

LFA CO., LTD.
(Former name Topower Co., Ltd.)

Financial Reports and
Independent Auditors' Review
Report for the Second Quarter of
2025 and 2024 and Certified
Public Auditor's Review Report

Add. : No. 75, Huangong Road, Yongkang District,
Tainan City 71041, Taiwan, R.O.C.
Tel : (06)510-5388

§ Contents §

Item	Page	Financial Statement Note number
I. Cover	1	-
II. Contents	2	-
III. Certified Public Auditor's Review Report	3	-
IV. Balance Sheet	4	-
V. Statements of Comprehensive Income	5	-
VI. Statements of Changes in Equity	6	-
VII. Statements of Cash Flows	7~8	-
VIII. Notes to the Financial Statements		
1. Company history	9	1
2. Date and procedures of approval of financial statements	9	2
3. Application of new, amended and revised standards and interpretations	9~11	3
4. Summary of significant accounting policies	11~12	4
5. Critical accounting judgments and key sources of estimation and uncertainty	12	5
6. Contents of significant accounts	13~36	6-30
7. Related party transactions	36~38	31
8. Assets pledged as collateral or for security	39	32
9. Significant contingent liabilities and unrecognized commitments	39	33
10. Significant disaster losses	-	-
11. Significant subsequent events	39	34
12. Other significant events	39	35
13. Significant assets and liabilities denominated in foreign currencies	39~41	36
14. Separately disclosed items		
(1) Information about significant transactions	41、42	37
(2) Information on investees	41	37
(3) Information on investments in China	41	37
15. Segment information	41	38

CERTIFIED PUBLIC AUDITOR'S REVIEW REPORT

To LFA CO., LTD.

Preface

The balance sheets of LFA CO., LTD. (the "Company") as of June 30, 2025 and 2024, as well as the statements of comprehensive income for the period from April to June 30, 2025 and 2024, and the changes in equity, and cash flows for the periods from January 1 to June 30, 2025 and 2024, together with the notes to the financial statements (including a summary of significant accounting policies), have been reviewed by our certified public auditor. The preparation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard No. 34 "Interim Financial Reporting" promulgated and approved by the Financial Supervisory Commission (FSC) is the responsibility of the management. Our responsibility is to express a conclusion on the financial statements based on our review.

Scope

Our review was conducted in accordance with Review Standard No. 2410, "Review of Financial Statements." The procedures performed in a review include inquiries, primarily of persons responsible for financial and accounting matters, analytical procedures, and other review procedures. The scope of a review is substantially less than that of an audit, and therefore, we may not 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 review, nothing has come to our attention that causes us to believe that the accompanying financial statements of LFA CO., LTD. as of June 30, 2025 and 2024, and for the periods from April 1 to June 30, 2025 and 2024, as well as for the period from January 1 to June 30, 2025 and 2024 are not prepared, in all material respects, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting" as promulgated and approved by the Financial Supervisory Commission,

such that they fail to present fairly the financial position, financial performance, and cash flows of the Company

Deloitte & Touche
Taipei, Taiwan
Republic of China
CPA YU,MENG-KUEI

CPA Chang, Keng-Hsi

Financial Supervision Commission
No.Financial-Supervisory-Securities-
Auditing-1130357402

Securities and Futures Bureau
No.Taiwan-Financial-Securities-VI-
0920123784

August 7, 2025

Notice to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the certified public auditor's report and the accompanying 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 certified public auditor's report and financial statements shall prevail.

LFA CO., LTD.
(Former name Topower Co., Ltd.)

BALANCE SHEETS

June 30, 2025, December 31 and June 30, 2024.

In Thousands of New Taiwan Dollars

Code	Asset	June 30 st , 2025		December 31 st , 2024		June 30 st , 2024	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	\$ 697,313	27	\$ 781,991	30	\$ 725,879	27
1110	Financial assets at fair value through profit or loss-current (Note 7)	2,318	-	2,356	-	2,491	-
1136	Financial assets at amortized cost-current (Note 8)	29,300	1	-	-	64,900	3
1150	Notes receivable (Note 10 and 24)	7,002	-	12,459	1	10,877	-
1160	Notes receivable-related parties (Note 10, 24 and 31)	19,683	1	11,491	-	15,482	1
1170	Accounts-receivable (Note 10 and 24)	378,273	15	449,655	17	561,881	21
1180	Accounts receivable-related parties (Note 10, 24 and 31)	8,115	-	11,964	1	8,666	-
1200	Other receivables (Note 10 and 31)	2,063	-	11,666	-	2,533	-
1310	Inventories (Notes 11)	185,210	7	179,064	7	174,151	7
1410	Prepayments (Notes 12)	23,927	1	18,825	1	22,428	1
1479	Other current assets	4,670	-	5,399	-	6,853	-
11XX	Total current assets	<u>1,357,874</u>	<u>52</u>	<u>1,484,870</u>	<u>57</u>	<u>1,596,141</u>	<u>60</u>
	NON-CURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income-noncurrent(Note 9)	2,924	-	2,924	-	2,924	-
1600	Property, plant and equipment (Notes 13)	667,087	25	636,818	25	623,594	23
1755	Right-of-use assets (Notes 14)	5,951	-	6,984	-	11,614	1
1760	Investments property (Notes 15)	51,214	2	51,528	2	51,842	2
1780	Other intangible assets (Notes 16)	157	-	470	-	783	-
1840	Deferred income tax assets (Notes 4)	20,393	1	11,340	1	11,229	-
1975	Net defined benefit assets (Notes 4)	10,501	-	10,425	-	9,477	-
1990	Other non-current assets (Notes 17 and 31)	517,805	20	391,831	15	367,492	14
15XX	Total non-current assets	<u>1,276,032</u>	<u>48</u>	<u>1,112,320</u>	<u>43</u>	<u>1,078,955</u>	<u>40</u>
1XXX	TOTAL	<u>\$ 2,633,906</u>	<u>100</u>	<u>\$ 2,597,190</u>	<u>100</u>	<u>\$ 2,675,096</u>	<u>100</u>
Code	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term loans (Notes 18)	\$ 299,650	11	\$ 199,650	8	\$ 255,000	10
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	73	-	-	-	-	-
2130	Contract liabilities (Notes 24)	4,872	-	3,403	-	766	-
2170	Accounts payable (Notes 19)	160,764	6	185,580	7	223,381	8
2180	Accounts payable-related parties (Note 19 and 31)	177,948	7	150,621	6	222,751	8
2219	Other payables (Notes 20 and 31)	92,063	4	73,066	3	94,343	4
2230	Current Tax Liabilities (Note 4)	14,757	1	44,643	2	59,644	2
2250	Provisions for liabilities-current (Notes 21)	29,259	1	30,106	1	28,978	1
2280	Lease liabilities-current (Note 14 and 31)	3,556	-	6,650	-	9,482	1
2230	Current income tax liabilities (Notes 4)	1,109	-	1,155	-	1,001	-
21XX	Total current liabilities	<u>784,051</u>	<u>30</u>	<u>694,874</u>	<u>27</u>	<u>895,346</u>	<u>34</u>
	NON-CURRENT LIABILITIES						
2570	Deferred income tax liabilities (Notes 4)	2,101	-	4,908	-	2,809	-
2580	Lease liabilities-noncurrent (Note 14 and 31)	2,463	-	526	-	2,418	-
2645	Guarantee deposits	628	-	628	-	628	-
25XX	Total non-current liabilities	<u>5,192</u>	<u>-</u>	<u>6,062</u>	<u>-</u>	<u>5,855</u>	<u>-</u>
2XXX	Total liabilities	<u>789,243</u>	<u>30</u>	<u>700,936</u>	<u>27</u>	<u>901,201</u>	<u>34</u>
	EQUITY (Note 23)						
3110	Share Capital-Common stock	644,306	24	644,306	25	644,306	24
3200	Capital surplus	14,894	1	14,883	-	14,883	-
	Retained earnings						
3310	Legal reserve	259,041	10	223,149	9	223,149	9
3320	Special reserve	3,950	-	3,950	-	3,950	-
3350	Unappropriated earnings	926,422	35	1,013,916	39	891,557	33
3400	Other components of equity	(3,950)	-	(3,950)	-	(3,950)	-
3XXX	Total equity	<u>1,844,663</u>	<u>70</u>	<u>1,896,254</u>	<u>73</u>	<u>1,773,895</u>	<u>66</u>
	TOTAL	<u>\$ 2,633,906</u>	<u>100</u>	<u>\$ 2,597,190</u>	<u>100</u>	<u>\$ 2,675,096</u>	<u>100</u>

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

Chairman : Lin, Chong-Yi

Manager : Lin, Chong-Yi

Accounting Manager : Kang, Chih-He

LFA CO., LTD.
(Former name Topower Co., Ltd.)
STATEMENTS OF COMPREHENSIVE INCOME
April 1st to June 30st, 2025 and 2024
January 1st to June 30st, 2025 and 2024

