

HCL TECHNOLOGIES (TAIWAN) LTD.

FINANCIAL STATEMENTS

**With Independent Auditor's Report Thereon
For the Years from January 1, 2024 to December 31, 2024
and April 1, 2023 to December 31, 2023 (Change in Fiscal Year)**



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditor's Report

To the Board of Directors of
HCL TECHNOLOGIES (TAIWAN) LTD.:

Opinion

We have audited the financial statements of HCL TECHNOLOGIES (TAIWAN) Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for the years from January 1, 2024 to December 31, 2024 and April 1, 2023 to December 31, 2023, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years from January 1, 2024 to December 31, 2024 and April 1, 2023 to December 31, 2023 in accordance with the related financial accounting standards of the Business Entity Accounting Act and of the Regulation on Business Entity Accounting Handling, as well as Enterprise Accounting Standards and their related Interpretations announced by the Accounting Research and Development Foundation of the Republic of China.

Basis for opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the related financial accounting standards of the Business Entity Accounting Act and of the Regulation on Business Entity Accounting Handling, as well as Enterprise Accounting Standards and their related Interpretations announced by the Accounting Research and Development Foundation of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this independent auditor report is Chen, Ming-Hui.

KPMG
Taipei, Taiwan (Republic of China)
May 16, 2025

Notes to Readers

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

HCL TECHNOLOGIES (TAIWAN) LTD.

Balance Sheets

December 31, 2024 and 2023

(Amounts Expressed in New Taiwan Dollars)

Assets	December 31, 2024		December 31, 2023		Liabilities and Equity	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents (note 5(a))	\$ 7,203,147	3	-	-	Short-term borrowings (note 5(a))	\$ -	-	28,268,900	11
Trade receivables (note 5(b))	82,207,599	33	80,600,881	31	Trade payable	4,582,781	2	2,303,547	1
Trade receivables from related parties (notes 5(b) and 6)	18,449,739	7	22,572,014	9	Trade payable to related parties (note 6)	1,668,820	1	13,129,702	5
Other receivables	4,111,840	2	2,305,941	1	Deferred revenue	4,832,469	2	1,340,021	1
Lease receivable, current (note 5(c))	9,989,089	4	10,035,345	4	Current tax liabilities	2,032,343	1	1,109,167	-
Prepayments	1,865,213	1	694,225	-	Other payables	35,250,602	14	30,088,276	12
Other current assets (note 5(d))	<u>18,252,307</u>	<u>7</u>	<u>18,756,346</u>	<u>7</u>	Other payables to related parties-current (note 6)	<u>12,700,743</u>	<u>5</u>	<u>10,010,257</u>	<u>4</u>
Total current assets	<u>142,078,934</u>	<u>57</u>	<u>134,964,752</u>	<u>52</u>	Total current liabilities	<u>61,067,758</u>	<u>25</u>	<u>86,249,870</u>	<u>34</u>
Non-current assets:					Non-current liabilities:				
Property, plant and equipment (note 5(e))	3,911,310	2	2,116,286	1	Other payables to related parties-non-current (note 6)	109,831,345	44	103,931,491	40
Intangible assets (note 5(f))	181,525	-	-	-	Other non-current liabilities	<u>748,256</u>	-	<u>226,243</u>	-
Lease receivable, non-current (note 5(c))	2,612,187	1	2,285,160	1	Total non-current liabilities	<u>110,579,601</u>	<u>44</u>	<u>104,157,734</u>	<u>40</u>
Deferred tax assets (note 5 (h))	2,663,836	1	1,964,939	1	Total liabilities	<u>171,647,359</u>	<u>69</u>	<u>190,407,604</u>	<u>74</u>
Other non-current assets (note 5(d))	<u>98,433,776</u>	<u>39</u>	<u>115,110,774</u>	<u>45</u>	Equity (note 5(i)):				
Total non-current assets	107,802,634	43	121,477,159	48	Capital Common stock	11,000,000	4	11,000,000	4
					Legal reserve	5,503,430	2	4,613,957	2
					Unappropriated retained earnings	<u>61,730,779</u>	<u>25</u>	<u>50,420,350</u>	<u>20</u>
					Total equity	<u>78,234,209</u>	<u>31</u>	<u>66,034,307</u>	<u>26</u>
Assets	<u>\$249,881,568</u>	<u>100</u>	<u>256,441,911</u>	<u>100</u>	Total liabilities and equity	<u>\$249,881,568</u>	<u>100</u>	<u>256,441,911</u>	<u>100</u>

