOLOGY INC. AND SUBSIDIARIES
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As of December 31, 2024, the Group's unused tax losses were as follows:

Year of loss	The amount of the loss	Unused tax loss	Expiry year
Avalue Health			
2017	$ 10,725	1,068	2027
2019	5,934	5,934	2029
	$ 16,659	**7,002**	

3) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for the years ended December 31, 2024 and 2023 were as follows:

		Defined benefit plans	Foreign currency translation adjustment	Allowance for inventory valuation and obsolescence loss	Others	Total
Deferred tax assets:						
Balance on January 1, 2024	$	1,486	1,098	65,831	21,306	89,721
Recognized in profit or loss		953	-	(2,739)	(4,552)	(6,338)
Recognized in other comprehensive income		(2,439)	(1,098)	-	-	(3,537)
Balance on December 31, 2024	**$**	**-**	**-**	**63,092**	**16,754**	**79,846**
Balance on January 1, 2023	$	5,134	1,092	51,770	21,079	79,075
Recognized in profit or loss		(2,878)	-	14,061	203	11,386
Recognized in other comprehensive income		(770)	6	-	24	(740)
Balance on December 31, 2023	**$**	**1,486**	**1,098**	**65,831**	**21,306**	**89,721**

		Defined benefit plans	Foreign currency translation adjustment	Foreign investment income	Others	Total
Deferred tax liabilities:						
Balance on January 1, 2024	$	439	-	79,733	1,424	81,596
Recognized in profit or loss		1,556	-	(1,988)	410	(22)
Recognized in other comprehensive income		(838)	1,234	-	-	396
Balance on December 31, 2024	**$**	**1,157**	**1,234**	**77,745**	**1,834**	**81,970**
Balance on January 1, 2023	$	2,062	-	60,107	1,795	63,964
Recognized in profit or loss		(2,276)	-	19,626	(371)	16,979
Recognized in other comprehensive income		653	-	-	-	653
Balance on December 31, 2023	**$**	**439**	**-**	**79,733**	**1,424**	**81,596**

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(v) The Group's income tax returns are calculated and filed based on the local tax law of each company.

(vi) The R.O.C. tax authorities have examined and approved the Group's income tax returns as follows:

Name of company	Year of filed
The Company	2022
Eversun	2022
Avalue Healthcare	2022

(s) Capital and other equities

The Company resolved to issue 120,000 thounsands shares for the years ended December 31, 2024 and 2023, with a par value of $10 per share, each amounting to $1,200,000, of which $70,000 will be reserved for the issuance of employee share options. As of December 31, 2024 and 2023, the issued shares amounted to 72,630 and 72,368, respectively, which were paid up upon issuance.

(i) Ordinary shares

The employee share options exercised in the year ended December 31, 2024, amounted to $2,620, which generated a capital surplus of $6,757 (excluding the premium of $3,305 from the issuance of share options) and was registered as a change of capital stock.

The employee share options exercised in the year ended December 31, 2023, amounted to $11,000, which generated a capital surplus of $29,724 (excluding the premium of $13,860 from the issuance of share options) and was registered as a change of capital stock.

(ii) Capital surplus

The balances of capital surplus as of 2024, were as follows:

	December 31, 2024	December 31, 2023
Additional paid-in capital	$ 1,045,534	1,035,472
Treasury share transactions	3,874	3,600
Issuance of convertible bonds	98,901	-
Share of change in equities of associates	11,261	11,261
Issuance of employee share options	-	4,631
Others	4,560	3,234
	$ 1,164,130	**1,058,198**

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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) Legal reserve

According to the amendment of the R.O.C. Company Act, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of 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.

Based on the resolution of the annual stockholders' meeting held on June 12, 2024 and June 27, 2023, the Company decided to set aside $60,703 and $56,407 for legal reserve, respectively.

(iv) Special reserve

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current period total net reduction of other shareholders' equity. The amount to be reclassified to special reserve shall be a portion of current-period earnings plus other line items in the retained earnings movements and undistributed prior-period earnings. A portion of previous unappropriated earnings shall be set aside as a special reserve, which should not be distributed, to account for cumulative changes to other equity interests pertaining to prior periods. The special reserve shall be made available for appropriation when the net deductions of other equity interests are reversed in the subsequent periods.

Based on the resolution of the annual stockholders' meeting held on June 12, 2024 and June 27, 2023, the Company decided to (reverse) set aside the amount of $9,172 and $(84,080) for special reserve, respectively.

(v) Earnings distribution

Based on the Company's articles of incorporation, once the Company has annual profit, the sequence of distribution were as follows:

1) A reserve for payment of tax for the relevant financial year.

2) An amount to offset losses incurred in previous years.

3) Set aside ten percent of said profits as legal reserve. When such legal reserve amounts to the total authorized capital, this provision shall not apply.

4) Appropriate another sum as a special reserve.

5) The program of dividing the remains plus retained earnings for dividend and bonus by Boards should be proposed to Shareholders Meeting to approve.