In Thousands of New Taiwan Dollars,
Except Earnings Per Share

Code		April 1 st to June 30 st , 2025		April 1 st to June 30 st , 2024		January 1 st to June 30 st , 2025		January 1 st to June 30 st , 2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 24 and 31)	\$ 441,264	100	\$ 637,385	100	\$967,833	100	\$1,204,409	100
5000	OPERATING COSTS (Notes 11, 25 and 31)	<u>380,533</u>	<u>86</u>	<u>469,021</u>	<u>74</u>	<u>783,709</u>	<u>81</u>	<u>885,189</u>	<u>73</u>
5900	GROSS PROFIT	<u>60,731</u>	<u>14</u>	<u>168,364</u>	<u>26</u>	<u>184,124</u>	<u>19</u>	<u>319,220</u>	<u>27</u>
	OPERATING EXPENSE (Notes 25 and 31)								
6100	Marketing expenses	16,871	4	15,794	2	31,163	3	32,328	3
6200	Administrative expenses	10,404	3	12,567	2	23,010	2	26,721	2
6300	Research and development	18,115	4	13,293	2	33,252	4	31,613	3
6450	Expected credit losses reversing gain	<u>-</u>	<u>-</u>	<u>(2,668)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>45,390</u>	<u>11</u>	<u>38,986</u>	<u>6</u>	<u>87,425</u>	<u>9</u>	<u>90,662</u>	<u>8</u>
6900	OPERATING INCOME	<u>15,341</u>	<u>3</u>	<u>129,378</u>	<u>20</u>	<u>96,699</u>	<u>10</u>	<u>228,558</u>	<u>19</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 25 and 31)								
7100	Interest income	5,873	1	6,566	1	10,626	1	11,494	1
7010	Other income	2,036	1	1,855	-	5,850	-	8,101	1
7020	Other gains and losses	(144,517)	(33)	17,282	3	(128,155)	(13)	59,565	5
7050	Finance costs	(<u>915</u>)	<u>-</u>	(<u>1,151</u>)	<u>-</u>	(<u>1,858</u>)	<u>-</u>	(<u>2,276</u>)	<u>-</u>
7000	Total non-operating income and expenses	(<u>137,523</u>)	(<u>31</u>)	<u>24,552</u>	<u>4</u>	(<u>113,537</u>)	(<u>12</u>)	<u>76,884</u>	<u>7</u>
7900	EARNINGS BEFORE TAX	(122,182)	(28)	153,930	24	(16,838)	(2)	305,442	26
7950	INCOME TAX EXPENSE (Notes 4 and 26)	(<u>25,767</u>)	(<u>6</u>)	<u>33,523</u>	<u>5</u>	<u>2,549</u>	<u>-</u>	<u>68,885</u>	<u>6</u>
8200	NET INCOME	(<u>96,415</u>)	(<u>22</u>)	<u>120,407</u>	<u>19</u>	(<u>19,387</u>)	(<u>2</u>)	<u>236,557</u>	<u>20</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(<u>\$ 96,415</u>)	(<u>22</u>)	<u>\$ 120,407</u>	<u>19</u>	(<u>\$ 19,387</u>)	(<u>2</u>)	<u>\$236,557</u>	<u>20</u>
	EARNINGS PER SHARE (Note 27)								
9710	Basic earnings per share	(<u>\$ 1.50</u>)		<u>\$ 1.87</u>		(<u>\$0.30</u>)		<u>\$3.67</u>	
9810	Diluted earnings per share	(<u>\$ 1.50</u>)		<u>\$ 1.87</u>		(<u>\$0.30</u>)		<u>\$3.67</u>	

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

Chairman : Lin, Chong-Yi

Manager : Lin, Chong-Yi

Accounting Manager : Kang, Chih-He

LFA CO., LTD.
(Former name Topower Co., Ltd.)
STATEMENTS OF CHANGES IN EQUITY
January 1st to June 30st, 2025 and 2024

In Thousands of New Taiwan Dollars

代 碼		Capital Stock	Capital Surplus	Retained Earnings		Unappropriated Earnings	Others	Total Equity
				Legal capital reserve	Special capital reserve		Unrealized Gain (Loss) on Financial Assets Through Other Comprehensive Income	
A1	BALANCE, JANUARY 1, 2024	\$ 644,306	\$ 14,878	\$ 197,123	\$ 3,950	\$ 713,241	(\$ 3,950)	\$ 1,569,548
	Appropriations of 2023 earnings (Note 23)							
B1	Statutory Earned Surplus Reserve	-	-	26,026	-	(26,026)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(32,215)	-	(32,215)
	Changes in other capital surplus							
C17	Shareholders fail to claim dividends overdue	-	5	-	-	-	-	5
D1	Net Income for the Period from January 1, 2024 to March 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,557</u>	<u>-</u>	<u>236,557</u>
D5	Total comprehensive income (loss) for the Period from January 1, 2024 to March 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,557</u>	<u>-</u>	<u>236,557</u>
Z1	BALANCE, MARCH 31, 2024	<u>\$ 644,306</u>	<u>\$ 14,883</u>	<u>\$ 223,149</u>	<u>\$ 3,950</u>	<u>\$ 891,557</u>	<u>(\$ 3,950)</u>	<u>\$ 1,773,895</u>
A1	BALANCE, JANUARY 1, 2025	\$ 644,306	\$ 14,883	\$ 223,149	\$ 3,950	\$ 1,013,916	(\$ 3,950)	\$ 1,896,254
	Appropriations of 2024 earnings (Note 23)							
B1	Statutory Earned Surplus Reserve	-	-	35,892	-	(35,892)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(32,215)	-	(32,215)
	Changes in Other Capital Surplus							
C17	Shareholders Unclaimed Dividends	-	11	-	-	-	-	11
D1	Net Income for the Period from January 1, 2025 to March 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,387)</u>	<u>-</u>	<u>(19,387)</u>
D5	Total comprehensive income (loss) for the Period from January 1, 2025 to March 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,387)</u>	<u>-</u>	<u>(19,387)</u>
Z1	BALANCE, MARCH 31, 2025	<u>\$ 644,306</u>	<u>\$ 14,894</u>	<u>\$ 259,041</u>	<u>\$ 3,950</u>	<u>\$ 926,422</u>	<u>(\$ 3,950)</u>	<u>\$ 1,844,663</u>

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

Chairman : Lin, Chong-Yi

Manager : Lin, Chong-Yi

Accounting Manager : Kang, Chih-He

LFA CO., LTD.
(Former name Topower Co., Ltd.)
STATEMENTS OF CASH FLOWS
January 1st to June 30st, 2025 and 2024

In Thousands of New Taiwan Dollars

<u>Code</u>		<u>January 1st to June 30st, 2025</u>	<u>January 1st to June 30st, 2024</u>
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Earnings before tax	(\$ 16,838)	\$ 305,442
A20010	Income and expense item		
A20100	Depreciation expense	105,487	92,627
A20200	Amortization expense	313	513
A20400	Loss (gain) on financial instruments at fair value through profit or loss	111	155
A20900	Finance costs	1,858	2,276
A21200	Interest income	(10,626)	(11,494)
A23700	Reduce inventory to market	866	1,066
A24100	Loss (gain) on foreign exchange	105,007	(32,932)
A29900	Provision for liabilities	663	8,057
A30000	Changes in operating assets and liabilities		
A31130	Note receivables	5,457	1,646
A31140	Note receivables-related parties	(8,192)	7,277
A31150	Account receivables	40,754	(45,995)
A31160	Account receivables-related parties	3,849	(707)
A31180	Other receivables	9,804	-
A31200	Inventories	(7,012)	6,278
A31230	Prepayments	(5,102)	(5,926)
A31990	Net defined benefit asset	(76)	(55)
A31240	Other current assets	729	491
A32125	Contract liabilities	1,469	(489)
A32150	Accounts payable	(24,736)	14,193
A32160	Accounts payable-related parties	27,327	37,436
A32180	Other payable	(2,758)	(6,452)
A32200	Provision for liabilities	(1,510)	(3,156)
A32230	Other current liabilities	(46)	(129)
A33000	Cash generated from operations	226,798	370,122
A33100	Interest received	10,425	11,307

(Continued)

(Continued)

<u>Code</u>		<u>January 1st to June 30st, 2025</u>	<u>January 1st to June 30st, 2024</u>
A33300	Interest paid	(\$ 2,039)	(\$ 2,338)
A33500	Income tax paid	(44,295)	(38,031)
AAAA	Net cash generated by operating activities	<u>190,889</u>	<u>341,060</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00040	Acquisition of Financial Assets Measured at Amortized Cost	(29,300)	-
B00050	Disposal of financial assets measured at amortized cost	-	48,018
B02700	Acquisitions of Property, plant and equipment	(140,966)	(114,124)
B03700	Increase in refundable deposits	(41,380)	(40,086)
B07100	Increase in advance payment for equipment	(84,594)	(26,935)
BBBB	Net cash used in investing activities	(296,240)	(133,127)
CASH FLOWS FROM FINANCING ACTIVITIES			
C00100	Increase in short-term borrowings	100,000	-
C04020	Repayment of the principal portion of lease liabilities	(4,857)	(4,691)
C09900	Dividends not claimed by shareholders overdue	<u>11</u>	<u>5</u>
CCCC	Net cash generated by (used in) financing activities	<u>95,154</u>	(4,686)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(74,481)	<u>29,408</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(84,678)	232,655
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>781,991</u>	<u>493,224</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 697,313</u>	<u>\$ 725,879</u>

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

Chairman : Lin, Chong-Yi

Manager : Lin, Chong-Yi

Accounting Manager : Kang, Chih-He

LFA CO., LTD.
(Former name Topower Co., Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

January 1st to June 30st, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Unless Specified otherwise)

1. Company history

LFA CO., LTD. (referred to as "The Company") was established in September 1986, with main business activities including manufacturing, processing, and trading of automotive components, and electronic components. The former name of the Company was Topower Co., LTD., and was changed to LFA CO., LTD. on December 12th, 2024.

The Company's stock has been listed on the Taiwan OTC market since June 16th, 2004.

This financial report is presented in the functional currency of the Company, which is New Taiwan Dollars.

2. Date and procedures of approval of financial statements

The financial statements were authorized for issue by the Board of Directors on August 7, 2025.

3. Application of new, amended and revised standards and interpretations

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company's accounting policies.

- (2) The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2026.

New Issued / Amended / Revision IFRS or Explanation	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the revised application guidance for the classification of financial assets	January 1, 2026
Amendments to IFRS 9 and IFRS 7, "Contracts involving a natural dependency on electricity	January 1, 2026

New Issued / Amended / Revision IFRS or Explanation	Effective Date Announced by IASB
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
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

As of the date this financial report was approved for issuance, the company is still in the process of assessing the impact of these amendments on its financial position and financial performance. The related impacts will be disclosed upon completion of the assessment.