See accompanying notes to financial statements.

HCL TECHNOLOGIES (TAIWAN) LTD.

Statements of Comprehensive Income

**For the years from January 1, 2024 to December 31, 2024
and April 1, 2023 to December 31, 2023**

(Amounts Expressed in New Taiwan Dollars)

	2024.1.1~2024.12.31		2023.4.1~2023.12.31	
	Amount	%	Amount	%
Operating revenue (notes 5(j) and 6)	\$ 386,580,917	100	252,066,228	100
Operating costs (notes 6)	324,840,157	84	216,026,700	86
Gross profit from operations	61,740,760	16	36,039,528	14
Operating expenses (notes 5(b), (e), (g))	30,150,565	8	18,542,395	7
Net operating income	31,590,195	8	17,497,133	7
Non-operating income and expenses:				
Interest income	197,833	-	153,600	-
Foreign exchange gains (loss)	(8,499,915)	(2)	234,991	-
Interest expense (note 6)	(6,146,743)	(2)	(6,215,751)	(2)
Total non-operating income and expenses	(14,448,825)	(4)	(5,827,160)	(2)
Profit from continuing operations before tax	17,141,370	4	11,669,973	5
Tax expense (note 5(h))	4,941,468	1	2,775,246	1
Profit	12,199,902	3	8,894,727	4
Other comprehensive income, net	-	-	-	-
Total comprehensive income, net	\$ 12,199,902	3	8,894,727	4

See accompanying notes to financial statements.

HCL TECHNOLOGIES (TAIWAN) LTD.

Statements of Changes in Equity

**For the years from January 1, 2024 to December 31, 2024
and April 1, 2023 to December 31, 2023**

(Amounts Expressed in New Taiwan Dollars)

	Ordinary shares	Legal reserve	Unappropriated retained earnings	Total equity
Balance on April 1, 2023	\$ 11,000,000	3,440,340	42,699,240	57,139,580
Profit	-	-	8,894,727	8,894,727
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	8,894,727	8,894,727
Appropriation and distribution of retained earnings:				
Legal reserve appropriated	-	1,173,617	(1,173,617)	-
Balance on December 31, 2023	11,000,000	4,613,957	50,420,350	66,034,307
Profit	-	-	12,199,902	12,199,902
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	12,199,902	12,199,902
Appropriation and distribution of retained earnings:				
Legal reserve appropriated	-	889,473	(889,473)	-
Balance on December 31, 2024	\$ 11,000,000	5,503,430	61,730,779	78,234,209

See accompanying notes to financial statements.

HCL TECHNOLOGIES (TAIWAN) LTD.

Statements of Cash Flows

For the years from January 1, 2024 to December 31, 2024
and April 1, 2023 to December 31, 2023

(Amounts Expressed in New Taiwan Dollars)

