

**Nextlink Technology 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 Stockholders
Nextlink Technology Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Nextlink Technology Co., Ltd. and its subsidiaries (collectively referred to as 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 material accounting policy information (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 of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 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 Yung-Hsiang Chao and Yen-Chun Chen.

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.

NEXTLINK TECHNOLOGY 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	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 22)	\$ 919,298	53	\$ 720,946	45	\$ 583,243	43
Notes receivable, net (Note 7)	21,584	1	20,145	1	15,921	1
Accounts receivable, net (Note 7)	645,038	38	708,366	44	580,621	42
Accounts receivable - related parties (Notes 7 and 22)	43,448	3	42,144	3	39,099	3
Current tax assets (Note 4)	3,002	-	2,996	-	61	-
Inventories	114	-	114	-	102	-
Prepaid expenses (Note 8)	69,849	4	87,497	5	102,826	8
Other current assets	114	-	113	-	132	-
Total current assets	1,702,447	99	1,582,321	98	1,322,005	97
NONCURRENT ASSETS						
Property, plant and equipment (Note 10)	743	-	1,069	-	3,607	-
Right-of-use assets (Note 11)	1,567	-	2,325	-	12,046	1
Other intangible assets	-	-	6	-	344	-
Deferred income tax assets (Notes 4 and 17)	2,811	-	3,701	-	3,207	-
Refundable deposits	9,042	1	8,965	1	8,271	1
Other financial assets - noncurrent (Note 23)	290	-	290	-	290	-
Other noncurrent assets (Note 8)	6,524	-	8,473	1	19,275	1
Total noncurrent assets	20,977	1	24,829	2	47,040	3
TOTAL	\$ 1,723,424	100	\$ 1,607,150	100	\$ 1,369,045	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities - current (Note 15)	\$ 289,832	17	\$ 224,024	14	\$ 221,704	16
Accounts payable	564,036	33	531,111	33	580,012	42
Other payables (Notes 12 and 22)	87,425	5	102,968	6	73,784	5
Current tax liabilities (Note 4)	23,896	1	19,264	1	22,400	2
Lease liabilities - current (Note 11)	1,114	-	1,925	-	10,899	1
Other current liabilities	17,022	1	22,938	2	12,888	1
Total current liabilities	983,325	57	902,230	56	921,687	67
NONCURRENT LIABILITIES						
Contract liabilities - noncurrent (Note 15)	14,491	1	15,189	1	25,809	2
Deferred income tax liabilities (Notes 4 and 17)	30,423	2	28,308	2	18,334	2
Net defined benefit liabilities - noncurrent (Notes 4 and 13)	548	-	484	-	-	-
Guarantee deposits received - noncurrent	33,196	2	32,651	2	30,289	2
Total noncurrent liabilities	78,658	5	76,632	5	74,432	6
Total liabilities	1,061,983	62	978,862	61	996,119	73
EQUITY (Note 14)						
Common stock	221,005	13	221,005	14	200,115	15
Capital surplus	255,519	15	255,519	16	32,919	2
Retained earnings						
Legal reserve	20,632	1	20,632	1	11,599	1
Unappropriated earnings	154,904	9	123,175	8	123,644	9
Other equity	9,381	-	7,957	-	4,649	-
Total equity	661,441	38	628,288	39	372,926	27
TOTAL	\$ 1,723,424	100	\$ 1,607,150	100	\$ 1,369,045	100

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

NEXTLINK TECHNOLOGY 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 REVENUE (Notes 15 and 22)	\$ 1,049,393	100	\$ 943,131	100
OPERATING COSTS (Notes 16 and 22)	<u>(932,690)</u>	<u>(89)</u>	<u>(825,713)</u>	<u>(87)</u>
GROSS PROFIT	<u>116,703</u>	<u>11</u>	<u>117,418</u>	<u>13</u>
OPERATING EXPENSES (Notes 16 and 22)				
Marketing	(49,428)	(5)	(49,253)	(5)
General and administrative	(25,763)	(2)	(23,461)	(3)
Research and development expenses	(4,622)	-	(3,824)	-
Expected credit gains	<u>2,554</u>	<u>-</u>	<u>1,550</u>	<u>-</u>
Total operating expenses	<u>(77,259)</u>	<u>(7)</u>	<u>(74,988)</u>	<u>(8)</u>
OPERATING INCOME	<u>39,444</u>	<u>4</u>	<u>42,430</u>	<u>5</u>
NONOPERATING INCOME AND EXPENSES (Notes 16 and 22)				
Net foreign exchange losses	(308)	-	(1,677)	-
Financial costs	(7)	-	(36)	-
Interest income	1,825	-	1,828	-
Other gains and losses	<u>159</u>	<u>-</u>	<u>85</u>	<u>-</u>
Total nonoperating income and expenses	<u>1,669</u>	<u>-</u>	<u>200</u>	<u>-</u>
INCOME BEFORE INCOME TAX	41,113	4	42,630	5
INCOME TAX (Notes 4 and 17)	<u>9,384</u>	<u>1</u>	<u>9,417</u>	<u>1</u>
NET INCOME	<u>31,729</u>	<u>3</u>	<u>33,213</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 14 and 17)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	1,780	-	3,380	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(356)</u>	<u>-</u>	<u>(676)</u>	<u>-</u>
Total other comprehensive income, net of income tax	<u>1,424</u>	<u>-</u>	<u>2,704</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 33,153</u>	<u>3</u>	<u>\$ 35,917</u>	<u>4</u>

(Continued)

NEXTLINK TECHNOLOGY 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	%
EARNINGS PER SHARE (Note 18)				
Basic	\$ 1.44		\$ 1.66	
Diluted	\$ 1.44		\$ 1.65	