- (3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New Issued / Amended / Revision IFRS or Explanation	Effective Date Announced by IASB (Note)
Amendments to IFRS10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without public accountability: Disclosures"	January 1, 2027

Note: Unless otherwise specified, the aforementioned newly issued/ amended/ revised standards or interpretations are effective for annual reporting periods beginning on or after the respective dates.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements." The main changes in this standard include:

- The statement of profit or loss should classify income and expenses into operating, investing, financing, income tax, and discontinued operations categories.
- The statement of profit or loss should present subtotals and totals for operating profit or loss, profit or loss before financing and income tax, and profit or loss.
- Guidance is provided to enhance aggregation and disaggregation requirements: The Company is required to identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events and classify and aggregate them based on shared characteristics to ensure that each line item presented in the primary financial statements has at least one similar characteristic. Items with different characteristics

should be disaggregated in the primary financial statements and the notes. The Company should only label such items as "other" when a more informative label cannot be found.

- Increased disclosure of management-defined performance measures: When the Company communicates publicly outside the financial statements, and when communicating with users of financial statements about management's views of a particular aspect of the Company's overall financial performance, it should disclose information about management-defined performance measures in a single note to the financial statements. This includes a description of the measure, how it is calculated, a reconciliation to the subtotals or totals specified by IFRS Accounting Standards, and the income tax and non-controlling interest effects of the related reconciling items.

In addition to the above impacts, as of the date these financial statements were authorized for issue, the Company is still in the process of assessing the other impacts of the amendments to various standards and interpretations on its financial position and financial performance. The relevant impacts will be disclosed when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The Company's financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (IAS) 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission (FSC). These financial statements do not include all of the disclosures required for a full set of annual financial statements prepared in accordance with IFRSs.

(2) Basis of Preparation

The Company's financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and 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:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. 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

- c. Level 3 inputs are unobservable inputs for an asset or liability.

(3) Other Significant Accounting Policies

Except for the following descriptions, please refer to the summary of significant accounting policies disclosed in the financial statements for the year ended 2024.

a. Defined Benefit Post-employment Benefits

The pension cost for the interim period is calculated based on the pension cost rate determined by actuarial valuation as of the end of the prior financial year, applied to the year-to-date basis. Adjustments are made for significant market fluctuations during the period, material plan amendments, settlements, or other significant one-off events.

b. Income Tax Expense

Income tax expense is the total amount of current income tax and deferred income tax. Income tax for the interim period is assessed on an annualized basis, by applying the tax rate expected for the total annual earnings to the pre-tax profit for the interim period.

c. Financial Instrument – Derivatives Instrument

Derivative instruments are initially recognized at fair value upon the signing of the derivative contract. Subsequently, they are remeasured at fair value on each balance sheet date. Gains or losses arising from subsequent measurement are recognized directly in profit or loss. However, for derivatives designated as effective hedging instruments, the timing of profit or loss recognition depends on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is recognized as a financial asset; when the fair value is negative, it is recognized as a financial liability.

If a derivative is embedded in a host contract that is a financial asset within the scope of IFRS 9 "Financial Instruments," the classification of the financial asset is determined based on the entire contract. However, if a derivative is embedded in a host contract that is outside the scope of IFRS 9 (e.g., embedded in a financial liability host contract), and the embedded derivative meets the definition of a derivative, is not closely related to the risks and characteristics of the host contract, and the hybrid contract is not measured at fair value through profit or loss, the embedded derivative shall be accounted for separately as a standalone derivative.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the Company's accounting policies, the management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company has considered the impact of the U.S. reciprocal tariff measures, inflation, and interest rate fluctuations on critical accounting estimates, and will continue to evaluate their effects on cash flow estimations, growth rates, discount rates, and profitability. The related estimates and underlying assumptions will be reviewed and adjusted on an ongoing basis.

The accounting policies, estimates and basic assumptions adopted by the company have not been subject to uncertainty in major accounting judgments, estimates and assumptions after evaluation by the company's management.

6. Cash and cash equivalent

	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
Cash on hand	\$ 363	\$ 241	\$ 587
Bank deposit			
Check and demand deposit	21,298	125,367	86,420
Foreign currency deposit	360,970	247,057	306,817
Cash equivalent (Investments with original maturity within 3 months)			
Bank foreign currency time deposit	314,682	319,326	332,055
Repurchase Bond	-	90,000	-
	<u>\$ 697,313</u>	<u>\$ 781,991</u>	<u>\$ 725,879</u>

Market interest rate range:

	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
Checking and saving	0.01%~4.35%	0.01%~4.35%	0.01%~1.45%
Foreign currency time deposit	4.14%~4.60%	4.68%~4.75%	1.85%~5.35%
Repurchase Bond	-	1.32%	-

7. Loss (gain) on financial instruments at fair value through profit or loss

	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
<u>Financial assetst</u>			
Mandatory fair value through profit or loss for non-derivative financial assets			
— Mutual fund beneficiary certificate	<u>\$ 2,318</u>	<u>\$ 2,356</u>	<u>\$ 2,491</u>
<u>Financial assets</u>			

Financial liabilities

Held-for-trading derivatives
(non-designated as hedges)

	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
— Forward foreign exchange contract	\$ <u>73</u>	\$ <u>-</u>	\$ <u>-</u>

As of June 30, 2025, the following forward exchange contracts, which are not designated as hedging instruments under hedge accounting and have not yet matured are as follows.

Short foreign exchange forward	Currency	Term to maturity	Contract amount (in thousands)
	USD/TWD	From August 20, 2025, to September 4, 2025	USD 200/NTD 5,876

The main purpose of our company's forward foreign exchange transactions is to hedge against the risk of exchange rate fluctuations on our foreign currency assets.

8. Financial assets measured at amortized cost

	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
<u>Current</u> (note)			
Domestic investment			
Limited time deposit			
Time deposit over 3 months	\$ <u>29,300</u>	\$ <u>-</u>	\$ <u>64,900</u>

Note: The Company considers the historical default records and current financial condition of its debtors to measure the 12-month or lifetime expected credit losses (ECL) for its current financial assets measured at amortized cost. As of June 30, 2025, and 2024, the Company assessed that no provision for expected credit losses was required for its current financial assets measured at amortized cost.

The interest rate ranges for time deposits were 4.14% and 5% to 5.24% as of June 30, 2025, and 2024, respectively.

9. Financial assets at fair value through other comprehensive income

Equity instrument investment

	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
<u>Non-current</u>			
Domestic investment			
Unlisted Share	\$ <u>2,924</u>	\$ <u>2,924</u>	\$ <u>2,924</u>

The Company invests in common shares of domestic unlisted (over-the-counter) companies in accordance with its mid-to-long-term strategic objectives, anticipating profits through long-term investment. The management believes that including short-term fair value fluctuations of these investments in profit or loss is inconsistent with the aforementioned long-term investment plan. Therefore, we have elected to designate these investments as fair value through other comprehensive income (FVOCI).

10. Notes receivable, accounts receivable and other receivables

	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
<u>Notes receivable</u>			
Measured at amortized cost			
Total book value			
Non-related party	\$ 7,002	\$ 12,459	\$ 10,877
Related party	\$ 19,683	\$ 11,491	\$ 15,482
<u>Accounts receivable</u>			
Measured at amortized cost			
Total book value			
Non-related party	\$ 378,273	\$ 449,655	\$ 561,881
Less: Allowance for losses	-	-	-
	\$ 378,273	\$ 449,655	\$ 561,881
Related party	\$ 8,115	\$ 11,964	\$ 8,666
<u>Other receivables</u>			
Interest receivable	\$ 2,063	\$ 1,862	\$ 2,533
Other receivables - related parties	-	9,795	-
Others	-	9	-
	\$ 2,063	\$ 11,666	\$ 2,533

(1) Notes and accounts receivable

To mitigate credit risk, the company's management has appointed a dedicated team responsible for a monitoring process to ensure that appropriate actions are taken to collect overdue receivables. Furthermore, as of the balance sheet date, the company individually reviews the recoverability of receivables to ensure that adequate impairment losses are provided for any unrecoverable amounts. Consequently, the company's management believes that its credit risk has been significantly reduced.

The company recognizes an allowance for doubtful accounts on receivables based on lifetime expected credit losses (ECL). The lifetime ECL is calculated using a provision matrix that considers customers' past default history, current financial condition, and GDP forecasts. As the company's historical credit loss experience shows no significant difference in loss patterns among different

customer groups, the provision matrix does not further segment customers. Instead, the expected credit loss rate is determined solely by the number of days a receivable is overdue.

When there is evidence that a counterparty is facing severe financial difficulties and the company cannot reasonably expect to recover the amount, the related receivable is directly written off. However, collection activities will continue, and any amounts recovered from these efforts will be recognized in profit or loss.

The Company measures the provision for impairment losses on receivables (accounts receivable and notes receivable) according to the probability matrix as follows:

June 30st, 2025

	Non-overdue	Overdue 1-90 days	Overdue 91-180 days	Overdue Over 181 days	Total
Expected credit loss rate	-	-	-	100%	-
Total book value	\$ 329,234	\$ 83,839	\$ -	\$ -	\$ 413,073
Allowance for losses (Expected credit losses during the duration)	=	=	=	=	=
Amortized cost	<u>\$ 329,234</u>	<u>\$ 83,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413,073</u>

December 31st, 2024

	Non-overdue	Overdue 1-90 days	Overdue 91-180 days	Overdue Over 181 days	Total
Expected credit loss rate	-	-	-	100%	-
Total book value	\$ 445,575	\$ 39,994	\$ -	\$ -	\$ 485,569
Allowance for losses (Expected credit losses during the duration)	=	=	=	=	=
Amortized cost	<u>\$ 445,575</u>	<u>\$ 39,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485,569</u>

June 30st, 2024

	Non-overdue	Overdue 1-90 days	Overdue 91-180 days	Overdue Over 181 days	Total
Expected credit loss rate	-	-	-	100%	-
Total book value	\$586,160	\$ 10,746	\$ -	\$ -	\$596,906
Allowance for losses (Expected credit losses during the duration)	=	=	=	=	=
Amortized cost	<u>\$586,160</u>	<u>\$ 10,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$596,906</u>

Based on the subsequent collection of a majority of overdue accounts, the Company's management has assessed that no expected credit losses were required for receivables as of June 30, 2025, and December 31 and June 30, 2024.