The dividend distribution by cash of the Company has been authorized and approved during the Board of Directors meeting under special resolution, thereafter, to be submitted in the shareholders' meeting.

If the Company elects to distribute its legal reserve or capital surplus fully, or partially, by cash, which is to be set aside in accordance with R.O.C. Company Act, an approval under a special resolution is needed first from the Company's Board of Directors; thereafter, to be reported in the shareholders' meeting. Only the portion of legal reserve which exceeds 25% of capital may be distributed.

Based on the Company's current dividend policy, if the Company's remaining balance is partial distributed as cash dividends to shareholders, the amount of cash dividends should not be lower than 50% of the total dividends.

The amounts of cash diviends for 2023 and 2022 had been approved during the board meeting held on March 14, 2024 and March 29, 2023, respectively. The relevant dividend distributions to shareholders were as follows:

	2023		2022	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 6.0	**434,959**	5.0	**356,340**

The related information on earnings distribution, and remuneration to employee, directors and supervisors, approved during the annual shareholders' meeting can be accessed from the Market Observation Post System website.

(vi) Treasury shares

As of December 31, 2024, Eversun, a subsidiary of the Company, held 76 thousand ordinary shares of the Company, recorded as the Company's treasury shares, with a carrying amount of NT$33.6 per share, totaling of $2,560. The fair value of the ordinary share of the Company was NT$89.4 per share as of December 31, 2024.

According to the Securities and Exchange Act, the number of treasury shares cannot exceed 10% of the number of shares issued. The total purchase cost of treasury shares cannot exceed the sum of retained earnings, additional paid-in capital in excess of par value, and realized capital surplus. The shares bought back with the intent of transferring to employees must be executed within three years from the date of buyback. Otherwise, the shares shall be deemed as unissued by the Company, and therefore, will be cancelled. In addition, the treasury shares cannot be pledged for debts, and do not carry any shareholder's rights until they are disposed of or transferred to employees.

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(vii) Other equity

	Foreign currency translation adjustment	Unrealized losses from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2024	$ (26,172)	(98)	(26,270)
Share of exchange difference of associates accounted for using the equity method	87,188	-	87,188
Balance on December 31, 2024	**$ 61,016**	**(98)**	**60,918**
Balance on January 1, 2023	$ (17,098)	-	(17,098)
Share of exchange difference of associates accounted for using the equity method	(9,074)	-	(9,074)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(98)	(98)
Balance on December 31, 2023	**$ (26,172)**	**(98)**	**(26,270)**

(t) Share-based payment-Employee share options

A resolution was approved during the Board of Directors' meeting held on March 25, 2019 to issue 3,000 units of employee stock options, with an exercisable right of 1,000 shares of the Company's common stock per unit. The stock options distributed 2,720 units on April 23, 2019. The issuance of employee share options is as follow:

	2024							
Date of issuance	**Outstanding on 1 January**	**Exercised during the year**	**Abandoned during the year**	**Expired during the year**	**Outstanding on 31 December**	**Exercisable on 31 December**	**Remaining duration**	**Exercisable price range (dollars)**
2019.4.23	**287,000**	**262,000**	**25,000**	**-**	**-**	**-**	-	35.79

	2023							
Date of issuance	**Outstanding on 1 January**	**Exercised during the year**	**Abandoned during the year**	**Expired during the year**	**Outstanding on 31 December**	**Exercisable on 31 December**	**Remaining duration**	**Exercisable price range (dollars)**
2019.4.23	**1,387,000**	**1,100,000**	**-**	**-**	**287,000**	**287,000**	0.31	35.79~37.36

The compensation cost of the employee share options was $0 and $1,273 in 2024 and 2023, respectively.

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(u) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share in 2024 and 2023 were based on the profit attributable to ordinary shareholders of the Company；and the weighted-average number of outstanding ordinary shares were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

		2024	2023
Profit attributable to ordinary shareholders of the Company	$	**497,075**	**602,575**

2) Weighted-average number of ordinary shares (thousand shares)

	2024	2023
Issued ordinary shares on January 1	72,368	71,268
Effect of subsidiaries held ordinary shares of the Company	(46)	(46)
Effect of exercise of employee stock options	217	646
Weighted-average number of ordinary share on December 31	**72,539**	**71,868**

		2024	2023
3) Basic earnings per share (thousand shares)(dollars)	$	**6.85**	**8.38**

(ii) Diluted earnings per share

The calculation of diluted earnings per share in 2024 and 2023 were based on profit attributable to ordinary shareholders of the Company；and the weighted-average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares, were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

		2024	2023
Profit attributable to ordinary shareholders of the Company (basic)	$	497,075	602,575
After tax effect of interest expense and other gains from convertible bonds		13,991	-
Profit attributable to ordinary shareholder of the Company (diluted)	$	**511,066**	**602,575**

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2) Weighted-average number of ordinary shares (thousand shares) (diluted)

