

EverFocus Electronics Corp. and Subsidiaries
Consolidated Financial Statements
with Independent Auditor's Report
For the Six Months Ended June 30, 2025 and 2024
(Stock Code: 5484)

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

EverFocus Electronics Corp. and Subsidiaries
For the Six Months Ended June 30, 2025 and 2024
Consolidated Financial Statements with Independent Auditor's Report
Contents

Item	Page
I. Cover	1
II. Contents	2
III. Independent Auditor's Report	3 ~ 4
IV. Consolidated Balance Sheet	5 ~ 6
V. Consolidated Statements of Comprehensive Income	7
VI. Consolidated Statements of Changes in Equity	8
VII. Consolidated Statements of Cash Flows	9 ~ 10
VIII. Notes to Consolidated Financial Statements	11 ~ 60
(I) Company History	11
(II) Date and Procedures for the Authorization of Financial Reports	11
(III) Application of New, Amended and Revised Standards and Interpretations	11~ 12
(IV) Summary of Significant Accounting Policies	13 ~ 14
(V) Major Sources of Critical Accounting Judgments, Estimates, and Assumption Uncertainties	15
(VI) Explanation of Significant Accounts	15 ~ 36
(VII) Related Party Transactions	37 ~ 42
(VIII) Pledged Assets	42
(IX) Significant Contingent Liabilities and Unrecognized Commitments	42
(X) Significant Disaster Loss	42
(XI) Significant Events after the Reporting Period	43
(XII) Others	43 ~ 55
(XIII) Supplementary Disclosures	55
(XIV) Segment Information	56

Independent Auditor's Review Report

(2025) Financial Audit Report No. 25001574

To EverFocus Electronics Corp.:

Foreword

We have reviewed the accompanying consolidated balance sheets of EverFocus Electronics Corp. and its subsidiaries (the "Group") as of June 30, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. It is the responsibility of the management to prepare and ensure fair presentation of consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the version of IAS 34 - "Interim Financial Reporting" approved and published by the Financial Supervisory Commission. Our responsibility as auditor is to form a conclusion based on our review.

Scope

Except for the issues discussed in the "Basis of reservation" paragraph, we, the auditors, have performed the review in accordance with Standards on Review Engagements No. 2410 - "Financial Statement Review." The procedures executed in our review of consolidated financial statements include inquiry (mainly with employees responsible for financial and accounting affairs), analysis, and other review-related processes. The scope of financial statement review is significantly smaller than a financial statement audit, therefore we may not be able to detect all material issues through the steps we have taken, and are therefore unable to provide an audit opinion.

Basis of Reservation

As disclosed in Note VI(VII) to the consolidated financial statements, the financial statements of the equity-accounted investees for the relevant periods were not reviewed by independent certified public accountants. The carrying amounts of these equity-accounted investments were NT\$10,960 thousand and NT\$21,055 thousand as of June 30, 2025 and 2024, respectively, representing 1.35% and 2.25% of total consolidated assets. For the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, the Group recognized shares of loss and other comprehensive income from equity-accounted associates amounting to NT\$(1,571) thousand, NT\$(740) thousand, NT\$(2,728) thousand and NT\$3,171 thousand respectively. These amounts represented 8.18%, 34.66%, 4.17%, and (17.54%) of total consolidated comprehensive income for the respective periods.

Reservations

Based on our review, we found that none of the material disclosures of the consolidated financial statements mentioned above exhibited any misstatement that did not conform with Regulations Governing the Preparation of Financial Reports by Securities Issuers or the version of IAS 34 - "Interim Financial Reporting" approved and published by the Financial Supervisory Commission, or compromised the fair view of the consolidated financial position of the Group as of June 30, 2025 and 2024, or the consolidated financial performance or consolidated cash flow for the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, except for the issues discussed in the "Basis of reservation" paragraph, where financial statements of certain equity-accounted associated companies had yet to be reviewed by CPAs, and may cause adjustments to the consolidated financial statements if they were CPA-reviewed.

PricewaterhouseCoopers Taiwan

Shu-Chiung Chang

CPA

Wei-Li Hsieh

August 12, 2025

EverFocus Electronics Corp. and Subsidiaries
Consolidated Balance Sheet
June 30, 2025, December 31, 2024, and June 30, 2024

Unit: NT\$ thousand

Assets	Notes	June 30, 2025		December 31, 2024		June 30, 2024		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	VI (I)	\$ 58,720	7	\$ 95,786	11	\$ 142,824	15
1110	Current financial assets at fair value through profit or loss	VI (II)	66,481	8	72,763	8	107,438	12
1136	Current financial assets at amortized cost	VI (III) and VIII	67,911	8	74,978	9	73,272	8
1150	Notes receivable, net	VI (IV)	507	-	282	-	1,050	-
1170	Accounts receivable, net	VI (IV)	73,417	9	62,021	7	87,908	10
1180	Accounts receivables - Related parties, net	VI (IV) and VII	2,447	-	6,606	1	11,913	1
1200	Other receivables		3,855	1	2,403	-	3,690	-
1210	Other receivables - Related parties	VII	14,903	2	26,208	3	6,651	1
130X	Inventories	VI (V)	116,666	15	103,217	12	95,477	10
1479	Other current assets - Other		16,787	2	14,259	2	17,614	2
11XX	Total current assets		<u>421,694</u>	<u>52</u>	<u>458,523</u>	<u>53</u>	<u>547,837</u>	<u>59</u>
Non-current assets								
1510	Non-current financial assets measured at fair value through profit or loss	VI (II)	27,219	3	31,572	4	-	-
1517	Non-current financial assets at fair value through Other comprehensive income or loss	VI (VI)	2,230	-	2,230	-	4,000	-
1550	Investments accounted for using the equity method	VI (VII)	10,960	1	13,688	2	21,055	2
1600	Property, plant and equipment	VI (VIII)	15,654	2	17,284	2	16,946	2
1755	Right-of-use assets	VI (IX) and VII	13,472	2	16,204	2	21,404	2
1760	Investment property, net	VI (X) and VIII	207,797	26	209,062	24	210,327	23
1840	Deferred income tax assets	VI (XXIV)	69,445	9	69,708	8	73,428	8
1930	Long-term notes and accounts receivable	VI (IV)	5,972	1	8,034	1	10,081	1
1990	Other non-current assets - Other	VI (XI) and VII	34,721	4	34,457	4	30,726	3
15XX	Total non-current assets		<u>387,470</u>	<u>48</u>	<u>402,239</u>	<u>47</u>	<u>387,967</u>	<u>41</u>
1XXX	Total assets		<u>\$ 809,164</u>	<u>100</u>	<u>\$ 860,762</u>	<u>100</u>	<u>\$ 935,804</u>	<u>100</u>

