

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

Financial Statements for the Second
Quarter of 2026 and 2025 and
Certified Public Auditor's Review
Report

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CERTIFIED PUBLIC AUDITOR'S REPORT

To LFA CO., LTD

Opinion

We have audited the accompanying financial statements of LFA CO., LTD. (the "Company", former name Topower Co., Ltd.), which comprise the balance sheets as of June 30, 2026 and 2025, as well as the statements of comprehensive income for the period from April to June 30, 2026 and 2025, and the changes in equity, and cash flows for the periods from January 1 to June 30, 2026 and 2025, together with the notes to the financial statements (including a summary of significant accounting policies).

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 'Interim Financial Reporting' endorsed and issued into effect by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these financial statements based on our reviews.

Scope of Review

Except for the effects of the matter described in the Basis for Qualified Conclusion section, our reviews were conducted in accordance with the Standard on Review Engagements 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' of the Republic of China. A review of a financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As described in Note 13 to the financial statements, investments accounted for using the equity method amounted to NT\$40,571 thousand as of June 30, 2026. The Company's

share of comprehensive income (loss) of the associate for the periods from April 1 to June 30, 2026 and January 1 to June 30, 2026 amounted to NT\$(1,782) thousand and NT\$(1,206) thousand, respectively. The related information disclosed in Note 38 was recognized based on the associate's financial statements for the same periods, which were not reviewed by independent auditors.

Qualified Conclusion

Based on our reviews, except for the effects of such adjustments, if any, as might have been determined to be necessary had the financial statements and related information of the associate described in the Basis for Qualified Conclusion section been reviewed by independent auditors, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of LFA CO., LTD. as of June 30, 2026, December 31, 2025, and June 30, 2025, and its financial performance for the three-month and six-month periods ended June 30, 2026 and 2025 and its cash flows for the six-month periods ended June 30, 2026 and 2025, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 Interim Financial Reporting as endorsed and issued into effect by the Financial Supervisory Commission.

Deloitte & Touche Taipei, Taiwan Republic of China CPA YU,MENG-KUEI		CPA Chang, Keng-Hsi
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Financial Supervision Commission
No.Financial-Supervisory-Securities-
Auditing-1130357402

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

March 25, 2026

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, 2026, December 31, 2025, and June 30, 2025

In Thousands of New Taiwan Dollars

Code	Asset	June 30, 2026		December 31, 2025		June 30, 2025	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 600,114	24	\$ 632,239	26	\$ 697,313	27
1110	Financial assets at fair value through profit or loss-current (Note 7)	2,467	-	2,464	-	2,318	-
1136	Financial assets measured at amortized cost – Current (Note 8)	-	-	-	-	29,300	1
1150	Notes receivable (Note 10 and 25)	7,701	-	6,450	-	7,002	-
1160	Notes receivable-related parties (Note 10, 25 and 32)	16,281	1	25,893	1	19,683	1
1170	Accounts receivable (Notes 10 and 25)	190,683	8	137,510	6	378,273	15
1180	Accounts receivable-related parties (Notes 10, 25 and 32)	60,380	3	126,446	5	8,115	-
1200	Other receivables (Note 10)	969	-	797	-	2,063	-
1220	Current income tax assets (Note 4)	19,587	1	23,364	1	-	-
1310	Inventory (Note 11)	170,614	7	166,206	7	185,210	7
1410	Prepayments (Note 12)	31,923	1	27,820	1	23,927	1
1479	Other current assets	4,401	-	4,494	-	4,670	-
11XX	Total current assets	<u>1,105,120</u>	<u>45</u>	<u>1,153,683</u>	<u>47</u>	<u>1,357,874</u>	<u>52</u>
	Non-current liabilities						
1517	Financial assets at fair value through other comprehensive income-noncurrent(Note 9)	2,924	-	2,924	-	2,924	-
1550	Investments accounted for using equity method (Notes 13)	40,571	2	44,686	2	-	-
1600	Property, plant and equipment (Notes 14)	676,560	27	677,743	27	667,087	25
1755	Right-of-use assets (Notes 15)	36,982	2	42,185	2	5,951	-
1760	Investments property (Notes 15 and 33)	50,585	2	50,899	2	51,214	2
1780	Other intangible assets (Notes 17)	3,447	-	-	-	157	-
1840	Deferred income tax assets (Notes 4)	19,670	1	16,890	1	20,393	1
1975	Net defined benefit assets (Notes 4)	11,438	-	11,364	-	10,501	-
1915	Prepayments for equipment	475,220	19	472,901	19	472,174	18
1990	Other non-current assets (Notes 18 and 32)	45,660	2	5,571	-	45,631	2
15XX	Total non-current assets	<u>1,363,057</u>	<u>55</u>	<u>1,325,163</u>	<u>53</u>	<u>1,276,032</u>	<u>48</u>
1XXX	Total assets	<u>\$ 2,468,177</u>	<u>100</u>	<u>\$ 2,478,846</u>	<u>100</u>	<u>\$ 2,633,906</u>	<u>100</u>
Code	Liabilities and Equity						
	Current liabilities						
2100	Short-term borrowings (Notes 19 and 33)	\$ 269,650	11	\$ 269,650	11	\$ 299,650	11
2120	Financial liabilities measured at fair value through profit or loss-Current (Notes 4 and 7)	-	-	-	-	73	-
2130	Contract liabilities (Note 25)	7,756	-	3,557	-	4,872	-
2170	Accounts Payable (Note 20)	121,101	5	128,808	5	160,764	6
2180	Accounts Payable-Related Parties (Notes 20 and 32)	103,700	4	82,893	3	177,948	7
2219	Other payables (Notes 21 and 32)	45,154	2	42,417	2	92,063	4
2230	Current income tax liabilities (Note 4)	-	-	-	-	14,757	1
2250	Provisions for liabilities - current (Note 22)	20,077	1	24,509	1	29,259	1
2280	Lease liabilities-current (Notes 15 and 32)	9,422	1	9,787	1	3,556	-
2300	Other current liabilities	628	-	1,248	-	1,109	-
21XX	Total current liabilities	<u>577,488</u>	<u>24</u>	<u>562,869</u>	<u>23</u>	<u>784,051</u>	<u>30</u>
	Non-current liabilities						
2570	Deferred income tax liabilities (Notes 4)	4,437	-	2,288	-	2,101	-
2580	Lease liabilities-noncurrent (Note 15 and 32)	27,848	1	32,542	1	2,463	-
2645	Guarantee deposits	628	-	628	-	628	-
25XX	Total non-current liabilities	<u>32,913</u>	<u>1</u>	<u>35,458</u>	<u>1</u>	<u>5,192</u>	<u>-</u>
2XXX	Total liabilities	<u>610,401</u>	<u>25</u>	<u>598,327</u>	<u>24</u>	<u>789,243</u>	<u>30</u>
	Equity (Note 24)						
3110	Common stock capital	644,306	26	644,306	26	644,306	24
3200	Capital surplus	14,904	-	14,894	1	14,894	1
	Retained Earnings						
3310	Legal reserve	260,682	11	259,041	10	259,041	10
3320	Special surplus reserve	3,888	-	3,950	-	3,950	-
3350	Unappropriated earnings	937,247	38	962,216	39	926,422	35
3400	Other components of equity	(3,251)	-	(3,888)	-	(3,950)	-
3XXX	Total equity	<u>1,857,776</u>	<u>75</u>	<u>1,880,519</u>	<u>76</u>	<u>1,844,663</u>	<u>70</u>
	Total liabilities and Equity	<u>\$ 2,468,177</u>	<u>100</u>	<u>\$ 2,478,846</u>	<u>100</u>	<u>\$ 2,633,906</u>	<u>100</u>

The accompanying notes are an integral part of these financial statements.
Deloitte & Touche's review report dated August 11, 2026 by Deloitte & Touche Certified Public Accountants)

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 1 to June 30, 2026 and 2025, and January 1 to June 30, 2026 and 2025

