

**Arizon RFID Technology (Cayman)  
Co., Ltd. and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2025 and 2024 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Arizon RFID Technology (Cayman) Co., Ltd.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Arizon RFID Technology (Cayman) Co., Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Shu-Wan Lin and Chih-Ming Shao.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 12, 2025

Notice to Readers

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

*For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.*

# ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 2,565,599	28	\$ 2,384,419	26	\$ 1,676,013	24
Financial assets at amortized cost - current (Note 8)	1,617,432	17	1,619,091	18	487,104	7
Notes and accounts receivable (Notes 9 and 18)	1,344,201	14	1,455,977	16	834,170	12
Accounts receivable from related parties (Notes 18 and 25)	1,150	-	24	-	85	-
Inventories (Note 10)	989,046	11	1,057,094	12	884,593	13
Other current assets (Note 25)	<u>177,359</u>	<u>2</u>	<u>208,131</u>	<u>2</u>	<u>147,287</u>	<u>2</u>
Total current assets	<u>6,694,787</u>	<u>72</u>	<u>6,724,736</u>	<u>74</u>	<u>4,029,252</u>	<u>58</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 24)	600	-	1,300	-	-	-
Financial assets at amortized cost - non-current (Note 8)	231,291	2	228,041	3	1,353,065	19
Property, plant and equipment (Note 12)	1,864,977	20	1,771,584	19	1,259,493	18
Right-of-use assets (Note 13)	246,913	3	249,090	3	66,720	1
Deferred tax assets	21,159	-	21,152	-	33,991	-
Other non-current assets	<u>238,407</u>	<u>3</u>	<u>131,662</u>	<u>1</u>	<u>257,008</u>	<u>4</u>
Total non-current assets	<u>2,603,347</u>	<u>28</u>	<u>2,402,829</u>	<u>26</u>	<u>2,970,277</u>	<u>42</u>
<b>TOTAL</b>	<b><u>\$ 9,298,134</u></b>	<b><u>100</u></b>	<b><u>\$ 9,127,565</u></b>	<b><u>100</u></b>	<b><u>\$ 6,999,529</u></b>	<b><u>100</u></b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 14)	\$ 800,000	9	\$ 800,000	9	\$ 450,000	6
Contract liabilities - current (Note 18)	27,213	-	26,467	-	24,138	-
Notes and accounts payable	516,326	6	581,553	6	598,217	9
Accounts payable to related parties (Note 25)	525	-	767	-	834	-
Other payables	278,709	3	322,892	4	190,889	3
Other payables to related parties (Note 25)	857	-	396	-	505	-
Current tax liabilities	33,570	-	30,176	-	35,440	1
Lease liabilities - current (Note 13)	12,429	-	12,361	-	11,342	-
Other current liabilities	<u>4,306</u>	<u>-</u>	<u>7,462</u>	<u>-</u>	<u>2,655</u>	<u>-</u>
Total current liabilities	<u>1,673,935</u>	<u>18</u>	<u>1,782,074</u>	<u>19</u>	<u>1,314,020</u>	<u>19</u>
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Note 15)	942,929	10	937,491	10	-	-
Deferred tax liabilities	51,625	1	41,599	1	-	-
Lease liabilities - non-current (Note 13)	25,738	-	28,796	-	35,836	-
Other non-current liabilities	<u>46,846</u>	<u>-</u>	<u>46,191</u>	<u>1</u>	<u>47,855</u>	<u>1</u>
Total non-current liabilities	<u>1,067,138</u>	<u>11</u>	<u>1,054,077</u>	<u>12</u>	<u>83,691</u>	<u>1</u>
<b>Total liabilities</b>	<b><u>2,741,073</u></b>	<b><u>29</u></b>	<b><u>2,836,151</u></b>	<b><u>31</u></b>	<b><u>1,397,711</u></b>	<b><u>20</u></b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 17)</b>						
Share capital						
Ordinary shares	748,880	8	748,880	8	743,180	11
Capital surplus	4,272,805	46	4,272,805	47	4,070,009	58
Retained earnings						
Legal reserve	75,001	1	75,001	1	30,208	-
Special reserve	202,897	2	202,897	2	124,319	2
Unappropriated earnings	1,137,712	12	948,828	10	637,416	9
Other equity	<u>118,638</u>	<u>2</u>	<u>41,927</u>	<u>1</u>	<u>(4,259)</u>	<u>-</u>
Total equity attributable to owners of the Company	6,555,933	71	6,290,338	69	5,600,873	80
<b>NON-CONTROLLING INTERESTS</b>	<b><u>1,128</u></b>	<b><u>-</u></b>	<b><u>1,076</u></b>	<b><u>-</u></b>	<b><u>945</u></b>	<b><u>-</u></b>
Total equity	<u>6,557,061</u>	<u>71</u>	<u>6,291,414</u>	<u>69</u>	<u>5,601,818</u>	<u>80</u>
<b>TOTAL</b>	<b><u>\$ 9,298,134</u></b>	<b><u>100</u></b>	<b><u>\$ 9,127,565</u></b>	<b><u>100</u></b>	<b><u>\$ 6,999,529</u></b>	<b><u>100</u></b>

The accompanying notes are an integral part of the consolidated financial statements.

# ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
OPERATING INCOME (Notes 18 and 25)	\$ 1,145,111	100	\$ 901,118	100
OPERATING COST (Notes 10, 19 and 25)	(807,328)	(71)	(579,105)	(64)
GROSS PROFIT	337,783	29	322,013	36
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing	(29,445)	(3)	(15,409)	(2)
General and administrative	(73,542)	(6)	(81,819)	(9)
Research and development	(47,173)	(4)	(29,547)	(3)
Total operating expenses	(150,160)	(13)	(126,775)	(14)
PROFIT FROM OPERATIONS	187,623	16	195,238	22
NON-OPERATING INCOME AND EXPENSES				
Finance costs	(10,185)	(1)	(733)	-
Interest income	36,315	3	28,125	3
Other income	6,400	1	2,856	-
(Loss) gain on disposal of property, plant and equipment	(134)	-	181	-
Loss on financial assets at FVTPL	(700)	-	-	-
Other expenses	(2,047)	-	(228)	-
Foreign exchange gain (loss) (Note 26)	13,527	1	(1,509)	-
Total non-operating income and expenses	43,176	4	28,692	3
PROFIT BEFORE INCOME TAX	230,799	20	223,930	25
INCOME TAX EXPENSE (Notes 5 and 20)	(41,878)	(4)	(34,808)	(4)
NET PROFIT FOR THE PERIOD	188,921	16	189,122	21

(Continued)

# ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	\$ -	-	\$ 213,709	24
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	76,726	7	(15,038)	(2)
Other comprehensive income for the period, net of income tax	76,726	7	198,671	22
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 265,647</u>	<u>23</u>	<u>\$ 387,793</u>	<u>43</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 188,884	16	\$ 189,076	21
Non-controlling interests	37	-	46	-
	<u>\$ 188,921</u>	<u>16</u>	<u>\$ 189,122</u>	<u>21</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 265,595	23	\$ 387,714	43
Non-controlling interests	52	-	79	-
	<u>\$ 265,647</u>	<u>23</u>	<u>\$ 387,793</u>	<u>43</u>
<b>EARNINGS PER SHARE (Note 21)</b>				
Basic	\$ 2.52		\$ 2.54	
Diluted	\$ 2.51		\$ 2.53	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

**ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)

<b>Equity Attribute to Owners of the Company (Note 17)</b>												<b>Other Equity</b>	
<b>Share Capital</b>				<b>Retained Earnings</b>				<b>Foreign Operations</b>		<b>Non-controlling Interests</b>	<b>Total Equity</b>		
	<b>Shares (In Thousands)</b>	<b>Amount</b>	<b>Capital Surplus</b>	<b>Legal Reserve</b>	<b>Special Reserve</b>	<b>Unappropriated Earnings</b>	<b>Total</b>						
BALANCE AT JANUARY 1, 2024	74,318	\$ 743,180	\$ 4,068,511	\$ 30,208	\$ 124,319	\$ 448,340	\$ 602,867	\$ (202,897)	\$ 5,211,661	\$ 866	\$ 5,212,527		
Share-based compensation expenses (Note 20)	-	-	1,498	-	-	-	-	-	-	1,498	-	1,498	
Net profit for the three months ended March 31, 2024	-	-	-	-	-	189,076	189,076	-	189,076	46	189,122		
Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	-	-	198,638	198,638	33	198,671		
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	189,076	189,076	198,638	387,714	79	387,793		
BALANCE AT MARCH 31, 2024	<u>74,318</u>	<u>\$ 743,180</u>	<u>\$ 4,070,009</u>	<u>\$ 30,208</u>	<u>\$ 124,319</u>	<u>\$ 637,416</u>	<u>\$ 791,943</u>	<u>\$ (4,259)</u>	<u>\$ 5,600,873</u>	<u>\$ 945</u>	<u>\$ 5,601,818</u>		
BALANCE AT JANUARY 1, 2025	74,888	\$ 748,880	\$ 4,272,805	\$ 75,001	\$ 202,897	\$ 948,828	\$ 1,226,726	\$ 41,927	\$ 6,290,338	\$ 1,076	\$ 6,291,414		
Net profit for the three months ended March 31, 2025	-	-	-	-	-	188,884	188,884	-	188,884	37	188,921		
Other comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	-	-	76,711	76,711	15	76,726		
Total comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	188,884	188,884	76,711	265,595	52	265,647		
BALANCE AT MARCH 31, 2025	<u>74,888</u>	<u>\$ 748,880</u>	<u>\$ 4,272,805</u>	<u>\$ 75,001</u>	<u>\$ 202,897</u>	<u>\$ 1,137,712</u>	<u>\$ 1,415,610</u>	<u>\$ 118,638</u>	<u>\$ 6,555,933</u>	<u>\$ 1,128</u>	<u>\$ 6,557,061</u>		

The accompanying notes are an integral part of the consolidated financial statements.

**ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(In Thousands of New Taiwan Dollars)**

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	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 230,799	\$ 223,930
Adjustments for:		
Depreciation expenses	70,679	45,243
Amortization expenses	484	432
Finance costs	10,185	733
Net loss on fair value changes of financial assets at FVTPL	700	-
Interest income	(36,315)	(28,125)
Share-based compensation expenses	-	1,498
Loss (gain) on disposal of property, plant and equipment	134	(181)
Write-downs (reversed of write-downs) of inventories	2,574	(478)
Unrealized gain on foreign currency exchange	(37)	(1,177)
Changes in operating assets and liabilities		
Notes and accounts receivable	130,359	(110,145)
Accounts receivable from related parties	(1,126)	(83)
Inventories	79,791	(262,996)
Other current assets	24,701	(7,228)
Contract liabilities	366	(5,579)
Notes and accounts payable	(72,934)	197,900
Accounts payable to related parties	(242)	61
Other payables	(100,287)	(41,759)
Other payables to related parties	461	268
Other current liabilities	<u>(3,368)</u>	<u>(2,282)</u>
Cash generated from operations	336,924	10,032
Interest received	44,925	29,146
Interest paid	(4,507)	(733)
Income tax paid	<u>(29,288)</u>	<u>(32,440)</u>
Net cash generated from operating activities	<u>348,054</u>	<u>6,005</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in financial assets at amortized cost	24,120	233,766
Payments for property, plant and equipment	(90,289)	(186,633)
Proceeds from disposal of property, plant and equipment	1,769	11,632
Increase in other non-current assets	<u>(105,351)</u>	<u>(9,744)</u>
Net cash (used in) generated from investing activities	<u>(169,751)</u>	<u>49,021</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	-	150,000
(Decrease) increase in other non-current liabilities	(4)	41
Repayment of the principal portion of lease liabilities	<u>(3,117)</u>	<u>(2,885)</u>
Net cash (used in) generated from financing activities	<u>(3,121)</u>	<u>147,156</u>

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**ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(In Thousands of New Taiwan Dollars)**

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	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	\$ 5,998	\$ 41,760
NET INCREASE IN CASH AND CASH EQUIVALENTS	181,180	243,942
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,384,419</u>	<u>1,432,071</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,565,599</u>	<u>\$ 1,676,013</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

# ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Arizon RFID Technology (Cayman) Co., Ltd. (the “Company”), was established on October 21, 2021 in the Cayman Islands under reorganization mainly for the purpose of applying for listing on Taiwan Stock Exchange (“TWSE”). The Company and its subsidiaries’ (collectively referred to as the “Group”) are mainly engaged in the design, development, manufacture and trading of radio-frequency identification (RFID) system.

The Company’s ultimate parent company is YFY Inc., and the Company’s parent company is YFY Global Investment B.V., which held 61.02% and 61.48% of the Company’s shares as of March 31, 2025 and 2024, respectively.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since March 21, 2023.

The Company has shifted its financing activities to primarily use New Taiwan Dollars (NTD). In consideration of improving the efficiency of financing management and in response to changes in economic conditions, the board of directors resolved on November 8, 2024 to change the Company’s functional currency from Renminbi (RMB) to New Taiwan Dollars (NTD). In accordance with International Accounting Standard (IAS) 21, this change has been applied prospectively starting from October 1, 2024.

The consolidated financial statements are presented in New Taiwan dollars.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 12, 2025.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025.

c. The IFRS Accounting Standards in issue by IASB but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

#### IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of compliance**

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

##### **b. Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis.

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

##### **d. Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11, Tables 7 and 8 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Other significant accounting policies

Except for other accounting policies listed below, refer to the consolidated financial statements for the year ended December 31, 2024.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

**5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

For the material accounting judgments and key sources of estimation uncertainty, refer to the consolidated financial statements for the year ended December 31, 2024.

**6. CASH AND CASH EQUIVALENTS**

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Cash on hand	\$ 103	\$ 106	\$ 39
Checking accounts and demand deposits	1,192,392	1,042,906	1,074,127
Cash equivalents (time deposits with original maturities of three months or less)	<u>1,373,104</u>	<u>1,341,407</u>	<u>601,847</u>
	<u><u>\$ 2,565,599</u></u>	<u><u>\$ 2,384,419</u></u>	<u><u>\$ 1,676,013</u></u>

The market rate intervals of cash equivalents at the end of the reporting period were as follows:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Cash equivalents	1.35%-4.32%	3.9%-4.68%	1.80%-5.23%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, March 31, 2025	2024	March 31, 2024
<u>Financial assets at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Redemption option on convertible bonds (Note 15)	\$ 600	\$ 1,300	\$ -

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, March 31, 2025	2024	March 31, 2024
<u>Current</u>			
Time deposits with original maturities between 3 months and a year	\$ 507,237	\$ -	\$ 180,409
Time deposits with original maturities of more than 1 year	<u>1,110,195</u>	<u>1,619,091</u>	<u>306,695</u>
	<u><u>\$ 1,617,432</u></u>	<u><u>\$ 1,619,091</u></u>	<u><u>\$ 487,104</u></u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year	<u>231,291</u>	<u>228,041</u>	<u>1,353,065</u>

As of March 31, 2025 and 2024, the interest rates for time deposits with original maturity between three months and a year were 1.35%-4.1% and 1.85%, respectively.