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EverFocus Electronics Corp. and Subsidiaries
Consolidated Balance Sheet
June 30, 2025, December 31, 2024, and June 30, 2024

Unit: NT\$ thousand

Liabilities and equity		Notes	June 30, 2025		December 31, 2024		June 30, 2024	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term borrowings	VI (XII)	\$ 207,271	26	\$ 201,476	24	\$ 180,495	19
2130	Contract liabilities - Current	VI (XVIII)	5,842	1	3,080	-	2,424	-
2170	Accounts payable		60,233	8	47,170	6	87,116	10
2180	Accounts payable - Related parties	VII	628	-	1,570	-	8,476	1
2200	Other payables	VI (XIII)	43,629	5	45,635	5	46,513	5
2220	Other payables - Related parties	VII	2,878	-	3,468	1	6,643	1
2250	Provisions - Current		1,142	-	1,833	-	1,887	-
2280	Lease liabilities - Current		9,995	1	9,652	1	10,083	1
2399	Other current liabilities - Other		4,033	1	2,925	-	1,032	-
21XX	Total current liabilities		<u>335,651</u>	<u>42</u>	<u>316,809</u>	<u>37</u>	<u>344,669</u>	<u>37</u>
Non-current liabilities								
2550	Provisions - Non-current		135	-	823	-	688	-
2570	Deferred income tax liabilities	VI (XXIV)	3,927	1	5,115	-	3,371	1
2580	Lease liabilities - Non-current		3,707	-	6,782	1	11,523	1
2670	Other non-current liabilities - Other		1,092	-	1,199	-	888	-
25XX	Total non-current liabilities		<u>8,861</u>	<u>1</u>	<u>13,919</u>	<u>1</u>	<u>16,470</u>	<u>2</u>
2XXX	Total liabilities		<u>344,512</u>	<u>43</u>	<u>330,728</u>	<u>38</u>	<u>361,139</u>	<u>39</u>
Equity								
Equity attributable to owners of the Company								
Share capital								
3110	Ordinary share	VI (XV)	668,010	82	668,010	78	668,010	71
Capital surplus								
3200	Capital surplus	VI (XVI)	55,312	7	55,312	6	55,312	6
Deficit to be offset								
3350	Deficit to be offset	VI (XVII)	(288,308)	(36)	(215,593)	(25)	(175,484)	(19)
Other equity items								
3400	Other equity items		29,638	4	22,305	3	26,827	3
31XX	Total equity attributable to owners of the Company		<u>464,652</u>	<u>57</u>	<u>530,034</u>	<u>62</u>	<u>574,665</u>	<u>61</u>
3XXX	Total equity		<u>464,652</u>	<u>57</u>	<u>530,034</u>	<u>62</u>	<u>574,665</u>	<u>61</u>
Significant contingent liabilities and unrecognized commitments								
3X2X	Total liabilities and equity		<u>\$ 809,164</u>	<u>100</u>	<u>\$ 860,762</u>	<u>100</u>	<u>\$ 935,804</u>	<u>100</u>

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements, please refer to them accordingly.

Chairman: Yung-Shun Chuang

Manager: Chih-Hung Kao

Head of Accounting: Chia-Wei Lin

EverFocus Electronics Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Six Months Ended June 30, 2025 and 2024

Unit: NT\$ thousand
(Except for loss per share in NT\$)

Item	Notes	April 1 to June 30, 2025		April 1 to June 30, 2024		January 1 to June 30, 2025		January 1 to June 30, 2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating income	VI (XVIII) and VII	\$ 115,464	100	\$ 175,358	100	\$ 201,163	100	\$ 257,537	100
5000 Operating cost	VI (V) (XXII) (XXIII) and VII	(85,605)	(74)	(134,663)	(77)	(155,867)	(78)	(189,198)	(73)
5900 Operating gross profit		<u>29,859</u>	<u>26</u>	<u>40,695</u>	<u>23</u>	<u>45,296</u>	<u>22</u>	<u>68,339</u>	<u>27</u>
Operating expense	VI (XXII) (XXIII) and VII								
6100 Selling expense		(8,375)	(7)	(14,870)	(9)	(17,072)	(8)	(24,301)	(10)
6200 General and administrative expenses		(15,003)	(13)	(17,257)	(10)	(29,826)	(15)	(33,149)	(13)
6300 Research and development expense		(22,787)	(20)	(51,111)	(29)	(40,122)	(20)	(93,857)	(36)
6450 Expected credit impairment losses	XII (II)	(1,330)	(1)	(251)	-	(1,563)	(1)	(220)	-
6000 Total operating expenses		<u>(47,495)</u>	<u>(41)</u>	<u>(83,489)</u>	<u>(48)</u>	<u>(88,583)</u>	<u>(44)</u>	<u>(151,527)</u>	<u>(59)</u>
6900 Operating loss		<u>(17,636)</u>	<u>(15)</u>	<u>(42,794)</u>	<u>(25)</u>	<u>(43,287)</u>	<u>(22)</u>	<u>(83,188)</u>	<u>(32)</u>
Non-operating income and expenses									
7100 Interest income	VI (III)	891	1	2,304	1	1,806	1	3,425	1
7010 Other income	VI (XIX)	4,384	4	38,252	22	6,904	3	40,603	16
7020 Other gains and losses	VI (XX)	(15,308)	(13)	2,180	1	(33,424)	(17)	24,590	10
7050 Finance costs	VI (IX) (XII) (XXI) and VII	(1,645)	(2)	(1,883)	(1)	(3,113)	(1)	(2,935)	(1)
7055 Expected credit impairment gains	VII	-	-	-	-	-	-	399	-
7060 Share of profits and losses from associates and joint ventures accounted for using the equity method	VI (VII)	(1,571)	(2)	(740)	-	(2,728)	(1)	3,329	1
7000 Total non-operating income and expenses		<u>(13,249)</u>	<u>(12)</u>	<u>40,113</u>	<u>23</u>	<u>(30,555)</u>	<u>(15)</u>	<u>69,411</u>	<u>27</u>
7900 Loss before income tax		<u>(30,885)</u>	<u>(27)</u>	<u>(2,681)</u>	<u>(2)</u>	<u>(73,842)</u>	<u>(37)</u>	<u>(13,777)</u>	<u>(5)</u>
7950 Income tax (expense) gains	VI (XXIV)	1,189	1	(542)	-	1,127	1	(3,684)	(2)
8200 Net loss for the period		<u>(\$ 29,696)</u>	<u>(26)</u>	<u>(\$ 3,223)</u>	<u>(2)</u>	<u>(\$ 72,715)</u>	<u>(36)</u>	<u>(\$ 17,461)</u>	<u>(7)</u>
Other comprehensive income (loss)									
8361 Exchange differences arising on translation of foreign operations		<u>\$ 10,500</u>	<u>9</u>	<u>\$ 1,088</u>	<u>1</u>	<u>\$ 7,333</u>	<u>3</u>	<u>(\$ 617)</u>	<u>-</u>
8360 Total components of other comprehensive income that may be reclassified to profit or loss		<u>10,500</u>	<u>9</u>	<u>1,088</u>	<u>1</u>	<u>7,333</u>	<u>3</u>	<u>(617)</u>	<u>-</u>
8300 Net other comprehensive income		<u>\$ 10,500</u>	<u>9</u>	<u>\$ 1,088</u>	<u>1</u>	<u>\$ 7,333</u>	<u>3</u>	<u>(\$ 617)</u>	<u>-</u>
8500 Total comprehensive income (loss) for the period		<u>(\$ 19,196)</u>	<u>(17)</u>	<u>(\$ 2,135)</u>	<u>(1)</u>	<u>(\$ 65,382)</u>	<u>(33)</u>	<u>(\$ 18,078)</u>	<u>(7)</u>
Net profit (loss) attributable to:									
8610 Owners of the Company		<u>(\$ 29,696)</u>	<u>(26)</u>	<u>(\$ 3,223)</u>	<u>(2)</u>	<u>(\$ 72,715)</u>	<u>(36)</u>	<u>(\$ 17,461)</u>	<u>(7)</u>
Total comprehensive income attributed to:									
8710 Owners of the Company		<u>(\$ 19,196)</u>	<u>(17)</u>	<u>(\$ 2,135)</u>	<u>(1)</u>	<u>(\$ 65,382)</u>	<u>(33)</u>	<u>(\$ 18,078)</u>	<u>(7)</u>
Basic losses per share									
9750 Basic losses per share	VI (XXV)	<u>(\$ 0.44)</u>		<u>(\$ 0.05)</u>		<u>(\$ 1.09)</u>		<u>(\$ 0.26)</u>	
Diluted losses per share									
9850 Diluted losses per share	VI (XXV)	<u>(\$ 0.44)</u>		<u>(\$ 0.05)</u>		<u>(\$ 1.09)</u>		<u>(\$ 0.26)</u>	