In Thousands of New Taiwan Dollars, however
Earnings per share were yuan

Code		April 1 to June 30, 2026		April 1 to June 30, 2025		January 1 to June 30, 2026		January 1 to June 30, 2025	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes 25 and 32)	\$ 295,245	100	\$ 441,264	100	\$ 635,124	100	\$ 967,833	100
5000	Operating costs (Notes 11, 26 and 32)	(285,379)	(97)	(380,533)	(86)	(600,650)	(94)	(783,709)	(81)
5900	Gross profit	9,866	3	60,731	14	34,474	6	184,124	19
5910	Unrealized gains from related companies	(1,945)	(1)	-	-	(5,112)	(1)	-	-
5920	Realized gains from related companies	2,044	1	-	-	2,044	-	-	-
5950	Realized Gross profit	9,965	3	60,731	14	31,406	5	184,124	19
	Operating expenses (Notes 26 and 32)								
6100	Selling expenses	10,658	3	16,871	4	22,674	3	31,163	3
6200	Administrative expenses	11,786	4	10,404	3	24,190	4	23,010	2
6300	Research and development expenses	11,126	4	18,115	4	23,595	4	33,252	4
6450	Expected credit losses (Note 10)	-	-	-	-	30	-	-	-
6000	Total operating expenses	33,570	11	45,390	11	70,489	11	87,425	9
6900	Operating income (loss)	(23,605)	(8)	15,341	3	(39,083)	(6)	96,699	10
	Non-operating income and expenses (Notes 26 and 32)								
7100	Interest income	5,299	2	5,873	1	8,176	1	10,626	1
7010	Other income	1,817	1	2,036	1	3,443	-	5,850	-
7020	Other gains and losses	(1,810)	(1)	(144,517)	(33)	12,567	2	(128,155)	(13)
7050	Finance costs	(1,446)	-	(915)	-	(2,879)	-	(1,858)	-
7060	Share of profit or loss of associates accounted for using the equity method (Note 13)	(1,550)	(1)	-	-	(1,843)	-	-	-
7000	Total non-operating income and expenses	2,310	1	(137,523)	(31)	19,464	3	(113,537)	(12)
7900	Net loss before tax	(21,295)	(7)	(122,182)	(28)	(19,619)	(3)	(16,838)	(2)
7950	Income tax expense (Notes 4 and 27)	3,428	1	(25,767)	(6)	3,771	1	2,549	-
8200	Net loss for the period	(24,723)	(8)	(96,415)	(22)	(23,390)	(4)	(19,387)	(2)
	Other comprehensive profit or loss (net) (Notes 24 and 27)								
	Items that may be reclassified to profit or loss in the future								
8361	Exchange differences in the translation of financial statements of foreign operating entities	(290)	-	-	-	796	-	-	-
8399	Income tax related to items that may be reclassified	58	-	-	-	(159)	-	-	-
8300	Other comprehensive income and loss (net after tax)	(232)	-	-	-	637	-	-	-
8500	Total comprehensive income (loss) for the period	(\$ 24,955)	(8)	(\$ 96,415)	(22)	(\$ 22,753)	(4)	(\$ 19,387)	(2)
	Loss per share (Note 28)								
9710	Basic	(\$ 0.38)		(\$ 1.50)		(\$ 0.36)		(\$ 0.30)	
9810	Diluted	(\$ 0.38)		(\$ 1.50)		(\$ 0.36)		(\$ 0.30)	

The accompanying notes are an integral part of these financial statements.
(Deloitte & Touche's review report dated August 11, 2026 by Deloitte & Touche)

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 1 to June 30, 2026 and 2025

In Thousands of New Taiwan Dollars

Code		Share capital	Capital surplus	Retained Earnings			Other components of equity		Total equity
				Legal reserve	Special surplus reserve	Unappropriated earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	
A1	Balance as of January 1, 2025	\$ 644,306	\$ 14,883	\$ 223,149	\$ 3,950	\$ 1,013,916	(\$ 3,950)	\$ -	\$ 1,896,254
	Appropriations of 2024 earnings and Distribution (Note 24)								
B1	Legal reserve	-	-	35,892	-	(35,892)	-	-	-
B5	Shareholder cash dividends	-	-	-	-	(32,215)	-	-	(32,215)
	Other changes in capital surplus								
C17	Dividends not claimed by shareholders within the time limit	-	11	-	-	-	-	-	11
D1	Net loss from January 1 to June 30, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,387)</u>	<u>-</u>	<u>-</u>	<u>(19,387)</u>
D5	Total comprehensive income (loss) from January 1 to June 30, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,387)</u>	<u>-</u>	<u>-</u>	<u>(19,387)</u>
Z1	Balance as of June 30, 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>\$ -</u>	<u>\$ 1,844,663</u>
A1	Balance as of January 1, 2026	\$ 644,306	\$ 14,894	\$ 259,041	\$ 3,950	\$ 962,216	(\$ 3,950)	\$ 62	\$ 1,880,519
	Appropriations of 2025 earnings and Distribution (Note 24)								
B1	Legal reserve	-	-	1,641	-	(1,641)	-	-	-
B17	Reversal of special surplus reserve	-	-	-	(62)	62	-	-	-
	Other changes in capital surplus								
C17	Dividends not claimed by shareholders within the time limit	-	10	-	-	-	-	-	10
D1	Net loss from January 1 to June 30, 2026	-	-	-	-	(23,390)	-	-	(23,390)
D3	Other comprehensive income (loss) after tax from January 1 to June 30, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>637</u>	<u>637</u>
D5	Total comprehensive income (loss) from January 1 to June 30, 2026	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,390)</u>	<u>-</u>	<u>637</u>	<u>(22,753)</u>
Z1	Balance as of June 30, 2026	<u>\$ 644,306</u>	<u>\$ 14,904</u>	<u>\$ 260,682</u>	<u>\$ 3,888</u>	<u>\$ 937,247</u>	<u>(\$ 3,950)</u>	<u>\$ 699</u>	<u>\$ 1,857,776</u>

The accompanying notes are an integral part of these financial statements.
(Deloitte & Touche's review report dated August 11, 2026 by Deloitte & Touche Certified Public Accountants)

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 1 to June 30, 2026 and 2025

		In Thousands of New Taiwan Dollars	
<u>Code</u>		<u>January 1 to June 30,2026</u>	<u>January 1 to June 30,2025</u>
	Cash flow from operating activities		
A10000	Net loss before tax	(\$ 19,619)	(\$ 16,838)
A20010	Revenue and expense items		
A20100	Depreciation expense	137,055	105,487
A20200	Amortization expenses	203	313
A20300	Expected credit impairment loss	30	-
A20400	Loss on financial assets (benefits) measured at fair value through profit or loss	(3)	111
A20900	Finance costs	2,879	1,858
A21200	Interest income	(8,176)	(10,626)
A22300	Share of profits and losses of associates accounted for using the equity method	1,843	-
A23700	Loss due to write-off of Inventory to NRV	171	866
A23900	Unrealized gain from related companies	3,068	-
A24100	Foreign exchange (profit) loss	(10,446)	105,007
A29900	(Reversal) Provision for liabilities	(948)	663
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	(1,251)	5,457
A31140	Notes Receivable - Related Parties	9,612	(8,192)
A31150	Accounts Receivable	(49,328)	40,754
A31160	Accounts Receivable - Related Parties	66,066	3,849
A31180	Other receivables	-	9,804
A31200	Inventory	(4,579)	(7,012)
A31230	Prepayment	(4,103)	(5,102)
A31990	Net defined benefit assets	(74)	(76)
A31240	Other current assets	93	729
A32125	Contract liabilities	4,199	1,469
A32150	Accounts Payable	(7,716)	(24,736)
A32160	Accounts Payable - Related Parties	20,807	27,327
A32180	Other payables	(6,022)	(2,758)
A32200	Liability Provision	(3,484)	(1,510)

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Code		January 1 to June 30,2026	January 1 to June 30,2025
A32230	Other current liabilities	(\$ 620)	(\$ 46)
A33000	Cash generated from operations	129,657	226,798
A33100	Interest collected	8,004	10,425
A33300	Interest paid	(1,624)	(2,039)
A33500	Income tax paid	(784)	(44,295)
AAAA	Net cash inflow from operating activities	<u>135,253</u>	<u>190,889</u>
Cash flows from investing activities			
B00040	Acquisition of financial assets measured at amortized cost	-	(29,300)
B02700	Purchase of real estate, factory buildings and equipment	(122,862)	(140,966)
B03700	Increase in refundable deposits	(40,089)	(41,380)
B04500	Purchase of other intangible assets	(3,650)	-
B07100	Increase in prepayment to equipment	(2,319)	(84,594)
BBBB	Net cash outflow from investing activities	<u>(168,920)</u>	<u>(296,240)</u>
Cash flows from financing activities			
C00100	Short-term borrowing increased	-	100,000
C04020	Lease principal payment	(5,059)	(4,857)
C09900	Dividends not claimed by shareholders within the time limit	<u>10</u>	<u>11</u>
CCCC	Net cash inflows from financing activities	<u>(5,049)</u>	<u>95,154</u>
DDDD	The impact of exchange rate fluctuations on cash and cash equivalents	<u>6,591</u>	<u>(74,481)</u>
EEEE	Cash and cash equivalents decrease	(32,125)	(84,678)
E00100	Beginning cash and cash equivalents	<u>632,239</u>	<u>781,991</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 600,114</u>	<u>\$ 697,313</u>

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

(Deloitte & Touche's review report dated August 11, 2026 by Deloitte & Touche Certified Public Accountants)

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 1 to June 30, 2026 and 2025

(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 11, 2026.

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 adoption of the revised IFRS Accounting Standards endorsed and issued by the FSC and effective will not result in material changes to the Company's accounting policies.

- (2) IFRS Accounting Standards endorsed by the FSC and effective in 2027.

New/Revised/Amended Standards and Interpretations	Effective Date Issued by the IASB
FRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 1)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027
Amendments to IAS 28 "Amendments to the Fair Value Option in IAS 28 Investments in Associates and Joint Ventures"	January 1, 2027 (Note 2)

Note 1: Chinese enterprises should apply IFRS 18 from January 1, 2028, or may choose to apply it earlier.

Note 2: When IFRS 18 is applicable, these amendments shall also apply.