(2) Other receivables

The company's other receivables include accrued interest and other receivables from related parties. It is the company's policy to only transact with creditworthy counterparties. The company continuously monitors and refers to a counterparty's past payment history and current financial condition to assess

whether the credit risk of other receivables has significantly increased since their initial recognition and to measure expected credit losses.

As of June 30, 2025, and December 31 and June 30, 2024, the company assessed that no provision for expected credit losses was required for other receivables.

11. Inventory

	<u>June 30st, 2025</u>	<u>December 31st, 2024</u>	<u>June 30st, 2024</u>
Raw material	\$ 52,220	\$ 58,826	\$ 70,173
Finished products	71,867	63,729	42,545
Semi-finished products	35,505	34,608	35,548
Work in progress	<u>25,618</u>	<u>21,901</u>	<u>25,885</u>
	<u>\$ 185,210</u>	<u>\$ 179,064</u>	<u>\$ 174,151</u>

Cost of goods sold, including inventory write-downs, for the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, were \$ 866 thousand, \$ 865 thousand, \$ 866 thousand, and \$ 1,066 thousand, respectively.

12. Prepayments

	<u>June 30st, 2025</u>	<u>December 31st, 2024</u>	<u>June 30st, 2024</u>
Overpaid VAT	\$ 6,172	\$ 4,774	\$ 6,529
Other prepayments	<u>17,755</u>	<u>14,051</u>	<u>15,899</u>
	<u>\$ 23,927</u>	<u>\$ 18,825</u>	<u>\$ 22,428</u>

13. Property, plant and equipment - own use

	<u>Machine equipment</u>	<u>Mold equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Lease improvement</u>	<u>Total</u>
<u>Cost</u>						
Balance as of January 1, 2025	\$ 54,361	\$1,328,168	\$ 15,406	\$ 3,322	\$ 27,960	\$1,429,217
Increase	<u>1,442</u>	<u>127,661</u>	<u>-</u>	<u>1,606</u>	<u>-</u>	<u>130,709</u>
Balance as of June 30, 2025	<u>55,803</u>	<u>1,455,829</u>	<u>15,406</u>	<u>4,928</u>	<u>27,960</u>	<u>1,559,926</u>
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2025	41,088	716,447	9,392	3,120	22,352	792,399
Depreciation	<u>2,556</u>	<u>95,241</u>	<u>811</u>	<u>161</u>	<u>1,671</u>	<u>100,440</u>
Balance as of June 30, 2025	<u>43,644</u>	<u>811,688</u>	<u>10,203</u>	<u>3,281</u>	<u>24,023</u>	<u>892,839</u>
Net balance as of June 30, 2025	<u>\$ 12,159</u>	<u>\$ 644,141</u>	<u>\$ 5,203</u>	<u>\$ 1,647</u>	<u>\$ 3,937</u>	<u>\$ 667,087</u>
Net balance as of December 31, 2024 and January 1, 2025	<u>\$ 13,273</u>	<u>\$ 611,721</u>	<u>\$ 6,014</u>	<u>\$ 202</u>	<u>\$ 5,608</u>	<u>\$ 636,818</u>
<u>Cost</u>						
Balance as of January 1, 2024	\$ 54,154	\$1,117,825	\$ 11,691	\$ 3,232	\$ 27,960	\$1,214,862
Increase	<u>1,776</u>	<u>109,104</u>	<u>3,715</u>	<u>-</u>	<u>-</u>	<u>114,595</u>
Balance as of June 30, 2024	<u>55,930</u>	<u>1,226,929</u>	<u>15,406</u>	<u>3,232</u>	<u>27,960</u>	<u>1,329,457</u>
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2024	38,164	550,532	7,622	2,991	18,872	618,181
Depreciation	<u>2,389</u>	<u>82,616</u>	<u>858</u>	<u>68</u>	<u>1,751</u>	<u>87,682</u>
Balance as of June 30, 2024	<u>40,553</u>	<u>633,148</u>	<u>8,480</u>	<u>3,059</u>	<u>20,623</u>	<u>705,863</u>
Net balance as of June 30, 2024	<u>\$ 15,377</u>	<u>\$ 593,781</u>	<u>\$ 6,926</u>	<u>\$ 173</u>	<u>\$ 7,337</u>	<u>\$ 623,594</u>

Based on management's assessment, there were no impairment events during the six months ended June 30, 2025, and 2024.

Depreciation expense is provided on a straight-line basis over the following useful years:

Machine equipment	3-6 years
Mold equipment	2-5 years
Transportation equipment	5 years
Office equipment	2-5 years
Lease improvement	3-5 years

14. Lease agreement

(1) Right-of-use assets

	<u>June 30st, 2025</u>	<u>December 31st, 2024</u>	<u>June 30st, 2024</u>
Carrying amounts of right-of-use assets			
Building	\$ 1,398	\$ 5,587	\$ 9,776
Transportation equipment	<u>4,553</u>	<u>1,397</u>	<u>1,838</u>
	<u>\$ 5,951</u>	<u>\$ 6,984</u>	<u>\$ 11,614</u>
	<u>April 1st to June 30st, 2025</u>	<u>April 1st to June 30st, 2024</u>	<u>January 1st to June 30st, 2025</u>
Increase on right-of-use assets			<u>\$ 3,700</u>
Depreciation expense on right-of-use assets			<u>\$ -</u>
Building	\$ 2,095	\$ 2,095	\$ 4,189
Transportation equipment	<u>323</u>	<u>221</u>	<u>544</u>
	<u>\$ 2,418</u>	<u>\$ 2,316</u>	<u>\$ 4,733</u>
			<u>\$ 4,631</u>

Beyond the additions and depreciation expenses recognized above, our company's right-of-use assets did not experience any significant subleasing or impairment from January 1 to June 30 in both 2025 and 2024. °

(2) Lease liabilities

	<u>June 30st, 2025</u>	<u>December 31st, 2024</u>	<u>June 30st, 2024</u>
Carrying amounts of lease liabilities			
Current	<u>\$ 3,556</u>	<u>\$ 6,650</u>	<u>\$ 9,482</u>
Non-current	<u>\$ 2,463</u>	<u>\$ 526</u>	<u>\$ 2,418</u>

The discount rate range for the lease liability is as follows:

	<u>June 30st, 2025</u>	<u>December 31st, 2024</u>	<u>June 30st, 2024</u>
Building	1.39%	1.39%	1.39%
Transportation equipment	1.80%	1.80%	1.80%

(3) Important leasing activities and terms:

The Company leases buildings and transportation equipment for use as factories, offices, and company vehicles for a period of 3 to 5 years. At the end of the lease term, The Company does not have any preferential purchase rights for the leased buildings and transportation equipment.

- (4) For information on the company's business leasing of investment properties, please refer to Note 15.
- (5) Other leasing information.

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Short-term lease expense	\$ 2,100	\$ 2,100	\$ 4,200	\$ 4,200
Total amount (outflows) from leases			(\$ 9,101)	(\$ 8,996)

15. Investment property

	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
Investment property	\$ 51,214	\$ 51,528	\$ 51,842

Beyond the recognized depreciation expenses, our company's investment properties did not experience any significant additions, disposals, or impairments from January 1 to June 30 in both 2025 and 2024.

The total lease payments to be received in the future for leasing investment property under operating leases are as follows:

	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
First year	\$ 3,589	\$ 2,469	\$ 3,589
Second year	2,331	1,349	112
Third year	674	674	-
	\$ 6,594	\$ 4,492	\$ 3,701

Investment properties are depreciated on a straight-line basis based on the following useful lives:

Building and structures - 50 years.

The fair values of the company's investment properties were NT \$182,598 thousand, NT \$217,637 thousand, and NT \$182,104 thousand as of June 30, 2025, December 31, 2024, and June 30, 2024, respectively. These fair values were determined by the company's management by referencing actual transaction prices in the properties' neighboring areas from the most recent period, as available on the Ministry of the Interior's real estate transaction price website.

Please refer to Note 32 for the amount of investment properties pledged as collateral for borrowings.

16. Other intangible assets

	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
Computer software	\$ 157	\$ 470	\$ 783

Beyond the recognized amortization expenses, our company's other intangible assets did not experience any significant additions, disposals, or impairments from January 1 to June 30 in both 2025 and 2024. Amortization expenses are calculated on a straight-line basis over a useful life of 3 years.

17. Other non-current assets

	<u>June 30st, 2025</u>	<u>December 31st, 2024</u>	<u>June 30st, 2024</u>
Prepaid equipment	\$ 472,174	\$ 387,580	\$ 321,113
Refundable deposits	<u>45,631</u>	<u>4,251</u>	<u>46,379</u>
	<u>\$ 517,805</u>	<u>\$ 391,831</u>	<u>\$ 367,492</u>

During the first quarter of 2025 and 2024, our company paid NT\$ 40,000 thousand in deposit for purchases, in accordance with the procurement and delivery agreements signed with suppliers. This amount is recorded under prepaid expenses.

18. Short-term loan

	<u>June 30st, 2025</u>	<u>December 31st, 2024</u>	<u>June 30st, 2024</u>
<u>Secured borrowings</u> <u>(Note 32)</u>			
Bank loans	\$ 100,000	\$ -	\$ -
<u>Unsecured loan</u>			
Line of credit loan	<u>\$ 199,650</u>	<u>\$ 199,650</u>	<u>\$ 255,000</u>
	<u>\$ 299,650</u>	<u>\$ 199,650</u>	<u>\$ 255,000</u>

1. The interest rate on the bank secured loan was 1.775% as of June 30, 2025.
2. The interest rates on the bank revolving loans were 1.825%~1.93%, 1.775%~1.9%, and 0.5%~1.99% as of June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

19. Accounts Payable

The Company's accounts payable primarily consist of amounts due for purchases of goods. The Company has established financial risk management policies to ensure that all payables are settled within the predetermined credit terms.