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements, please refer to them accordingly.

Chairman: Yung-Shun Chuang

Manager: Chih-Hung Kao

Head of Accounting: Chia-Wei Lin

EverFocus Electronics Corp. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Six Months Ended June 30, 2025 and 2024

Unit: NT\$ thousand

	Equity attributable to owners of the Company						Total	
	Capital surplus				Other equity items			
	Notes	Ordinary share	Capital surplus - Premium on share issuance	Capital surplus - Others	Deficit to be offset	Exchange differences arising on translation of foreign operations		Unrealized valuation profit or loss on financial assets measured at fair value through other comprehensive income
<u>January 1 to June 30, 2024</u>								
Balance at January 1, 2024		\$ 668,010	\$ 55,051	\$ 261	(\$ 158,023)	\$ 27,444	\$ -	\$ 592,743
Net loss for the period		-	-	-	(17,461)	-	-	(17,461)
Other comprehensive income (loss) for the period		-	-	-	-	(617)	-	(617)
Total comprehensive income (loss) for the period		-	-	-	(17,461)	(617)	-	(18,078)
Balance at June 30, 2024		<u>\$ 668,010</u>	<u>\$ 55,051</u>	<u>\$ 261</u>	<u>(\$ 175,484)</u>	<u>\$ 26,827</u>	<u>\$ -</u>	<u>\$ 574,665</u>
<u>January 1 to June 30, 2025</u>								
Balance at January 1, 2025		\$ 668,010	\$ 55,051	\$ 261	(\$ 215,593)	\$ 24,075	(\$ 1,770)	\$ 530,034
Net loss for the period		-	-	-	(72,715)	-	-	(72,715)
Other comprehensive income (loss) for the period		-	-	-	-	7,333	-	7,333
Total comprehensive income (loss) for the period		-	-	-	(72,715)	7,333	-	(65,382)
Balance at June 30, 2025		<u>\$ 668,010</u>	<u>\$ 55,051</u>	<u>\$ 261</u>	<u>(\$ 288,308)</u>	<u>\$ 31,408</u>	<u>(\$ 1,770)</u>	<u>\$ 464,652</u>

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements, please refer to them accordingly.

Chairman: Yung-Shun Chuang

Manager: Chih-Hung Kao

Head of Accounting: Chia-Wei Lin

EverFocus Electronics Corp. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2025 and 2024

Unit: NT\$ thousand

	Notes	January 1 to June 30, 2025		January 1 to June 30, 2024
<u>Cash flows from operating activities</u>				
Net loss before income tax		(\$ 73,842)		(\$ 13,777)
Adjustments				
Income, expenses, and losses:				
Depreciation expense	VI (VIII) (IX) (X) (XXII)	8,525		7,979
Amortization expense	VI (XXII)	1,647		784
Expected credit impairment losses (gains)	VII and XII (II)	1,563	(	179)
Loss (Gain) on financial assets or liabilities at fair value through profit or loss	VI (II) (XX)	10,635	(	15,608)
Loss on impairment of non-financial assets	VI (XX)	6,288		-
Finance costs	VI (IX) (XII) (XXI)	3,113		2,935
Interest income		(1,806)	(	3,425)
Dividend income	VI (XIX)	(886)	(	915)
Share of losses (profits) from associates and joint ventures accounted for using the equity method	VI (VII)	2,728	(	3,329)
Unrealized loss (gain) on financial assets measured at amortized cost		7,193	(	3,416)
Changes in operating assets and liabilities				
Net changes in operating assets				
Financial assets at fair value through profit or loss		-	(	304)
Notes receivable		(225)		3,882
Accounts receivable		(11,262)	(	41,418)
Accounts receivable - Related parties		4,159		2,017
Other receivables		(1,452)	(	844)
Other receivables - Related parties		11,305		35,888
Inventories		(17,505)		25,607
Other current assets		(5,932)		5,628
Other non-current assets		(247)		368
Changes in operating liabilities				
Contract liabilities		2,787	(	3,387)
Notes payable		-	(	100)
Accounts payable		13,299		30,170
Accounts payable - Related parties		(942)		2,249
Other payables		(27)		1,916
Other payables - Related parties		(590)	(	33,273)
Provisions		(1,277)		38
Increase (Decrease) in other current liabilities		1,108	(	2,087)
Cash flows used in operations		(41,643)	(	2,601)
Income tax paid		(62)	(	61)
Interest received		1,806		3,425
Dividends received		886		75
Interest paid		(3,113)	(2,935)
Net cash flows used in operating activities		(42,126)	(2,097)