IFRS 18 IFRS 18 “Presentation and Disclosure in Financial Statements” and the related consequential amendments, as well as “Amendments to the Fair Value Option in IAS 28 Investments in Associates and Joint Ventures”

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

- The Company is required to assess whether it has a specified main business activity of investing in particular types of assets or providing financing to customers and, based on that assessment, classify income and expenses in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss is required to present operating profit or loss, profit or loss before financing and income taxes, and profit or loss as subtotals and totals.
- Guidance is provided to enhance the aggregation and disaggregation requirements. The Company is required to identify the assets, liabilities, equity, income, expenses and cash flows arising from individual transactions or other events and classify and aggregate them based on shared characteristics, such that each line item presented in the primary financial statements has at least one similar characteristic. Items with dissimilar characteristics must be disaggregated in the primary financial statements and the notes. The Company may label such items as “other” only when it is unable to identify a more informative label.
- Additional disclosures regarding management-defined performance measures are required. When the Company uses such measures in public communications outside the financial statements to communicate management’s view of an aspect of the Company’s financial performance as a whole to users of the financial statements, the Company is required to disclose information about those measures in a single note to the financial statements. Such information includes a description of each measure, how it is calculated, a reconciliation to the most directly comparable subtotal or total specified by IFRS Accounting Standards, and the income tax effect of each reconciling item.

Upon initial application of IFRS 18, a venture capital organization, mutual fund, unit trust or similar entity may change its election for measuring investments in associates or joint ventures held directly or indirectly through such entities from the equity method to fair value through profit or loss. The amendments to IAS 28 clarify that the aforementioned “similar entities” include entities that, based on the assessment required by IFRS 18, have a specified main business activity of investing in particular types of assets. If the Company meets the aforementioned criteria, it may elect to make this change on the date of initial application.

In addition, the following consequential amendments have been made to IAS 7 "Statement of Cash Flows" :

When preparing cash flows from operating activities using the indirect method, the Company is required to use operating profit or loss as the starting point for reconciliation.

Interest and dividends received by the Company are required to be classified as investing activities, while interest and dividends paid are required to be classified as financing activities. If the Company is assessed as having a specified main business activity, it is required to consider the categories in which dividend income, interest income and interest expenses are presented in the statement of profit or loss when determining the classification of dividends received, interest received and interest paid in the statement of cash flows. However, each of the aforementioned cash flows may be classified in only one category in the statement of cash flows.

The Company does not expect to early apply IFRS 18 and the related consequential amendments.

As of the date the financial statements were authorized for issue, the Company was still assessing the effects of the amendments on its financial position and financial performance. The related effects will be disclosed upon completion of the assessment.

- (3) IFRS accounting standards that have been issued by the IASB but have not yet been approved and implemented by the Financial Supervisory Commission.

Newly issued/revised/modified guidelines and interpretations	IASB publication (Note)
Amendments to IFRS 10 and IAS 28: "Sale or investment of assets between an investor and its affiliates or joint ventures"	Not yet
IFRS 20 "Controlled Assets and Controlled Liabilities"	Certainly January 1, 2029

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

As of the date the financial statements were authorized for issue, the Company was still assessing the other effects of the amendments to the aforementioned standards and interpretations on its financial position and financial performance. The related effects will be disclosed upon completion of the assessment.

4. Summary of Significant Accounting Policies

- (1) Follow the statement

These financial statements have been prepared in accordance with the Financial Reporting Standards for Securities Issuers and IAS 34 "Interim Financial Reporting" approved and issued by the Financial Supervisory Commission.

These financial statements do not include all IFRS accounting disclosure information required for a full annual financial statements.

(2) Basis of Preparation

The financial statements have been prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit assets recognized at the present value of defined benefit obligations less the fair value of plan assets.

Fair value measurements are classified into Levels 1 through 3 based on the degree to which the relevant inputs are observable and their significance :

2-1. **Level 1 inputs:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.

2-2. **Level 2 inputs:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

2-3. **Level 3 inputs:** Unobservable inputs for the asset or liability.

(3) Other Significant Accounting Policies

Except as described below, please refer to the summary of significant accounting policies in the financial statements for the year ended December 31, 2025.

3-1. Defined Benefit Post-employment Benefits

Pension costs for an interim period are calculated on a year-to-date basis by applying the actuarially determined pension cost rate as of the end of the preceding financial year, adjusted for significant market fluctuations and significant plan amendments, settlements or other significant one-off events during the period.

3-2. Income Tax Expense

Income tax expense represents the sum of current income tax and deferred income tax. Income tax for an interim period is assessed on an annual basis and calculated by applying the tax rate that would be applicable to the expected total annual earnings to the interim profit before tax.

3-3. Financial Instruments – Derivative Instruments

Derivative instruments are initially recognized at fair value on the date on which the derivative contracts are entered into and are subsequently remeasured at fair value at the balance sheet date. Gains or losses arising from subsequent remeasurement are recognized directly in profit or loss. However, for derivatives designated as effective hedging instruments, the timing of recognition in profit or loss depends on the nature of the hedging relationship. A derivative with a positive fair value is recognized as a financial asset, whereas a derivative with a negative fair value is recognized as a financial liability.

When 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 hybrid contract. When a derivative is embedded in a host contract that is not a financial asset within the scope of IFRS 9, such as a financial liability, the embedded derivative is accounted for as a separate derivative if it meets the definition of a derivative, its risks and characteristics are not closely related to those of the host contract, and the hybrid contract is not measured at fair value through profit or loss.

5. **Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

In applying the Company’s accounting policies, management is required to make judgments, estimates and assumptions concerning matters for which relevant information is not readily available from other sources. Such judgments, estimates and assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

In developing significant accounting estimates, the Company considers the potential effects of the United States’ reciprocal tariff measures, inflation, and fluctuations in market interest rates and foreign exchange rates on significant estimates relating to projected cash flows, growth rates, discount rates and profitability. Management will continue to review the estimates and underlying assumptions. Based on management’s assessment of the accounting policies, estimates and underlying assumptions adopted by the Company, there are no critical accounting judgments or key sources of estimation and assumption uncertainty.

6. **Cash and cash equivalent**

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand	\$ 462	\$ 277	\$ 363
Bank deposits			
Checks and demand deposits	100,557	111,567	21,298
Foreign currency demand deposits	243,021	308,557	360,970
Cash equivalents (investments with an original maturity date of less than 3 months)			
Bank foreign currency time deposits	256,074	211,838	314,682
	<u>\$ 600,114</u>	<u>\$ 632,239</u>	<u>\$ 697,313</u>

The market interest rate range is as follows :

	June 30, 2026	December 31, 2025	June 30, 2025
Bank demand deposits	0.01% ~ 3.60%	0.01% ~ 4.00%	0.01% ~ 4.35%
Bank foreign currency time deposits	3.75% ~ 4.02%	3.85% ~ 4.37%	4.14% ~ 4.60%

7. **Financial instruments measured at fair value through profit or loss**

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
<u>Financial assets</u>			
Mandatory measurement at fair value through profit or loss			
Non-derivative financial assets			
- Fund beneficiary certificates	\$ <u>2,467</u>	\$ <u>2,464</u>	\$ <u>2,318</u>
	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
<u>Financial liabilities</u>			
Held for trading			
Derivatives (not designated as hedging instruments)			
Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>-</u>	\$ <u>73</u>

The following are forward foreign exchange contracts that were not subject to hedging accounting and have not yet matured as of June 30, 2025 :

	<u>Currency</u>	<u>Expiry period</u>	<u>Contract amount (thousand dollars)</u>
Sell forward foreign exchange	US Dollar to Taiwan Dollar	August 20 to September 4, 2025	USD 200/NTD 5,876

The purpose of the Company engaging in forward foreign exchange transactions is primarily to hedge against the risks arising from exchange rate fluctuations in foreign currency assets.

8. **Financial assets measured at amortized cost**

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
<u>Current (Note)</u>			
Domestic investment			
Original fixed deposits with a maturity of more than 3 months	\$ <u>-</u>	\$ <u>-</u>	\$ <u>29,300</u>

Note : The Company considers the debtor's historical default record and current financial condition to measure the expected credit loss of financial assets – current assets measured at amortized cost over 12 months. As of June 30, 2025, the Company assessed that no expected credit loss was required for financial assets – current assets measured at amortized cost.

The fixed deposit interest rate as of June 30, 2025 was 4.14%.

9. **Financial assets at fair value through other comprehensive income**

Equity instrument investment

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
<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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total book value			
-Non-related party	<u>\$ 7,701</u>	<u>\$ 6,450</u>	<u>\$ 7,002</u>
-Related party	<u>\$ 16,281</u>	<u>\$ 25,893</u>	<u>\$ 19,683</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Total book value			
-Non-related party	<u>\$ 190,713</u>	<u>\$ 137,510</u>	<u>\$ 378,273</u>
Less: Allowance for credit losses	<u>(30)</u>	<u>-</u>	<u>-</u>
	<u>\$ 190,683</u>	<u>\$ 137,510</u>	<u>\$ 378,273</u>
-Related parties	<u>\$ 60,380</u>	<u>\$ 126,446</u>	<u>\$ 8,115</u>
<u>Other receivables</u>			
Interest receivable	<u>\$ 969</u>	<u>\$ 797</u>	<u>\$ 2,063</u>

(1) Notes and accounts receivable

To reduce credit risk, the management of The Company has assigned a dedicated team to monitor the process and ensure that appropriate actions have been taken to collect overdue receivables. In addition, on the balance sheet date, The Company reviews the recoverable amount of each receivable item to ensure that the appropriate impairment loss has been recognized for any unrecoverable receivables. Based on these measures, the management of The Company believes that our credit risk has significantly decreased.