	2024	2023
Weighted-average number of ordinary shares (basic) on December 31	72,539	71,868
Effect of employee stock compensations	632	631
Employee stock options	36	440
Effect of conversion of convertible bonds	5,314	-
Weighted-average number of ordinary shares (diluted) on December 31	**78,521**	**72,939**

	2024	2023
3) Diluted earnings per share (dollars)	$ **6.51**	**8.26**

(v) Revenue from contracts with customers

(i) Details of revenue

	2024			
	Embedded computer	**Industrial computer**	**Other segment**	**Total**
Primary geographical markets:				
Americas	$ 826,148	3,050,729	72,087	3,948,964
Europe	732,816	426,299	62,265	1,221,380
Asia	1,201,606	351,326	11,213	1,564,145
Domestic	172,744	14,510	273,471	460,725
Others	35,393	369,232	3,081	407,706
	$ **2,968,707**	**4,212,096**	**422,117**	**7,602,920**

	2023			
	Embedded computer	**Industrial computer**	**Other segment**	**Total**
Primary geographical markets:				
Americas	$ 983,229	3,518,967	58,476	4,560,672
Europe	711,122	558,629	64,000	1,333,751
Asia	1,244,366	124,025	14,655	1,383,046
Domestic	197,080	12,332	331,870	541,282
Others	24,629	386,419	4,868	415,916
	$ **3,160,426**	**4,600,372**	**473,869**	**8,234,667**

(Continued)

(ii) Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes and accounts receivable (including related parties)	$ 1,484,440	1,565,628	1,329,243
Less: allowance for impairment	(2,403)	(7,273)	(6,823)
	$ 1,482,037	**1,558,355**	**1,322,420**
Contract liabilities (Advance receipts, included in other current liabilities)	**$ 64,200**	**56,276**	**173,319**

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

The amount of revenue recognized for the year ended December 31, 2024 and 2023, that was included in the contract liability balance at the beginning of the period was $31,396 and $144,400.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(w) Remuneration to employee, directors and supervisors

Based on the Company's Articles of Incorporation, if there is any profit in a fiscal year, 1% to 20% of the profit shall be distributed to employees as remuneration and not more than 2% of the profit shall be distributed as remuneration to directors. In the event that the Company has accumulated losses, the Company shall reserve an amount in advance to offset the accumulated losses and then make a provision for the remaining balance. Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, may include the employees of the controlled or affiliated companies who meet certain criteria.

For the years ended December 31, 2024 and 2023, the Company estimated its employee remuneration amounting to $47,311 and $58,481, respectively, as well as its remuneration to directors amounting to $12,616 and $15,594 for the years ended December 31, 2024 and 2023, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's article of incorporation, and expensed under operating expenses during 2024 and 2023, respectively. There were no differences between the amounts approved in the Board of Directors' meeting and those recognized in the financial statements of 2024 and 2023.

(Continued)

AVALUE TECHNOLOGY INC. AND SUBSIDIARIES
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(x) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2024 and 2023, the maximum amount exposed to credit risk amounted to $2,442,359 and $3,026,969, respectively.

2) Concentration of credit risk

Because the Group caters to a wide variety of customers and has a diverse market distribution, therefore, it is difficult for the Group to concentrate its transaction individually with every customer. In order to reduce the credit risk, the Group monitors the financial conditions of customers regularly. However, the Group does not require customers to provide any collateral.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, excluding estimated interest payments:

	Carrying amount	Contractual cash flows	Within 1 year	1 ~ 2 years	Over 2 years
Balance on December 31, 2024					
Non-derivative financial liabilities:					
Secured bank loans	$ 743,521	(758,056)	(734,158)	(7,169)	(16,729)
Unsecured bank loans	224,282	(225,125)	(224,764)	(361)	-
Other loans	144	(144)	(144)	-	-
Accounts receivable factoring	10,893	(10,893)	(10,893)	-	-
Notes and accounts payable (including related parties)	570,454	(570,454)	(570,454)	-	-
Other payables	439,375	(439,375)	(439,375)	-	-
Lease liabilities(current and non-current)	39,015	(41,168)	(22,288)	(8,591)	(10,289)
Bonds payable	622,237	(650,000)	-	-	(650,000)
	$ 2,649,921	**(2,695,215)**	**(2,002,076)**	**(16,121)**	**(677,018)**
Balance on December 31, 2023					
Non-derivative financial liabilities:					
Unsecure bank loans	$ 722,759	(724,492)	(723,766)	(398)	(328)
Other Loans	274	(274)	(137)	(137)	-
Accounts receivable factoring	1,722	(1,722)	(1,722)	-	-
Notes and accounts payable (including related parties)	529,736	(529,736)	(529,736)	-	-
Other payables	456,874	(456,874)	(456,874)	-	-
Lease liabilities(current and non-current)	51,575	(55,163)	(26,863)	(17,625)	(10,675)
	$ 1,762,940	**(1,768,261)**	**(1,739,098)**	**(18,160)**	**(11,003)**