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EverFocus Electronics Corp. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2025 and 2024

Unit: NT\$ thousand

	Notes	January 1 to June 30, 2025	January 1 to June 30, 2024
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		(\$ 847)	(\$ 1,016)
Disposal of financial assets measured at amortized cost		721	-
Acquisition of property, plant and equipment	VI (VIII) (XXVI)	(438)	(7,162)
Consideration from disposal of subsidiary	IV (IV) and VII	-	399
Acquisition of intangible assets		(2,025)	(818)
Decrease (Increase) in refundable deposits		361	(480)
Net cash flows used in investing activities		<u>(2,228)</u>	<u>(9,077)</u>
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings	VI (XXVII)	9,574	49,962
Payment of lease liabilities	VI (XXVII)	(5,224)	(4,776)
Increase in guarantee deposits received		(107)	(100)
Net cash from financing activities		<u>4,243</u>	<u>45,086</u>
Effect of exchange rate changes		<u>3,045</u>	<u>(2,342)</u>
Increase (Decrease) in cash and cash equivalents for the period		(37,066)	31,570
Cash and cash equivalents at beginning of period		95,786	111,254
Cash and cash equivalents at end of period		<u>\$ 58,720</u>	<u>\$ 142,824</u>

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements, please refer to them accordingly.

Chairman: Yung-Shun Chuang

Manager: Chih-Hung Kao

Head of Accounting: Chia-Wei Lin

EverFocus Electronics Corp. and Subsidiaries
Notes to Consolidated Financial Statements
For the Six Months Ended June 30, 2025 and 2024

Unit: NT\$ thousand
(Unless otherwise noted)

I. Company History

EverFocus Electronics Corp. (hereinafter referred to as the "Company") was established in Taiwan. Together with its subsidiaries (hereinafter collectively referred to as the "Group"), the Company specializes in the design, manufacturing, installation, sales, and agency import/export of various electronic surveillance products and equipment, including AV-over-IP devices, IP cameras, and industrial computers. The Company's shares have been listed on the Taipei Exchanges (OTC) in March 2001 and subsequently listed on the TWSE in August 2003.

II. Date and Procedures for the Authorization of Financial Reports

These consolidated financial reports were approved by the board of directors on August 12, 2025

III. Application of New, Amended and Revised Standards and Interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

<u>New, revised or amended standards and interpretations</u>	<u>Effective dates issued by the International Accounting Standards Board</u>
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(II) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2026 are as follows:

New, revised or amended standards and interpretations	Effective dates issued by the International Accounting Standards Board
IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts involving Natural Electricity"	January 1, 2026
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(III) Impact of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New, revised or amended standards and interpretations	Effective dates issued by the International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 regarding "Sale or contribution of Assets Between an Investor and its Associate or Joint Venture"	To be Determined by the International Accounting Standards Board
IFRS 18 "Presentation and Disclosure of Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Except those described below, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment:

IFRS 18 "Presentation and Disclosure of Financial Statements"

IFRS 18 "Presentation and Disclosure of Financial Statements" replaces IAS 1 and updates the structure of the statement of comprehensive income, adds disclosure of management performance measures, and strengthens the principles of aggregation and disaggregation applied to the primary financial statements and notes.

IV. Summary of Significant Accounting Policies

Except for the statement of compliance, basis of preparation, and basis of consolidation provided below, all other significant accounting policies are unchanged from Note IV of the 2025 consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Statement of compliance

1. The consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the version of IAS 34 - "Interim Financial Reporting" approved, announced, and effected by FSC.
2. These consolidated financial statements should be read in conjunction with the 2024 consolidated financial statements.

(II) Basis of preparation

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:
 - (1) Financial assets at fair value through profit or loss.
 - (2) Financial assets measured at fair value through other comprehensive income.
 - (3) Defined benefit liabilities (or assets) recognized based on the net amount of pension fund assets less present value of defined benefit obligations.
2. Preparation of financial report that complies with the version of International Financial Reporting Standards, International Accounting Standards and interpretations approved, announced, and effected by the FSC (collectively referred to as "IFRSs" below) involves some use of critical accounting estimates, and the management is required to exercise some judgment when applying the Group's accounting policies. Please refer to Note V for highly complex and significant assumptions and estimates made in relation to the consolidated financial report.

(III) Income tax

Income taxes for the interim period are calculated by applying estimated average effective tax rate for the year to pre-tax profit/loss for the interim period. Relevant information is disclosed based on the abovementioned policy.

(IV) Basis of consolidation

1. Basis of preparation for consolidated financial statements

Basis of preparation for this consolidated financial report is identical to the 2024 consolidated financial report.

2. Subsidiaries included in the consolidated financial report:

Name of investment Company	Name of subsidiary	Nature of business	Percentage of ownership			Description
			June 30, 2025	December 31, 2024	June 30, 2024	
The Company	EverFocus Electronics Corp. (EverFocus U.S.)	Selling products and providing customer service for the Company	100%	100%	100%	
The Company	EverFocus Electronics (Shenzhen) Co., Ltd. (EverFocus Shenzhen)	Develop, manufacture and sell commercial surveillance equipment	100%	100%	100%	
The Company	EverFocus Japan Corp. (EverFocus Japan)	Selling products and providing customer service for the Company	100%	100%	100%	

3. Subsidiaries not included in the consolidated financial report:

Name of investment Company	Name of subsidiary	Nature of business	Percentage of ownership			Description
			June 30, 2025	December 31, 2024	June 30, 2024	
The Company	Everhighlight Technology Corp. (Everhighlight)	Manufacture and sale of optical electronic devices	-	100%	100%	Note 1
The Company	EverFocus Electronics Limited (EverFocus UK)	Selling products and providing customer service for the Company	75%	75%	75%	Note 2

Note 1: Everhighlight filed for dissolution and liquidation with the local court on December 27, 2023. Therefore, the Group will no longer recognize investment (loss) income related to that company from that date onwards. As of the end of the reporting period, Everhighlight has completed its dissolution and liquidation procedures.