As of March 31, 2025, December 31, 2024 and March 31, 2024, the interest rates for time deposits with original maturity of more than a year were 2.15%-3.35%, 2.15%-3.55% and 3.1%-3.55%, respectively.

## 9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31, March 31, 2025	2024	March 31, 2024
Notes receivable	\$ 6,182	\$ 19,249	\$ 27,032
Accounts receivable	1,338,031	1,436,740	807,150
Less: Allowance for impairment loss	<u>(12)</u>	<u>(12)</u>	<u>(12)</u>
	<u><u>\$ 1,344,201</u></u>	<u><u>\$ 1,455,977</u></u>	<u><u>\$ 834,170</u></u>

The average credit period of sales of goods was 30-90 days. The Group established department to manage receivables and related regulations for credit checking and quota management in order to ensure the Company's benefits.

The Group applies the simplified approach for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

March 31, 2025

	<b>Not Past Due</b>	<b>Up to 90 Days</b>	<b>91 Days to 180 Days</b>	<b>Total</b>
Expected credit loss rate	0.001%	-	-	
Gross carrying amount	\$ 1,136,917	\$ 205,626	\$ 1,670	\$ 1,344,213
Loss allowance (Lifetime ECLs)	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>(12)</u>
Amortized cost	<u>\$ 1,136,905</u>	<u>\$ 205,626</u>	<u>\$ 1,670</u>	<u>\$ 1,344,201</u>

December 31, 2024

	<b>Not Past Due</b>	<b>Up to 90 Days</b>	<b>91 Days to 180 Days</b>	<b>Total</b>
Expected credit loss rate	0.001%	-	-	
Gross carrying amount	\$ 1,402,899	\$ 53,090	\$ -	\$ 1,455,989
Loss allowance (Lifetime ECLs)	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>(12)</u>
Amortized cost	<u>\$ 1,402,887</u>	<u>\$ 53,090</u>	<u>\$ -</u>	<u>\$ 1,455,977</u>

March 31, 2024

	<b>Not Past Due</b>	<b>Up to 90 Days</b>	<b>91 Days to 180 Days</b>	<b>Total</b>
Expected credit loss rate	0.001%	-	-	
Gross carrying amount	\$ 811,556	\$ 22,626	\$ -	\$ 834,182
Loss allowance (Lifetime ECLs)	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>(12)</u>
Amortized cost	<u>\$ 811,544</u>	<u>\$ 22,626</u>	<u>\$ -</u>	<u>\$ 834,170</u>

The movements of the loss allowance of trade receivables were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$ 12</b>	<b>\$ 12</b>
Balance at January 1	\$ 12	\$ 12
Balance at March 31	\$ 12	\$ 12

## 10. INVENTORIES

	<b>December 31,</b>		<b>March 31, 2024</b>
	<b>March 31, 2025</b>	<b>2024</b>	
Finished	\$ 597,829	\$ 579,935	\$ 438,489
Work in process	80,835	65,771	95,943
Materials	<u>310,382</u>	<u>411,388</u>	<u>350,161</u>
	<u><u>\$ 989,046</u></u>	<u><u>\$ 1,057,094</u></u>	<u><u>\$ 884,593</u></u>

The cost of goods sold for the three months ended March 31, 2025 and 2024 included inventory write-downs of \$2,574 thousand and reversal of inventory write-downs of \$478 thousand, respectively.

## 11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	<b>% of Ownership</b>		
			<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
The Company	YFY RFID Co., Limited	Investment holding	100.00	100.00	100.00
	ARIZON CORPORATION	Product distribution and technical consulting services	100.00	100.00	100.00
YFY RFID Co., Limited	ARIZON TECHNOLOGY (VIETNAM)	Product distribution and R&D services	100.00	100.00	100.00
	Arizon RFID Technology Co., Ltd.	Design, development, manufacture, sale and packaging of RFID (radio frequency identification) products	99.98	99.98	99.98
Arizon RFID Technology Co., Ltd.	Yeon Technologies (Yangzhou) Co., Ltd.	Design and agent of RFID module, system and antenna.	-	-	100.00
	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Product distribution and R&D services	100.00	100.00	100.00
	Arizon JAPAN Co., Ltd.	Product distribution and technical consulting services	100.00	100.00	100.00

Remarks:

- a. In order to expand the Vietnam market, the Company established ARIZON TECHNOLOGY (VIETNAM) in February 2024 and completed capital injection in the third quarter of 2024.
- b. In response to organizational business adjustments, Yeon Technologies (Yangzhou) Co., Ltd. was liquidated in August 2024.
- c. The financial statements of subsidiaries included in the consolidated financial statements are based on the reviewed amounts.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Transportation Equipment	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>						
Balance at January 1, 2024	\$ 603,170	\$ 1,836,866	\$ 3,388	\$ 70,554	\$ 44,901	\$ 2,558,879
Additions	292	151,273	3,154	1,634	70,830	227,183
Disposals	-	(17,157)	-	-	-	(17,157)
Effect of foreign currency exchange differences	24,355	65,252	195	951	2,051	92,804
Reclassifications	-	59,602	-	(1,490)	(58,112)	-
Balance at March 31, 2024	<u>\$ 627,817</u>	<u>\$ 2,095,836</u>	<u>\$ 6,737</u>	<u>\$ 71,649</u>	<u>\$ 59,670</u>	<u>\$ 2,861,709</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ 168,514	\$ 1,306,037	\$ 1,840	\$ 32,004	\$ -	\$ 1,508,395
Depreciation expenses	7,337	31,989	171	2,490	-	41,987
Disposals	-	(5,706)	-	-	-	(5,706)
Effect of foreign currency exchange differences	6,940	49,999	77	524	-	57,540
Reclassifications	-	821	-	(821)	-	-
Balance at March 31, 2024	<u>\$ 182,791</u>	<u>\$ 1,383,140</u>	<u>\$ 2,088</u>	<u>\$ 34,197</u>	<u>\$ -</u>	<u>\$ 1,602,216</u>
Carrying amounts at March 31, 2024	<u>\$ 445,026</u>	<u>\$ 712,696</u>	<u>\$ 4,649</u>	<u>\$ 37,452</u>	<u>\$ 59,670</u>	<u>\$ 1,259,493</u>
<u>Cost</u>						
Balance at January 1, 2025	\$ 654,090	\$ 2,390,856	\$ 7,136	\$ 181,427	\$ 206,333	\$ 3,439,842
Additions	-	4,605	-	841	137,061	142,507
Disposals	-	(4,631)	-	(16)	-	(4,647)
Effect of foreign currency exchange differences	9,321	28,534	102	616	2,349	40,922
Reclassification	-	123,470	-	-	(123,470)	-
Balance at March 31, 2025	<u>\$ 663,411</u>	<u>\$ 2,542,834</u>	<u>\$ 7,238</u>	<u>\$ 182,868</u>	<u>\$ 222,273</u>	<u>\$ 3,618,624</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2025	\$ 207,526	\$ 1,407,491	\$ 2,817	\$ 50,424	\$ -	\$ 1,668,258
Depreciation expenses	8,194	52,362	245	5,547	-	66,348
Disposals	-	(2,734)	-	(10)	-	(2,744)
Effect of foreign currency exchange differences	3,033	18,511	42	199	-	21,785
Balance at March 31, 2025	<u>\$ 218,753</u>	<u>\$ 1,475,630</u>	<u>\$ 3,104</u>	<u>\$ 56,160</u>	<u>\$ -</u>	<u>\$ 1,753,647</u>
Carrying amounts at January 1, 2025	<u>\$ 446,564</u>	<u>\$ 983,365</u>	<u>\$ 4,319</u>	<u>\$ 131,003</u>	<u>\$ 206,333</u>	<u>\$ 1,771,584</u>
Carrying amounts at March 31, 2025	<u>\$ 444,658</u>	<u>\$ 1,067,204</u>	<u>\$ 4,134</u>	<u>\$ 126,708</u>	<u>\$ 222,273</u>	<u>\$ 1,864,977</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	20 years
Machinery	5-10 years
Transportation equipment	5 years
Miscellaneous equipment	3-6 years