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

(Concluded)

NEXTLINK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

		Capital Surplus		Retained Earnings		Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
	Share Capital Issued	Issuance of Ordinary Shares	Employee Share Options	Legal Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2024	\$ 200,115	\$ 30,840	\$ 1,559	\$ 11,599	\$ 90,431	\$ 1,945	\$ 336,489
Share-based compensation	-	-	520	-	-	-	520
Net income for the three months ended March 31, 2024	-	-	-	-	33,213	-	33,213
Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	2,704	2,704
BALANCE AT MARCH 31, 2024	<u>\$ 200,115</u>	<u>\$ 30,840</u>	<u>\$ 2,079</u>	<u>\$ 11,599</u>	<u>\$ 123,644</u>	<u>\$ 4,649</u>	<u>\$ 372,926</u>
BALANCE AT JANUARY 1, 2025	\$ 221,005	\$ 255,519	\$ -	\$ 20,632	\$ 123,175	\$ 7,957	\$ 628,288
Net income for the three months ended March 31, 2025	-	-	-	-	31,729	-	31,729
Other comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	1,424	1,424
BALANCE AT MARCH 31, 2025	<u>\$ 221,005</u>	<u>\$ 255,519</u>	<u>\$ -</u>	<u>\$ 20,632</u>	<u>\$ 154,904</u>	<u>\$ 9,381</u>	<u>\$ 661,441</u>

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

NEXTLINK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 41,113	\$ 42,630
Adjustments for:		
Depreciation	1,101	5,188
Amortization	6	142
Expected credit gains	(2,554)	(1,550)
Financial costs	7	36
Interest income	(1,825)	(1,828)
Share-based compensation	-	520
Write-down of inventories	-	8
Net changes in operating assets and liabilities		
Notes receivable	(1,439)	1,431
Accounts receivable	65,820	52,929
Accounts receivable - related parties	(1,304)	4,377
Prepaid expenses	19,597	41,932
Other current assets	(1)	185
Contract liabilities	65,110	(79,223)
Accounts payable	32,925	(115,104)
Other payables	(15,543)	(11,298)
Other current liabilities	(5,916)	(9,772)
Net defined benefit liabilities	64	-
Cash generated from (used in) operations	197,161	(69,397)
Interest received	1,825	1,828
Interest paid	(7)	(36)
Income taxes (paid) refunded	(2,109)	8,406
Net cash generated from (used in) operating activities	196,870	(59,199)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-	(232)
Increase in refundable deposits	(77)	(188)
Increase in prepayments for equipment	-	(500)
Net cash used in investing activities	(77)	(920)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	545	2,372
Repayment of the principal portion of lease liabilities	(811)	(4,067)
Net cash used in financing activities	(266)	(1,695)
EFFECT OF EXCHANGE RATE CHANGES	1,825	4,708

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NEXTLINK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 198,352	\$ (57,106)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>720,946</u>	<u>640,349</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 919,298</u>	<u>\$ 583,243</u>

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

(Concluded)

NEXTLINK TECHNOLOGY 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)

1. ORGANIZATION AND OPERATIONS

Nextlink Technology Co., Ltd. (the “Company”) was established on October 13, 2006 with the approval of the competent authority. On June 23, 2015, the Company was renamed to Nextlink Technology Co., Ltd. The Company’s main businesses include data processing services, electronic information services and cloud services.

The Company applied to the Taipei Exchange (TPEX) for the public offering of its shares. The public offering registration became effective on August 29, 2023. The Company’s shares were approved by the TPEX to be traded on the Emerging Stock Board on January 9, 2024, and were approved to be listed on the TPEX on December 16, 2024.

The Company’s parent company is New Century Information Co., Ltd., which owned 58% and 65% of the Company’s shares as of March 31, 2025 and 2024, respectively. The Company’s ultimate parent company is Far Eastern New Century Corporation as of March 31, 2025 and 2024.

The consolidated financial statements are presented in New Taiwan dollars, the functional currency of the Company.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors of the Company 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 IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the accounting policies of the Company and its subsidiaries, collectively referred to as the “Group”.

- 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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group's financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
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:

- 1) 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.
- 2) 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.
- 3) 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.

- 4) 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 other impacts of the above amended 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 except for net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. 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).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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 9, Schedules B and C for detailed information on subsidiaries, including percentages of ownership and main businesses.

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2024.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

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

The material accounting judgments and key sources of estimation uncertainty are the same as those applicable to the consolidated financial statements for the year ended December 31, 2024.

6. CASH AND CASH EQUIVALENTS

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 163	\$ 152	\$ 198
Checking and demand deposits	859,276	623,931	363,400
Cash equivalents (investments with original maturities of 3 months or less)			
Certificates of deposits	<u>59,859</u>	<u>96,863</u>	<u>219,645</u>
	<u>\$ 919,298</u>	<u>\$ 720,946</u>	<u>\$ 583,243</u>

7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 21,584	\$ 20,145	\$ 15,921
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 21,584</u>	<u>\$ 20,145</u>	<u>\$ 15,921</u>
Occurred due to operating activities	<u>\$ 21,584</u>	<u>\$ 20,145</u>	<u>\$ 15,921</u>
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 699,988	\$ 764,710	\$ 644,266
Less: Allowance for impairment loss	<u>(11,502)</u>	<u>(14,200)</u>	<u>(24,546)</u>
	<u>\$ 688,486</u>	<u>\$ 750,510</u>	<u>\$ 619,720</u>

The Group's average credit period of sales of goods and the rendering of services is 60 days. No interest is charged on accounts receivable.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of notes receivable and accounts receivable at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for all notes receivable and accounts receivable at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on notes receivable and accounts receivable 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 the past due status is not further distinguished according to different customer base.