20. Other accounts payable

	<u>June 30st, 2025</u>	<u>December 31st, 2024</u>	<u>June 30st, 2024</u>
Cash dividends payable	\$ 32,215	\$ -	\$ 32,215
Payable salary and bonus	20,877	23,971	24,206
Payable for equipment	12,185	22,442	8,515
Payable for mold repair	2,038	3,376	3,659
Payable processing fee	5,016	4,322	7,068
Payable test fee – related party	2,403	3,101	2,811
Others	<u>17,329</u>	<u>15,854</u>	<u>15,869</u>
	<u>\$ 92,063</u>	<u>\$ 73,066</u>	<u>\$ 94,343</u>

21. Liability provision

	<u>June 30st, 2025</u>	<u>December 31st, 2024</u>	<u>June 30st, 2024</u>
<u>Current</u>			
Warranty	<u>\$ 29,259</u>	<u>\$ 30,106</u>	<u>\$ 28,978</u>

The warranty liability reserve is based on the sales contract for goods. The management of the Company estimates the present value of the best estimate of future economic benefits that will flow out due to warranty obligations. This estimate is based on historical warranty experience and takes into account adjustments for new raw materials, process changes, or other factors affecting product quality.

22. Retirement benefit plan

The pension benefits related to the defined benefit plan recognized from April 1 to June 30 in 2025 and 2024, as well as from January 1 to June 30 in 2025 and 2024, were calculated based on the pension cost rates actuarially determined as of December 31, 2024 and 2023, respectively. The amounts were NT 38 thousand, NT 27 thousand, NT 76 thousand, and NT 55 thousand, respectively.

23. Equity

(1) Share capital

Common stock

	<u>June 30st, 2025</u>	<u>December 31st, 2024</u>	<u>June 30st, 2024</u>
Number of shares authorized (thousand shares)	<u>88,000</u>	<u>88,000</u>	<u>88,000</u>
Authorized capital	<u>\$ 880,000</u>	<u>\$ 880,000</u>	<u>\$ 880,000</u>
Number of issued and fully paid shares (thousand shares)	<u>64,431</u>	<u>64,431</u>	<u>64,431</u>
Paid-in capital	<u>\$ 644,306</u>	<u>\$ 644,306</u>	<u>\$ 644,306</u>

The issued common stock has a par value of NTD 10 per share, and each share has one voting right and the right to receive dividends.

(2) Capital surplus

	<u>June 30st, 2025</u>	<u>December 31st, 2024</u>	<u>June 30st, 2024</u>
<u>Can be used to make up for losses, distribute cash or allocate capital (Note 1)</u>			
Additional paid-in capital	<u>\$ 14,705</u>	<u>\$ 14,705</u>	<u>\$ 14,705</u>
<u>Can be used only to make up losses</u>			
Dividends not collected by shareholders overdue (Note 2)	<u>189</u>	<u>178</u>	<u>178</u>

June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
<u>\$ 14,894</u>	<u>\$ 14,883</u>	<u>\$ 14,883</u>

Note 1: This type of capital surplus can be used to offset losses, and can also be used to distribute cash or allocate to share capital when the company has no losses, but the allocation to share capital is limited to a certain percentage of the paid-in share capital each year.

Note 2: According to the Ruling No. 10602420200 issued by the Ministry of Economic Affairs on September 21st, 2017, dividends that shareholders fail to collect within the statute of limitations shall be recognized as capital surplus.

(3) Retained earnings and dividend policy

The company's Articles of Incorporation were amended and approved at the shareholders' meeting on June 27, 2024. According to the company's revised earnings distribution policy, if there is an annual profit, the company must first pay taxes and cover accumulated losses. Then, 10% of the remaining profit is allocated to a legal reserve. This allocation is no longer required once the legal reserve equals the company's paid-in capital. Afterward, a special reserve may be set aside or reversed based on operational needs or legal and regulatory requirements. The remaining amount, combined with unappropriated earnings from previous years, constitutes the distributable earnings for the year. The board of directors will then propose an earnings distribution plan for approval at the shareholders' meeting. When cash is used to distribute dividends, legal reserves, or capital reserves, the board of directors is authorized to approve the distribution with a resolution passed by a majority of directors present at a meeting where at least two-thirds of the board members are in attendance. This action will then be reported to the shareholders' meeting.

To ensure the company's future sustainability, stable growth, and a sound financial structure, the board of directors will propose an earnings distribution plan for approval at the shareholders' meeting, based on the company's operating performance and capital plans. As a general rule, the distribution of cash dividends will not be less than 30% of the total dividends for the year.

According to the company's previous articles of incorporation on earnings distribution, if there was an annual profit, the company would first pay taxes and cover any accumulated losses. Next, 10% of the profit would be allocated as a legal reserve, which could be discontinued once the reserve reached the paid-in capital. A special reserve could then be allocated or reversed as required by law, regulatory authorities, or business needs. Any remaining amount, along with unappropriated earnings from the beginning of the period, would be proposed by the board of directors as an earnings distribution plan for approval at the shareholders' meeting. When distributing dividends, legal reserves, or capital reserves in cash, the board of directors was authorized to make the decision by a resolution passed by a majority of directors present at a meeting attended by at

least two-thirds of the board. The decision would then be reported to the shareholders' meeting.

Considering the company's future investment needs, financial structure, and earnings, and in pursuit of sustainable operations and stable growth, the company's future earnings will be distributed based on its operational status. Each year, at least 10% of the current period's distributable earnings (after deducting unappropriated earnings from the beginning of the period) will be allocated as dividends. However, no distribution will be made if the cumulative distributable earnings are less than 5% of the paid-in capital. As a general rule, cash dividends will account for no less than 30% of the total dividends distributed for the year.

For the policy on employee and director remuneration, please refer to Note 25(7) "Employee and Director Remuneration."

The legal reserve can be used to cover losses. If the company has no accumulated losses, the portion of the legal reserve that exceeds 25% of the total paid-in capital may be converted into share capital or distributed as a cash dividend.

The Company's profit distribution proposals for 2024 and 2023 are as follows:

	2024	2023
Legal reserve	\$ 35,892	\$ 26,026
Cash dividend	\$ 32,215	\$ 32,215
Cash dividend per share (NTD)	\$ 0.5	\$ 0.5

The cash dividends mentioned above were approved for distribution by the board of directors on March 14, 2025, and March 15, 2024, respectively. The distribution of the remaining earnings was approved at the annual shareholders' meetings on June 20, 2025, and June 27, 2024.

(4) Special earnings reserve

	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Beginning & Ending Balances	\$ 3,950	\$ 3,950

(5) Other equity items

Unrealized valuation gains and losses on financial assets measured at fair value through other comprehensive income.

	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Beginning & Ending Balance	(\$ 3,950)	(\$ 3,950)

24. Revenue

(1) Revenue details

Product category	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Automobile component	\$ 414,076	\$ 613,862	\$ 916,333	\$ 1,158,034
Electronics component	<u>27,188</u>	<u>23,523</u>	<u>51,500</u>	<u>46,375</u>
	<u>\$ 441,264</u>	<u>\$ 637,385</u>	<u>\$ 967,833</u>	<u>\$ 1,204,409</u>

Region	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
America	\$ 318,185	\$ 513,940	\$ 705,489	\$ 978,539
Asia	98,413	96,365	211,075	171,183
Europe	22,471	26,281	48,236	52,984
Oceania	<u>2,195</u>	<u>799</u>	<u>3,033</u>	<u>1,703</u>
	<u>\$ 441,264</u>	<u>\$ 637,385</u>	<u>\$ 967,833</u>	<u>\$ 1,204,409</u>

(2) Contract balance

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Notes receivable (including related parties) (Note 10 and 31)	<u>\$ 26,685</u>	<u>\$ 23,950</u>	<u>\$ 26,359</u>	<u>\$ 35,282</u>
Accounts receivable (including related parties) (Note 10 and 31)	<u>\$ 386,388</u>	<u>\$ 461,619</u>	<u>\$ 570,547</u>	<u>\$ 520,316</u>
Contract liabilities	<u>\$ 4,872</u>	<u>\$ 3,403</u>	<u>\$ 766</u>	<u>\$ 1,255</u>

The change in contract liabilities mainly comes from the difference between the timing of fulfilling contractual obligations and the timing of customer payments.

25. Net income

(1) Other income

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Insurance Compensation Income on fire loss (Note 28)	\$ -	\$ -	\$ 2,632	\$ 3,258
Rent	900	899	1,800	1,799
Other income	<u>1,136</u>	<u>956</u>	<u>1,418</u>	<u>3,044</u>
	<u>\$ 2,036</u>	<u>\$ 1,855</u>	<u>\$ 5,850</u>	<u>\$ 8,101</u>

(2) Other gains and losses

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Net foreign currency exchange gain	(\$ 144,134)	\$ 17,549	(\$ 127,730)	\$ 60,034
Net gain (loss) on financial assets at fair	(227)	(110)	(111)	(155)

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
value through profit or loss				
Miscellaneous expense	(<u>156</u>) (\$ <u>144,517</u>)	(<u>157</u>) \$ <u>17,282</u>	(<u>314</u>) (\$ <u>128,155</u>)	(<u>314</u>) \$ <u>59,565</u>

(3) Financial costs

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Bank loan interest	\$ 885	\$ 1,096	\$ 1,797	\$ 2,157
Interest on the lease liabilities	21	48	44	105
Imputed interest on deposits received	<u>9</u> \$ <u>915</u>	<u>7</u> \$ <u>1,151</u>	<u>17</u> \$ <u>1,858</u>	<u>14</u> \$ <u>2,276</u>

(4) Depreciation and amortization

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Property, plant and equipment	\$ 52,177	\$ 44,563	\$ 100,440	\$ 87,682
Right-of-use assets	2,418	2,316	4,733	4,631
Investment property	157	157	314	314
Intangible property	<u>156</u>	<u>248</u>	<u>313</u>	<u>513</u>
Total	\$ <u>54,908</u>	\$ <u>47,284</u>	\$ <u>105,800</u>	\$ <u>93,140</u>
Summary of depreciation expense by function				
Operating cost	\$ 53,082	\$ 45,527	\$ 102,295	\$ 89,608
Operating expense	1,513	1,352	2,878	2,705
Non-operating expense	<u>157</u>	<u>157</u>	<u>314</u>	<u>314</u>
	\$ <u>54,752</u>	\$ <u>47,036</u>	\$ <u>105,487</u>	\$ <u>92,627</u>
Amortization expenses summarized by function				
Marketing expense	\$ -	\$ 35	\$ -	\$ 87
R&D expense	<u>156</u>	<u>213</u>	<u>313</u>	<u>426</u>
	\$ <u>156</u>	\$ <u>248</u>	\$ <u>313</u>	\$ <u>513</u>