### 13. LEASE AGREEMENTS

#### a. Right-of-use assets

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
<b><u>Carrying amounts</u></b>			
Land	\$ 212,181	\$ 211,450	\$ 20,665
Buildings	34,458	37,351	45,429
Others	<u>274</u>	<u>289</u>	<u>626</u>
	<u><u>\$ 246,913</u></u>	<u><u>\$ 249,090</u></u>	<u><u>\$ 66,720</u></u>
<b>For the Three Months Ended March 31</b>			
	<b>2025</b>	<b>2024</b>	
Additions to right-of-use assets	\$ 80	\$ -	
Depreciation charge for right-of-use assets			
Land	\$ 1,316	\$ 128	
Buildings	2,920	2,912	
Others	<u>95</u>	<u>216</u>	
	<u><u>\$ 4,331</u></u>	<u><u>\$ 3,256</u></u>	

#### b. Lease liabilities

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
<b><u>Carrying amounts</u></b>			
Current	<u><u>\$ 12,429</u></u>	<u><u>\$ 12,361</u></u>	<u><u>\$ 11,342</u></u>
Non-current	<u><u>\$ 25,738</u></u>	<u><u>\$ 28,796</u></u>	<u><u>\$ 35,836</u></u>
Range of discount rates for lease liabilities was as follows:			
	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Buildings	1.45%-2.28%	1.45%-2.28%	2.28%-7.4%
Others	1.52%-4.6%	1.52%-4.6%	1.52%-4.6%

c. Material lease-in activities and terms

The Group leases certain equipment and office for the use of operating activities with lease terms of 2 to 5 years. These arrangements do not contain renewal or purchase options at the end of the lease terms.

The lease contract for land located in mainland China and Vietnam specifies that land are mainly used as plants, and lease payments will be made at the beginning of the contract with lease terms of 50 and 47 years. The Group does not have bargain purchase options to acquire the leasehold land, buildings and equipment at the end of the lease terms.

d. Other lease information

	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 3,649</u>	<u>\$ 1,261</u>
Total cash outflow for leases	<u>\$ 7,017</u>	<u>\$ 4,426</u>

**14. SHORT-TERM BORROWINGS**

	<b>December 31, March 31, 2025</b>	<b>December 31, March 31, 2024</b>	<b>March 31, 2024</b>
Bank credit loans	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 450,000</u>

As of March 31, 2025, December 31, 2024 and March 31, 2024, the interest rate of short-term borrowings were 2.15%-2.36%, 2.08%-2.27% and 1.95%-2.10% per annum, respectively.

**15. BONDS PAYABLE**

	<b>December 31, March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Unsecured domestic convertible bonds	<u>\$ 942,929</u>	<u>\$ 937,491</u>	<u>\$ _____</u>

On August 7, 2024, the Company's board of directors resolved to issue domestic unsecured convertible bonds for the first time, which were subsequently issued on October 15, 2024, the issuance period is 3 years, with total issued amount \$1,000,000 thousand, with a 0% coupon rate, the total amount for subscription was \$1,114,566 thousand.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$305.5. In case of ex-right or ex-dividend, the price should be adjusted according to the conversion price adjustment formula. The bonds will be held on the next day after the expiration of 3 months (January 16, 2025) until the maturity date (October 15, 2027), holders may convert their bonds into the Company's ordinary shares.

If the convertible bonds are not converted between January 16, 2025 and September 5, 2027, and the closing price of ordinary shares has exceeded 30% of the current conversion price for 30 consecutive trading days, the Company may send a copy of "Debt Rebate Notice" with expiration of one month by registered mail within the next 30 trading days. The aforementioned period is calculated from the delivery of mail, and the expiration date of the period is determined as the base date for recovery of bonds. The Company have to redeem the bonds at their par value in cash within 5 trading days following the base date.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - share options. The effective interest rate of the liability component was 2.32% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$7,307 thousand)	\$ 1,107,259
Equity component (less transaction costs allocated to the equity component of \$1,161 thousand)	<u>(176,205)</u>
Liability component at the date of issue (bonds payable of \$932,954 thousand and financial assets at fair value through profit or loss - non-current of \$1,900 thousand)	\$ 931,054
Liability component at January 1, 2025 (bonds payable of \$937,491 thousand and financial assets at fair value through profit or loss - non-current of \$1,300 thousand)	\$ 936,191
Interest charged at an effective interest rate of 2.32%	5,438
Net loss of financial assets at fair value through profit or loss	<u>700</u>
Liability component at March 31, 2025 (bonds payable of \$942,929 thousand and financial assets at fair value through profit or loss - non-current of \$600 thousand)	\$ 942,329

## 16. RETIREMENT BENEFIT PLANS

### Defined Contribution Plans

Arizon RFID Technology (Hong Kong) Co., Ltd., Taiwan Branch adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of Arizon RFID Technology Co., Ltd. and Arizon JAPAN Co., Ltd. of the Group are members of a state-managed retirement benefit plan operated by their local governments. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

## 17. EQUITY

### a. Ordinary shares

	December 31, March 31, 2025	2024	March 31, 2024
Number of shares authorized (in thousands)	100,000	100,000	100,000
Shares authorized (\$10 per share)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Number of shares issued (in thousands)	74,888	74,888	74,318
Shares issued	\$ 748,880	\$ 748,880	\$ 743,180

In the third quarter of 2024, employees of the company exercised stock options to convert 570 thousand shares into ordinary shares. The conversion date was August 20, 2024, and the paid-in capital after the capital increase amounted to \$748,880 thousand.

The board of directors resolved to issue 750 units of employee share options to employees who met specific requirements on April 14, 2025. Each unit of the options entitles the holder to subscribe for 1,000 ordinary shares.

b. Capital surplus

	<b>December 31,</b>		
	<b>March 31, 2025</b>	<b>2024</b>	<b>March 31, 2024</b>
Share premium	\$ 4,096,537	\$ 4,096,537	\$ 4,060,273
Share options	176,205	176,205	-
Proceeds from claim for the disgorgement of profit	63	63	-
Employee share options	_____ -	_____ -	9,736
	<b><u>\$ 4,272,805</u></b>	<b><u>\$ 4,272,805</u></b>	<b><u>\$ 4,070,009</u></b>

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

As the Company is in the growing stage, the distribution of dividend may be in cash or in shares to shareholders, as well as the Company shall take the Company's capital expenditures, future expansion plans, and financial structure, funds requirement and other plans for sustainable development into consideration on the dividend the Company wish to distribute based on the Company's dividends policy. Every year, no less than 30% of the available profit shall be distributed as shareholder dividends. The distribution of dividends may be in cash or in shares, of which the cash dividends should be no less than 20%. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 19(c).