The Group writes off a note receivable or account receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable, e.g. when the debtor has been placed under liquidation. For notes receivable and accounts receivable 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 notes receivable and accounts receivable based on the Group's provision matrix:

March 31, 2025

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	Over 120 Days Past Due	Total
Expected credit loss rate	0.00%-0.78%	0.00%-5.12%	0.00%-16.35%	0.00%-100%	-
Gross carrying amount	\$ 626,445	\$ 82,419	\$ 7,552	\$ 5,156	\$ 721,572
Loss allowance (Lifetime ECLs)	<u>(3,177)</u>	<u>(3,363)</u>	<u>(1,079)</u>	<u>(3,883)</u>	<u>(11,502)</u>
Amortized cost	<u>\$ 623,268</u>	<u>\$ 79,056</u>	<u>\$ 6,473</u>	<u>\$ 1,273</u>	<u>\$ 710,070</u>

December 31, 2024

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	Over 120 Days Past Due	Total
Expected credit loss rate	0.00%-3.20%	0.08%-5.23%	12.83%-20.19%	36.88%-100%	-
Gross carrying amount	\$ 664,316	\$ 88,698	\$ 29,212	\$ 2,629	\$ 784,855
Loss allowance (Lifetime ECLs)	<u>(4,811)</u>	<u>(3,893)</u>	<u>(3,778)</u>	<u>(1,718)</u>	<u>(14,200)</u>
Amortized cost	<u>\$ 659,505</u>	<u>\$ 84,805</u>	<u>\$ 25,434</u>	<u>\$ 911</u>	<u>\$ 770,655</u>

March 31, 2024

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	Over 120 Days Past Due	Total
Expected credit loss rate	0.00%-8.76%	0.00%-5.80%	0.00%-55.71%	37.16%-100%	-
Gross carrying amount	\$ 536,576	\$ 91,603	\$ 13,478	\$ 18,530	\$ 660,187
Loss allowance (Lifetime ECLs)	<u>(4,714)</u>	<u>(4,278)</u>	<u>(2,770)</u>	<u>(12,784)</u>	<u>(24,546)</u>
Amortized cost	<u>\$ 531,862</u>	<u>\$ 87,325</u>	<u>\$ 10,708</u>	<u>\$ 5,746</u>	<u>\$ 635,641</u>

The movements of the loss allowance of notes receivable and accounts receivable were as follows:

	For the Three Months Ended March 31	
	2025	2024
Balance at January 1	\$ 14,200	\$ 26,977
Add: Amounts recovered	15	183
Add: Net remeasurement of loss allowance	(2,554)	(1,550)
Less: Amounts written off	(221)	(1,690)
Foreign exchange gains and losses	<u>62</u>	<u>626</u>
Balance at March 31	<u>\$ 11,502</u>	<u>\$ 24,546</u>

8. PREPAID EXPENSES

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Prepayments for operating costs	\$ 65,317	\$ 82,203	\$ 98,312
Other	<u>4,532</u>	<u>5,294</u>	<u>4,514</u>
	<u>\$ 69,849</u>	<u>\$ 87,497</u>	<u>\$ 102,826</u>
<u>Noncurrent</u>			
Prepayments for equipment	\$ -	\$ -	\$ 6,834
Prepayments for operating costs	<u>6,524</u>	<u>8,473</u>	<u>12,441</u>
	<u>\$ 6,524</u>	<u>\$ 8,473</u>	<u>\$ 19,275</u>

9. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Main businesses and percentages of ownership are shown as follows:

Investor Company	Investee Company	Main Businesses and Products	Percentage of Ownership (%)		
			March 31, 2025	December 31, 2024	March 31, 2024
Nextlink Technology	Microfusion Technology Co., Ltd.	Electronic information services	100	100	100
	Nextlink (HK) Technology Co., Ltd.	Electronic information services	100	100	100
	Microfusion (HK) Technology Co., Ltd.	Electronic information services	100	100	100
	MICROFUSION TECHNOLOGY (MY) SDN. BHD.	Electronic information services	100	100	100
	NEXTLINK (SG) TECHNOLOGY PTE. LTD.	Electronic information services	100	100	100
Nextlink (HK) Technology	Nextlink (Shanghai) Technology Co., Ltd.	Electronic information services	100	100	100

10. PROPERTY, PLANT AND EQUIPMENT

	Machinery Equipment	Office Equipment	Leasehold Improvements	Total
<u>Cost</u>				
Balance at January 1, 2025	\$ 3,595	\$ 5,339	\$ 11,259	\$ 20,193
Additions	-	-	-	-
Effects of foreign currency exchange difference	<u>2</u>	<u>1</u>	<u>-</u>	<u>3</u>
Balance at March 31, 2025	<u>\$ 3,597</u>	<u>\$ 5,340</u>	<u>\$ 11,259</u>	<u>\$ 20,196</u>

(Continued)