(Continued)

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

(iii) Currency risk

1) Exposure to currency risk

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

	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 26,113	USD/TWD =32.785	856,115	23,175	USD/TWD =30.705	711,588
Financial liabilities						
Monetary items						
USD	10,885	USD/TWD =32.785	356,865	7,182	USD/TWD =30.705	220,523

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable (including related parties) and notes and accounts payable (including related parties) that are denominated in foreign currency. A weakening (strengthening) 5% of appreciation (depreciation) of the TWD against the USD as of December 31, 2024 and 2023 would have increased or decreased the net profit before tax by $24,963 and $24,553 for the years ended December 31, 2024 and 2023, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Group has a variety of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2024 and 2023, foreign exchange gain (loss) (including realized and unrealized portions) amounted to gain $29,919 and loss $(11,946), respectively.

(iv) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

		Carrying amount	
		December 31, 2024	**December 31, 2023**
Variable-rate instruments:			
Financial assets	$	901,824	1,414,556
Financial liabilities		(967,023)	(721,635)
	$	**(65,199)**	**692,921**

The exposure to interest rate risk for financial assets and liabilities refers to the management of liquidity risk in this note.

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

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have increased or decreased by $(163) and $1,732 for the years ended December 31, 2024 and 2023, respectively, which would have mainly resulted from the bank savings and borrowings with variable interest rates.

(v) Fair value

1) The categories and the fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is 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, and lease liabilities, disclosure of fair value information is not required:

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	December 31, 2024				
		Fair value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Foreign money market funds	$ 785,290	785,290	-	-	785,290
Derivative financial assets — embedded derivative-redemption	65	-	65	-	65
	785,355	785,290	65	-	785,355
Financial assets at fair value through other comprehensive income					
Foreign unlisted company stocks	30,580	-	-	30,580	30,580
Financial assets at amortized cost					
Cash and cash equivalents	903,956	-	-	-	-
Notes and accounts receivable (including related parties)	1,482,037	-	-	-	-
Other receivables (including related parties)	49,552	-	-	-	-
Refundable deposits	6,814	-	-	-	-
	2,442,359	-	-	-	-
	$ 3,258,294	785,290	65	**30,580**	**815,935**
Financial liabilities at amortized cost					
Short-term borrowings	$ 948,255	-	-	-	-
Long-term borrowings (including current portion)	30,585	-	-	-	-
Notes and accounts payable (including related parties)	570,454	-	-	-	-
Other payables	439,375	-	-	-	-
Lease liabilities (including current and non-current)	39,015	-	-	-	-
Bonds payable	622,237	-	-	-	-
	$ 2,649,921	-	-	-	-

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	December 31, 2023				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Foreign unlisted company stocks	$ 30,580	-	-	30,580	30,580
Financial assets at amortized cost					
Cash and cash equivalents	$ 1,450,470	-	-	-	-
Notes and accounts receivable (including related parties)	1,558,355	-	-	-	-
Other receivables (including related parties)	11,532	-	-	-	-
Refundable deposits	6,612	-	-	-	-
	3,026,969	-	-	-	-
	$ 3,057,549	**-**	**-**	**30,580**	**30,580**
Financial liabilities at amortized cost					
Short-term borrowings	$ 723,357	-	-	-	-
Long-term borrowings (including current portion)	1,398	-	-	-	-
Notes and accounts payable (including related parties)	529,736	-	-	-	-
Other payables	456,874	-	-	-	-
Lease liabilities (including current and non-current)	51,575	-	-	-	-
	$ 1,762,940	**-**	**-**	**-**	**-**

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

The Group’ s value of financial assets and liabilities measured at amortized cost are similar to their fair values.

3) Valuation techniques for financial instruments measured at fair value—Non-derivative financial instruments

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

(Continued)

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A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis.On the other hand, if the condition above is not met, we define that instrument to have non-active market value. Generally, a significant difference between the bid-ask spread, a significant increase in the difference between the bid-ask spread or a trading volume is very small, are all indicators of an inactive market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.The financial instruments held by the Company are not traded in active market and no quoted market prices.Those financial instruments are evaluated by the discount cash flow model, the main assumption is according to time value of money and investment risk to evaluate future cash flow.

4) Transfers Level

There were no transfers among the fair value hierarchy for the years ended December 31, 2024 and 2023.

5) Reconciliation of Level 3 fair values

The Group did not incur any gain or loss on valuation of Level 3 financial assets in 2024 and 2023.

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group' s financial instruments that use Level 3 inputs to measure fair value is financial assets measured at fair value through other comprehensive income – equity investments.

The Group's equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of the equity instruments are independent from each other, so there is no correlation between them.

Quantified information of significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investment without an active market-non-current	Discounted Cash Flow Method	· Sustainable growth rate (1.68% and 1.44% on December 31, 2024 and 2023, respectively)	·The higher the sustainable growth rate is , the higher the fair value will be.
		·Weighted average cost of capital (12.08% and 13.58% on December 31, 2024 and 2023, respectively)	·The higher the weighted average cost of capital is, the lower the fair value will be.