The legal reserve may be used to offset deficit. If the Company has no deficit, all or a portion of its legal reserve, or the capital surplus which arises out of the share premium or donations to the Company may be transferred to capital, issue new shares or distribute to the Members in cash, by a resolution adopted by a majority of the shareholders who represent two-thirds or more of the total number of shareholders in a shareholders' meeting.

Items referred to under Rule No. 1010047490, Rule No. 1030006415, and Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", should be appropriated to or reversed from a special reserve by the Company. When the deduction balance of other shareholders' equity is reversed, the surplus may be distributed thereafter.

The appropriations of earnings for 2023, which were proposed by the shareholders in their meeting on June 27, 2024, were as follows:

	<b>For the Year Ended December 31, 2023</b>
Legal reserve	\$ 44,793
Special reserve	\$ 78,578
Cash dividends	\$ 222,954
Cash dividends per share (NT\$)	\$ 3

The appropriations of earnings for 2024, which were proposed by the Company's board of directors on March 11, 2025, were as follows:

	<b>For the Year Ended December 31, 2024</b>
Legal reserve	\$ 84,681
Reversal of special reserve	\$ (202,897)
Cash dividends	\$ 411,884
Cash dividends per share (NT\$)	\$ 5.5

The appropriation of earnings for 2024, will be approved by the shareholders in their meeting to be held on May 27, 2025. Information about the appropriations of earnings is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ 1,076	\$ 866
Attributable to non-controlling interests:		
Share of profit for the period	37	46
Other comprehensive income during the year	15	33
Balance at March 31	<u>\$ 1,128</u>	<u>\$ 945</u>

## 18. REVENUE

	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Revenue from contracts with customers - sale of goods	\$ 1,141,049	\$ 895,084
Other income	<u>4,062</u>	<u>6,034</u>
	<u><u>\$ 1,145,111</u></u>	<u><u>\$ 901,118</u></u>

## Contract Balances

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Notes receivable and accounts receivable	\$ 1,344,201	\$ 1,455,977	\$ 834,170
Receivables from related parties	<u>1,150</u>	<u>24</u>	<u>85</u>
	<u><u>\$ 1,345,351</u></u>	<u><u>\$ 1,456,001</u></u>	<u><u>\$ 834,255</u></u>
Contract liabilities - current	<u><u>\$ 27,213</u></u>	<u><u>\$ 26,467</u></u>	<u><u>\$ 24,138</u></u>

The amount of contract liabilities from the beginning of the year recognized as income in the current period is as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Revenue from contracts with customers - sale of goods	<u><u>\$ 6,437</u></u>	<u><u>\$ 11,873</u></u>

For information about notes receivable and accounts receivable, refer to Note 9. The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

## 19. NET PROFIT

### a. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Property, plant and equipment	\$ 66,348	\$ 41,987
Right-of-use assets	4,331	3,256
Intangible asset (under other non-current assets)	<u>484</u>	<u>432</u>
	<u><u>\$ 71,163</u></u>	<u><u>\$ 45,675</u></u>
An analysis of depreciation by function		
Operating costs	\$ 53,501	\$ 30,880
Operating expenses	<u>17,178</u>	<u>14,363</u>
	<u><u>\$ 70,679</u></u>	<u><u>\$ 45,243</u></u>
An analysis of amortization by function		
Operating costs	\$ 110	\$ -
Operating expenses	<u>374</u>	<u>432</u>
	<u><u>\$ 484</u></u>	<u><u>\$ 432</u></u>

b. Employee benefits expense

	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Short-term employee benefits	\$ 161,151	\$ 130,147
Post-employment benefits		
Defined contribution plans	10,659	5,269
Share-based payment	<u>—</u>	<u>1,498</u>
	<u><u>\$ 171,810</u></u>	<u><u>\$ 136,914</u></u>
An analysis of employee benefit expense by function		
Operating costs	\$ 93,573	\$ 61,389
Operating expenses	<u>78,237</u>	<u>75,525</u>
	<u><u>\$ 171,810</u></u>	<u><u>\$ 136,914</u></u>

As of March 31, 2025 and 2024, the Group had 846 and 762 employees with 4 directors that were not adjunct employees, respectively. The calculation basis is consistent with the employee benefits.

c. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the three months ended March 31, 2025 and 2024, respectively were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
<b>Amount</b>		
Compensation of employees	\$ 1,910	\$ 1,964
Remuneration of directors	236	2,965

The compensation of employees and remuneration of directors for the years ended December 31, 2024 and 2023, which was approved by the Company's board of directors on March 11, 2025 and March 12, 2024, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 8,695	\$ 4,630
Remuneration of directors	13,500	7,000

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

Which was approved by the Company's board of directors on March 11, 2025 and March 12, 2024, there was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended 2024 and 2023.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 20. INCOME TAXES

- a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2025	2024
Current tax	\$ 41,878	\$ 34,808
Income tax expense recognized in profit or loss	<u>\$ 41,878</u>	<u>\$ 34,808</u>

The applicable tax rate of 15% for designated high and new technology enterprises is used by Arizon RFID Technology Co., Ltd., the Group's subsidiary in China. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

- b. Income tax assessments

The tax filings of Arizon RFID Technology (Hong Kong) Co., Ltd., Taiwan Branch through 2022 have been approved by the tax authorities.

- c. Pillar Two income tax legislation

In December 2023, the government of Hong Kong, where Arizon RFID Technology (Hong Kong) Co., Ltd. is incorporated, enacted the Pillar Two income tax legislation effective from January 1, 2025.

The government of Vietnam, where ARIZON TECHNOLOGY (VIETNAM) is incorporated, enacted the Pillar Two income tax legislation effective from January 1, 2024.

As of March 31, 2025, The above situation has no significant impact on the Group's current income tax. The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

## 21. EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2025	2024
Basic earnings per share (NT\$)	\$ 2.52	\$ 2.54
Diluted earnings per share (NT\$)	<u>\$ 2.51</u>	<u>\$ 2.53</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net profit for the period:

	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Profit for the period attributable to owners of the Company	\$ 188,884	\$ 189,076
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds	<u>5,438</u>	-
	<u><u>\$ 194,322</u></u>	<u><u>\$ 189,076</u></u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	74,888	74,318
Effect of potentially dilutive ordinary shares:		
Convertible bonds	2,466	-
Compensation of employees	36	34
Employee share options	<u>-</u>	<u>356</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u><u>77,390</u></u>	<u><u>74,708</u></u>

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 22. SHARE-BASED PAYMENT ARRANGEMENTS

The board of directors resolved to issue 595 employee share options on July 12, 2022. The Company granted the right to subscribe for 1 thousand ordinary shares to specific employees on August 16, 2022 (the date of the number of shares for employees to subscribe is confirmed). The price per share of ordinary shares for employee stock subscription is \$57.4. Pursuant to the Company's "Regulations Governing Issuance and Exercising of Employee Share Options," the options granted are valid for 3 years and exercisable at the following vesting conditions after the second anniversary of the grant date. For any subsequent changes in the Company's capital structure, the exercise price is adjusted according to the terms.

Information on employee share options issued and weighted average exercise price is as follows:

	<b>For the Three Months Ended March 31, 2024</b>	
	<b>Number of Units (In Thousands)</b>	<b>Weighted Average Exercise Price (NT\$)</b>
Balance at January 1	595	\$ 57.4
Options granted	<u>—</u>	—
Balance at December 31	<u>595</u>	57.4
Options exercisable, end of period	<u>—</u>	—
Weighted-average fair value of options granted (NT\$)	<u>\$ 21.2</u>	

The Company measured employee share options by using the Black-Scholes-Merton Option Pricing Model, and the inputs to the models were as follows:

	<b>August 16, 2022</b>
Per share price at the grant date	\$65.64
Exercise price per share	\$57.40
Expected share price volatility (%)	42.47
Expected lives (years)	2.5
Risk free interest rate (%)	0.92

The compensation of employees recognized on the consolidated statement of comprehensive income was \$1,498 thousand for the three months ended March 31, 2024.