(5) Direct operating expenses of investment property

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Direct Operating Expenses to Investment Properties which Generating Rental Income	\$ <u>244</u>	\$ <u>245</u>	\$ <u>401</u>	\$ <u>402</u>

(6) Employee benefits expense

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Short-term employee benefits	\$ 27,372	\$ 32,357	\$ 58,039	\$ 65,253
Post-employment benefits				
Confirm allocation plan	1,125	1,168	2,245	2,332

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Defined benefit plans (Note 22)	(____38) \$ 28,459	(____27) \$ 33,498	(____76) \$ 60,208	(____55) \$ 67,530
Summary by function				
Operating cost	\$ 12,570	\$ 15,451	\$ 26,246	\$ 31,367
Operating expense	15,889 \$ 28,459	18,047 \$ 33,498	33,962 \$ 60,208	36,163 \$ 67,530

(7) Employee compensation and director and supervisor compensation

According to our company's policy, based on pre-tax profits before deducting employee and director remuneration, we allocate a minimum of 1% and a maximum of 5% for employee remuneration and director remuneration. Following the amendment to the Securities and Exchange Act in August 2024, the company's articles of incorporation were revised and approved at the 2025 shareholders' meeting. This amendment stipulates that at least 30% of the employee remuneration must be allocated to entry-level employees. For the period from January 1 to June 30, 2025, the company had a net loss before tax, so no amount has been accrued. The estimated employee and director remuneration for the periods from April 1 to June 30, 2024, and January 1 to June 30, 2024, are as follows:

Estimated ratio

	January 1 st to June 30 st , 2024
Employee compensation	1%
Compensations of directors	0.5%

Amounts

	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2024
Employees compensation	\$ 1,563	\$ 3,101
Directors compensations	\$ 781	\$ 1,550

If the amount changes after the annual financial report is approved for issuance, it will be treated as a change in accounting estimate and adjusted in the following year's financial statements.

The employee and director remuneration for 2024 and 2023 were approved by the board of directors on March 14, 2025, and March 15, 2024, respectively, as follows:

Amounts

	2024	2023
Employee compensation	\$ 4,654	\$ 3,592
Directors compensations	2,420	1,835

The amounts approved by the board of directors were consistent with the amounts recognized in the 2024 and 2023 financial reports.

For more information on the employee and director remuneration approved by our company's board of directors, please refer to the "Market Observation Post System" on the Taiwan Stock Exchange website.

(8) Foreign exchange gain and loss

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Total foreign exchange gain	\$ 4,353	\$ 21,200	\$ 23,910	\$ 74,804
Total foreign exchange (loss)	(148,487)	(3,651)	(151,640)	(14,770)
Net gain	(\$ 144,134)	\$ 17,549	(\$ 127,730)	\$ 60,034

26. Income tax

(1) Income tax recognized in profit or loss

The main components of income tax expenses (benefits) are as follows:

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Income tax of current year	(\$ 12,226)	\$ 33,921	\$ 8,514	\$ 55,704
In respect of the current year	-	-	7,271	5,051
Surtax on undistributed earnings	(1,376)	2,715	(1,376)	2,715
	(13,602)	36,636	14,409	63,470
Deferred income tax				
In respect of the current year	(12,165)	(3,113)	(11,860)	5,415
Income tax expense recognized in profit and loss	(\$ 25,767)	\$ 33,523	\$ 2,549	\$ 68,885

(2) Income tax assessing situation

The profit-seeking enterprise income tax return of the Company has been assessed by the tax authority until 2023, and the audited amount is the same as the declared amount.

27. Earnings per share (EPS)

Earnings and weighted average number of ordinary shares used to calculate earnings per share are as follows:

Net profit for the period

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Net income used to calculate basic and diluted earnings per share	(\$ 96,415)	\$ 120,407	(\$ 19,387)	\$ 236,557

Number of shares

(Unit Thousand shares)

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Weighted average number of common shares used to calculate basic earnings per share	64,431	64,431	64,431	64,431
Effect on dilutive potential ordinary shares:				
Employee compensation	-	27	-	52

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Weighted average number of common shares used to calculate diluted earnings per share	<u>64,431</u>	<u>64,458</u>	<u>64,431</u>	<u>64,483</u>

Note: For the period from January 1, 2025, to June 30, 2025, the company had a net loss, which has an anti-dilutive effect. Therefore, no diluted loss per share is calculated.

For the second paragraph, a professional translation would be: If our company has the option to distribute employee compensation in either stock or cash, we assume that the compensation will be distributed in the form of stock when calculating diluted earnings per share. These potential ordinary shares are included in the weighted average number of shares outstanding when they are dilutive. This dilutive effect of the potential ordinary shares will continue to be considered in the calculation of diluted earnings per share until the final number of shares for employee compensation is resolved in the following year's resolution.

28. Cash flow information

(1) Non-cash transactions

Except for those disclosed in other notes, the Company engaged in the following non-cash investing and financing activities during the period from January 1 to June 30 in 2025 and 2024:

The Company acquired property, plant and equipment that remained unpaid as of June 30, 2025, December 31, 2024, and June 30, 2024. These amounts were recorded under Other Payables as NT \$12,185 thousand, NT \$22,442 thousand, and NT \$8,515 thousand, respectively (see Note 20).

Due to a fire incident at a major supplier, Long Feng Enterprise Co., Ltd., on July 26, 2024, some of the Company's jigs and inventories were affected. As of December 31, 2024, the Company adjusted the balances, reducing property, plant and equipment by NT \$8,117 thousand, inventories by NT \$1,259 thousand, and prepayments for equipment (molds yet to be accepted) by NT \$419 thousand. The Company then negotiated a compensation claim of NT \$9,795 thousand from the supplier. However, after further negotiation in March 2025, the final compensation agreed upon was NT \$11,268 thousand. The difference of NT \$1,473 thousand was recorded under Other Income (see Note 25). The aforementioned amount was received on April 7, 2025.

Cash dividends approved by the Board of Directors remained unpaid as of June 30, 2025 and 2024 (see Notes 20 and 23).

(2) Liability change from financing activities

January 1st to June 30st, 2025

	January 1 st , 2025	Cash flow	Non-cash changes			June 30 st , 2025
			New Leases	Interest expense Amortized	Others	
Short-term loan	\$ 199,650	\$ 100,000	\$ -	\$ -	\$ -	\$ 299,650
Lease liability	7,176	(4,857)	3,700	44	(44)	6,019
Deposits Received	<u>628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>628</u>
	<u>\$ 207,454</u>	<u>\$ 95,143</u>	<u>\$ 3,700</u>	<u>\$ 44</u>	<u>(\$ 44)</u>	<u>\$ 306,297</u>

January 1st to June 30st, 2024

	January 1 st , 2024	Cash flow	Non-cash changes		June 30 st , 2024
			Interest expense Amortized	Others	
Short-term loan	\$ 255,000	\$ -	\$ -	\$ -	\$ 255,000
Lease liability	16,591	(4,691)	105	(105)	11,900
Deposits Received	<u>628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>628</u>
	<u>\$ 272,219</u>	<u>(\$ 4,691)</u>	<u>\$ 105</u>	<u>(\$ 105)</u>	<u>\$ 267,528</u>

29. Capital risk management

The Company conducts capital management to ensure the maximization of shareholder returns by optimizing debt and equity balances while continuing operations. Our overall strategy remains unchanged.

The Company's capital structure consists of equity (including share capital, capital reserves, retained earnings, and other equity items).

We are not required to comply with external capital regulations.

30. Financial instruments

(1) Fair value information - financial instruments not measured at fair value

The management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair values.

(2) Fair value information - financial instruments measured at fair value on a recurring basis.

a. Fair value level

June 30st, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
- Fund beneficiary certificate	<u>\$ 2,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,318</u>

Financial assets at fair value through other comprehensive income

Equity instrument investment				
- Domestic unlisted (over-the-counter) stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,924</u>	<u>\$ 2,924</u>

Financial liabilities at fair value through profit or loss

	Level 1	Level 2	Level 3	Total
— Forward foreign exchange contracts	\$ <u> -</u>	\$ <u> 73</u>	\$ <u> -</u>	\$ <u> 73</u>

December 31st, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
- Fund beneficiary certificate	\$ <u> 2,356</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 2,356</u>

Financial assets at fair value through other comprehensive income

Equity instrument investment

- Domestic unlisted (over-the-counter) stocks

	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 2,924</u>	\$ <u> 2,924</u>
--	-----------------------	-----------------------	----------------------	----------------------

June 30st, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
- Fund beneficiary certificate	\$ <u> 2,491</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 2,491</u>

Financial assets at fair value through other comprehensive income

Equity instrument investment

- Domestic unlisted (over-the-counter) stocks

	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 2,924</u>	\$ <u> 2,924</u>
--	-----------------------	-----------------------	----------------------	----------------------

There were no transfers between Level 1 and Level 2 fair value measurements for the periods from January 1 to June 30 in both 2025 and 2024.

- b. Reconciliation of financial instruments measured at level 3 fair value

Financial assets at fair value through other comprehensive income - equity instruments

	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Beginning Balance	\$ <u> 2,924</u>	\$ <u> 2,924</u>
Recognized in other comprehensive profit or loss (unrealized gains or losses on financial assets measured at fair value through other comprehensive profit or loss)	<u> -</u>	<u> -</u>
Ending Balance	\$ <u> 2,924</u>	\$ <u> 2,924</u>

- c. Valuation Techniques and Inputs for Level 3 Fair Value Measurements

Forward foreign exchange contracts are measured at the end of the period using observable forward exchange rates and the contractual rates to

estimated future cash flows, which are then discounted using a rate that reflects the credit risk of each counterparty.

d. Valuation Techniques and Inputs for Level 3 Fair Value Measurements

To value investments in domestic unlisted stocks, the company uses a comparable publicly traded company approach. This method determines the fair value of the investment by referencing the stock prices of companies with similar business operations that are traded on an active market. It also considers the implied valuation multiples from those prices and applies a liquidity discount to determine the value of the target company. The significant unobservable input is the liquidity discount.