7) Fair value measurements in Level 3 – Sensitivity analysis of reasonably possible alternative assumptions

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	Input	Move up or down	Other comprehensive income Favorable	Other comprehensive income Unfavorable
December 31, 2024				
Financial assets measured at fair value through other comprehensive income—non-current	Sustainable growth rate	0.2%	$ 787	(629)
	Weighted average cost of capital	1%	$ (3,147)	3,934
December 31, 2023				
Financial assets measured at fair value through other comprehensive income—non-current	Sustainable growth rate	0.2%	$ 442	(590)
	Weighted average cost of capital	1%	$ (2,948)	3,390

The favorable and unfavorable effects represent the changes in fair value, and fair value is calculated based on varying degrees of unobservable inputs using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not consider the correlations and variability with another inputs.

(Continued)

(y) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments：

1) Credit risk

2) Liquidity risk

3) Market risk

This note discloses information on risk exposure and objectives, policies and procedures regarding risk measurement and management. For detailed information, please refer to the related notes on each risk.

(ii) Risk management framework

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group has no transactions in the financial instruments, including derivative financial instruments, for the purpose of speculation. The board of directors is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

(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 security investments.

1) Accounts receivable and other receivables

The Group's finance department has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group’s credit limits are offered. Credit limits are established for each customer, which represent the maximum open amount without requiring approval from the finance department, and are reviewed periodically. Customers that fail to meet the Group’s benchmark creditworthiness may transact with the Group only on a prepayment basis.

(Continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Group's customers are mainly from the high-tech industry. In order to mitigate account receivable credit risk, the Group constantly assesses the financial status of the customers, and requests the customers to provide guarantee or security if necessary. The Group regularly accesses the collectability of accounts receivable and recognizes allowance for accounts receivable.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transaction resulted from the merger acquisitions are in compliance with the banks and other external parties with good credit standing and investment grade above financial institutes and corporate organization, there are no non-compliance issues, and therefore no significant credit risk.

3) Guarantees

Pursuant to the Group's policies, only the Company could provide financial guarantees to subsidiaries. As of December 31, 2024 and 2023, the Group did not provide any financial guarantees to its subsidiaries.

(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 in compliance with the terms of the loan agreements.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, 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.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (TWD), US Dollars (USD), Chinese Yuan (CNY), Japanese Yen (JPY) and Great British Pound (GBP). The currencies used in these transactions are denominated in TWD, USD, CNY, JPY and GBP.

2) Interest rate risk

The Group borrows funds at variable interest rates, which carries the risk of changes in cash flows.

(Continued)

3) Other price risk

The Group is exposed to equity price risk due to the quoted open-ended fund and stocks listed on domestic market at fair value.

(z) Capital management

The Group’ s policy is to maintain a strong capital base considering the current operating characteristics of the industry, future development, and changes in external environment, to assure there are financial resources and operating plan to support working capital, capital expenditures, research & development expense, debt redemption and dividend payment, and so on. The management decides the optimal capital structure by using an appropriate debt-to-equity ratio. To maintain a strong capital base, the Group enhances the return on equity by optimizing debt-to-equity ratio. The Group’s debt-to-equity ratio at the reporting date was as follows:

	December 31, 2024	December 31, 2023
Total liabilities	$ 2,868,160	2,104,012
Total equity	3,827,663	3,514,736
Debt-to-equity ratio	75 %	60 %

As of December 31, 2024, there were no changes in the Group's approach to capital management.

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

The Group’s investing and financing activities which did not affect the current cash flow in the year ended December 31, 2024 and 2022 were as follow:

(i) The acquisition of right-of-use assets by lease, please see note 6(h).

(ii) The issuance of bonds, please see note 6(m).

(iii) Reconciliation of liabilities arising from financing activities were as follows :

			Non-cash changes		
	January 1, 2024	Cash flow	Increases	Others	December 31, 2024
Long-term borrowings	$ 1,398	29,187	-	-	30,585
Short-term borrowings	723,357	224,898	-	-	948,255
Lease liabilities	51,575	(26,943)	13,042	1,341	39,015
Bonds payable	-	706,787	-	(84,550)	622,237
Guarantee deposits received	3,432	(134)	-	-	3,298
Total liabilities from financing activities	$ 779,762	933,795	13,042	(83,209)	1,643,390

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	January 1, 2023	Cash flow	Non-cash changes		December 31, 2023
			Increase	Others	
Long-term borrowings	$ 30,738	(29,340)	-	-	1,398
Short-term borrowings	791,194	(67,837)	-	-	723,357
Lease liabilities	32,112	(26,068)	45,776	(245)	51,575
Guarantee deposits received	16,601	(13,169)	-	-	3,432
Total liabilities from financing activities	**$ 870,645**	**(136,414)**	**45,776**	**(245)**	**779,762**