	Machinery Equipment	Office Equipment	Leasehold Improvements	Total
<u>Accumulated depreciation</u>				
Balance at January 1, 2025	\$ 3,581	\$ 4,436	\$ 11,107	\$ 19,124
Depreciation expense	14	160	152	326
Effects of foreign currency exchange difference	<u>2</u>	<u>1</u>	<u>-</u>	<u>3</u>
Balance at March 31, 2025	<u>\$ 3,597</u>	<u>\$ 4,597</u>	<u>\$ 11,259</u>	<u>\$ 19,453</u>
Carrying amount at January 1, 2025	<u>\$ 14</u>	<u>\$ 903</u>	<u>\$ 152</u>	<u>\$ 1,069</u>
Carrying amount at March 31, 2025	<u>\$ -</u>	<u>\$ 743</u>	<u>\$ -</u>	<u>\$ 743</u>
<u>Cost</u>				
Balance at January 1, 2024	\$ 3,580	\$ 4,450	\$ 11,259	\$ 19,289
Additions	-	232	-	232
Effects of foreign currency exchange difference	<u>8</u>	<u>4</u>	<u>-</u>	<u>12</u>
Balance at March 31, 2024	<u>\$ 3,588</u>	<u>\$ 4,686</u>	<u>\$ 11,259</u>	<u>\$ 19,533</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2024	\$ 3,328	\$ 3,371	\$ 8,042	\$ 14,741
Depreciation expense	65	342	766	1,173
Effects of foreign currency exchange difference	<u>8</u>	<u>4</u>	<u>-</u>	<u>12</u>
Balance at March 31, 2024	<u>\$ 3,401</u>	<u>\$ 3,717</u>	<u>\$ 8,808</u>	<u>\$ 15,926</u>
Carrying amount at March 31, 2024	<u>\$ 187</u>	<u>\$ 969</u>	<u>\$ 2,451</u>	<u>\$ 3,607</u>
				(Concluded)
The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:				
Machinery equipment				2 years
Office equipment				2 years
Leasehold improvements				2-3 years

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying amount</u>			
Buildings	\$ <u>1,567</u>	\$ <u>2,325</u>	\$ <u>12,046</u>
		For the Three Months Ended March 31	
		2025	2024
Additions to right-of-use assets		\$ <u>-</u>	\$ <u>-</u>
Depreciation charge for right-of-use assets			
Buildings		\$ <u>775</u>	\$ <u>4,015</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2025 and 2024.

b. Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying amount</u>			
Current	\$ <u>1,114</u>	\$ <u>1,925</u>	\$ <u>10,899</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Buildings	1.58%	1.58%	0.59%-1.54%

c. Material lease activities and terms

The Group leased certain buildings as offices with lease terms of 1.5 to 3 years. The Group does not have bargain purchase options to acquire buildings at the end of the lease terms.

d. Other lease information

	For the Three Months Ended March 31	
	2025	2024
Expenses relating to short-term leases	\$ <u>4,654</u>	\$ <u>1,008</u>
Total cash outflow for leases	\$ <u>(5,472)</u>	\$ <u>(4,988)</u>

The Group has elected to apply the recognition exemption for the lease of certain buildings that qualify as short-term leases and thus did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Lease commitments	<u>\$ 35,862</u>	<u>\$ 4,547</u>	<u>\$ -</u>

12. OTHER PAYABLES

	March 31, 2025	December 31, 2024	March 31, 2024
Other payables			
Salaries and bonuses	\$ 51,105	\$ 64,807	\$ 43,261
Service fees	13,534	13,906	11,830
Others	<u>22,786</u>	<u>24,255</u>	<u>18,693</u>
	<u>\$ 87,425</u>	<u>\$ 102,968</u>	<u>\$ 73,784</u>

13. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2025, the pension expenses of defined benefit plans were \$94 thousand, and this was calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2024.

14. EQUITY

a. Capital stock

	March 31, 2025	December 31, 2024	March 31, 2024
Stock authorized (in thousands)	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Capital authorized	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>
Issued and fully paid stock (in thousands)	<u>22,101</u>	<u>22,101</u>	<u>20,012</u>
Issued capital	<u>\$ 221,005</u>	<u>\$ 221,005</u>	<u>\$ 200,115</u>

In August and December of 2024, the Company issued 44 thousand and 41 thousand ordinary shares, with a par value of \$10, respectively, due to the exercise of employee share options. The registration was completed on October 11, 2024 and February 5, 2025, respectively.

In December 2024, the Company conducted a cash capital increase and issued 2,004 thousand new shares. The Company received the full subscription proceeds for the cash capital increase amounting to \$234,184 thousand by December 12, 2024. The record date for the cash capital increase was December 12, 2024. The registration was completed on January 24, 2025.

b. Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Issuance of ordinary shares	\$ 255,519	\$ 255,519	\$ 30,840
<u>May not be used for any purpose</u>			
Employee share options	-	-	2,079
	<u>\$ 255,519</u>	<u>\$ 255,519</u>	<u>\$ 32,919</u>

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and to once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Company's Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, and then, if there is any remaining profit, setting aside as legal reserve 10% of the net profit after tax plus the items other than the net profit after tax which are included in the current year's retained earnings, setting aside or reversing a special reserve. The remaining profit, after paying dividends and retaining portions for business needs, together with any undistributed retained earnings from previous years, shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for the distribution of dividends to stockholders.

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 16-d.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2024 and 2023, which have been approved in the Company's board of directors on February 26, 2025 and have been approved in the stockholders' meetings on June 17, 2024, respectively, were as follows:

	<u>For the Year Ended December 31</u>	
	2024	2023
Legal reserve	<u>\$ 12,302</u>	<u>\$ 9,033</u>
Cash dividends	<u>\$ 110,503</u>	<u>\$ 81,246</u>
Cash dividends per share (NT\$)	\$ 5.00	\$ 4.06

The appropriation of earnings for 2024 is subject to the resolution of the stockholders in the stockholders' meeting which is to be held on June 16, 2025.