	2024.1.1~ 2024.12.31	2023.4.1~ 2023.12.31
Cash flows from (used in) operating activities:		
Profit before tax	\$ 17,141,370	11,669,973
Adjustments:		
Adjustments to reconcile profit (loss):		
Interest income	(197,833)	(153,600)
Interest expense	6,146,743	6,215,751
(Reversal) provision for bad debt expense	(511,856)	(166,172)
Depreciation expense	1,230,268	815,638
Unrealized foreign exchange loss	4,985,839	3,640,778
	28,794,531	22,022,368
Changes in operating assets and liabilities:		
Decrease in trade receivables	612,079	24,644,361
Decrease in trade receivables from related parties	4,106,677	32,525,175
(Increase) decrease in other receivables	(1,805,899)	1,660,850
Decrease in current lease receivables	81,520	659,155
(Increase) decrease in prepayments	(1,169,502)	2,297,247
(Increase) decrease in non-current lease receivables	(327,027)	1,342,786
Decrease (increase) in other current assets	504,039	(74,622)
Decrease in other non-current assets	16,673,839	15,625,323
Increase (decrease) in trade payables	2,262,396	(4,051,741)
(Decrease) in trade payables to related parties	(11,659,139)	(88,228,310)
Increase (decrease) in deferred revenue	3,492,448	(37,771,603)
Increase (decrease) in other payables	4,722,110	(46,075,005)
Increase (decrease) in other payables to related parties	2,076,809	(15,120,293)
Increase (decrease) in other non-current liabilities	522,013	(146,676)
Cash inflow (outflow) generated from operations	48,886,894	(90,690,985)
Interest received	197,833	153,600
Income taxes paid	(4,717,189)	(5,790,586)
Net cash flows from (used in) operating activities	44,367,538	(96,327,971)
Cash flows from (used in) investing activities:		
Addition to intangible assets	(181,525)	-
Acquisition of property, plant and equipment	(3,141,986)	(717,473)
Net cash flows used in investing activities	(3,323,511)	(717,473)
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term borrowings	(28,268,900)	28,268,900
Interest paid	(5,571,980)	(5,188,882)
Net cash flows (used in) from financing activities	(33,840,880)	23,080,018
Net increase (decrease) in cash and cash equivalents	7,203,147	(73,965,426)
Cash and cash equivalents at beginning of period	-	73,965,426
Cash and cash equivalents at end of period	\$7,203,147	-

See accompanying notes to financial statements.

HCL TECHNOLOGIES (TAIWAN) LTD.

Notes to the Financial Statements

For the years from January 1, 2024 to December 31, 2024
and April 1, 2023 to December 31, 2023

(1) Company history

HCL TECHNOLOGIES (TAIWAN) LTD. (the “Company”) was incorporated in December 2016 and commenced its operations in April 2017. The Company is primary engaged in business development, installation and implementation of software, as well as management service. The Company’s registered office is located at 18th floor, No. 460 Section 4, Xinyi Road, Taipei, Taiwan, Republic of China (R.O.C.). HCL Technologies Limited is the Company’s ultimate parent company.

(2) Approval date and procedures of the financial statements

These financial statements were authorized for issuance by the board of directors on May 16, 2025.

(3) Summary of material accounting policies

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

(a) Statement of compliance

These financial statements have been prepared in accordance with the Business Entity Accounting Act and the Regulation on Business Entity Accounting Handling, as well as Enterprise Accounting Standards and their related Interpretations announced by the Accounting Research and Development Foundation of the Republic of China. (hereinafter referred to as “EAS”).

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on a historical cost basis.

In the previous year, the Company changed its financial reporting period from ‘April – March’ to ‘January – December’. Accordingly, the current period’s financial statements are presented for a period of twelve months starting from January 1, 2024 to December 31, 2024. The previous year’s figures relates to 9 months period starting from April 1, 2023 to December 31, 2023 hence the current period’s figures are not comparable to the previous year.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency.

(Continued)

HCL TECHNOLOGIES (TAIWAN) LTD.**Notes to the Financial Statements****(c) Foreign currencies****(i) Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currency using the exchange rate at that date; foreign currency differences are recognized in profit or loss. Non-monetary items in foreign currencies that are measured at fair value are translated using the exchange rate at the date when the fair value was measured. When a gain or loss on a non-monetary item is recognized in other comprehensive income, the related exchange gain or loss is recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, the related exchange gain or loss is recognized in profit or loss. Non-monetary items in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

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

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting date; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

The Company classifies its financial liabilities as current when they are due to be settled within twelve months after the reporting date, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis, is completed after the reporting date, and before the financial statements are authorized for issuance.