The Company recognizes the allowance for credit losses on receivables based on expected credit losses over the lifetime of the receivables. Lifetime expected credit losses are calculated using a provision matrix, which considers

customers' past default records and current financial conditions, as well as GDP forecasts. Given that the Company's historical credit loss experience indicates no significant difference in loss patterns among different customer segments, the provision matrix does not further segment customer groups but only determines the expected credit loss rates based on the aging of the receivables.

If there is evidence that the counterparty is facing severe financial difficulties and the company cannot reasonably expect to recover the receivables, we will write off the relevant receivables. However, we will continue to pursue recovery activities, and any amount recovered will be recognized in the income statement. The Company measures the provision for impairment losses on receivables (accounts receivable and notes receivable) according to the probability matrix as follows :

June 30, 2026

	Non-overdue	Overdue 1-90 days	Overdue 91-180 days	Overdue Over 181 days	Total
Expected credit loss rate	-	0%~5%	4.35%~4.55%	100%	
Total book value	\$ 262,343	\$ 12,702	\$ -	\$ 30	\$ 275,075
Allowance for losses (Expected credit losses during the duration)	-	-	-	(30)	(30)
Amortized cost	<u>\$ 262,343</u>	<u>\$ 12,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,045</u>

December 31, 2025

	Non-overdue	Overdue 1-90 days	Overdue 91-180 days	Overdue Over 181 days	Total
Expected credit loss rate	-	-	-	100%	
Total book value	\$ 276,825	\$ 19,444	\$ 30	\$ -	\$ 296,299
Allowance for losses (Expected credit losses during the duration)	-	-	-	-	-
Amortized cost	<u>\$ 276,825</u>	<u>\$ 19,444</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 296,299</u>

June 30, 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>

Most of the over-due receivables were collected subsequent to the reporting period. The Company's management assessed that there were no expected credit losses on the receivables as of December 31 and June 30, 2025.

Changes in the allowance for credit losses of receivables are as follows :

	January 1 to June 30, 2026
Beginning balance	\$ -
Add: Provision for impairment losses	30
Ending balance	<u>\$ 30</u>

(2) Other receivables

The Company's other receivables consist of interest receivable. The Company's policy is to transact only with creditworthy counterparties. The Company continuously monitors and considers the counterparties' historical default records and analyzes their current financial positions to assess whether the credit risk of other receivables has increased significantly since initial recognition and to measure expected credit losses. As of June 30, 2026, and December 31 and June 30, 2025, the Company assessed that no allowance for expected credit losses on other receivables was required.

11. **Inventory**

	June 30, 2026	December 31, 2025	June 30, 2025
Raw material	\$ 49,706	\$ 45,743	\$ 52,220
Finished products	69,470	61,134	71,867
Semi-finished products	39,193	37,130	35,505
Work in progress	<u>12,245</u>	<u>22,199</u>	<u>25,618</u>
	<u>\$ 170,614</u>	<u>\$ 166,206</u>	<u>\$ 185,210</u>

Cost of goods sold for the three-month periods ended June 30, 2026 and 2025 and the six-month periods ended June 30, 2026 and 2025 included inventory write-down losses of NT\$171 thousand, NT\$866 thousand, NT\$171 thousand and NT\$866 thousand, respectively.

12. **Prepayments**

	June 30, 2026	December 31, 2025	June 30, 2025
VAT credit	\$ 2,768	\$ 4,499	\$ 6,172
Other prepayments	<u>29,155</u>	<u>23,321</u>	<u>17,755</u>
	<u>\$ 31,923</u>	<u>\$ 27,820</u>	<u>\$ 23,927</u>

13. **Investments accounted for using the equity method**

	June 30, 2026	December 31, 2025	June 30, 2025
Individually immaterial affiliate			
Regionmax Co., Ltd.	<u>\$ 40,571</u>	<u>\$ 44,686</u>	<u>\$ -</u>

In December 2025, the Company subscribed for 100 thousand common shares issued by Regionmax Co., Ltd. through a private placement for US\$1,500 thousand (equivalent to NT\$47,085 thousand). Following the private placement, the Company held a 21.74% ownership interest in Regionmax Co., Ltd. and obtained significant influence over the company.

The share of profit or loss and other comprehensive income of investments accounted for using the equity method was calculated based on the financial statements of the investees that have not been reviewed by independent auditors. However, the

Company's management believes that the fact that the financial statements of the aforementioned investees were not reviewed by independent auditors would not have a material impact.

The nature of operations, principal place of business, and country of incorporation of the above-mentioned affiliate are disclosed in Appendix 2, 「Information on Investee Companies, Locations, and Other Related Information.」

14. Property, plant and equipment - own use

	Machine equipment	Mold equipment	Transportation equipment	Office equipment	Lease improvement	Total
<u>Cost</u>						
Balance as of January 1, 2026	\$ 55,803	\$ 1,584,664	\$ 15,406	\$ 5,438	\$ 27,960	\$ 1,689,271
Add	<u>145</u>	<u>130,122</u>	<u>-</u>	<u>88</u>	<u>-</u>	<u>130,355</u>
Balance as of June 30, 2026	<u>55,948</u>	<u>1,714,786</u>	<u>15,406</u>	<u>5,526</u>	<u>27,960</u>	<u>1,819,626</u>
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2026	46,100	925,412	11,014	3,616	25,386	1,011,528
Depreciation expense	<u>2,012</u>	<u>127,087</u>	<u>811</u>	<u>382</u>	<u>1,247</u>	<u>131,538</u>
Balance as of June 30, 2026	<u>48,112</u>	<u>1,052,499</u>	<u>11,825</u>	<u>3,998</u>	<u>26,633</u>	<u>1,143,066</u>
Net amount as of June 30, 2026	<u>\$ 7,836</u>	<u>\$ 662,287</u>	<u>\$ 3,581</u>	<u>\$ 1,528</u>	<u>\$ 1,327</u>	<u>\$ 676,560</u>
Net amount as of December 31, 2025 and January 1, 2026	<u>\$ 9,703</u>	<u>\$ 659,252</u>	<u>\$ 4,392</u>	<u>\$ 1,822</u>	<u>\$ 2,574</u>	<u>\$ 677,743</u>
<u>Cost</u>						
Balance as of January 1, 2025	\$ 54,361	\$ 1,328,168	\$ 15,406	\$ 3,322	\$ 27,960	\$ 1,429,217
Add	<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 expense	<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 amount 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>

From January 1 to June 30, 2016 and 2014, the Company did not recognize or reverse any impairment losses.

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

15. Lease agreement

(1) Right-of-use assets

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amounts of right-of-use assets			
Building	\$ 34,544	\$ 38,690	\$ 1,398
Transportation equipment	<u>2,438</u>	<u>3,495</u>	<u>4,553</u>
	<u>\$ 36,982</u>	<u>\$ 42,185</u>	<u>\$ 5,951</u>

	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
Additions to right-of-use assets			\$ <u>-</u>	\$ <u>3,700</u>
Depreciation expense on right-of-use assets				
Buildings	\$ 2,072	\$ 2,095	\$ 4,146	\$ 4,189
Transportation equipment	<u>529</u>	<u>323</u>	<u>1,057</u>	<u>544</u>
	<u>\$ 2,601</u>	<u>\$ 2,418</u>	<u>\$ 5,203</u>	<u>\$ 4,733</u>

Except for the additions and depreciation expenses recognized above, the Company had no significant subleases or impairment of right-of-use assets during the six-month periods ended June 30, 2026 and 2025.

(2) Lease Liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amounts of lease liabilities			
Current	\$ <u>9,422</u>	\$ <u>9,787</u>	\$ <u>3,556</u>
Non-current	\$ <u>27,848</u>	\$ <u>32,542</u>	\$ <u>2,463</u>

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

	June 30, 2026	December 31, 2025	June 30, 2025
Building	1.85%	1.85%	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 16.

(5) Other leasing information.

	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
Short-term lease expense	\$ <u>2,100</u>	\$ <u>2,100</u>	\$ <u>4,200</u>	\$ <u>4,200</u>
Total amount (outflows) from leases			(\$ <u>9,628</u>)	(\$ <u>9,101</u>)

16. **Investment property**

	June 30, 2026	December 31, 2025	June 30, 2025
Investment property	\$ <u>50,585</u>	\$ <u>50,899</u>	\$ <u>51,214</u>

Except for the depreciation expense recognized, the Company had no significant additions, disposals or impairment of investment properties during the six-month periods ended June 30, 2026 and 2025.

The lease period for the investment property for rent is 2-3 years. The lessee does not have the option to purchase the investment property at the end of the lease period.