## 23. CAPITAL MANAGEMENT

The Group manages its capital to ensure entities in the Group will be able to continue as going concerns through consideration of the future operational plan, profitability, capital expenditure, operating income and debt repayment when assessing various costs and risks. In order to balance the overall capital and financial structure, the Group may pay dividends, issue new shares, etc.

## 24. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements to approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2025

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL -				
non-current				
Redemption option on convertible bonds	<u>\$ _____ -</u>	<u>\$ 600</u>	<u>\$ _____ -</u>	<u>\$ 600</u>

December 31, 2024

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL -				
non-current				
Redemption option on convertible bonds	<u>\$ _____ -</u>	<u>\$ 1,300</u>	<u>\$ _____ -</u>	<u>\$ 1,300</u>

There were no transfers between Levels 1 and 2 in the current year.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<b>Financial Instrument</b>	<b>Valuation Technique and Inputs</b>
Redemption option on convertible bonds	Under the assumption that corporate bond will be redeemed on September 5, 2027, discount rate adopted is calculated via interpolation method using government bond yield rates from public offer 2-year and 5-year period.

c. Categories of financial instruments

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements to approximate their fair values.

	<b>December 31,</b>		
	<b>March 31, 2025</b>	<b>2024</b>	<b>March 31, 2024</b>
<b><u>Financial assets</u></b>			
Financial assets at amortized cost (1)	\$ 5,894,301	\$ 5,825,711	\$ 4,452,309
Financial assets at FVTPL	600	1,300	-
<b><u>Financial liabilities</u></b>			
Financial liabilities at amortized cost (2)	2,539,601	2,643,405	1,240,749

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, accounts receivable from related parties, other receivables (accounted as other current assets), current financial assets at amortized cost, non-current financial assets at amortized cost, and refundable deposits (accounted as other current assets and other non-current assets).
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes and accounts payable, accounts payable to related parties, other payables, other payables to related parties, bonds payable and deposits received (accounted as other current liabilities and other non-current liabilities).

d. Financial risk management objectives and policies

The Group's main objective of financial risk management is to manage the market risk related to operating activity including foreign currency risk, interest rate risk, credit risk and liquidity risk. To reduce the potential and detrimental influence of market fluctuations on the Group's financial performance, the Group endeavors to identify, estimate and hedge the uncertainties of the market.

The Group's significant financial activity is reviewed and approved by the board of directors in compliance with related regulations and internal control policy, and the authority and responsibility are delegated according to the operating procedures. The Group did not enter into or trade financial instruments for speculative purposes.

1) Market risk

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. For a 5% weakening of the New Taiwan Dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit.

	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Profit at 5% variance USD	\$ 69,208	\$ 44,867

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31,</b>		
	<b>March 31, 2025</b>	<b>2024</b>	<b>March 31, 2024</b>
<b>Fair value interest rate risk</b>			
Financial assets	<u>\$ 3,222,427</u>	<u>\$ 3,188,539</u>	<u>\$ 2,442,016</u>
Financial liabilities	<u>\$ 1,681,096</u>	<u>\$ 978,648</u>	<u>\$ 47,178</u>
<b>Cash flow interest rate risk</b>			
Financial assets	<u>\$ 1,192,392</u>	<u>\$ 1,042,906</u>	<u>\$ 1,074,127</u>
Financial liabilities	<u>\$ 100,000</u>	<u>\$ 800,000</u>	<u>\$ 450,000</u>

Due to the close and long-term relationship with banks, the Group obtained better and flexible interest rates from banks. The impact of the change in interest rates is not significant to the Group.

Sensitivity analysis

For the Group's floating interest rate financial assets and liabilities, if interest rates had been 0.1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2025 and 2024 would have increased/decreased as follows:

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2025</b>	<b>2024</b>
Increase/decrease	<u>\$ 273</u>	<u>\$ 156</u>

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation is at the level of the carrying amounts of the respective recognized financial assets which comprise receivables from operating activities as stated in the consolidated balance sheets.

To maintain the quality of the accounts receivable, the Group has developed a credit risk management procedure to reduce the credit risk from specific customers. The credit evaluation of individual customers includes considering factors that will affect their payment ability such as financial condition, past transaction records and current economic conditions. Credit risk of bank deposits, fixed-income investments and other financial instruments with banks is evaluated and monitored by the Group's finance department. Since the counterparties are creditworthy banks and financial institutions with good credit ratings, there was no significant credit risk.

3) Liquidity risk

The objective of liquidity risk management is to maintain adequate cash and cash equivalents with high liquidity and to ensure the Group has sufficient financial flexibility. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

March 31, 2025, December 31, 2024 and March 31, 2024, the Group had available unutilized bank loan facilities of \$230,000 thousand, \$230,000 thousand and \$150,000 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods by financial institutions. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the financial institutes choosing to exercise their rights.

To the extent that interest cash flows paid at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

March 31, 2025

	<b>On Demand or Less than 1 Month</b>	<b>1-5 Years</b>
Variable interest rate liabilities	\$ 100,047	\$ -
Fixed interest rate liabilities	700,621	1,000,000
Lease liabilities	<u>13,171</u>	<u>26,316</u>
	<u><u>\$ 813,839</u></u>	<u><u>\$ 1,026,316</u></u>

December 31, 2024

	<b>On Demand or Less than 1 Month</b>	<b>1-5 Years</b>
Variable interest rate liabilities	\$ 800,304	\$ -
Fixed interest rate liabilities	-	1,000,000
Lease liabilities	<u>13,193</u>	<u>29,531</u>
	<u><u>\$ 813,497</u></u>	<u><u>\$ 1,029,531</u></u>

March 31, 2024

	<b>On Demand or Less than 1 Month</b>	<b>1-5 Years</b>
Variable interest rate liabilities	\$ 451,227	\$ -
Lease liabilities	<u>11,170</u>	<u>37,053</u>
	<u><u>\$ 462,397</u></u>	<u><u>\$ 37,053</u></u>

## 25. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

### a. Related party name and category

Related Party Name	Related Party Category
YFY Packaging Inc.	Fellow subsidiary
Fidelis IT Solutions Co., Ltd.	Fellow subsidiary
YFY Corporate Advisory & Services Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Nanjing) Co., Ltd.	Fellow subsidiary
Pek Crown Paper Co., Ltd.	Fellow subsidiary
Chung Hwa Pulp Corporation	Fellow subsidiary
China Color Printing Co., Ltd.	Fellow subsidiary
Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Fellow subsidiary
YFY Packaging (Ha Nam) Co., Ltd.	Fellow subsidiary
Hsin-Yi Enterprise Co., Ltd.	Substantive related party
Yuen Foong Paper Co., Ltd.	Substantive related party
SinoPac Securities Corporation	Substantive related party

### b. Sales of goods

Related Party Category	For the Three Months Ended March 31	
	2025	2024
Fellow subsidiaries	\$ 1,166	\$ 636

For sales of goods to related parties, the prices and terms of receivables approximate those with non-related parties.

### c. Purchases of goods

Related Party Category	For the Three Months Ended March 31	
	2025	2024
Fellow subsidiaries	\$ 723	\$ 890
Substantive related parties	9	-
	\$ 732	\$ 890

For purchases of goods from related parties, the prices and terms of payables approximate those with non-related parties.