(Continued)

HCL TECHNOLOGIES (TAIWAN) LTD.

Notes to the Financial Statements

When the Company breaches a provision of a loan arrangement with the effect that the liability becomes payable on demand, it classifies the liability as current. However, if the lender agreed, after the reporting date and before the authorization of the financial statements for issuance, to provide a period of grace for at least twelve months after the reporting date, within which the Company can rectify the breach, and during which, the lender cannot demand immediate repayment, the Company classifies the liability as non-current.

(e) Cash and cash equivalents

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

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(f) Financial instruments

Financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments. The Company shall apply the same method consistently for all regular way purchases and sales of financial assets that are classified in the same way recognized using either trade date accounting or settlement date accounting.

(i) Financial assets

Financial assets are classified into the following categories: amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets at amortized cost

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

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

(Continued)

HCL TECHNOLOGIES (TAIWAN) LTD.

Notes to the Financial Statements

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

2) Impairment of financial assets

Financial assets at amortized cost are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the issuer or debtor;
- a breach of contract (such as a default or delinquency in interest or principal payments);
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as the observable changes in national or local economic conditions that correlate with defaults or delinquencies.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced by the use of an allowance account, and the amount of impairment loss is recognized in profit or loss.

If, in subsequent periods, the amount of loss allowance for impairment decreases and the decrease is objectively related to an event occurring after the impairment is recognized, then the previously recognized impairment loss is reversed through profit or loss, to the extent that, the carrying amount of the investment on the reversal date does not exceed the amortized cost before recognizing the impairment.

(Continued)

HCL TECHNOLOGIES (TAIWAN) LTD.**Notes to the Financial Statements**

3) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

When derecognizing a financial asset in its entirety, the difference between the carrying amount and the considerations received is recognized in profit or loss under non-operating income and expenses.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss. A cumulative gain or loss that had been recognized in OCI is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(Continued)

HCL TECHNOLOGIES (TAIWAN) LTD.**Notes to the Financial Statements****(ii) Financial liabilities and equity instruments****1) Other financial liabilities**

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss are measured at fair value, plus any directly attributable transaction costs on initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capitalized cost is recognized in profit or loss, and is included in non-operating income and expenses.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled or has expired. The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

3) Offsetting of financial assets and liabilities

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

(g) Property, plant and equipment**(i) Recognition and measurement**

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

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

(Continued)

HCL TECHNOLOGIES (TAIWAN) LIMITED**Notes to the Financial Statements****(ii) Subsequent cost**

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

(iii) Depreciation

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

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

- | | |
|-----------------------|---------|
| 1) Computer Equipment | 5 years |
|-----------------------|---------|

(h) Intangible assets

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

(i) Leases**(i) Lessee**

Financial leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability. Interest should be recognized over the period by applying the effective interest rate method; however, if the straight-line method generates similar results, it may be applied. Finance charges are recognized in finance costs in the statement of profit or loss. The Company will charge contingent rents as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(ii) Lessor

Under a finance lease substantially all the risks and rewards incidental to legal ownership are transferred by the Company, and thus the lease payment receivable is treated by the Company as repayment of principal and finance income to reimburse and reward the Company for its investment and service.

(Continued)

HCL TECHNOLOGIES (TAIWAN) LIMITED
Notes to the Financial Statements

The Company aims to allocate finance income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Company's net investment in the finance lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

(j) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination.

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

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

Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(k) Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

(i) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

- 1) the significant risks and rewards of ownership of the goods have passed to the buyer;
- 2) neither continuing managerial involvement nor effective control over the goods sold have been retained;
- 3) the amount of revenue can be measured reliably;
- 4) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- 5) the costs incurred in respect of the transaction can be measured reliably.