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

	June 30, 2026	December 31, 2025	June 30, 2025
First year	\$ 2,541	\$ 2,960	\$ 3,589
Second year	674	1,840	2,331
Third year	-	-	674
	<u>\$ 3,215</u>	<u>\$ 4,800</u>	<u>\$ 6,594</u>

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 as of June 30, 2026, and December 31 and June 30, 2025 were NT\$159,650 thousand, NT\$180,229 thousand and NT\$182,598 thousand, respectively. The fair values were determined by the Company's management based on recent actual transaction prices of properties in the surrounding area obtained from the Ministry of the Interior's Real Estate Transaction Price Inquiry website.

For the amounts of investment properties pledged as collateral for borrowings, please refer to Note 33.

17. Other intangible assets

	June 30, 2026	December 31, 2025	June 30, 2025
Computer software	<u>\$ 3,447</u>	<u>\$ -</u>	<u>\$ 157</u>

The Company acquired computer software for NT\$ 3,650,000 from January 1 to June 30, 2026.

Amortization expenses are accrued on a straight-line basis over the following useful lives :

Computer software	3 years
Computer software	3 years

18. Other non-current assets

	June 30, 2026	December 31, 2025	June 30, 2025
Refundable deposits	<u>\$ 45,660</u>	<u>\$ 5,571</u>	<u>\$ 45,631</u>

In the first quarters of 2026 and 2025, the Company signed purchase and delivery agreements with suppliers and paid a purchase deposit of NT\$40,000 thousand, which was classified under the item 'Refundable deposits'.

19. Short-term loan

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Secured loan</u> (Note 33)			
Bank loan	\$ 100,000	\$ 100,000	\$ 100,000
<u>Unsecured loan</u>			
Line of credit loan	<u>169,650</u>	<u>169,650</u>	<u>199,650</u>
	<u>\$ 269,650</u>	<u>\$ 269,650</u>	<u>\$ 299,650</u>

(1) The interest rate for the bank secured loans was 1.775% on June 30, 2026, December 31 and June 30, 2025.

(2) The interest rates on the bank working capital loans were 1.825%–1.98%, 1.825%–1.98% and 1.825%–1.93% as of June 30, 2026, and December 31 and June 30, 2025, respectively.

20. 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.

21. Other Payables

	June 30, 2026	December 31, 2025	June 30, 2025
Payables for equipment	\$ 14,647	\$ 7,154	\$ 12,185
Payables for salaries and bonuses	7,448	14,079	20,877
Payables for processing fees	3,675	4,077	5,016
Payables for mold repair expenses	1,808	1,512	2,038
Payables for testing fees and others – related parties	1,753	2,162	2,403
Cash dividends payable	-	-	32,215
Others	<u>15,823</u>	<u>13,433</u>	<u>17,329</u>
	<u>\$ 45,154</u>	<u>\$ 42,417</u>	<u>\$ 92,063</u>

22. Liability provision

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Current</u>			
Warranty	<u>\$ 20,077</u>	<u>\$ 24,509</u>	<u>\$ 29,259</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.

23. Retirement benefit plan

Pension income related to the defined benefit plans recognized for the three-month periods ended June 30, 2026 and 2025 and the six-month periods ended June 30, 2026 and 2025 was calculated using the actuarially determined pension cost rates as of December 31, 2025 and 2024, and amounted to NT\$37 thousand, NT\$38 thousand, NT\$74 thousand and NT\$76 thousand, respectively.

24. Equity

(1) Share capital

Common stock

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</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 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
<u>Can be used to make up for losses, distribute cash or allocate capital (Note 1)</u>			
Additional paid-in capital	\$ 14,705	\$ 14,705	\$ 14,705
<u>Can be used only to make up losses</u>			
Dividends not collected by shareholders overdue (Note 2)	<u>199</u>	<u>189</u>	<u>189</u>
	<u>\$ 14,904</u>	<u>\$ 14,894</u>	<u>\$ 14,894</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

According to the earnings distribution policy set forth in the company's Articles of Incorporation, if there is a surplus in the annual final accounts, the company shall first pay all taxes and offset accumulated deficits; specifically, the company shall accrue income tax payable first, offset any previous accumulated losses, and then set aside 10% of such profits as a legal reserve.

However, when the legal reserve equals to the paid-in capital, the company may cease further appropriations and, after considering operational needs or in accordance with laws and regulations or directives from competent authorities regarding the appropriation or reversal of special surplus reserves, determine the distributable earnings for the current year. Together with the undistributed earnings from prior years, the Board of Directors shall prepare a profit distribution proposal to submit to the shareholders' meeting for resolution on the distribution of dividends to shareholders. When dividends or legal surplus reserves and capital reserves are distributed in cash, the Board of Directors is

authorized to execute such distribution with the presence of at least two-thirds of the directors and approval by a majority of the directors present, and to report the same to the shareholders' meeting.

The Company, upon considering factors such as future funding needs, financial structure, and profits, for the purpose of sustainable management and steady company growth, in the future, the dividends of the Company will depend on the Company's operation situation, the Board of Directors shall prepare a profit distribution proposal to submit to the shareholders' meeting for resolution on the distribution of dividends to shareholders. The distributed dividend in the form of cash shall not be less than 30% of the total amount of dividend allocable in the year.

For the employee and director remuneration distribution policy, please refer to Note 26 (7) of the employee and director remuneration.

The legal reserve fund can be used to offset for losses. When The Company has no losses, the part of the legal reserve that exceeds 25% of the total paid-in capital may be distributed to shareholders as dividends either in shares or cash.

The Company's profit distribution proposals for 2025 and 2024 are as follows :

	2025	2024
Legal reserve	\$ 1,641	\$ 35,892
Special reserve	(\$ 62)	\$ -
cash dividend	\$ -	\$ 32,215
Cash dividend per share(NTD)	\$ -	\$ 0.5

The cash dividends for 2024 were approved by the Board of Directors on March 14, 2025. The remaining appropriations of earnings for 2025 and 2024 were approved at the annual shareholders' meetings held on June 26, 2026 and June 20, 2025, respectively.

(4) Special earnings reserve

	January 1 to June 30, 2026	January 1 to June 30, 2025
Beginning balance	\$ 3,950	\$ 3,950
Reversal of special reserve		
Reversal of deductions from other equity items	(62)	-
Ending balance	\$ 3,888	\$ 3,950

(5) Other equity items

	June 30, 2026	December 31, 2025	June 30, 2025
Exchange differences in the translation of financial statements of foreign operating entities	\$ 699	\$ 62	\$ -
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income or loss	(3,950)	(3,950)	(3,950)

June 30, 2026	December 31, 2025	June 30, 2025
(<u>\$ 3,251</u>)	(<u>\$ 3,888</u>)	(<u>\$ 3,950</u>)

5-1. Exchange differences on translation of financial statements of foreign operations

	January 1 to June 30, 2026	January 1 to June 30, 2025
Ending balance	\$ 62	\$ -
Arising during the current year		
Exchange differences on translation of financial statements of foreign operations	796	-
Related income tax (Note 27)	(<u>159</u>)	<u>-</u>
Ending balance	<u>\$ 699</u>	<u>\$ -</u>

5-2. Unrealized gains (losses) on financial assets at fair value through other comprehensive income

	January 1 to June 30, 2026	January 1 to June 30, 2025
Beginning and ending balances	(<u>\$ 3,950</u>)	(<u>\$ 3,950</u>)

25. **Revenue**

(1) Revenue details

Product category	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Automobile component	\$ 272,236	\$ 414,076	\$ 591,084	\$ 916,333
Electronics component	<u>23,009</u>	<u>27,188</u>	<u>44,040</u>	<u>51,500</u>
	<u>\$ 295,245</u>	<u>\$ 441,264</u>	<u>\$ 635,124</u>	<u>\$ 967,833</u>

Region	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
America	\$ 192,601	\$ 318,185	\$ 476,747	\$ 705,489
Asia	74,340	98,413	112,915	211,075
Europe	28,304	22,471	45,004	48,236
Oceania	<u>-</u>	<u>2,195</u>	<u>458</u>	<u>3,033</u>
	<u>\$ 295,245</u>	<u>\$ 441,264</u>	<u>\$ 635,124</u>	<u>\$ 967,833</u>

(2) Contract balance

	June 30, 2026	December 31, 2025	June 30, 2025	January 1, 2025
Notes receivable (including related parties) (Note 10 and 32)	<u>\$ 23,982</u>	<u>\$ 32,343</u>	<u>\$ 26,685</u>	<u>\$ 23,950</u>
Accounts receivable (including related parties) (Note 10 and 32)	<u>\$ 251,063</u>	<u>\$ 263,956</u>	<u>\$ 386,388</u>	<u>\$ 461,619</u>
Contract liabilities	<u>\$ 7,756</u>	<u>\$ 3,557</u>	<u>\$ 4,872</u>	<u>\$ 3,403</u>

Changes in contract liabilities primarily arise from differences between the timing of the satisfaction of performance obligations and the timing of payments by customers.