(3) Financial instruments category

	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
<u>Financial assets</u>			
Fair value through profit or loss			
Mandatory fair value through profit or loss	\$ 2,318	\$ 2,356	\$ 2,491
Financial assets measured at amortized cost (Note 1)	1,187,380	1,283,477	1,436,597
Financial assets at fair value through other comprehensive income			
Equity instrument investment	2,924	2,924	2,924
<u>Financial liabilities</u>			
Held for trading at fair value through profit or loss.	\$ 73	\$ -	\$ -
Measured at amortized cost (Note 2)	677,961	585,574	739,682

Note 1: The balance includes cash and cash equivalents, financial assets measured at amortized cost-current, accounts receivable, other receivables, and deposits paid measured at amortized cost.

Note 2: The balance includes short-term borrowings, bills payable, accounts payable, other payable (excluding salaries and bonuses payable), and deposits received measured at amortized cost.

(4) The purpose and policy of financial risk management

The Company's primary financial instruments include foreign currency deposits, equity instrument investments, accounts receivable, accounts payable, borrowing, and lease liabilities. Our financial management department provides services to various business units, coordinating and supervising the operation of entering domestic and international financial markets. By analysing internal risk

reports of unexpected risks according to the degree and breadth of risk, we manage the financial risks related to the Company's operations. Such risks include market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

a. Market Risk

The main financial risks of the Company assumes in its operating activities are foreign exchange rate risk, interest rate risk, and other price volatility risk.

There is no change in the Company's market risk and its management and measurement methods regarding financial instruments.

(a) Exchange Rate Risk

Please refer to Note 36 for the book value of monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

Sensitivity Analysis

The Company is mainly affected by fluctuations in the exchange rates of the US dollar, RMB, and Euro.

The following table shows the sensitivity analysis of The Company when the New Taiwan Dollar (the functional currency) increases or decreases by 5% against each relevant currency. 5% is the sensitivity ratio used by the Company's management to report exchange rate risks to the top management and represents the evaluation of a reasonable possible range of exchange rate changes by the management.

Negative numbers in the table indicate that when the New Taiwan Dollar appreciates by 5% against each relevant currency, it will result in a decrease in profit before tax. When the New Taiwan Dollar depreciates by 5% against each relevant foreign currency, the impact on profit before tax will be the same amount but positive.

	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
USD	(\$ 52,970)	(\$ 60,171)
RMB	\$ 425	(\$ 1,634)
EUR	(\$ 600)	(\$ 455)

This is primarily based on the outstanding, non-hedged cash and cash equivalents, financial assets measured at amortized cost, and accounts receivable and payable denominated in USD, RMB, and EUR as of the balance sheet date. The company's sensitivity to the USD exchange rate decreased during the period, mainly due to a reduction in its net USD-denominated assets. The sensitivity to the RMB exchange rate decreased primarily because of a reduction in net RMB-denominated assets (liabilities). The sensitivity to the EUR exchange rate increased, mainly due to an increase in EUR-denominated assets.

(b) Interest rate risk

The carrying amounts of the financial assets and financial liabilities of the

Company subject to interest rate exposure on the balance sheet date are as follows:

	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
Fair value interest rate risk			
- Financial assets	\$ 343,982	\$ 409,326	\$ 396,955
- Financial liabilities	305,669	206,826	266,900
Cash flow interest rate risk			
- Financial asset	377,360	370,377	390,715

Sensitivity Analysis

The following sensitivity analysis is determined by the interest rate exposure of non-derivative instruments as of the balance sheet date. The rate change used in internal reporting to key management personnel is an increase or decrease of 25 basis points. This also represents management's assessment of a reasonably possible range of interest rate changes.

If interest rates had increased/decreased by 25 basis points, with all other variables remaining constant, the company's pre-tax net income for the periods from January 1 to June 30 in 2025 and 2024 would have increased/decreased by \$ 472 thousand and \$ 488 thousand, respectively. This is primarily due to the company's exposure to floating-rate deposit risk.

The company's sensitivity to interest rates decreased during the current period, mainly due to a reduction in floating-rate deposits.

(c) Other price risk

The company is exposed to equity price risk from its investments in domestic equity securities. These equity investments are not held for trading but are considered strategic investments. The company does not actively trade these investments and manages the risk by holding a portfolio of low-risk instruments.

Sensitivity Analysis

The following sensitivity analysis is based on the equity price exposure as of the balance sheet date.

If equity prices were to rise/fall by 5%, pre-tax profit or loss for the periods from January 1 to June 30 in 2025 and 2024 would increase/decrease by \$ 116 thousand and \$ 125 thousand, respectively, due to changes in the fair value of financial assets measured at fair value through profit or loss. For the same periods, pre-tax other comprehensive income would increase/decrease by \$ 146 thousand in both years, due to

changes in the fair value of financial assets measured at fair value through other comprehensive income.

b. Credit risk

Credit risk refers to the risk of financial loss that The Company may incur when the counterparty fails to fulfil its contractual obligations. As of the balance sheet date, the maximum credit risk of financial loss that The Company may suffer from the counterparty's failure to fulfil its obligations mainly comes from the carrying amount of financial assets recognized in the balance sheet.

The Company's policy is to only engage in transactions with reputable counterparties and to obtain collateral when necessary to mitigate the risk of financial loss due to defaults.

The company's credit risk is primarily concentrated in its top three customers. As of June 30, 2025, December 31, 2024, and June 30, 2024, the total accounts receivable from these customers represented 68%, 78%, and 73%, respectively.

c. Liquidity risk

The Company manages and maintains sufficient cash positions to support its operations and mitigate the impact of cash flow fluctuations. The Company's management oversees the use of bank financing facilities and ensures compliance with loan contract terms.

(a) Liquidity and interest rate risk table

The following table shows the remaining contractual maturities of non-derivative financial liabilities that The Company has agreed to repay. The analysis is based on the earliest possible date The Company may be required to repay and is prepared based on the undiscounted cash flows of the financial liabilities.

June 30st, 2025

	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
<u>Non- derivative financial liabilities</u>				
Liability with no interest	\$ 147,930	\$ 217,729	\$ 44,867	\$ -
Lease liability	905	1,086	1,629	2,503
Fixed rate instrument	<u>300,089</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 448,924</u>	<u>\$ 218,815</u>	<u>\$ 46,496</u>	<u>\$ 2,503</u>

	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
Gross settlement forward FX contract				

	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
-Cash Inflow	\$ -	\$ 5,876	\$ -	\$ -
-Cash Outflow	-	(5,949)	-	-
	<u>\$ -</u>	<u>(\$ 73)</u>	<u>\$ -</u>	<u>\$ -</u>

December 31st, 2024

	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
<u>Non- derivative financial liabilities</u>				
Liability with no interest	\$ 145,778	\$ 222,621	\$ 17,525	\$ -
Lease liability	799	1,599	4,299	529
Fixed rate instrument	<u>199,792</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 346,369</u>	<u>\$ 224,220</u>	<u>\$ 21,824</u>	<u>\$ 529</u>

June 30st, 2024

	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
<u>Non- derivative financial liabilities</u>				
Liability with no interest	\$ 166,436	\$ 280,984	\$ 69,477	\$ -
Lease liability	799	1,599	7,194	2,429
Fixed rate instrument	<u>220,266</u>	<u>-</u>	<u>35,014</u>	<u>-</u>
	<u>\$ 387,501</u>	<u>\$ 282,583</u>	<u>\$ 111,685</u>	<u>\$ 2,429</u>

(b) Financing amount

	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
Unsecured bank overdraft facility			
- Used amount	\$ 199,650	\$ 199,650	\$ 255,000
- Unused amount	<u>250,350</u>	<u>266,743</u>	<u>227,450</u>
	<u>\$ 450,000</u>	<u>\$ 466,393</u>	<u>\$ 482,450</u>
Secured bank overdraft facility			
- Used amount	\$ 100,000	\$ -	\$ -
- Unused amount	<u>-</u>	<u>-</u>	<u>200,000</u>
	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>

31. Related party transactions

The Company's ultimate parent company and ultimate controlling party are both Sincere Investment Co., Ltd. As of June 30, 2025, December 31, 2024, and June 30, 2024, Sincere Investment Co., Ltd. held 52.76% of the Company's common stock.

Except as disclosed in Notes, the transactions between the company and related parties are as follows.

(1) Related party and relationship

Related party	Relationship to the company
Eagle Eyes Traffic Industrial Co., Ltd. ("EE Co., Ltd.")	Substantive related party

(2) Revenue

Related party	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
EE Co., Ltd.	\$ 20,904	\$ 16,433	\$ 37,900	\$ 30,550

There is no significant difference between the Company's trading conditions for sales to related parties and general customers.

(3) Operating cost

Related party	Nature	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
EE Co., Ltd.	Purchase	\$ 152,905	\$ 194,540	\$ 323,007	\$ 345,961
EE Co., Ltd.	Utility expense	\$ 874	\$ 893	\$ 1,654	\$ 1,673
EE Co., Ltd.	Other expenses	\$ 322	\$ 3	\$ 834	\$ 571

The Company's transaction prices for purchases from related parties do not significantly differ from those of regular suppliers, and payment terms are determined by mutual agreement. Please refer to Note 37 Appendix for details.

(4) General and administrative

Related party	Nature	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
	Maintenance expense				
EE Co., Ltd.		\$ 10	\$ 5	\$ 10	\$ 10

Mainly for maintenance expense paid by the Company.

(5) Research and development

Related party	Nature	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
EE Co., Ltd.	Testing fee	\$ 3,607	\$ 1,663	\$ 4,460	\$ 4,639

Mainly for mold testing fee paid by the Company.