Note 2: EverFocus UK filed for liquidation in 2013. Therefore, the Group will no longer consolidate its financial statements starting from 2013. EverFocus UK has remitted a portion of funds amounting to \$2,048 (GBP 50,969.89) and \$399 (GBP 9,939.13), respectively, in August 2023 and March 2024.

4. Methods for aligning subsidiaries' accounting periods: None.

5. Significant limitations: None.

6. Subsidiaries that have non-controlling interests that are material to the Group: None.

V. Major Sources of Critical Accounting Judgments, Estimates, and Assumption Uncertainties

There were no significant changes in the current period; please refer to Note V of the 2024 consolidated financial report.

VI. Explanation of Significant Accounts

(I) Cash and cash equivalents

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand and working fund	\$ 381	\$ 576	\$ 367
Checking accounts and demand deposits	58,339	65,703	113,252
Time deposits	-	29,507	29,205
Total	<u>\$ 58,720</u>	<u>\$ 95,786</u>	<u>\$ 142,824</u>

1. The Group transacts with a variety of financial institutions all with high credit quality to diversify credit risk, so it expects that the probability of counterparty default is remote.
2. For information on the pledge of cash and cash equivalents to others, please refer to Note VIII.

(II) Financial assets at fair value through profit or loss

Item	June 30, 2025	December 31, 2024	June 30, 2024
Current items:			
Financial assets at fair value through profit or loss, mandatorily measured at fair value			
Stocks of listed companies	\$ 83,594	\$ 83,594	\$ 101,923
Valuation adjustments	(17,113)	(10,831)	5,515
	<u>\$ 66,481</u>	<u>\$ 72,763</u>	<u>\$ 107,438</u>
Non-current items:			
Financial assets at fair value through profit or loss, mandatorily measured at fair value			
Stocks of non-listed companies	\$ 30,000	\$ 30,000	\$ -
Valuation adjustments	(2,781)	1,572	-
	<u>\$ 27,219</u>	<u>\$ 31,572</u>	<u>\$ -</u>

1. Amounts recognized in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	April 1 to June 30, 2025	April 1 to June 30, 2024
Financial assets at fair value through profit or loss, mandatorily measured at fair value		
Equity instruments	\$ 1,612	\$ 547
	January 1 to June 30, 2025	January 1 to June 30, 2024
Financial assets at fair value through profit or loss, mandatorily measured at fair value		
Equity instruments	(\$ 10,635)	\$ 15,608

2. The Group does not provide financial assets measured at fair value through profit or loss as collateral.

(III) Financial assets at amortized cost

Item	June 30, 2025	December 31, 2024	June 30, 2024
Current items:			
Restricted time deposits	\$ 67,859	\$ 74,926	\$ 73,238
Restricted bank deposits	52	52	34
	\$ 67,911	\$ 74,978	\$ 73,272

1. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	April 1 to June 30, 2025	April 1 to June 30, 2024
Interest income	\$ 706	\$ 871
	January 1 to June 30, 2025	January 1 to June 30, 2024
Interest income	\$ 1,395	\$ 1,682

2. In the absence of collaterals and other credit enhancements, the maximum credit exposure that best represented the Group's financial assets carried at amortized cost as of June 30, 2025, December 31, 2024, and June 30, 2024 amounted to NT\$67,911, NT\$74,978, and NT\$73,272, respectively.
3. For information on the pledge of financial assets measured at amortized costs, please refer to Note VIII.
4. Please refer to Note XII for information on the credit risk of financial assets measured at amortized cost. The Group invests in fixed deposits with financial institutions of good credit quality, and expects that the probability of default is very low.

(IV) Notes and accounts receivable

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable	\$ 507	\$ 282	\$ 1,050
Accounts receivable	\$ 72,032	\$ 59,225	\$ 85,189
Accounts receivable - Related parties	2,447	6,606	11,913
Installment receivables	4,229	4,229	4,229
Less: Unrealized interest income	(119)	(149)	(178)
Less: Loss allowance	(2,725)	(1,284)	(1,332)
	<u>\$ 75,864</u>	<u>\$ 68,627</u>	<u>\$ 99,821</u>
Long-term installment receivables	\$ 6,038	\$ 8,152	\$ 10,266
Less: Unrealized interest income - Long-term installment receivables	(66)	(118)	(185)
	<u>\$ 5,972</u>	<u>\$ 8,034</u>	<u>\$ 10,081</u>

1. The aging analysis of accounts receivable and notes receivable (both current and non-current) are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Not overdue	\$ 77,948	\$ 74,625	\$ 109,046
Within 30 days	5,147	1,225	1,029
31-60 days	615	647	92
61-90 days	28	946	1,796
91-180 days	648	516	181
181-360 days	559	60	36
More than 360 days	123	208	467
	<u>\$ 85,068</u>	<u>\$ 78,227</u>	<u>\$ 112,647</u>

The above aging analysis was based on past due days.

2. The Group does not hold any collateral over the accounts and notes receivables.

3. Accounts receivable and notes receivable as of June 30, 2025, December 31, 2024, and June 30, 2024 were arising from customer contracts. As of January 1, 2024, the accounts receivable balance, unrealized interest income and allowance for losses on customer contracts were NT\$77,156, NT\$473, and NT\$1,100, respectively.
4. In the absence of collaterals and other credit enhancements, maximum credit risk exposure that best represented the Group's notes receivables as of June 30, 2025, December 31, 2024, and June 30, 2024 totaled NT\$507, NT\$282, and NT\$1,050, respectively; maximum credit exposure that best represented the Group's accounts receivable (including current and non-current portions) as of June 30, 2025, December 31, 2024, and June 30, 2024 totaled NT\$81,836, NT\$76,661, and NT\$109,902, respectively.
5. Please refer to Note XII(II) for information on the credit risk of notes and accounts receivable.