(7) Related party transactions

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Goomedi Laboratories, Ltd.	An associate
Immense Oak Technologies Inc.	〃
Unicom Global, Inc. (Unicom)	The subsidiary of the entity with significant influence over the Group (Other related party)
Henghao Technology Co., Ltd. (Henghao)	〃
Shennona Co., Ltd. (Shennona)	〃
Compal Display Electronics (Kunshan) Co., Ltd. (“CDE”)	〃
Poindus Systems Corp. (Poindus)	〃
Avalue Mutual LLC.	The shareholders of the company are the key management members of the merged company member(Other related party)
Bytec Systems Limited	The key management members of the Company are the same as the key managment members of the subsidiary (Other related party)
Bytec Group Limited	〃

(b) Significant related party transactions

(i) Sales of goods to related parties

	Sales	
	2024	2023
Associates	$ 771	3,661
Other related parties	10,126	8,544
	$ 10,897	**12,205**

(Continued)

Sales prices for related parties were similar to those of the third-party customers. The collection periods were between 30-60 days.

(ii) Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2024	December 31, 2023
Accounts receivable	Associates	$ 26	139
〃	Other related parties	194	4,016
Other receivables	Other related parties-CDE	48,796	10,571
		$ 49,016	**14,726**

(iii) Purchase and processing fee

The amounts of significant purchases transactions and processing fee (accounting under the operating costs) between the Group and related parties were as follows:

	Purchases	
	2024	**2023**
Associates	$ 190	18
Other related parties		
Unicom	202,490	85,423
Others	142,327	9,110
	$ 345,007	**94,551**

The pruchases price at which the Group purchases products from related parties, due to the diversified product specifications of the Group. The specifications of some products pruchased from related parties may not be the same as those of non-related parties, so the purchase price cannot be compared. Purchase prices for other related parties were similar to those of the third-party vendors. The pay periods were 30 days to 60 days.

	Processing fee	
	2024	**2023**
Other related parties	**$ 4,809**	**1,991**

	Payables to related parties	
	December 31, 2024	**December 31, 2023**
Other related parties		
Unicom	$ 76,892	16,327
Others	46,393	3,098
	$ 123,285	**19,425**

(Continued)

(iv) Lease

In April 2023, the Group leased warehouses and offices from other related parties, Avalue Mutual LLC. for 3~5 years, with a total contract value of $4,329. As of December 31, 2024 and 2023, the balance of current and non-current lease liabilities were as follows:

	2024	2023
Interest expenses	$ **1,678**	**2,364**

	December 31, 2024	December 31, 2023
Current lease liabilities	$ **11,048**	**9,436**
Non-current lease liabilities	$ **1,942**	**12,166**

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2024	2023
Short-term employee benefits	$ 201,852	212,816
Post-employment benefits	1,557	1,757
	$ **203,409**	**214,573**

(8) Pledged assets

Pledged assets	Pledged to secure	December 31, 2024	December 31, 2023
Accounts Receivable	Accounts receivable factoring	$ 13,739	4,042
Property, plant and equipment－land and bulidings	Credit lines for short-term and long-term borrowings	1,236,650	163,880
Investment property	〃	183,674	184,343
Other current assets－restricted assets	Guarantee for import duty	3,881	3,853
		$ **1,437,944**	**356,118**

(9) Significant commitments and contingencies

(a) The long-term employment contract is made by the Company and the related party. If the related party is unable to abide by the contract due to factors such as health and accident or the Company cancel the contract in contractual period (from July 2023 to June 2026), the Company will repurchase the shares of the subsidiary at a reasonable price from the related party or the third party designated by the related party in three months after the said factors materialize.

The price of repurchasing shares will be calculated and base on the subsidiary’s profit of prior year, in which the contract ceased. However, the specific time of the contract termination cannot be predicted, the Company cannot estimate such liability due to the highly uncertainty of the contract.

None of the factors mentioned in the contract has materialized as of March 11, 2025.

(b) The Company's unrecognized contractual commitments are as follows:

	December 31, 2024	December 31, 2023
Construction in progress not yet due	$ 31,728	-

(10) Losses due to major disasters: none.

(11) Subsequent events: none

(12) Other

A summary of current-period employee benefits, depreciation and amortization, by function:

By function / By item	2024			2023		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	213,557	806,369	1,019,926	220,053	807,363	1,027,416
Labor and health insurance	22,505	64,749	87,254	22,429	56,045	78,474
Pension	9,093	26,838	35,931	9,163	24,271	33,434
Others	13,851	19,530	33,381	12,053	15,866	27,919
Depreciation	32,067	53,582	85,649	26,067	55,996	82,063
Amortization	2,485	4,036	6,521	759	3,418	4,177

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note2)	Maximum limit of fund financing (Note 2)
													Item	Value		
1	Avlue Healthcare	Bytec	Other receivables -related party	Yes	7,555 (GBP183)	7,555 (GBP183)	7,555 (GBP183)	1.10%	Short-term financing	-	Operating financing	-	-	-	24,269	24,269

Note 1: The parent company number:0:, subsidiaries are sorted in a numerical order starting from 1.
Note 2: According to the Company's Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of the Company and the total amount for lending to any company shall not exceed 40% of the net worth of the Company.
Note 3: GBP amounts of this table is converted to NTD amounts using the foreign exchange rate on the balance sheet date.