26. **Net Loss**

(1) Other income

	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
Income from fire damage claims and insurance compensation	\$ -	\$ -	\$ -	\$ 2,632
Rent	900	900	1,800	1,800
Other income	917	1,136	1,643	1,418
	<u>\$ 1,817</u>	<u>\$ 2,036</u>	<u>\$ 3,443</u>	<u>\$ 5,850</u>

(2) Other gains and losses

	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
Net foreign exchange gains (losses)	(\$ 1,664)	(\$ 144,134)	\$ 12,881	(\$ 127,730)
Net losses on financial assets at fair value through profit or loss	14	(227)	3	(111)
Miscellaneous expenses	(<u>160</u>)	(<u>156</u>)	(<u>317</u>)	(<u>314</u>)
	<u>(\$ 1,810)</u>	<u>(\$ 144,517)</u>	<u>\$ 12,567</u>	<u>(\$ 128,155)</u>

(3) Financial costs

	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
Bank loan interest	\$ 1,256	\$ 885	\$ 2,485	\$ 1,797
Interest on the lease liabilities	178	21	369	44
Imputed interest on deposits received	12	9	25	17
	<u>\$ 1,446</u>	<u>\$ 915</u>	<u>\$ 2,879</u>	<u>\$ 1,858</u>

(4) Depreciation and amortization

	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
Property, plant and equipment	\$ 68,278	\$ 52,177	\$ 131,538	\$ 100,440
Right of use assets	2,601	2,418	5,203	4,733
Investment real estate	157	157	314	314
Intangible assets	203	156	203	313
Total	<u>\$ 71,239</u>	<u>\$ 54,908</u>	<u>\$ 137,258</u>	<u>\$ 105,800</u>
Depreciation expenses summarized by function				
Operating costs	\$ 69,322	\$ 53,082	\$ 133,621	\$ 102,295
Operating expenses	1,557	1,513	3,120	2,878
Non-operating expenses	157	157	314	314
	<u>\$ 71,036</u>	<u>\$ 54,752</u>	<u>\$ 137,055</u>	<u>\$ 105,487</u>

	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
Amortization expenses summarized by function				
Selling expenses	\$ -	\$ -	\$ -	\$ -
Research and development expenses	<u>203</u>	<u>156</u>	<u>203</u>	<u>313</u>
	<u>\$ 203</u>	<u>\$ 156</u>	<u>\$ 203</u>	<u>\$ 313</u>

(5) Direct operating expenses of investment property

	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
Direct operating expenses of investment property	<u>\$ 243</u>	<u>\$ 244</u>	<u>\$ 400</u>	<u>\$ 401</u>

(6) Employee benefits expense

	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
Short-term employee benefits	\$ 26,804	\$ 27,372	\$ 56,043	\$ 58,039
Post-retirement benefits				
Defined contribution plans	1,172	1,125	2,284	2,245
Defined benefit plans (Note 23)	(<u>37</u>)	(<u>38</u>)	(<u>74</u>)	(<u>76</u>)
	<u>\$ 27,939</u>	<u>\$ 28,459</u>	<u>\$ 58,253</u>	<u>\$ 60,208</u>
Summary by function				
Operating cost	\$ 12,113	\$ 12,570	\$ 24,735	\$ 26,246
Operating expense	<u>15,826</u>	<u>15,889</u>	<u>33,518</u>	<u>33,962</u>
	<u>\$ 27,939</u>	<u>\$ 28,459</u>	<u>\$ 58,253</u>	<u>\$ 60,208</u>

(7) Employee compensation and director and supervisor compensation

The Company accrues employee compensation and remuneration to directors at rates of not less than 1% and not more than 5%, respectively, of profit before income tax and before deducting employee compensation and remuneration to directors for the year. Pursuant to the amendment to the Securities and Exchange Act in August 2024, the shareholders approved an amendment to the Company's Articles of Incorporation in 2025, stipulating that no less than 30% of the aforementioned employee compensation shall be allocated to entry-level employees. As the Company incurred net losses before income tax for the six-month periods ended June 30, 2026 and 2025, no employee compensation or remuneration to directors was accrued.

If the amounts are subsequently revised after the annual financial statements are authorized for issue, the revisions are accounted for as changes in accounting estimates and recognized in the following year.

Employee compensation and remuneration to directors for 2025 and 2024 were approved by the Board of Directors on March 12, 2026 and March 14, 2025, respectively, as follows :

Amount

	2025	2024
Employee compensation	\$ 1,000	\$ 4,654
Remuneration to directors	1,346	2,420

The Company recognized employee compensation and remuneration to directors of NT\$415 thousand and NT\$170 thousand, respectively, in its 2025 financial statements. The differences between the recognized amounts and the amounts approved by the Board of Directors were adjusted in 2026.

There were no differences between the amounts approved for 2024 and the amounts recognized in the 2024 financial statements.

Information on employee compensation and remuneration to directors approved by the Company's Board of Directors is available on the Market Observation Post System of the Taiwan Stock Exchange.

(8) Foreign exchange gains and losses

	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
Total foreign exchange gain	\$ 10,317	\$ 4,353	\$ 29,730	\$ 23,910
Total foreign exchange (loss)	(11,981)	(148,487)	(16,849)	(151,640)
Net gain (loss)	(\$ 1,664)	(\$ 144,134)	\$ 12,881	(\$ 127,730)

27. Income tax

(1) Income tax recognized in profit or loss

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

	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
Current income tax				
Current period	\$ -	(\$ 12,226)	\$ -	\$ 8,514
Additional tax on undistributed earnings	-	-	-	7,271
Adjustments from previous years	4,561	(1,376)	4,561	(1,376)
	4,561	(13,602)	4,561	14,409
Deferred income tax				
Current period	(1,133)	(12,165)	(790)	(11,860)
Income Tax expense (benefit) recognized in profit or loss	\$ 3,428	(\$ 25,767)	\$ 3,771	\$ 2,549

(2) Recognized in other comprehensive income tax

	January 1 to June 30 ,2026	January 1 to June 30 ,2025
<u>Deferred income tax</u>		
Income tax recognized in other comprehensive profit or loss		
-Exchange differences on translating foreign operations	\$ <u>159</u>	\$ <u>-</u>

(3) Assessment of income tax filing

The company's income tax returns have been assessed by the tax authorities through 2024. There are no differences between the assessed amounts and the filed amounts.

28. **Loss per share**

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

Net loss for the period

	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
Net loss used in the calculation of basic loss per share	(\$ <u>24,723</u>)	(\$ <u>96,415</u>)	(\$ <u>23,390</u>)	(\$ <u>19,387</u>)

Number of shares

	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
			(Unit Thousand shares)	
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(Note)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average number of common shares used to calculate diluted earnings per share	<u>64,431</u>	<u>64,431</u>	<u>64,431</u>	<u>64,431</u>

Note: The net losses for the periods from January 1 to June 30, 2026 and 2025 resulted in a reverse diluted effect, therefore diluted loss per share is not calculated.

If the Company has the option to pay employee compensation in stock or cash, the diluted earnings per share will be calculated as if the employee compensation were to be paid in stock, and the weighted average number of shares outstanding will be included when such potential ordinary shares have a dilutive effect. The dilutive effect of such potential ordinary shares will also continue to be considered when calculating diluted earnings per share before the number of shares paid as employee compensation is determined in the following year.

29. Cash flow information

(1) Non-cash transactions

Except as disclosed in other notes, the Company engaged in the following non-cash investing and financing activities during the six-month periods ended June 30, 2026 and 2025 :

Acquisitions of property, plant and equipment that remained unpaid as of June 30, 2026, and December 31 and June 30, 2025 were recorded as other payables in the amounts of NT\$14,647 thousand, NT\$7,154 thousand and NT\$12,185 thousand, respectively (refer to Note 21).

The cash dividends for 2024 approved by the Board of Directors had not yet been paid as of June 30, 2025 (refer to Notes 21 and 24).

(2) Liability change from financing activities

January 1 to June 30 ,2026

	January 1, 2026	Cash flow	Non-cash changes		June 30, 2026
			Interest expenses Amortization	Other	
Short-term loans	\$ 269,650	\$ -	\$ -	\$ -	\$ 269,650
Lease liabilities	42,329	(5,059)	369	(369)	37,270
Refundable deposits	628	-	-	-	628
	<u>\$ 312,607</u>	<u>(\$ 5,059)</u>	<u>\$ 369</u>	<u>(\$ 369)</u>	<u>\$ 307,548</u>

January 1 to June 30 ,2026

	January 1, 2025	Cash flow	Non-cash changes			June 30, 2025
			New leases	Interest expenses Amortization	Other	
Short-term loans	\$ 199,650	\$ 100,000	\$ -	\$ -	\$ -	\$ 299,650
Lease liabilities	7,176	(4,857)	3,700	44	(44)	6,019
Redundable deposits	628	-	-	-	-	628
	<u>\$ 207,454</u>	<u>\$ 95,143</u>	<u>\$ 3,700</u>	<u>\$ 44</u>	<u>(\$ 44)</u>	<u>\$ 306,297</u>

30. 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.

31. 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.

2-1. Fair value level

June 30, 2026

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
-Fund beneficiary certificate	\$ 2,467	\$ -	\$ -	\$ 2,467
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instrument investment				
-Domestic unlisted (OTC) stocks	\$ -	\$ -	\$ 2,924	\$ 2,924

December 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
-Fund beneficiary certificate	\$ 2,464	\$ -	\$ -	\$ 2,464
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instrument investment				
-Domestic unlisted (OTC) stocks	\$ -	\$ -	\$ 2,924	\$ 2,924

June 30, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
-Fund beneficiary certificate	\$ 2,318	\$ -	\$ -	\$ 2,318
<u>Financial assets at fair value through other comprehensive income</u>				
Equity instrument investment				
-Domestic unlisted (OTC) stocks	\$ -	\$ -	\$ 2,924	\$ 2,924
<u>Financial liabilities at fair value through profit or loss</u>				
-Foreign exchange forward contracts	\$ -	\$ 73	\$ -	\$ 73

There were no transfers between Level 1 and Level 2 fair value measurements during the six-month periods ended June 30, 2026 and 2025.