(V) Inventories

	June 30, 2025		
	Cost	Allowance for decline in inventory value	Carrying amount
Raw materials	\$ 89,326	(\$ 43,966)	\$ 45,360
Semi-finished goods	34,995	(9,998)	24,997
Work in progress	28,257	-	28,257
Finished goods	28,516	(11,511)	17,005
Merchandise Inventory	2,797	(1,750)	1,047
Total	\$ 183,891	(\$ 67,225)	\$ 116,666

	December 31, 2024		
	Cost	Allowance for decline in inventory value	Carrying amount
Raw materials	\$ 80,409	(\$ 42,549)	\$ 37,860
Semi-finished goods	31,692	(8,127)	23,565
Work in progress	19,591	(219)	19,372
Finished goods	34,483	(12,842)	21,641
Merchandise Inventory	2,996	(2,217)	779
Total	\$ 169,171	(\$ 65,954)	\$ 103,217

	June 30, 2024		
	Cost	Allowance for decline in inventory value	Carrying amount
Raw materials	\$ 89,381	(\$ 54,149)	\$ 35,232
Semi-finished goods	28,249	(8,324)	19,925
Work in progress	18,641	(627)	18,014
Finished goods	43,167	(25,176)	17,991
Merchandise Inventory	3,773	(1,804)	1,969
Goods in transit	2,346	-	2,346
Total	\$ 185,557	(\$ 90,080)	\$ 95,477

The cost of inventories recognized as expense for the year:

	April 1 to June 30, 2025	April 1 to June 30, 2024
Cost of goods sold	\$ 92,157	\$ 138,982
Inventory devaluation reversal gains (Note)	(6,552)	(4,319)
	<u>\$ 85,605</u>	<u>\$ 134,663</u>
	January 1 to June 30, 2025	January 1 to June 30, 2024
Cost of goods sold	\$ 153,923	\$ 198,508
Inventory devaluation losses (reversal gains) (Note)	1,944	(9,310)
	<u>\$ 155,867</u>	<u>\$ 189,198</u>

Note: For the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, the Group recognized recovery gain on inventory that had devaluation recognized in previous years.

(VI) Financial assets measured at fair value through other comprehensive income

Item	June 30, 2025	December 31, 2024	June 30, 2024
Non-current items:			
Equity instruments			
Stocks of companies not listed on TWSE, TPEX, and Emerging Board	\$ 4,000	\$ 4,000	\$ 4,000
Valuation adjustments	(1,770)	(1,770)	-
	<u>\$ 2,230</u>	<u>\$ 2,230</u>	<u>\$ 4,000</u>

1. The Group has elected to classify the aforementioned stocks, which are strategic investments, as financial assets measured at fair value through other comprehensive income. The fair values of these investments as of June 30, 2025, December 31, 2024, and June 30, 2024 were NT\$2,230, NT\$2,230, and NT\$4,000, respectively.
2. None of the Group's financial assets at fair value through other comprehensive income was placed as collateral.

(VII) Investments accounted for using the equity method

	2025	2024
January 1	\$ 13,688	\$ 17,884
Share of profit (loss) of investments accounted for using equity method	(2,728)	3,329
Changes in other equity	-	(158)
June 30	<u>\$ 10,960</u>	<u>\$ 21,055</u>

	June 30, 2025	
Names of associates	Holding %	Amount presented
Acrosser Technology Co., Ltd. (Acrosser Technology)	15.25%	<u>\$ 10,960</u>

	December 31, 2024	
Names of associates	Holding %	Amount presented
Acrosser Technology Co., Ltd. (Acrosser Technology)	15.25%	<u>\$ 13,688</u>

	June 30, 2024	
Names of associates	Holding %	Amount presented
Acrosser Technology Co., Ltd. (Acrosser Technology)	15.25%	<u>\$ 21,055</u>

The Group holds a 15.25% equity interest in Acrosser Technology. Although this is below 20%, when combined with the shares held by other related party - Fu Li Investment Co., Ltd. (whose chairman is also the chairman of the Company), the total shareholding reaches 20%. Additionally, the Group is among the top five single shareholders. After assessment, it was determined that the Group has significant influence, therefore, the investment has been accounted for using the equity method.

(VIII) Property, plant and equipment

	2025				
	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Total</u>
January 1					
Costs	\$ 31,317	\$ 1,481	\$ 12,604	\$ 24,531	\$ 69,933
Accumulated depreciation	(27,610)	(1,151)	(3,773)	(20,115)	(52,649)
	<u>\$ 3,707</u>	<u>\$ 330</u>	<u>\$ 8,831</u>	<u>\$ 4,416</u>	<u>\$ 17,284</u>
January 1	\$ 3,707	\$ 330	\$ 8,831	\$ 4,416	\$ 17,284
Increase	290	-	148	-	438
Depreciation expense	(423)	(31)	(951)	(630)	(2,035)
Net exchange difference	(13)	-	-	(20)	(33)
June 30	<u>\$ 3,561</u>	<u>\$ 299</u>	<u>\$ 8,028</u>	<u>\$ 3,766</u>	<u>\$ 15,654</u>
June 30					
Costs	\$ 31,474	\$ 1,480	\$ 12,752	\$ 24,295	\$ 70,001
Accumulated depreciation	(27,913)	(1,181)	(4,724)	(20,529)	(54,347)
	<u>\$ 3,561</u>	<u>\$ 299</u>	<u>\$ 8,028</u>	<u>\$ 3,766</u>	<u>\$ 15,654</u>

2024

	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Uncompleted constructions and equipment pending inspection	Total
January 1						
Costs	\$ 27,819	\$ 1,428	\$ 5,099	\$ 22,640	\$ 1,791	\$ 58,777
Accumulated depreciation	(27,051)	(1,093)	(1,836)	(18,712)	-	(48,692)
	<u>\$ 768</u>	<u>\$ 335</u>	<u>\$ 3,263</u>	<u>\$ 3,928</u>	<u>\$ 1,791</u>	<u>\$ 10,085</u>
January 1	\$ 768	\$ 335	\$ 3,263	\$ 3,928	\$ 1,791	\$ 10,085
Increase	1,836	53	5,061	1,762	-	8,712
Re-classification	-	-	1,791	-	(1,791)	-
Depreciation expense	(222)	(27)	(975)	(634)	-	(1,858)
Net exchange difference	<u>5</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>7</u>
June 30	<u>\$ 2,387</u>	<u>\$ 361</u>	<u>\$ 9,140</u>	<u>\$ 5,058</u>	<u>\$ -</u>	<u>\$ 16,946</u>
June 30						
Costs	\$ 29,697	\$ 1,481	\$ 11,951	\$ 24,467	\$ -	\$ 67,596
Accumulated depreciation	(27,310)	(1,120)	(2,811)	(19,409)	-	(50,650)
	<u>\$ 2,387</u>	<u>\$ 361</u>	<u>\$ 9,140</u>	<u>\$ 5,058</u>	<u>\$ -</u>	<u>\$ 16,946</u>

1. The above-mentioned property, plant and equipment are all assets for the Group's own use.
2. None of the Group's property, plant and equipment has been pledged as collateral.