(ii) Guarantees and endorsements for other parties: none.

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(iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				The highest holding in the period		Note
				Shares/ Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Shares/ Units (thousands)	Percentage of ownership (%)	
	Preferred shares:									
The Company	Biomedica Corporation	-	Non-current financial assets-FVOCI	480	30,580	-	30,580	480	-	
	Ordinary shares:									
〃	Seonin System Inc.	〃	〃	1	-	-	-	1	-	
BCM Technology	Money market funds— UBS Select 100% US Treasury Preferred Class T Fund	〃	Current financial assets-FVTPL	23,953	785,290	-	785,290	23,953	-	
Eversun	Ordinary shares:									
	Avalue Technology Inc.	The Parent Company	Current financial assets-FVTPL	76	6,812	-	6,812	76	-	Note

Note: The transactions had been eliminated in the consolidated financial statements.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
BCM Technology	Money market funds－UBS Select 100% US Treasury Preferred Class T Fund	Current financial assets-FVTPL	-	-	-	-	23,953	769,181	-	-	-	-	23,953	785,290

Note: Amounts of this table is converted to NTD amounts using the foreign exchange rate on the balance sheet date.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

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	Land	July 4, 2024	1,019,800	Paid in full	Natural person	None	N/A	N/A	N/A	-	Valuation and negotiation	Construction of corporate headquarters	None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: none.

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(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Company	BCM Technology	Subsidiary	(Sale)	(402,513)	(14.79)%	60 days	-	-	18,811	3.59%	Note
〃	Avalue USA	〃	〃	(177,355)	(6.52)%	〃	-	-	42,672	8.15%	〃
〃	Avalue Japan	〃	〃	(213,259)	(7.84)%	〃	-	-	32,198	6.15%	〃
〃	Avalue Healthcare	〃	〃	(143,997)	(5.29)%	〃	-	-	32,234	6.16%	〃
〃	Unicom	The subsidiary of the entity with significant influence over the Company	Purchase	171,225	9.38%	75 days	-	-	(73,783)	(17.66)%	

Note: The transactions had been eliminated in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: none

(ix) Trading in derivative instruments: none.

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	BCM Technology	1	Sales revenue	402,513	The price is little lower than other clients. The credit period is net 60 days from delivery.	5.29 %
〃	〃	〃	〃	Accounts receivable	18,811	〃	0.28 %
〃	〃	Avalue USA	〃	Sales revenue	177,355	〃	2.33 %
〃	〃	〃	〃	Accounts receivable	42,672	〃	0.64 %
〃	〃	Avalue Japan	〃	Sales revenue	213,259	〃	2.80 %
〃	〃	〃	〃	Accounts receivable	32,198	〃	0.48 %
〃	〃	Avalue Shanghai	4	Sales revenue	78,732	〃	1.04 %
〃	〃	〃	〃	Accounts receivable	45,546	〃	0.68 %
〃	〃	Eversun	1	Cost of goods sold	136,669	There is no significant difference of price and credit period to non-related parties.	1.80 %

(Continued)

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No. (Note1)	Name of company	Name of counter-party	Nature of relationship (Note2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Eversun	1	Accounts payable	26,252	There is no significant difference of price and credit period to non-related parties.	0.39 %
〃	〃	Avalue Healthcare	〃	Sales revenue	143,997	The price is little lower than other clients. The credit period is net 60 days from delivery.	1.89 %
〃	〃	〃	〃	Accounts receivable	32,234	〃	0.48 %
1	Eversun	Avalue USA	3	Sales revenue	91,292	The price is little lower than other clients. The credit period is net 90 days from delivery.	1.20 %
〃	〃	〃	〃	Accounts receivable	13,593	〃	0.20 %

Note1: The numbers filled in as follows:
1. 0 represents the parent company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note2: Relationship with the transactions labeled as follow:
1. Represents the transaction from the parent company to the subsidiaries.
2. Represents the transaction from the subsidiary to the parent company.
3. Represents the transaction between the subsidiaries.
4. Represents the transaction from the parent company to the grandson company.