(Continued)

HCL TECHNOLOGIES (TAIWAN) LIMITED
Notes to the Financial Statements

For the customer loyalty points program that the Company operates, consideration received is allocated between the goods sold and the points issued, with the consideration allocated to the points equal to their fair value. The fair value of the points issued is deferred and recognized as revenue when the points are redeemed.

(ii) Services

Revenue is recognized when persuasive evidence of an arrangement exists and services have been rendered, the fee is determinable and collectability is reasonably assured.

Revenue from projects are recognized by reference to the stage of completion. Stage of completion is measured by reference to the proportion that contract cost incurred for work performed to date bear to the estimated total contract costs. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

(Continued)

HCL TECHNOLOGIES (TAIWAN) LIMITED
Notes to the Financial Statements

(l) Employee benefits

(i) Defined contribution plans

Obligations for contributions to the defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are provided by employees.

(m) Income taxes

Income taxes include both current taxes and deferred taxes. All current and deferred taxes are recognized in profit or loss.

Current taxes include (i) tax payables and tax deduction receivables on taxable profits (losses) for the year calculated using the statutory tax rate on the reporting date, (ii) tax payables that are calculated based on the part of the prior-year's earnings that have been decided during the shareholders' meeting in the current year decides not to distribute to the shareholders using the statutory tax rate, as well as (iii) the tax adjustments related to prior years.

Deferred taxes will be recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial purposes and their tax base, and will not be recognized for:

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

Deferred tax assets will be recognized to the extent that it is probable that future taxable profit will be available against which they can be used. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that the future profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which is the tax rate that had been enacted by the end of the reporting period.

HCL TECHNOLOGIES (TAIWAN) LIMITED
Notes to the Financial Statements

The Company shall offset any current tax assets and current tax liabilities or deferred tax assets and deferred tax liabilities if, and only if, the Company:

- (i) has a legally enforceable right to offset the recognized amounts; and
- (ii) intends either to settle the liability on a net basis or to realize the asset and settle the liability simultaneously.

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

The preparation of the financial statements in conformity with EAS requires management to make estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

(5) Explanation of significant accounts

- (a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Demand deposits/Bank Balance	\$ 7,203,147	37,316,756
Bank overdrafts	-	(65,585,656)
Net Cash and cash equivalents	<u>\$ 7,203,147</u>	<u>(28,268,900)</u>

The negative cash balance as at December 31, 2023 due to bank overdraft is shown as short-term borrowings in the balance sheet, please refer to note (k) for short-term borrowings.

HCL TECHNOLOGIES (TAIWAN) LIMITED
Notes to the Financial Statements

(b) Trade receivables

	December 31, 2024	December 31, 2023
Trade receivables	\$ 83,765,452	82,670,590
Trade receivables from related parties	18,449,739	22,572,014
Less: Allowance for impairment	<u>1,557,853</u>	<u>2,069,709</u>
	<u>\$ 100,657,338</u>	<u>103,172,895</u>

As of December 31, 2024 and 2023, trade receivables of the Company were not pledged as collateral.

The movement in the allowance for trade receivables was as follows:

	2024.1.1~ 2024.12.31	2023.4.1~ 2023.12.31
Balance at beginning of the year	\$ 2,069,709	2,235,881
Impairment loss recognized	-	-
Impairment loss reversed	<u>(511,856)</u>	<u>(166,172)</u>
Balance at end of the year	<u>\$ 1,557,853</u>	<u>2,069,709</u>

(Continued)