### d. Accounts receivable from related parties

Related Party Category	December 31,		
	March 31, 2025	2024	March 31, 2024
Fellow subsidiaries	\$ 1,150	\$ 24	\$ 85

The outstanding accounts receivable from related parties are unsecured.

e. Accounts payable to related parties

<b>Related Party Category</b>	<b>December 31,</b>		<b>March 31, 2024</b>
	<b>March 31, 2025</b>	<b>2024</b>	
Fellow subsidiaries	\$ 525	\$ 767	\$ 834

The outstanding accounts payable to related parties are unsecured.

f. Other payables to related parties

<b>Related Party Category</b>	<b>December 31,</b>		<b>March 31, 2024</b>
	<b>March 31, 2025</b>	<b>2024</b>	
Fellow subsidiaries	\$ 625	\$ 169	\$ -
Substantive related parties	<u>232</u>	<u>227</u>	<u>505</u>
	<u><u>\$ 857</u></u>	<u><u>\$ 396</u></u>	<u><u>\$ 505</u></u>

g. Lease arrangements

<b>Related Party Category</b>	<b>For the Three Months Ended</b>		<b>March 31</b>
	<b>2025</b>	<b>2024</b>	
Lease paid Substantive related parties	\$ 549	\$ 521	

The lease period, rent and the payment condition for related parties approximate those with non-related parties.

h. Other transactions with related parties

<b>Related Party Category</b>	<b>Miscellaneous Expenses</b>		<b>March 31</b>
	<b>2025</b>	<b>2024</b>	
Fellow subsidiaries	\$ -	\$ 407	
<b>Operating Expenses</b>			
<b>Related Party Category</b>	<b>For the Three Months Ended</b>		<b>March 31</b>
	<b>2025</b>	<b>2024</b>	
Substantive related parties	\$ 330	\$ 280	
Fellow subsidiaries	<u>109</u>	<u>102</u>	
	<u><u>\$ 439</u></u>	<u><u>\$ 382</u></u>	

Related Party Category	Prepaid Expenses		
	March 31, 2025	December 31, 2024	March 31, 2024
Fellow subsidiaries	\$ 418	\$ -	\$ 183
i. Remuneration of key management personnel			
	For the Three Months Ended March 31		
	2025	2024	
Short-term employee benefits	\$ 20,652	\$ 14,635	
Post-employment benefits	247	241	
Share-based payments	-	822	
	\$ 20,899	\$ 15,698	

The remuneration of directors and key executives as determined by the remuneration committee, was based on the performance of individuals and market trends.

## 26. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information on the foreign currencies other than the functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and respective functional currencies. The significant assets and liabilities denominated in foreign currencies were as follows:

	March 31, 2025		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 53,873	33.205 (USD:NTD)	\$ 1,788,853
<u>Financial liabilities</u>			
Monetary items			
USD	12,188	33.205 (USD:NTD)	404,703
December 31, 2024			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 58,653	32.785 (USD:NTD)	\$ 1,922,939
<u>Financial liabilities</u>			
Monetary items			
USD	12,875	32.785 (USD:NTD)	422,107

	March 31, 2024		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 41,253	7.095 (USD:RMB)	\$ 1,320,096
NTD	4,088	0.22 (NTD:RMB)	4,088
<u>Financial liabilities</u>			
Monetary items			
USD	13,211	7.095 (USD:RMB)	422,752

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Three Months Ended March 31			
	2025		2024	
	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange (Losses) Gains	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange (Losses) Gains
USD	7.1782 (USD:RMB)	\$ (3,748)	7.095 (USD:RMB)	\$ (4,061)
USD	33.205 (USD:NTD)	22,508	32.00 (USD:NTD)	3,572
USD	2.5577 (USD:VND)	(5,398)	-	-
		<u>\$ 13,362</u>		<u>\$ (489)</u>

## 27. SEPARATELY DISCLOSED ITEMS

- Information about significant transactions and investees:
  - Financing provided to others (Table 1)
  - Endorsements/guarantees provided (Table 2)
  - Significant marketable securities held (Table 3)
  - Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
  - Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
  - Intercompany relationships and significant intercompany transactions (Table 6)
  - Information on investees (Table 7)

b. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

## 28. SEGMENT INFORMATION

a. Segment revenue and results are as follows:

Information reported to the chief operating decision maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. According to the operating result of resource allocation and assessment of segment performance reviewed by CODM, the parent company and its subsidiaries, which mainly are engaging in the design, development, manufacture and trading of radio-frequency identification (RFID) system, have been aggregated into a single operating segment. The measurement of the segment's income, assets, and liabilities is the same as the standard of financial statement preparation.

b. Revenue from major products and services

Please refer to Note 18 for the analysis of the Group's revenue from continuing operations from its major products and services.

**TABLE 1****ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2025**  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 2)	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)	Note
													Item	Value			
0	The Company	ARIZON CORPORATION Arizon Technology (Vietnam) Co., Ltd.	Other receivables - related parties Other receivables - related parties	Yes Yes	\$ 199,230 332,050	\$ 199,230 332,050	\$ 185,948 332,050	3.05 2.80	Short-term financing Short-term financing	\$ - - -	Operating capital Operating capital	\$ - - -	None None	\$ - - -	\$ 629,034 2,516,135	\$ 629,034 2,516,135	

Note 1: Column is numbered as follows:

- a. Parent: 0.
- b. Subsidiaries are numbered starting from “1”.

Note 2: The maximum balance of financings provided in the current year.

Note 3: Reasons for short-term financing were due to purchasing materials or operational turnover requirements, the total amount of loans shall not exceed 40% of the Company’s net equity value based on its latest financial statements which were reviewed and attested by certified public accountants; the total amount of each borrower loans shall not exceed 40% of the Company’s net equity value based on its latest financial statements which were reviewed and attested by certified public accountants.

Reasons for short-term financing were due to the need of business, the amount loaned to a company from the Company or subsidiaries shall not exceed 10% of the entity’s net worth.

**TABLE 2****ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2025**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Amount Borrowed (Note 6)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 7)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 7)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 7)
		Name	Relationship (Note 2)										
0	The Company	Arizon RFID Technologies (Hong Kong) Co., Ltd.	b.	\$ 9,435,507	\$ 1,430,000	\$ 1,430,000	\$ 800,000	\$ -	22.73	\$ 12,580,676	Y	N	N

Note 1: The description of the number column is as follows:

- a. 0 for the issuer.
- b. Investees are numbered starting from "1".

Note 2: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as follows:

- a. Having a business relationship.
- b. The endorser/guarantor directly or indirectly owns more than 50% of the ordinary shares of the endorsee/guarantee.
- c. The endorsee/guarantee directly or indirectly owns more than 50% of the ordinary shares of the endorser/guarantor.
- d. Company in which the public company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other.
- e. Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or joint builders for purposes of undertaking a construction project.
- f. Due to joint venture, all shareholders provide endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.
- g. Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The limit of the company's endorsement guarantee for a single enterprise is 150% of the net equity value of the latest financial statement issued by an accountant; the maximum limit of the endorsement guarantee is 200% of the net equity value of the latest financial statement issued by an accountant.

Note 4: The maximum balance of endorsement guarantee for others in the current year.

Note 5: The amount approved by the board of directors should be entered. However, if the board of directors authorizes the chairman of the board of directors to make a decision in accordance with Article 12, Paragraph 8 of the Guidelines for Handling Fund Loans and Endorsement Guarantees of Publicly Offered Companies, it refers to the amount decided by the chairman of the board.