2-2. Reconciliation of financial instruments measured at level 3 fair value

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

	January 1 to June 30, 2026	January 1 to June 30, 2025
Beginning Balance	\$ 2,924	\$ 2,924
Recognized in other comprehensive profit or loss (unrealized gains or losses on financial assets measured at fair value through other comprehensive profit or loss)	-	-
Ending Balance	<u>\$ 2,924</u>	<u>\$ 2,924</u>

2-3. Valuation techniques and inputs applied for level 2 fair value Measurement

Foreign exchange forward contracts are valued by estimating future cash flows based on observable forward exchange rates at the end of the reporting period and the exchange rates specified in the contracts, and discounting them using discount rates that reflect the credit risk of the respective counterparties.

2-4. Valuation techniques and inputs applied for level 3 fair value Measurement

For domestic unlisted equity investments, the fair value of the investment is determined using the comparable listed companies method, taking into account the trading price of stocks of companies engaged in similar or related businesses in an active market, the implied value multiplier of such prices, and the liquidity discount to determine the value of the target company. The significant unobservable input value is the liquidity discount.

(3) Financial instruments category

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Financial assets</u>			
Fair value through profit or loss			
Mandatory fair value through profit or loss	\$ 2,467	\$ 2,464	\$ 2,318
Financial assets measured at amortized cost (Note 1)	921,788	934,905	1,187,380
Financial assets at fair value through other comprehensive income			
Equity instrument investment	2,924	2,924	2,924
<u>Financial liabilities</u>			
Fair Value through Profit or Loss (FVPL)	-	-	73
Measured at amortized cost (Note 2)	532,785	510,317	677,961

Note 1 : The balances include financial assets measured at amortized cost, such as cash and cash equivalents, current financial assets at amortized cost, notes receivable, accounts receivable, other receivables and refundable deposits.

Note2 : The balance includes short-term borrowings, 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.

4-1. 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.

(4-1-1) Exchange Rate Risk

Please refer to Note 37 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.

	January 1 to June 30, 2026	January 1 to June 30, 2025
USD	(\$ 36,320)	(\$ 52,970)
RMB	(\$ 105)	\$ 425
EUR	(\$ 611)	(\$ 600)

The above analysis is mainly based on the outstanding balances of cash and cash equivalents, financial assets measured at amortized cost, receivables and payables denominated in USD, CNY and EUR that were not subject to cash flow hedges as of the balance sheet date. The Company's sensitivity to USD exchange rates decreased during the current year mainly due to the decrease in the net assets held in USD. The sensitivity to CNY exchange rates decreased mainly because of the decrease in the net liabilities held in CNY, while the sensitivity to EUR exchange rates increased due to the increase in the assets held in EUR.

(4-1-2) 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 :

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Fair value interest rate risk			
-Financial assets	\$ 256,074	\$ 211,838	\$ 343,982
-Financial liabilities	306,920	311,979	305,669
Cash flow interest rate risk			
-Financial asset	340,950	416,355	377,360

Sensitivity Analysis

The following sensitivity analysis is based on the company's exposure to interest rate for non-derivative instruments on the balance sheet date. The fluctuation rate used by the company's management to report interest rates internally is an increase or decrease of 25 basis points, which also represents their assessment of the reasonable range of interest rate changes.

If the interest rate increases or decreases by 25 basis points, with all other variables remaining constant, the pre-tax profits for January 1 to June 30, 2026 and 2025 will increase or decrease by NT \$ 426 thousand and NT \$ 472 thousand, respectively. This is mainly due to the interest rate risk of the Company's floating-rate deposits.

The Company's sensitivity to interest rates has decreased in this period mainly due to the decrease in bank deposits with floating interest rates.

(4-1-3) Other price risk

The company is exposed to equity price risk arising from domestic and foreign equity securities investments. These equity investments are not held for trading but rather for strategic purposes. The

company has not actively traded these investments and manages the risk by holding low-risk portfolio products.

Sensitivity Analysis

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

If equity prices increase/decrease by 5%, the profit before tax for January 1 to June 30, 2026 and 2025 will increase/decrease by NT \$123 thousand and NT \$116 thousand, respectively, due to the fair value changes of financial assets measured at fair value through profit or loss.

For January 1 to June 30, 2026 and 2025, other comprehensive income before tax would increase or decrease by NT \$146 thousand for both periods as a result of the increase or decrease in the fair value of financial assets at fair value through other comprehensive income.

4-2. 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 mainly concentrated on our top three customers. As of June 30, 2026, December 31, 2025, and June 30, 2025, the total amount of accounts receivable from these customers accounted for 55%, 75% and 68% of the total amount of accounts receivable, respectively.

4-3. 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.

(4-3-1) 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 30, 2026

	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
<u>Non- derivative</u> <u>financial</u> <u>liabilities</u>				
Liability with no interest	\$ 170,439	\$ 91,321	\$ 1,375	\$ -
Lease liability	905	1,659	7,464	28,666
Liability with fix interest	-	269,724	-	-
	<u>\$ 171,344</u>	<u>\$ 362,704</u>	<u>\$ 8,839</u>	<u>\$ 28,666</u>

December 31, 2025

	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
<u>Non- derivative</u> <u>financial</u> <u>liabilities</u>				
Liability with no interest	\$ 39,972	\$ 182,486	\$ 18,209	\$ -
Lease liability	905	1,810	7,766	33,641
Liability with fix interest	140,202	130,242	-	-
	<u>\$ 181,079</u>	<u>\$ 314,538</u>	<u>\$ 25,975</u>	<u>\$ 33,641</u>

June 30, 2025

	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
<u>Non- derivative</u> <u>financial</u> <u>liabilities</u>				
Liability with no interest	\$ 147,930	\$ 217,729	\$ 44,867	\$ -
Lease liability	905	1,086	1,629	2,503
Liability with fix interest	300,089	-	-	-
	<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
<u>Total Settlement</u> Forward foreign exchange contracts				
-Inflow	\$ -	\$ 5,876	\$ -	\$ -
-Outflow	-	(5,949)	-	-
	<u>\$ -</u>	<u>(\$ 73)</u>	<u>\$ -</u>	<u>\$ -</u>

(4-3-2) Financing amount

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured bank line of credit			
-Used amount	\$ 169,650	\$ 169,650	\$ 199,650
-Unused amount	226,533	225,924	250,350
	<u>\$ 396,183</u>	<u>\$ 395,574</u>	<u>\$ 450,000</u>

	June 30, 2026	December 31, 2025	June 30, 2025
Secured bank line of credit			
-Used amount	\$ 100,000	\$ 100,000	\$ 100,000
-Unused amount	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

32. Related party transactions

The ultimate parent company and ultimate controller of the Company are Zhicheng Investment Co., Ltd., which held 52.76% of the Company's ordinary shares on June 30, 2026, December 31, 2025, and June 30, 2025.

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
Regionmax Co. Ltd.	Affiliate (became a related party in December 2025)
Eagle Eyes Traffic Industrial Co., Ltd. ("EE Co., Ltd.")	Substantive related party

(2) Revenue

Related party/Name	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
EE Co., Ltd.	\$ 14,889	\$ 20,904	\$ 29,784	\$ 37,900
Regionmax Co. Ltd.	<u>59,077</u>	<u>-</u>	<u>148,233</u>	<u>-</u>
	<u>\$ 73,966</u>	<u>\$ 20,904</u>	<u>\$ 178,017</u>	<u>\$ 37,900</u>

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

(3) Operating cost

Related party/Name	Nature	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
EE Co., Ltd.	Purchase	<u>\$ 85,724</u>	<u>\$ 152,905</u>	<u>\$ 186,932</u>	<u>\$ 323,007</u>
EE Co., Ltd.	Utility expense	<u>\$ 485</u>	<u>\$ 874</u>	<u>\$ 1,145</u>	<u>\$ 1,654</u>
EE Co., Ltd.	Other expenses	<u>\$ 256</u>	<u>\$ 322</u>	<u>\$ 578</u>	<u>\$ 834</u>

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 38, Appendix 1 for details.

(4) General and administrative

Related party/Name	Nature	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
Regionmax Co. Ltd.	Entertainment expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95</u>	<u>\$ -</u>
EE Co., Ltd.	Repair costs	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 10</u>

This is mainly due to the Company sponsoring their annual year-end party and system maintenance services.

(5) Research and development

Related party/Name	Nature	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
EE Co., Ltd.	Testing fee	\$ 1,245	\$ 3,607	\$ 3,522	\$ 4,460

The Company pays for mold testing.