(6) Other income

Related party	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
EE Co., Ltd.	\$ 6	\$ 2	\$ 1,480	\$ 1,486

(7) Accounts receivable to related party

Category	Related party	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
Notes receivable	EE Co., Ltd.	\$ 19,683	\$ 11,491	\$ 15,482
Accounts receivable	EE Co., Ltd.	\$ 8,115	\$ 11,964	\$ 8,666
Other receivables	EE Co., Ltd.	\$ -	\$ 9,795	\$ -

There is no guarantee for the outstanding receivables from related parties. The amount receivable from a related party is evaluated and no provision for loss is required.

(8) Refundable deposits (accounted for in other non-current assets)

Related party	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
EE Co., Ltd.	<u>\$ 1,520</u>	<u>\$ 1,520</u>	<u>\$ 1,520</u>

(9) Accounts payable to related party

Accounts	Related party	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
Accounts payable	EE Co., Ltd.	<u>\$ 177,948</u>	<u>\$ 150,621</u>	<u>\$ 222,751</u>
Other payables	EE Co., Ltd.	<u>\$ 2,403</u>	<u>\$ 3,101</u>	<u>\$ 2,811</u>

The outstanding balance of payables to related parties has not been guaranteed.

(10) Lease agreement

Category	Related party category / name of a company	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
Lease liabilities	EE Co., Ltd.	<u>\$ 1,445</u>	<u>\$ 5,760</u>	<u>\$ 10,046</u>

Related party category / The name of a company	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
<u>Interest expense</u>				
EE Co., Ltd.	<u>\$ 10</u>	<u>\$ 40</u>	<u>\$ 28</u>	<u>\$ 87</u>

The rental fee for the plant leased from a related party due to operational needs is determined with reference to market prices and paid monthly.

(11) Trademark use

For a portion of its product sales, the Company uses the trademark of Eagle Eyes Traffic Industrial Co., Ltd. Pursuant to the agreement, a royalty fee of 1% of the sales price per unit of the licensed trademark is payable. Trademark expenses for the three months ended June 30, 2025 and 2024 were NT \$258 thousand and NT \$186 thousand, respectively. For the six months ended June 30, 2025 and 2024, trademark expenses were NT \$510 thousand and NT \$290 thousand, respectively.

(12) Salary of major managerial position

Total compensation for directors and key management personnel for the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, is as follows:

	April 1 st to June 30 st , 2025	April 1 st to June 30 st , 2024	January 1 st to June 30 st , 2025	January 1 st to June 30 st , 2024
Short-term employee				
benefits	\$ 1,258	\$ 1,226	\$ 3,904	\$ 3,327
Retirement benefits	<u>31</u>	<u>31</u>	<u>62</u>	<u>61</u>
	<u>\$ 1,289</u>	<u>\$ 1,257</u>	<u>\$ 3,966</u>	<u>\$ 3,388</u>

The salary of directors and major managerial position is determined by the remuneration committee in accordance with individual performance and market trends.

32. Assets pledged as collateral or for security :

Mortgaged investment properties	June 30 st , 2025	December 31 st , 2024	June 30 st , 2024
	<u>\$ 51,214</u>	<u>\$ -</u>	<u>\$ -</u>

33. Significant contingent liabilities and unrecognized commitments

As of June 30, 2025, the outstanding payments for molds and engineering fees under signed contracts are NT \$151,990thousand, US \$107thousand, and RMB \$18,205 thousand, respectively.

34. Significant subsequent events

On August 7, 2025, the company's board of directors resolved to acquire the right-of-use asset for the property at No. 75, Huangong Road, Yongkang District, Tainan City, which was previously leased from Eagle Eyes Traffic Industrial Co., Ltd. The lease term is from September 1, 2025, to August 31, 2030, and the value of this right-of-use asset is estimated at approximately NT \$ 41,452 thousand.

To align with its overall operational strategy and long-term development needs, the company's board of directors also resolved on August 7, 2025, to establish a wholly-owned subsidiary.

35. Other significant events

The Company primarily exports its products to the North American market, with a significant portion of revenue derived from sales to the United States. In response to the impact of tariffs and in coordination with customers to adjust sales strategies, the Company will continue to closely monitor industry developments and changes in international trade policies. The Company will also maintain good communication with customers and implement risk response and adjustment measures as needed to ensure stable operations and protect shareholders' equity.

36. Significant assets and liabilities denominated in foreign currencies

The following information is presented in currencies other than the company's functional currency. The exchange rates disclosed refer to the rates used to convert these foreign currencies to the functional currency. Major foreign currency assets and liabilities are as follows:

Each foreign currency / New Taiwan Dollars in thousands			
	June 30 st , 2025		
	Foreign exchange	Exchange Rate	Amount
Foreign currency assets			
<u>Monetary item</u>			
USD	\$ 36,378	29.30 (USD : NTD)	\$ 1,065,867
RMB	500	4.091 (RMB : NTD)	2,044
EUR	350	34.35 (EUR : NTD)	12,008

June 30 st , 2025			
	Foreign exchange	Exchange Rate	Amount
Foreign currency liabilities			
<u>Monetary item</u>			
USD	\$ 21	29.30 (USD : NTD)	\$ 611
RMB	2,577	4.091 (RMB : NTD)	10,543
Non-monetary items			
Derivatives			
USD	\$ 200	Note.	\$ 73

Note: The carrying amount is calculated by multiplying the notional amount by the difference between the forward exchange rate and the spot exchange rate.

Each foreign currency / New Taiwan Dollars in thousands

December 31 st , 2024			
	Foreign exchange	Exchange Rate	Amount
Foreign currency assets			
<u>Monetary item</u>			
USD	\$ 30,344	32.785 (USD : NTD)	\$ 994,828
RMB	1,514	4.478 (RMB : NTD)	6,781
EUR	321	34.14 (EUR : NTD)	10,953
Foreign currency liabilities			
<u>Monetary item</u>			
USD	35	32.785 (USD : NTD)	1,158
RMB	653	4.478 (RMB : NTD)	2,926
June 30 st , 2024			
	Foreign exchange	Exchange Rate	Amount
Foreign currency assets			
<u>Monetary item</u>			
USD	\$ 37,108	32.45 (USD : NTD)	\$ 1,204,140
RMB	11,039	4.445 (RMB : NTD)	49,068
EUR	262	34.71 (EUR : NTD)	9,090
Foreign currency liabilities			
<u>Monetary item</u>			

June 30 st , 2024			
	Foreign exchange	Exchange Rate	Amount
USD	22	32.450 (USD : NTD)	726
RMB	3,686	4.445 (RMB : NTD)	16,384

Unrealized foreign exchange gains and losses with significant impacts are as follows :

Foreign exchange	April 1 st to June 30 st , 2025		April 1 st to June 30 st , 2024	
	Exchange rate	Net unrealized Exchange (loss) loss	Exchange rate	Net unrealized Exchange (loss) loss
USD	1 : 30.822 (USD : NTD)	(\$ 59,733)	1: 32.355 (USD : NTD)	(\$ 12,206)
RMB	1 : 4.26 (RMB : NTD)	(415)	1: 4.458 (RMB : NTD)	(762)
EUR	1 : 34.977 (EUR : NTD)	(700)	1:34.83 (EUR : NTD)	(155)
		(\$ 60,848)		(\$ 13,123)

Foreign exchange	January 1 st to June 30 st , 2025		January 1 st to June 30 st , 2024	
	Exchange rate	Net unrealized Exchange (loss) loss	Exchange rate	Net unrealized Exchange (loss) loss
USD	1 : 31.859 (USD : NTD)	(\$ 45,578)	1 : 31.901 (USD : NTD)	\$ 4,669
RMB	1 : 4.386 (RMB : NTD)	(211)	1 : 4.41 (RMB : NTD)	(160)
EUR	1 : 34.781 (EUR : NTD)	(171)	1 : 34.49 (EUR : NTD)	56
		(\$ 45,960)		\$ 4,565

37. Separately disclosure items

(1) Information about significant transaction:

- Loans to others: None.
- Endorsements and guarantees for others: None.
- Holdings of securities at the end of the period (excluding investments in subsidiaries, associated companies, and joint venture equity) : None.
- Sales and purchases with related parties reaching NT\$100 million or 20% of paid-in capital: see Appendix.
- Receivables from related parties reaching NT\$100 million or 20% of paid-in capital: None.
- Other: No significant transaction amounts or important business relationships between the parent company and its subsidiaries.

(2) Information on investees: None

(3) Information on investments in China

- Information on invested companies in Mainland China, including their names, main business activities, paid-up capital, investment methods, inflow and outflow of funds, shareholding ratios, investment gains and losses, year-end book value of investments, realized investment gains and losses, and investment quotas in Mainland China: None.

- b. Significant transactions directly or indirectly carried out with invested companies in Mainland China via third-party countries, along with their prices, payment terms, and unrealized gains and losses: None.

38. Segment information

The Company primarily engages in the production and sales of automotive components and has no other segments to report.

Appendix

LFA CO., LTD.

The amount of goods purchased and sold with related parties reaches NT\$100 million or more than 20% of the paid-in capital

January 1st to June 30st, 2025

In Thousands of New Taiwan Dollars

Purchasing (selling) goods company	Trading partners	Relation	Transaction situation				Situations and reasons of transaction conditions are different from general transactions		Notes/ Accounts payable or receivable		Note
			Purchasing (selling) goods	Amount	% of total purchase (sales)	Payment Terms	Unit price	Payment Terms	Ending Balance	% of total notes and accounts receivable (payable) (Note 1)	
LFA CO., LTD.	EE Co., Ltd.	Substantial related party	Purchasing Goods	\$ 323,007	52%	Net 77 days from the end of the month of when the invoice is issued for finished goods purchased; and except finished goods is Net 107 days	-	Net 90 days from the end of the month of when the invoice is issued	(\$177,948)	(53%)	

Note: The above ratio is calculated based on the ratio of the balance of notes/accounts payable or receivable of the transaction partner to the total balance of notes/accounts payable or receivable of the purchasing (selling) company.