15. REVENUE

	For the Three Months Ended March 31	
	2025	2024
Contract revenue		
Sales of goods	\$ 409	\$ 75
Information service revenue	<u>1,048,984</u>	<u>943,056</u>
	<u>\$ 1,049,393</u>	<u>\$ 943,131</u>

Contract Balances

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Accounts receivable (including related parties) (Note 7)	<u>\$ 699,988</u>	<u>\$ 764,710</u>	<u>\$ 644,266</u>	<u>\$ 703,079</u>
Contract liabilities				
Information service	<u>\$ 304,323</u>	<u>\$ 239,213</u>	<u>\$ 247,513</u>	<u>\$ 326,736</u>
Contract liabilities - current	\$ 289,832	\$ 224,024	\$ 221,704	\$ 297,556
Contract liabilities - noncurrent	<u>14,491</u>	<u>15,189</u>	<u>25,809</u>	<u>29,180</u>
	<u>\$ 304,323</u>	<u>\$ 239,213</u>	<u>\$ 247,513</u>	<u>\$ 326,736</u>

The changes in the balances of contract liabilities primarily resulted from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

16. CONSOLIDATED NET INCOME

a. Financial costs

	For the Three Months Ended March 31	
	2025	2024
Interest on lease liabilities	<u>\$ 7</u>	<u>\$ 36</u>

b. Depreciation and amortization

	For the Three Months Ended March 31	
	2025	2024
Property, plant and equipment	\$ 326	\$ 1,173
Right-of-use assets	775	4,015
Intangible assets	<u>6</u>	<u>142</u>
	<u>\$ 1,107</u>	<u>\$ 5,330</u>
Depreciation expense categorized by function		
Operating costs	\$ 14	\$ 65
Operating expenses	<u>1,087</u>	<u>5,123</u>
	<u>\$ 1,101</u>	<u>\$ 5,188</u>
Amortization expense categorized by function		
General and administrative expenses	<u>\$ 6</u>	<u>\$ 142</u>

c. Employee benefits expense

	For the Three Months Ended March 31	
	2025	2024
Retirement benefits		
Defined contribution plans	\$ 2,584	\$ 2,268
Defined benefit plans	<u>94</u>	<u>-</u>
	<u>2,678</u>	<u>2,268</u>
Other employee benefits		
Salary	62,480	56,486
Insurance	4,687	4,091
Others	<u>2,691</u>	<u>2,536</u>
	<u>69,858</u>	<u>63,113</u>
	<u>\$ 72,536</u>	<u>\$ 65,381</u>
Categorized by function		
Operating costs	\$ 9,879	\$ 6,847
Operating expenses	<u>62,657</u>	<u>58,534</u>
	<u>\$ 72,536</u>	<u>\$ 65,381</u>

d. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of 1%-2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the stockholders of the Company are expected to resolve the amendments of the Company's Articles at their 2025 general stockholders' meeting. The amendments explicitly stipulate the allocation of no less than 10% of the compensation of employees as compensation distributions for junior employees. The compensation of employees (including junior employees) and the remuneration of directors for the three months ended March 31, 2025 and 2024 are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2025	2024
Compensation of employees	1.01%	1.00%
Remuneration of directors	0.37%	0.37%

Amount

	For the Three Months Ended March 31	
	2025	2024
Compensation of employees	\$ 360	\$ 395
Remuneration of directors	\$ 133	\$ 146

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.

The appropriations of compensation of employees and remuneration of directors for 2024 and 2023 that were resolved by the board of directors on February 26, 2025 and March 13, 2024, respectively, are as shown below:

	For the Year Ended December 31			
	2024		2023	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 1,394	\$ -	\$ 1,082	\$ -
Remuneration of directors	516	-	400	-

There was no difference between the actual amounts of the compensation of employees and the remuneration of directors paid and the respective amounts recognized in the consolidated financial statements for the years ended December 31, 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.

- e. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2025	2024
Foreign exchange gains	\$ 109,067	\$ 68,815
Foreign exchange losses	<u>(109,375)</u>	<u>(70,492)</u>
	<u>\$ (308)</u>	<u>\$ (1,677)</u>

17. INCOME TAX

- a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Three Months Ended March 31	
	2025	2024
Current tax	\$ 6,735	\$ 6,890
Deferred tax	<u>2,649</u>	<u>2,527</u>
Income tax expense recognized in profit or loss	<u>\$ 9,384</u>	<u>\$ 9,417</u>

- b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2025	2024
<u>Deferred tax</u>		
In respect of the current year		
Exchange differences on translating the financial statements of foreign operations	<u>\$ 356</u>	<u>\$ 676</u>

- c. Income tax assessments

Income tax returns of the Company and Microfusion Technology have been assessed by the tax authorities through 2022.

18. EARNINGS PER SHARE

The earnings and weighted average number of common stock used in the calculation of earnings per share were as follows:

Net Income for the Period

	For the Three Months Ended March 31	
	2025	2024
Net income attributable to the owners of the Company	<u>\$ 31,729</u>	<u>\$ 33,213</u>

(In Thousands of Shares)

	For the Three Months Ended March 31	
	2025	2024
Weighted average number of common stock used in the calculation of basic earnings per share	22,101	20,012
Effect of potentially dilutive common stock:		
Employee share options	-	49
Compensation of employees	<u>9</u>	<u>8</u>
Weighted average number of common stock used in the calculation of diluted earnings per share	<u>22,110</u>	<u>20,069</u>

Since the Company offered to settle the compensation paid to employees in cash or stock, the Company assumed the entire amount of the compensation would be settled in stock and the resulting potential stock were included in the weighted average number of common stock outstanding used in the calculation of diluted earnings per share, if the effect was dilutive. Such dilutive effect of the potential stock was included in the calculation of diluted earnings per share until the number of stock to be distributed to employees is resolved in the following year.

19. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan

Grant Date	Number of Units Granted	Number of Shares Exercisable Per Unit	Term of Validity	Vesting Period of Share Options	Percentage of Share Options Exercisable (%)
2023.05	212,500	1 share	19 months	After 15 days	20
				After 12 months	60
				After 18 months	100
2023.05	867,000	1 share	1.5 months	After 15 days	100

The Company's board of directors resolved to issue employee share options in July 2022. The Company granted 1,079,500 options in May 2023 to employees of the Company and its subsidiaries who meet specific criteria. Each option entitles the holder with the right to subscribe for one ordinary share of the Company. The options granted are valid for 0.1 to 1.6 years and exercisable at certain percentages after 15 days from the grant date. The options were granted at an exercise price not lower than the net asset value per share according to the latest financial statements audited and certified by an accountant at the grant date. When employees exercise their share options, it will be done through the issuance of ordinary shares. For any subsequent changes in the Company's paid-in capital, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Three Months Ended March 31			
	2025		2024	
	Number of Options	Weighted-average Exercise Price (\$)	Number of Options	Weighted-average Exercise Price (\$)
Balance at January 1	-	\$ -	118,500	\$ 29.20
Options forfeited	<u>-</u>	-	<u>(12,000)</u>	29.20
Balance at March 31	<u>-</u>	-	<u>106,500</u>	29.20
Options exercisable, end of the period	<u>-</u>	-	<u>500</u>	29.20
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

Information on outstanding options was as follows:

	March 31	
	2025	2024
Range of exercise price (\$)	\$ -	\$ 29.20
Weighted-average remaining contractual life (in years)	-	0.73

Options granted were priced using the binomial option pricing model, and the inputs to the model were as follows:

	Granted on May 2023
Grant-date share price	\$62.90
Exercise price	\$39-59
Expected volatility	42%-46%
Expected life (in years)	0.1-1.6
Risk-free interest rate	0.88%-0.99%

Compensation costs arising from employee share options recognized was \$520 thousand for the three months ended March 31, 2024.

20. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the three months ended March 31, 2025 and 2024, changes in liabilities arising from financing activities, including noncash transactions, were as follows:

For the three months ended March 31, 2025

	Balance on January 1, 2025	Cash Flows from Financing Activities	Changes in Noncash Transactions		Cash Flows from Operating Activities - Interest Paid	Balance on March 31, 2025
			New Leases	Others		
Lease liabilities (including the current and noncurrent portion)	\$ 1,925	\$ (811)	\$ -	\$ 7	\$ (7)	\$ 1,114

For the three months ended March 31, 2024

	Balance on January 1, 2024	Cash Flows from Financing Activities	Changes in Noncash Transactions		Cash Flows from Operating Activities - Interest Paid	Balance on March 31, 2024
			New Leases	Others		
Lease liabilities (including the current and noncurrent portion)	\$ 14,966	\$ (4,067)	\$ -	\$ 36	\$ (36)	\$ 10,899

21. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

The key management of the Group believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values, or their fair values cannot be reliably measured.

- b. Categories of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 1,638,700	\$ 1,500,856	\$ 1,227,445
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	684,657	666,730	684,085

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties), refundable deposits and other financial assets.

Note 2: The balances include financial liabilities at amortized cost, which comprise accounts payable (including related parties), other payables (including related parties), and guarantee deposits received.

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, notes receivable, accounts receivable, other financial assets, refundable deposits, accounts payable, other payables, and guarantee deposits. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see Note (a) below) and interest rates (see Note (b) below).

a) Foreign currency risk

The Group engages in foreign currency-denominated sales and purchases, which expose the Group to foreign currency risk. The Group does not engage in derivative financial instrument transactions for speculative purposes.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities at the end of the period are set out in Note 24.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 3% increase and decrease in the New Taiwan dollar (NTD) against the U.S. dollar. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items, for which their translation at the end of the reporting period is adjusted for a 3% change in foreign currency rates. The positive number shown in the currency impact table below indicates an increase in pre-tax profit associated with the NTD strengthening 3% against the U.S. dollar. For a 3% weakening of the NTD against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Three Months Ended March 31	
	2025	2024
Profit or loss*	<u>\$ 1,563</u>	<u>\$ 3,677</u>

* The result was mainly attributable to the exposure on outstanding demand deposits, receivables, payables and guarantee deposits received in USD that were not hedged at the end of the period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group hold financial assets and financial liabilities with floating interest rates. The Group's management monitors changes in market interest rates on a periodic basis and adjusts the positions of floating-rate financial assets and liabilities to align the Group's interest rates with market rates, in order to manage the risks arising from fluctuations in market interest rates.

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:

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
Financial assets	\$ 69,191	\$ 106,118	\$ 228,206
Financial liabilities	34,310	34,576	41,188
Cash flow interest rate risk			
Financial assets	858,782	623,437	362,906

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the period was outstanding for the whole period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher 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 by \$1,073 thousand and \$454 thousand, respectively, which was mainly a result of the exposure from variable-rate deposits and borrowings.

2) Credit risk

Credit risk refers to the risk that a 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 counterparties to discharge their obligation arises from the carrying amounts of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group has a policy of dealing only with creditworthy counterparties, and, when necessary, obtains sufficient collateral to mitigate the financial loss risks arising from defaults. The Group assesses the creditworthiness of key customers based on public and non-public financial information, as well as transaction records. The Group continuously monitors credit exposure and the credit ratings of counterparties, and diversifies the total transaction amounts among customers with qualified credit ratings.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of receivables at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

Apart from the customers listed below, the Group did not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics. The notes receivable and accounts receivable (including related parties) from customers with receivables accounting for more than 10% of the Group's total receivables amounted to \$78,626 thousand, \$100,044 thousand and \$0 thousand, representing 11%, 13% and 0% of the Group's total receivables, as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. The Group's unutilized overdraft and bank loan facilities amounted to \$90,000 thousand as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