HCL TECHNOLOGIES (TAIWAN) LIMITED
Notes to the Financial Statements

(c) Lease receivable

	December 31, 2024			December 31, 2023		
	Gross investment in the lease	Unearned finance income	Present value of minimum lease receivable	Gross investment in the lease	Unearned finance income	Present value of minimum lease receivable
Less than one year	\$ 10,227,153	(238,064)	9,989,089	10,406,757	(371,412)	10,035,345
Between one and five years	2,724,135	(111,948)	2,612,187	2,391,795	(106,635)	2,285,160
Net lease receivable	<u>\$ 12,951,288</u>	<u>(350,012)</u>	<u>12,601,276</u>	<u>12,798,552</u>	<u>(478,047)</u>	<u>12,320,505</u>

(d) Other current assets and other non-current assets

	December 31, 2024	December 31, 2023
Other current assets:		
Deferred cost	\$ 17,918,638	18,078,601
Others	333,669	677,745
	<u>\$ 18,252,307</u>	<u>18,756,346</u>
Other non-current assets:		
Deferred cost	\$ 97,006,107	114,936,638
Others	1,427,669	174,136
	<u>\$ 98,433,776</u>	<u>115,110,774</u>

An upfront fee of USD10,000,000, which is to be splitted between HCL Technologies (Taiwan) Limited and HCL Asia Pacific Pte. Ltd. - Korea Branch, 65% and 35%, respectively, is recognized as deferred cost and should be amortized over 10 years according to the contract.

(Continued)

HCL TECHNOLOGIES (TAIWAN) LIMITED
Notes to the Financial Statements

(e) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company were as follows:

	Computer Equipment	Leased Asset	Office Equipment	Total
Cost:				
Balance at January 1, 2024	\$ 4,426,214	1,408,378	-	5,834,592
Additions	2,915,108	-	226,878	3,141,986
Reclassifications	-	(1,408,378)	-	(1,408,378)
Balance at December 31, 2024	\$ 7,341,322	-	226,878	7,568,200
Balance at April 1, 2023	\$ 3,785,550	3,854,309	-	7,639,859
Additions	479,960	237,513	-	717,473
Reclassifications	160,704	(2,683,444)	-	(2,522,740)
Balance at December 31, 2023	\$ 4,426,214	1,408,378	-	5,834,592
Depreciation:				
Balance at January 1, 2024	\$ 2,426,622	1,291,684	-	3,718,306
Depreciation for the year	1,219,456	-	10,812	1,230,268
Reclassification	-	(1,291,684)	-	(1,291,684)
Balance at December 31, 2024	\$ 3,646,078	-	10,812	3,656,890
Balance at April 1, 2023	\$ 1,723,525	3,581,495	-	5,305,020
Depreciation for the year	694,819	120,819	-	815,638
Reclassification	8,278	(2,410,630)	-	(2,402,352)
Balance at December 31, 2023	\$ 2,426,622	1,291,684	-	3,718,306
Carrying amounts:				
Balance at December 31, 2024	\$ 3,695,244	-	216,066	3,911,310
Balance at April 1, 2023	\$ 2,062,025	272,814	-	2,334,839
Balance at December 31, 2023	\$ 1,999,592	116,694	-	2,116,286

As of December 31, 2024 and 2023, the property, plant and equipment of the Company had not been pledged as collateral.

(Continued)

HCL TECHNOLOGIES (TAIWAN) LIMITED
Notes to the Financial Statements

(f) Intangible assets

On 23 May 2024, HCL Group signed a definitive agreement to carve-out and acquire business related to certain intellectual property rights (IPs), customer relationships with global Communication Service Providers (CSPs) along with Engineering and R&D talent of Communications Technology Group (CTG) from HPE. The acquisition got consummated, post-regulatory approvals on 1 December 2024. The acquisition will enable HCL Group to gain a portfolio of service offerings that includes industry-leading IPs, solutions and systems integration around Business Support Systems (BSS), network applications, service cloudification and data intelligence.