(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		Balances as December 31, 2024			The highest percentage of ownership in the period	Net income (losses) of investee	Share of profits/ (losses) of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Avalue USA	USA	Sale of industrial computer	140,752	140,752	3,350	100 %	220,339	100 %	16,692	16,015	subsidiary (Note)
	BCM Technology	USA	Sale of industrial computer	117,800	117,800	300	82 %	1,340,626	82 %	373,361	304,028	〃
	Avalue SAMOA	SAMOA	Investing	91,514	91,514	2,983	100 %	6,124	100 %	5,270	4,458	〃
	Avalue Japan	Japan	Sale of industrial computer	31,652	31,652	2	100 %	55,620	100 %	5,883	5,783	〃
	Eversun	Taiwan	PCB manufacturing, processing and trading	102,105	102,105	10,836	60 %	224,996	60 %	33,299	21,069	〃
	Avalue Healthcare	Taiwan	Sale of industrial computer and surroundings trading	61,480	61,480	4,050	100 %	60,674	100 %	16,242	16,242	〃
	Bytec	UK	Medical cart and surroundings trading	64,246	64,246	-	60 %	884	60 %	(4,745)	(2,847)	〃

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balances as December 31, 2024			The highest percentage of ownership in the period	Net income (losses) of investee	Share of profits/ (losses) of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Goomedi Laboratories, Ltd.	Taiwan	Computer selling	30,000	30,000	3,000	26 %	44,850	26 %	29,099	7,525	Investments accounted for using equity method
	Immense Oak Technologies Inc.	Taiwan	Computer systems integration service	10,000	10,000	10,000	33 %	3,754	33 %	(8,702)	(2,831)	〃

Note: The transactions had been eliminated in the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note 2)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow						
Avalue Shanghai	Sale of industrial computer	88,818	Indirectly investment through Avalue SAMOA	88,818 (US$2,900)	-	-	88,818 (US$2,900)	5,270	100%	5,270	8,564	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
88,818 (US$2,900)	88,818 (US$2,900)	2,030,502 (Note 1)

Note 1: Based on 90.11.16 Taiwan Securities (1) No. 006130, the amount of the upper limit on investment in Mainland China was based on the provisions of MOEAIC.
Note 2: The investment income (loss) recognized in the current period was based on the financial report of the investee audited by the CPA of the Parent Company in Taiwan.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the consolidated financial statements for the year ended December 31, 2024, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
Compal Electronics, Inc.	14,924,070	20.54 %

AVALUE TECHNOLOGY INC. AND SUBSIDIARIES
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(14) Segment information

(a) General Information

The Group has two reportable segments, and the reportable segments are the Group’ s strategic divisions to provide different products. Different technology and marketing strategies are required for two segments to offer different products and services. Therefore, the above segments are managed separately.

(b) Reportable segments and operating segment information

The Group does not allocate non-operating income and expense and tax expense to reportable segments. The information of operating segments is the same as those used by the chief operating decision maker.

The accounting policies of operating segments are similar to those described in note 4. Operating segments’ profit is measured by the income before tax (excluding non-operating income and expense), and considered as the basis for performance assessment. The Group presents intersegment sales and transfers as third-party transactions which measured by the market price.

The Group’s operating segment information and reconciliation are as follows:

	2024				
	Embedded computer	**Industrial computer**	**Other segment**	**Reconciliation & elimination**	**Total**
Revenue					
Revenue from external customers	$ 2,968,707	4,212,096	422,117	-	7,602,920
Revenue from segments	1,028,234	6,112	230,574	(1,264,920)	-
Total revenue	**$ 3,996,941**	**4,218,208**	**652,691**	**(1,264,920)**	**7,602,920**
Reportable segments profit	**$ 162,330**	**480,945**	**31,191**	**32,449**	**706,915**
Total assets of segments					**$ 6,695,823**

	2023				
	Embedded computer	**Industrial computer**	**Other segment**	**Reconciliation & elimination**	**Total**
Revenue					
Revenue from external customers	$ 3,160,426	4,600,372	473,869	-	8,234,667
Revenue from segments	1,319,184	11,594	261,329	(1,592,107)	-
Total revenue	**$ 4,479,610**	**4,611,966**	**735,198**	**(1,592,107)**	**8,234,667**
Reportable segments profit	**$ 243,861**	**589,674**	**64,098**	**47,343**	**944,976**
Total assets of segments					**$ 5,618,748**

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(c) Information about the products and services

The Group's segment information is reportable by product categories. Please refer to segment information.

(d) Geographical 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.

(i) Revenue from external customers:

Geographical information	**2024**	**2023**
Americas	$ 3,948,964	4,560,672
Europe	1,221,380	1,333,751
Asia	1,564,145	1,383,046
Domestic	460,725	541,282
Others	407,706	415,916
	$ 7,602,920	**8,234,667**

(ii) Non-current assets:

Geographical information	**December 31, 2024**	**December 31, 2023**
Taiwan	$ 2,055,143	990,951
United States	141,229	149,548
Japan	3,503	3,211
China	7,810	8,979
United Kingdom	670	493
	$ 2,208,355	**1,153,182**

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets and prepayments excluding non-current assets of financial instruments and deferred tax assets.

(e) Information about major customers

Sales to individual customers constituting over 10% of the total revenue in the consolidated statements of income are summarized as follows:

	2024	**2023**
Company L	**$ 1,415,066**	**1,468,566**