The following table details the Group's maturity of financial liabilities based on undiscounted contractual payments including interest. The following table does not include the financial liabilities with carrying amounts that approximate contractual cash flows:

	Carrying Amount	Contractual Cash Flows	Within 1 Year	1-5 Years	More than 5 Years
<u>March 31, 2025</u>					
Lease liabilities	\$ 1,114	\$ 1,117	\$ 1,117	\$ -	\$ -
<u>December 31, 2024</u>					
Lease liabilities	\$ 1,925	\$ 1,935	\$ 1,935	\$ -	\$ -
<u>March 31, 2024</u>					
Lease liabilities	\$ 10,899	\$ 10,942	\$ 10,942	\$ -	\$ -

22. 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. The Group's related parties and their relationships

Related Party	Relationship with the Group
Far Eastern New Century Corporation (FENC)	Ultimate parent company
New Century InfoComm Tech Co., Ltd. (NCIC)	Parent company
Far EasTone Telecommunications Co., Ltd.	The parent company of NCIC
Information Security Service Digital United Inc.	Subsidiary of FENC
Yuanshi Digital Technology Co., Ltd.	Subsidiary of FENC
ARCOA Communication Co., Ltd.	Subsidiary of FENC
FETC International Co., Ltd.	Subsidiary of FENC
Ding Ding Integrated Marketing Service Co., Ltd.	Subsidiary of FENC
Far Eastern Big City Shopping Malls Co., Ltd.	Other related party
Oriental Securities Corporation, Ltd.	Other related party
Pacific Sogo Department Stores Co., Ltd.	Other related party
Systex Corporation	Other related party

(Continued)

Related Party	Relationship with the Group
Far Eastern International Bank (FEIB)	Other related party
Yuan Long Stainless Steel Corporation	Other related party
Ding & Ding Management Consultant Co., Ltd.	Other related party
Asia Cement Co., Ltd.	Other related party

(Concluded)

b. Operating revenue

	For the Three Months Ended March 31	
	2025	2024
Parent company	\$ 52,572	\$ 43,417
Subsidiaries of FENC	1,523	1,649
Other related parties	<u>9,849</u>	<u>9,387</u>
	<u>\$ 63,944</u>	<u>\$ 54,453</u>

Sales to related parties are conducted at prices and terms consistent with those applied in arm's length transactions.

c. Operating costs

	For the Three Months Ended March 31	
	2025	2024
Parent company	<u>\$ 2,907</u>	<u>\$ -</u>

Purchases from related parties are conducted at prices and terms consistent with those applied in arm's length transactions.

d. Operating expenses

	For the Three Months Ended March 31	
	2025	2024
Parent company	\$ 50	\$ 167
Other related parties	<u>231</u>	<u>24</u>
	<u>\$ 281</u>	<u>\$ 191</u>

e. Interest income

	For the Three Months Ended March 31	
	2025	2024
Other related parties		
FEIB	<u>\$ 1,284</u>	<u>\$ 388</u>

f. Bank deposits

	March 31, 2025	December 31, 2024	March 31, 2024
Other related parties			
FEIB	<u>\$ 196,249</u>	<u>\$ 272,706</u>	<u>\$ 34,217</u>

g. Receivables from related parties

	March 31, 2025	December 31, 2024	March 31, 2024
Parent company	\$ 35,878	\$ 37,361	\$ 31,988
Subsidiaries of FENC	960	388	1,552
Other related parties	<u>6,610</u>	<u>4,395</u>	<u>5,559</u>
	<u>\$ 43,448</u>	<u>\$ 42,144</u>	<u>\$ 39,099</u>

The outstanding receivables from related parties are unsecured.

h. Other payables to related parties

	March 31, 2025	December 31, 2024	March 31, 2024
Parent company	\$ 26	\$ 8	\$ 49
Other related parties	<u>-</u>	<u>70</u>	<u>-</u>
	<u>\$ 26</u>	<u>\$ 78</u>	<u>\$ 49</u>

The outstanding payables to related parties are unsecured.

i. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2025	2024
Short-term benefits	\$ 9,485	\$ 10,479
Post-employment benefits	163	203
Share-based payments	<u>-</u>	<u>42</u>
	<u>\$ 9,648</u>	<u>\$ 10,724</u>

The remuneration of directors and key management personnel is determined based on the performance of individuals and market trends.

23. ASSETS PLEDGED OR MORTGAGED AS COLLATERAL

The following assets were provided as collateral for performance guarantees.

	March 31, 2025	December 31, 2024	March 31, 2024
Other financial assets - noncurrent	\$ 290	\$ 290	\$ 290

24. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In Thousands, Except Exchange Rate)

March 31, 2025			
Foreign Currency		Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,825	33.205 (USD:NTD)	\$ 293,039
USD	6,624	7.780 (USD:HKD)	219,938
USD	1	4.599 (USD:MYR)	20
USD	62	1.341 (USD:SGD)	2,070
<u>Financial liabilities</u>			
Monetary items			
USD	10,193	33.205 (USD:NTD)	338,446
USD	6,886	7.780 (USD:HKD)	228,664
USD	2	4.599 (USD:MYR)	69
December 31, 2024			
Foreign Currency		Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 5,934	32.785 (USD:NTD)	\$ 194,551
USD	5,457	7.765 (USD:HKD)	178,923
USD	1	4.640 (USD:MYR)	36
USD	62	1.359 (USD:SGD)	2,043
<u>Financial liabilities</u>			
Monetary items			
USD	9,884	32.785 (USD:NTD)	324,053
USD	6,570	7.765 (USD:HKD)	215,389
USD	2	4.640 (USD:MYR)	50

March 31, 2024			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 9,411	32.000 (USD:NTD)	\$ 301,136
USD	4,921	7.826 (USD:HKD)	157,481
USD	4	4.926 (USD:MYR)	129
USD	100	1.349 (USD:SGD)	3,192
<u>Financial liabilities</u>			
Monetary items			
USD	12,036	32.000 (USD:NTD)	385,144
USD	6,230	7.826 (USD:HKD)	199,371

For the three months ended March 31, 2025 and 2024, realized and unrealized net foreign exchange losses were \$308 thousand and \$1,677 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

25. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: None
- 3) Significant marketable securities held (excluding investments in subsidiaries, associates and joint ventures): None
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
- 6) Significant transactions between the Company and its subsidiaries and among subsidiaries: Schedule A

b. Information on investees: Schedule B

c. 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: Schedule C

- 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 period or on the financial position, such as the rendering or receipt of services.