Out of the overall deal purchase price of \$ 210Mn by HCL Group, the company has assumed the liabilities as follows and the resultant goodwill is:

Deferred revenue	\$ (181,525)
Goodwill	\$ 181,525
Total Purchase Consideration	<u><u>-</u></u>

The resultant goodwill is primarily non-tax deductible.

HCL Group is in the process of making a final determination of the purchase price and fair value of assets and liabilities acquired. Finalization of such determination may result in certain adjustments to the above allocation.

(g) Employee benefits

(i) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$10,913,575 and \$6,168,632 for the years from January 1, 2024 to December 31, 2024 and April 1, 2023 to December 31, 2023.

(Continued)

HCL TECHNOLOGIES (TAIWAN) LTD.
Notes to the Financial Statements

(h) Income taxes

(i) Income taxes

The components of income tax were as follows:

	2024.1.1~ 2024.12.31	2023.4.1~ 2023.12.31
Current tax expense:		
Current period	\$ 4,256,997	4,038,444
Others	1,383,368	-
	<u>5,640,365</u>	<u>4,038,444</u>
Deferred tax income:		
Origin and reversal of temporary differences	(698,897)	(1,263,198)
Total income tax expense	<u>\$ 4,941,468</u>	<u>2,775,246</u>

There were no income tax recognized directly in equity for the years from January 1, 2024 to December 31, 2024 and April 1, 2023 to December 31, 2023.

Reconciliation of income tax and profit before tax for the years from January 1, 2024 to December 31, 2024 and April 1, 2023 to December 31, 2023 were as follows:

	2024.1.1~ 2024.12.31	2023.4.1~ 2023.12.31
Profit excluding income tax	<u>\$ 17,141,370</u>	<u>11,669,973</u>
Income tax using the Company's domestic tax rate	\$ 3,428,274	2,333,995
Others	1,513,194	441,251
Tax expense	<u>\$ 4,941,468</u>	<u>2,775,246</u>

(ii) Deferred tax assets

1) Recognized deferred tax assets

Changes in the amount of deferred tax assets were as follows:

	Unrealized foreign exchange loss	Impairment of doubtful accounts	Others	Total
Deferred tax assets:				
Balance at January 1, 2024	\$ 1,499,005	205,241	260,693	1,964,939
Recognized in profit or loss	997,169	(98,101)	(200,171)	698,897
Balance at December 31, 2024	<u>\$ 2,496,174</u>	<u>107,140</u>	<u>60,522</u>	<u>2,663,836</u>
Balance at April 1, 2023	\$ 701,741	-	-	701,741
Recognized in profit or loss	797,264	205,241	260,693	1,263,198
Balance at December 31, 2023	<u>\$ 1,499,005</u>	<u>205,241</u>	<u>260,693</u>	<u>1,964,939</u>

(Continued)

HCL TECHNOLOGIES (TAIWAN) LTD.

Notes to the Financial Statements

(iii) Examination and Approval

The Company's tax returns for the years through 2021 were examined and approved by the National Tax Bureau.

(i) Share capital and other equity

(i) Share capital

As of December 31, 2024 and 2023, the authorized capital of the Company consisted of 110,000 shares, respectively, with par value of \$100 per share. All issued shares were paid up upon issuance.

(ii) Retained earnings

According to the Company's Articles of Incorporation, if the Company makes a profit in a fiscal year, the profit shall be utilized in the following order:

- 1) paying taxes
- 2) offsetting losses of the previous years
- 3) setting aside 10% of the remaining profit as legal reserve
- 4) setting aside 0.0001% as employees' rewards
- 5) and the remaining profit, if any, together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

i. Legal reserve

According to the ROC Company Act, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of the total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by shares or by cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

HCL TECHNOLOGIES (TAIWAN) LTD.