Note 6: This represents the actual expenditure amount of the endorsed guarantee company within the scope of the balance of the endorsement guarantee.

Note 7: Only those who are endorsed and guaranteed by the parent company to the subsidiary, those who are endorsed and guaranteed by the subsidiary to the parent company, and those who are endorsed and guaranteed by the mainland must fill in Y.

**TABLE 3**

ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

## **SIGNIFICANT MARKETABLE SECURITIES HELD**

**MARCH 31, 2025**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note)	Relationship with the Holding Company	Financial Statement Account	March 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Arizon RFID Technology Co., Ltd.	<u>Negotiable certificates of deposit</u> Agricultural Bank of China RMB Large-denomination Certificate of Deposit for Corporate Clients No. 046 in 2022 Bank of Communications RMB Large-denomination Certificate of Deposit for Corporate Clients No. 131 in 2022 Merchants Bank Co., Ltd. RMB Large-denomination Certificate of Deposit for Corporate Clients No. 396 in 2024 Merchants Bank Co., Ltd. RMB Large-denomination Certificate of Deposit for Corporate Clients No. 2579 in 2024	- - - - - - -	Financial assets at amortized cost - current " " Financial assets at amortized cost - non-current " "	- - - - - - -	\$ 277,549 (RMB 60,000 thousand) 138,774 (RMB 30,000 thousand) 138,775 (RMB 30,000 thousand) 92,516 (RMB 20,000 thousand)	- - - - - - -	\$ 277,549 (RMB 60,000 thousand) 138,774 (RMB 30,000 thousand) 138,775 (RMB 30,000 thousand) 92,516 (RMB 20,000 thousand)	

Note: The securities mentioned in the table above are those classified as financial instruments under IFRS 9, including shares, bonds, beneficiary certificates, and all other securities derived from those items.

**TABLE 4****ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES****TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****FOR THE THREE MONTHS ENDED MARCH 31, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)	% of Total	Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms			
Arizon RFID Technologies (Hong Kong) Co., Ltd.	ARIZON CORPORATION	b.	Sale	\$ (306,871)	82.00	As agreed in contract	\$ -	-	\$ 577,024	91.00	Note 2
ARIZON CORPORATION	Arizon RFID Technologies (Hong Kong) Co., Ltd.	b.	Purchase	306,871	100.00	As agreed in contract	-	-	(577,024)	100.00	Note 2
Arizon RFID Technology Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	a.	Sale	(199,326)	21.00	As agreed in contract	-	-	364,464	36.00	Note 2
Arizon RFID Technologies (Hong Kong) Co., Ltd.	Arizon RFID Technology Co., Ltd.	a.	Purchase	199,326	72.00	As agreed in contract	-	-	(364,464)	84.00	Note 2

Note 1: a. Parent and subsidiary.

b. Fellow subsidiary.

c. Substantive related part.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

**TABLE 5****ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****MARCH 31, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Arizon RFID Technologies (Hong Kong) Co., Ltd.	ARIZON CORPORATION	Fellow subsidiary	\$ 577,024	2.22	\$ -	-	\$ 265,683	\$ -
Arizon RFID Technology Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Intercompany	364,464	2.11	-	-	95,436	-

Note: In preparing the consolidated financial statements, the transaction has been eliminated.

**TABLE 6****ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS****FOR THE THREE MONTHS ENDED MARCH 31, 2025****(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
1	Arizon RFID Technology Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Subsidiary	Sales Accounts receivable	\$ 199,326 364,464	By market price By market price	17.00 4.00
2	Arizon RFID Technologies (Hong Kong) Co., Ltd.	ARIZON CORPORATION	Fellow subsidiary	Sales Accounts receivable	306,871 577,024	By market price By market price	27.00 6.00

Note: In preparing the consolidated financial statements, the transaction has been eliminated.

**TABLE 7****ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES**

**INFORMATION ON INVESTEES**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2025**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note (Note 2)
				March 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
The Company	YFY RFID Co., Ltd.	13/F Amber Commercial Building, 70 Morrison Hill Road, Wanchai, Hong Kong	Investment and holding	\$ 4,237,058 (US\$ 127,603 thousand)	\$ 4,237,058 (US\$ 127,603 thousand)	29,584,886	100.00	\$ 5,627,425	\$ 177,640	\$ 177,640	Subsidiary
	ARIZON CORPORATION	919 N. Market Street #950, Wilmington, Delaware 19801	Product distribution and technical consulting services	8,301 (US\$ 250 thousand)	8,301 (US\$ 250 thousand)	2,500	100.00	37,418	4,774	4,774	Subsidiary
	ARIZON TECHNOLOGY (VIETNAM)	Plot CN 01.9 and 01.10, Industrial Park No.05, An Thi District, Hung Yen Province	Product distribution and R&D services	4,648,700 (US\$ 14,000 thousand)	4,648,700 (US\$ 14,000 thousand)	-	100.00	450,523	(5,869)	(5,869)	Subsidiary
Arizon RFID Technology Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Room 2702-03 CC Wu Building, 302-8 Hennessy Road, Wan Chai, Hong Kong	Product distribution and R&D services	730,510 (US\$ 22,000 thousand)	730,510 (US\$ 22,000 thousand)	22,000,000	100.00	468,669	34,301	12,794	Subsidiary
	Arizon JAPAN Co., Ltd.	11-2-3-chome, Nishishinjuku, Shinjuku-ku, Tokyo, Japan	Product distribution and technical consulting services	11,135 (JPY 50,000 thousand)	11,135 (JPY 50,000 thousand)	1,000	100.00	9,219	886	610	Subsidiary

Note 1: Except for investment gain or loss which were translated at exchange rates of RMB1=NT\$4.583963, the rest were translated at exchange rates of US\$1=NT\$33.205, RMB1=NT\$4.625811 or JPY1=NT\$0.2227 as of March 31, 2025.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

Note 3: Refer to Table 4 for information on investments in mainland China.

TABLE 8

## ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2025  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2025 (Note 1)	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Amount as of March 31, 2025	Accumulated Repatriation of Investment Income as of March 31, 2025	Note
					Outward	Inward							
Arizon RFID Technology Co., Ltd.	Design, development, manufacture, sale and packaging of RFID (radio frequency identification) products	\$ 898,749 (RMB 194,290 thousand)	b.	\$ 843,141 (US\$ 25,392 thousand)	\$ -	\$ -	\$ 843,141 (US\$ 25,392 thousand)	\$ 186,945	99.98	\$ 186,908 (Note 4, b)	\$ 5,636,635 (Note 4, b)	\$ -	Note 3

Accumulated Investment in Mainland China as of March 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$843,141	\$843,141	N/A

Note 1: Except for investment gain or loss which were translated at exchange rates of RMB1=NT\$4.583963, the rest were translated at exchange rates of US\$1=NT\$33.205, RMB1=NT\$4.625811 as of March 31, 2025.

Note 2: Methods of investment and the related investors are as follows:

- a. Direct investment in mainland China and the investors.
- b. Investment in mainland China through companies set up in another company, the investor is YFY RFID Co., Ltd.
- c. Investment in mainland China through companies set up in another company, the investor is Arizon RFID Technology Co., Ltd.

Note 3: In preparing the consolidated financial statements, the transaction has been eliminated.

Note 4: The recognition basis for investment gain (loss) is as follows:

- a. Financial statements reviewed by an international CPA firm with the cooperation of the ROC CPA firm.
- b. Financial statements reviewed by the ROC CPA firm.
- c. Others.