26. SEGMENT INFORMATION

Information by Product and Service

The information provided to the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance focuses on the type of goods or services delivered or provided. According to IFRS 8 "Operating Segments," the Group is organized and managed as a single operating segment, with resources allocated on a company-wide basis. The Group's operating activities are related to cloud services, from which the revenue accounts for more than 90% of the Group's total revenue. Therefore, the Group reports only one operating segment with profit and loss, assets, and liabilities information consistent with those stated in the consolidated financial statements.

NEXTLINK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars)

Number (Note A)	Company Name	Counterparty	Flow of Transactions (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Consolidated Assets/Revenue (Note C)
0	Nextlink Technology Co., Ltd.	Microfusion Technology Co., Ltd.	1	Other receivables - related parties	\$ 3,570	Note E	-
				Nonoperating income and gains	10,200	Note E	1
		Nextlink (HK) Technology Co., Ltd.	1	Accounts receivable - related parties	2,165	Note E	-
				Other receivables - related parties	3,700	Note E	-
				Operating revenue	6,425	Note E	1
				Nonoperating income and gains	11,100	Note E	1
		Microfusion (HK) Technology Co., Ltd.	1	Other receivables - related parties	1,620	Note E	-
				Nonoperating income and gains	1,620	Note E	-
1	Microfusion Technology Co., Ltd.	Nextlink (HK) Technology Co., Ltd.	3	Accounts receivable - related parties	4,452	Note E	-
				Operating revenue	7,340	Note E	1

Note A: Parties to the intercompany transactions are identified and numbered as follows:

- 1. “0” for Nextlink Technology Co., Ltd. (the “Company”).
- 2. “1” onward for subsidiaries.

Note B: The flow of related-party transactions is as follows:

- 1. From the parent company to its subsidiary.
- 2. From a subsidiary to its parent company.
- 3. Between subsidiaries.

Note C: For assets and liabilities, amount is shown as a percentage of consolidated total assets as of March 31, 2025; while revenues, costs and expenses are shown as a percentage of consolidated total operating revenues for the three months ended March 31, 2025.

Note D: The information shown in the schedule represents the eliminated material intercompany transactions.

Note E: Payment terms varied depending on the related agreements.

NEXTLINK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
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	Original Investment Amount		As of March 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2025 (MYR/US\$ in Thousands)	December 31, 2024 (MYR/US\$ in Thousands)	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Nextlink Technology Co., Ltd.	Microfusion Technology Co., Ltd.	Taiwan	Electronic information services	\$ 17,000	\$ 17,000	5,933,400	100.00	\$ 152,198	\$ 18,345	\$ 18,345	Note A
	Nextlink (HK) Technology Co., Ltd.	Hong Kong	Electronic information services	973	973	-	100.00	135,499	2,099	2,099	Note A
	Microfusion (HK) Technology Co., Ltd.	Hong Kong	Electronic information services	1,494	1,494	-	100.00	19,095	6,201	6,201	Note A
	MICROFUSION TECHNOLOGY (MY) SDN. BHD.	Malaysia	Electronic information services	6,896	6,896	1,000,000	100.00	1,614	(131)	(131)	Note A
	NEXTLINK (SG) TECHNOLOGY PTE. LTD.	Singapore	Electronic information services	(MYR 1,000) 3,205 (US\$ 100)	(MYR 1,000) 3,205 (US\$ 100)	100,000	100.00	2,384	(145)	(145)	Note A

Note A: Subsidiary.

Note B: Investments in mainland China are shown in Schedule C.

NEXTLINK TECHNOLOGY 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 (US\$ in Thousands)	Method of Investment (Note A)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025 (US\$ in Thousands)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2025 (US\$ in Thousands)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2025 (HK\$ in Thousands)	Accumulated Repatriation of Investment Income as of March 31, 2025
					Outward	Inward						
Nextlink (Shanghai) Technology Co., Ltd.	Electronic information services	\$ 2,391 (US\$ 72)	2	\$ 2,391 (US\$ 72)	\$ -	\$ -	\$ 2,391 (US\$ 72)	\$ (60)	100	\$ (60)	\$ 3,108 (HK\$ 723)	\$ -

Company Name	Accumulated Investments in Mainland China as of March 31, 2025 (US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Limit on Investments (Note B)
Nextlink Technology Co., Ltd.	\$ 2,391 (US\$ 72)	\$ 2,391 (US\$ 72)	\$ 396,865

Note A: Method of investment is as follows:

1. The Company made the investment directly.
2. The Company made the investment indirectly through a company registered in a third region. The company registered in a third region is Nextlink (HK) Technology Co., Ltd.
3. Others.

Note B: The limit is up to 60% of the higher of the investor’s net worth or consolidated net worth as stated in the Principles Governing the Review of Investment or Technical Cooperation in mainland China, which was issued on August 29, 2008 by the Investment Commission of the MOEA.