Notes to the Financial Statements

(j) Revenue

The details of revenue were as follows:

	2024.1.1~ 2024.12.31	2023.4.1~ 2023.3.31
Rendering of services	\$ 383,026,473	242,805,328
Sales of goods	3,554,444	9,260,900
	\$ 386,580,917	252,066,228

(k) Classification of financial assets and financial liabilities

(i) Financial assets

	December 31, 2024	December 31, 2023
Financial assets at amortized cost		
Cash and cash equivalents	\$ 7,203,147	-
Trade receivables	82,207,599	80,600,881
Trade receivables from related parties	18,449,739	22,572,014
Other receivables	4,111,840	2,305,941
Lease receivable	12,601,276	12,320,505
Total	\$ 124,573,601	117,799,341

(ii) Financial liabilities

	December 31, 2024	December 31, 2023
Financial liabilities at amortized cost		
Short-term borrowings	\$ -	28,268,900
Trade payables	4,582,781	2,303,547
Trade payables to related parties	1,668,820	13,129,702
Other payables	35,250,602	30,088,276
Other payables to related parties-current	12,700,743	10,010,257
Other payables to related parties-non-current	109,831,345	103,931,491
Other non-current liabilities	748,256	226,243
Total	\$ 164,782,547	187,958,416

(6) Related-party transactions

(a) Parent company and ultimate controlling company

HCL Technologies UK Ltd. is the parent company of the Company and owns all the shares of the Company. HCL Technologies Limited is the ultimate controlling party of the Company.

(b) Significant transactions with related parties

(Continued)

HCL TECHNOLOGIES (TAIWAN) LTD.

Notes to the Financial Statements

(i) Operating revenues and receivables

The significant amounts of consulting revenue by the Company to related parties and receivables from related parties were as follows:

	Operating Revenues		Receivables from Related Parties	
	2024.1.1~ 2024.12.31	2023.4.1~ 2023.12.31	December 31, 2024	December 31, 2023
Other related parties (including ultimate controlling party)	\$ 142,804,312	103,962,687	18,449,739	22,572,014

The transaction price to the above related parties was determined through mutual agreement based on the market rates. The collection period to related parties is month-end 120 days, similar to that of third parties.

(ii) Operating costs and payables

The amounts of significant consulting costs incurred by the Company from related parties and payables to related parties were as follows:

	Operating Costs		Payables to Related Parties	
	2024.1.1~ 2024.12.31	2023.4.1~ 2024.12.31	December 31, 2024	December 31, 2023
Other related parties (including ultimate controlling party)	\$ 45,804,557	52,838,714	1,668,820	13,129,702

The terms and pricing of the above transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from 45 to 90 days, which were no different from those given by other vendors.

(iii) Other payables to related parties

	December 31, 2024	December 31, 2023
Other related parties	\$ 12,700,743	10,010,257

(iv) Borrowings from related Parties

The borrowings from related parties were as follows:

	December 31, 2024	December 31, 2023
Other related parties (including ultimate controlling party)	\$ 109,831,345	103,931,491

As of January 3, 2023, HCL Technologies UK Limited agreed to lend the Company a loan amounting to GBP 3,000,000. The interest rate charged to the Company for the loan period is 6M SONIA +50%. For the

(Continued)

HCL TECHNOLOGIES (TAIWAN) LTD.
Notes to the Financial Statements

years from January 1, 2024 to December 31, 2024 and April 1, 2023 to December 31, 2023, the interest expenses were \$5,993,068 and \$5,285,202. As of December 31, 2024 and 2023, the interests payable was \$1,437,828 and \$1,027,745.

(7) Subsequent Events

None.

(8) Other

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

By item	By function	2024.1.1~2024.12.31			2023.4.1~2023.12.31		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salaries		199,786,184	-	199,786,184	138,198,942	-	138,198,942
Labor and health insurance		9,710,984	-	9,710,984	5,548,836	-	5,548,836
Pension		10,913,575	-	10,913,575	6,168,632	-	6,168,632
Others		-	-	-	-	-	-
Depreciation		-	1,230,268	1,230,268	-	815,638	815,638

(Continued)