(IX) Leasing arrangements - Lessee

1. The Group leases various assets including buildings, and transportation equipment. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
2. The lease period of certain premises leased by the Group does not exceed 12 months.
3. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
	Carrying amount	Carrying amount	Carrying amount
Buildings	\$ 13,251	\$ 15,762	\$ 20,741
Transportation equipment	221	442	663
	<u>\$ 13,472</u>	<u>\$ 16,204</u>	<u>\$ 21,404</u>

	April 1 to June 30, 2025	April 1 to June 30, 2024
	Depreciation expense	Depreciation expense
Buildings	\$ 2,501	\$ 2,422
Transportation equipment	111	111
	<u>\$ 2,612</u>	<u>\$ 2,533</u>

	January 1 to June 30, 2025	January 1 to June 30, 2024
	Depreciation expense	Depreciation expense
Buildings	\$ 5,004	\$ 4,635
Transportation equipment	221	221
	<u>\$ 5,225</u>	<u>\$ 4,856</u>

4. Amounts of right-of-use assets added during the six months ended June 30, 2025 and 2024, were NT\$2,653 and NT\$4,698, respectively.
5. Information on profit or loss in relation to lease contracts is as follows:

	April 1 to June 30, 2025	April 1 to June 30, 2024
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 93	\$ 124
Expense on short-term lease contracts	530	443
Lease modification benefit	-	-

<u>Items affecting profit or loss</u>	<u>January 1 to June 30, 2025</u>	<u>January 1 to June 30, 2024</u>
Interest expense on lease liabilities	\$ 181	\$ 253
Expense on short-term lease contracts	1,260	635
Lease modification benefit	-	2

6. Amounts of cash outflow incurred on leases totaled NT\$6,665 and NT\$5,664 for the six months ended June 30, 2025 and 2024, respectively.

(X) Investment property

	<u>2025</u>		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1			
Costs	\$ 119,615	\$ 151,715	\$ 271,330
Accumulated depreciation	-	(62,268)	(62,268)
	<u>\$ 119,615</u>	<u>\$ 89,447</u>	<u>\$ 209,062</u>
January 1	\$ 119,615	\$ 89,447	\$ 209,062
Depreciation expense	-	(1,265)	(1,265)
June 30	<u>\$ 119,615</u>	<u>\$ 88,182</u>	<u>\$ 207,797</u>
June 30			
Costs	\$ 119,615	\$ 150,863	\$ 270,478
Accumulated depreciation	-	(62,681)	(62,681)
	<u>\$ 119,615</u>	<u>\$ 88,182</u>	<u>\$ 207,797</u>
	<u>2024</u>		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
January 1			
Costs	\$ 119,615	\$ 151,395	\$ 271,010
Accumulated depreciation	-	(59,418)	(59,418)
	<u>\$ 119,615</u>	<u>\$ 91,977</u>	<u>\$ 211,592</u>
January 1	\$ 119,615	\$ 91,977	\$ 211,592
Depreciation expense	-	(1,265)	(1,265)
June 30	<u>\$ 119,615</u>	<u>\$ 90,712</u>	<u>\$ 210,327</u>
June 30			
Costs	\$ 119,615	\$ 151,654	\$ 271,269
Accumulated depreciation	-	(60,942)	(60,942)
	<u>\$ 119,615</u>	<u>\$ 90,712</u>	<u>\$ 210,327</u>

1. Rental income from the investment property and direct operating expenses arising from investment property are shown below:

	April 1 to June 30, 2025	April 1 to June 30, 2024
Rental income from investment property	\$ 1,846	\$ 1,598
Direct operating expenses arising from investment property that generated rental income	\$ 632	\$ 632
	January 1 to June 30, 2025	January 1 to June 30, 2024
Rental income from investment property	\$ 3,360	\$ 3,112
Direct operating expenses arising from investment property that generated rental income	\$ 1,265	\$ 1,265

2. The investment properties held by the Group include the Xizhi Office Building and the Shengkeng factory and office building, with fair value of NT\$570,920 as of June 30, 2025, December 31, 2024, and June 30, 2024. These values were determined based on independent appraisals conducted on June 29, 2023 and December 31, 2022, using the income approach. After assessment by the Group's management, it was concluded that there were no significant changes in the fair values of the investment properties. The fair values mentioned above are all classified as Level 3 fair values, with the following key assumptions:

	June 30, 2025	December 31, 2024	June 30, 2024
Gross margin	2.94%	2.94%	2.94%
Income capitalization rate	0.61%~1.85%	0.61%~1.85%	0.61%~1.85%

3. The Group pledged its investment properties, please refer to Note VIII for more information.

(XI) Other non-current assets

	June 30, 2025	December 31, 2024	June 30, 2024
Net defined benefit assets	\$ 26,281	\$ 26,085	\$ 23,164
Guarantee deposits paid	4,041	4,402	4,380
Other assets	4,399	3,970	3,182
	\$ 34,721	\$ 34,457	\$ 30,726

(XII) Short-term borrowings

<u>Nature of borrowings</u>	<u>June 30, 2025</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank loans			
Secured loans	\$ 43,163	1.66%~2.77%	Bank time deposits
Secured loans	130,648	2.44%~2.60%	Land, buildings and structures (Listed in investment property)
General loans	10,000	2.34%	None
Secured loans	<u>23,460</u>	7.32%~7.48%	Land, buildings and structures (Listed in investment property)
	<u>\$ 207,271</u>		

<u>Nature of borrowings</u>	<u>December 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank loans			
Secured loans	\$ 44,562	1.44%~2.34%	Bank time deposits
Secured loans	143,800	2.43%~2.55%	Land, buildings and structures (Listed in investment property)
Secured loans	<u>13,114</u>	7.75%	Land, buildings and structures (Listed in investment property)
	<u>\$ 201,476</u>		

<u>Nature of borrowings</u>	<u>June 30, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank loans			
Secured loans	\$ 42,760	1.24%~2.16%	Bank time deposits
Secured loans	128,000	2.20%~2.35%	Land, buildings and structures (Listed in investment property)
Secured loans	<u>9,735</u>	8.28%	Land, buildings and structures (Listed in investment property)
	<u>\$ 180,495</u>		

1. NT\$1,552, NT\$1,759, NT\$2,916 and NT\$2,666 of interest expense were recognized in profit or loss for the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024 respectively.
2. Please refer to Note VIII for information on short-term loan collaterals.