(6) Other income

Related party/Name	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
EE Co., Ltd.	\$ 1	\$ 6	\$ 6	\$ 1,480

(7) Accounts receivable to related party

Category	Related party/Name	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable	EE Co., Ltd.	\$ 16,281	\$ 25,893	\$ 19,683
Accounts receivable	Regionmax Co. Ltd.	\$ 54,937	\$ 120,016	\$ -
Accounts receivable	EE Co., Ltd.	5,443	6,430	8,115
		\$ 60,380	\$ 126,446	\$ 8,115

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/Name	June 30, 2026	December 31, 2025	June 30, 2025
EE Co., Ltd.	\$ 1,520	\$ 1,520	\$ 1,520

(9) Amount payable to related party

Category	Related party/Name	June 30, 2026	December 31, 2025	June 30, 2025
Accounts payable	EE Co., Ltd.	\$ 103,700	\$ 82,893	\$ 177,948
Other payables	Regionmax Co. Ltd.	\$ 13	\$ -	\$ -
Other payables	EE Co., Ltd.	1,740	2,162	2,403
		\$ 1,753	\$ 2,162	\$ 2,403

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

(10) Lease agreement

Category	Related party/Name	June 30, 2026	December 31, 2025	June 30, 2025
Lease liabilities	EE Co., Ltd.	\$34,806	\$38,806	\$ 1,445

Related party/Name	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
<u>Interest expense</u>				
EE Co., Ltd.	\$ 167	\$ 10	\$ 343	\$ 28

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

The Company sells some products using the trademark of EE Co., Ltd. According to the agreement, a royalty of 1% of the selling price per unit of the licensed trademark should be paid. The trademark usage fees for April 1 to June 30, 2026 and 2025, and January 1 to June 30, 2026 and 2025 were NT \$163 thousand, NT \$258 thousand, NT \$284 thousand and NT \$510 thousand, respectively.

(12) Salary of major managerial position

The total remuneration of directors and their key management for the periods from April 1 to June 30, 2026 and 2025, and from January 1 to June 30, 2026 and 2025, is as follows :

	April 1 to June 30 ,2026	April 1 to June 30 ,2025	January 1 to June 30 ,2026	January 1 to June 30 ,2025
Short-term employee				
benefits	\$ 1,187	\$ 1,258	\$ 3,092	\$ 3,904
Retirement benefits	<u>31</u>	<u>31</u>	<u>62</u>	<u>62</u>
	<u>\$ 1,218</u>	<u>\$ 1,289</u>	<u>\$ 3,154</u>	<u>\$ 3,966</u>

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

33. **Assets pledged as collateral or for security**

The following assets were provided as collateral for short-term loan :

	June 30, 2026	December 31, 2025	June 30, 2025
Investment Properties	<u>\$ 50,585</u>	<u>\$ 50,899</u>	<u>\$ 51,214</u>

34. **Significant contingent liabilities and unrecognized commitments**

As of June 30, 2026, the unpaid amount of the contracted mold and construction payment of the Company was NT \$ 94,419 thousand, USD\$ 26 thousand and CNY\$ 25,574 thousand.

35. **Significant subsequent events**

On March 5, 2026, the Company's first extraordinary general meeting of shareholders approved a resolution to acquire the relevant operations and business of a specific department from EE Co., Ltd. through a demerger. The tentative demerger record date is set for July 1, 2026, with a tentative consideration of NT \$210,000 thousand.

36. **Other significant events**

The Company's products are primarily exported to the North American market, with a significant portion of revenue derived from sales to the United States. In response to the impacts of tariffs and exchange rate fluctuations, and through ongoing discussions 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 effective communication with

customers and implement appropriate risk mitigation and adjustment measures in a timely manner to ensure stable operations and safeguard shareholders' interests.

37. **Significant assets and liabilities denominated in foreign currencies**

The following information is summarized and expressed in terms of foreign currencies other than The Company's functional currency, and the disclosed exchange rates refer to the exchange rates converted from these foreign currencies to the functional currency. Assets and liabilities denominated in foreign currencies with significant impact are as follows :

Each foreign currency / New Taiwan Dollars in thousands				
June 30, 2026				
	Foreign exchange		Exchange Rate	Amount
<u>Foreign currency assets</u>				
<u>Monetary item</u>				
USD	\$	22,828	31.85 (USD : NTD)	\$ 727,079
RMB		906	4.69 (RMB : NTD)	4,250
EUR		337	36.29 (EUR : NTD)	12,222
<u>Non-monetary items</u>				
Affiliates accounted for using the equity method		1,274	31.85 (USD : NTD)	40,571
<u>Foreign currency liabilities</u>				
<u>Monetary item</u>				
USD		22	31.85 (USD : NTD)	687
RMB		460	4.69 (RMB : NTD)	2,159
December 31, 2025				
	Foreign exchange		Exchange Rate	Amount
<u>Foreign currency assets</u>				
<u>Monetary item</u>				
USD	\$	24,042	31.43 (USD : NTD)	\$ 755,636
RMB		333	4.496 (RMB : NTD)	1,497
EUR		531	36.9 (EUR : NTD)	19,593
<u>Non-monetary items</u>				
Affiliates accounted for using the equity method		1,422	31.43 (USD : NTD)	44,686
<u>Foreign currency liabilities</u>				
<u>Monetary item</u>				
USD		27	31.43 (USD : NTD)	851
RMB		4,423	4.496 (RMB : NTD)	19,885

		June 30, 2025		
		Foreign exchange	Exchange Rate	Amount
<u>Foreign currency assets</u>				
<u>Monetary item</u>				
USD	\$	36,378	29.3 (USD : NTD)	\$ 1,065,867
RMB		500	4.091 (RMB : NTD)	2,044
EUR		350	34.35 (EUR : NTD)	12,008
<u>Foreign currency liabilities</u>				
<u>Monetary item</u>				
USD		21	29.3 (USD : NTD)	611
RMB		2,577	4.091 (RMB : NTD)	10,543
<u>Non- monetary items</u>				
<u>Derivatives</u>				
USD		200	Note	73

Note : The book value is calculated by multiplying the difference between the contractual exchange rate and the current exchange rate by the nominal amount.

The following are unrealized foreign exchange gains or losses with significant impact :

		April 1 to June 30 ,2026		April 1 to June 30 ,2025	
		Exchange rate	Net unrealized Exchange (loss) loss	Exchange rate	Net unrealized Exchange (loss) loss
<u>Foreign currency</u>					
USD	1 : 31.597(USD : NTD)		(\$ 3,892)	1 : 30.822(USD : NTD)	(\$ 59,733)
RMB	1 : 4.643(RMB : NTD)		129	1 : 4.26(RMB : NTD)	(415)
EUR	1 : 36.758(EUR : NTD)		(122)	1 : 34.977(EUR : NTD)	(700)
			(\$ 3,885)		(\$ 60,848)
		January 1 to June 30, 2026		January 1 to June 30, 2025	
		Exchange rate	Net unrealized Exchange (loss) loss	Exchange rate	Net unrealized Exchange (loss) loss
<u>Foreign currency</u>					
USD	1 : 31.614(USD : NTD)		\$ 9,730	1 : 31.859(USD : NTD)	(\$ 45,578)
RMB	1 : 4.606(RMB : NTD)		276	1 : 4.386(RMB : NTD)	(211)
EUR	1 : 36.894(EUR : NTD)		(130)	1 : 34.781(EUR : NTD)	(171)
			\$ 9,876		(\$ 45,960)

38. Separately disclosure items

(1) Information about significant transaction :

1-1. Loans to others : None.

1-2. Endorsements and guarantees for others : None.

1-3. Holdings of securities at the end of the period (excluding investments in subsidiaries, affiliates, and joint venture equity) : None.

1-4. Sales and purchases with related parties reaching NT\$100 million or 20% of paid-in capital : see Appendix 1.

1-5. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital : None.

(2) Information on investees: see Appendix 2.

(3) Information on investments in China

3-1. 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.

3-2. 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.

39. **Segment information**

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

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 1 to June 30, 2026

Appendix 1

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	\$ 186,932	44%	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	(\$ 103,700)	(46%)	Note 2
	Regionmax Co. Ltd.	Related companies	Sales	(\$ 148,233)	23%	Shipment settlement period: 90-120 days	-	Shipment settlement period: 75-120 days	\$ 54,937	20%	

Note 1 : The above ratio is calculated as the ratio of the balance of accounts receivable and payable of the trading partner to the total balance of accounts receivable and payable of the purchasing (selling) company.

Note 2 : This period's transactions include unrealized sales profits of NT\$5,112,000.

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

About the invested companies, their locations, etc.

January 1 to June 30, 2026

Appendix 2

In Thousands of New Taiwan Dollars

Investment Company Name	Investee Company Name	Location	Main business Project	Original investment amount		End-of-period holdings			Investee Company Current period (profit) and loss	This issue's recognition Investment (Profit and Loss)	Remark
				End of this term	Last semester final	Number of shares	Ratio (%)	Book amount			
LFA CO., LTD.	Regionmax Co. Ltd.	United States	Car Light Sales	\$ 47,085	\$ 47,085	100,000	21.74	\$ 40,571	(\$ 8,481)	(\$ 1,843)	Note
				USD 1,500	USD 1,500						

Note : The carrying amount at the end of the period includes unrealized profits of NT\$5,112,000 from transactions with related parties.