(XIII) Other payables

	June 30, 2025	December 31, 2024	June 30, 2024
Salaries and bonuses payable	\$ 13,670	\$ 15,447	\$ 12,902
Payable for labor services	1,315	1,347	668
Labor insurance payable	982	956	962
National health insurance payable	829	821	853
Intangible assets payable	-	-	1,344
Others	26,833	27,064	29,784
	<u>\$ 43,629</u>	<u>\$ 45,635</u>	<u>\$ 46,513</u>

(XIV) Pensions

1.

- (1) The Company has established a defined benefit pension plan in accordance with the "Labor Standards Act," which applies to the service years of all formal employees prior to July 1, 2005, when the "Labor Pension Act" was implemented, as well as to the subsequent service years of employees who chose to continue to be subject to the Labor Standards Act after the implementation of the "Labor Pension Act." For employees who meet retirement conditions, pension payments are calculated based on service years and the average salary of the six months prior to retirement. For each year of service within 15 years (inclusive), two base units are given, and for each year of service beyond 15 years, one base unit is given, with a maximum accumulation of 45 base units. The Company contributes 2% of the total monthly payroll as retirement fund, which is deposited in a dedicated account under the name of the Labor Retirement Reserve Supervision Committee at the Bank of Taiwan. Additionally, at the end of each fiscal year, the Company estimates the balance in the aforementioned labor retirement reserve account. If the balance is insufficient to pay the retirement benefits calculated according to the aforementioned method for employees estimated to meet retirement conditions in the following year, the Company will make a lump-sum contribution to cover the difference by the end of March of the following year.

In 2025 and 2024, the Company was approved by the Labor Affairs Department, New Taipei City Government to suspend the contribution to the labor retirement reserve for 2025 and 2024, respectively.

- (2) Total pension costs recognized under the above policies amounted to NT\$(98), NT\$(71), NT\$(196), and NT\$(144) for the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, respectively.
- (3) Expected contributions to the defined benefit pension plan of the Company for 2025 is NT\$0.

2.

- (1) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with Taiwan nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (2) EverFocus Electronics (ShenZhen) CO., Ltd. contributes monthly to the old-age insurance fund at a certain rate based on the total salary of local employees in accordance with the PRC's defined pension insurance system. Each employee's pension is managed and arranged by the PRC government and EverFocus Shenzhen has no further obligation other than making monthly contributions.
- (3) EverFocus U.S. and EverFocus Japan make pension contributions in accordance with local laws and regulations.
- (4) Total pension costs recognized under the above policies amounted to NT\$1,325, NT\$1,262, NT\$2,604, and NT\$2,346 for the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, respectively.

(XV) Share capital

1. As of June 30, 2025, the Company's authorized capital was NT\$2,070,000, consisting of 207,000 thousand shares of ordinary stock (including 30,000 thousand shares reserved for employee stock options), and the paid-in capital was NT\$668,010, divided into 66,801 thousand shares with par value of \$10 per share. All proceeds from shares issued have been collected.
2. Movements in the number of the Company's ordinary shares (shares in thousands) outstanding are as follows:

	<u>2025</u>	<u>2024</u>
January 1 (i.e. June 30)	<u>66,801</u>	<u>66,801</u>

(XVI) Capital surplus

Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(XVII) Deficit to be offset

1. According to Article of Incorporation, if the Company has earnings surplus as evidenced by the year-end account closure, it shall pay taxes and make up for losses in accordance with the law and set aside 10% as a legal reserve, except when the legal reserve has reached the Company's total paid-in capital. The remainder shall be set aside or reversed as a special reserve in accordance with the laws and regulations. The Board of Directors shall prepare a proposal for the appropriation of earnings and submit it to the shareholders to resolve the distribution of dividends to shareholders if there is still a balance available, together with the accumulated undistributed earnings to allocate 0% to 100% of the distributable earnings.

The distributable dividends or bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

2. Dividends are distributed on the basis that maintaining a sound financial structure and matching future business growth of the Company. In accordance with the Company Act, the Board of Directors prepares a proposal for the distribution of earnings each year after the approval of the shareholders' meeting, taking into account the Company's profitability and future operating needs and to protect the interests of investors. The Company adopts the following three methods to distribute dividends: capitalization of earnings, capitalization of capital surplus and cash dividends. If there is an appropriate investment plan that can increase the Company's profitability, the capitalization of earnings or capitalization of capital surplus will be used. When the capital increase affects the dividend level, cash dividends will be paid. Stock dividends will account for 0% to 90% while cash dividends will account for 10% to 100% of the total amount of dividends paid. The actual amount of dividends paid will be determined by the amount approved at the shareholders' meeting.
3. The proposals for offsetting losses for 2024 and 2023 were approved by the shareholders' meeting on June 12, 2025, and June 21, 2024, and information on the Board of Directors' approval and the offsetting losses resolved at the shareholders' meeting is available on the "Market Observation Post System (MOPS)" of the TWSE.
4. For the six months ended June 30, 2025 and 2024, the Company had no earnings available for appropriation.

(XVIII) Operating income

	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>
Revenue from contracts with customers	<u>\$ 115,464</u>	<u>\$ 175,358</u>
	<u>January 1 to June 30, 2025</u>	<u>January 1 to June 30, 2024</u>
Revenue from contracts with customers	<u>\$ 201,163</u>	<u>\$ 257,537</u>

1. Breakdown of revenue from contracts with customers

The Group's revenue comes from the provision of goods and services that are transferred over time and at a point in time. The revenues are segmented into the following types:

<u>April 1 to June 30, 2025</u>	<u>Sales revenue</u>	<u>Services revenue</u>	<u>Total</u>
Revenue from contracts	<u>\$ 112,604</u>	<u>\$ 2,860</u>	<u>\$ 115,464</u>
Time of income recognition			
Income recognized at a point in time	\$ 112,604	\$ -	\$ 112,604
Revenue recognized over time	-	2,860	2,860
Total	<u>\$ 112,604</u>	<u>\$ 2,860</u>	<u>\$ 115,464</u>

<u>April 1 to June 30, 2024</u>	<u>Sales revenue</u>	<u>Services revenue</u>	<u>Total</u>
Revenue from contracts	<u>\$ 174,208</u>	<u>\$ 1,150</u>	<u>\$ 175,358</u>
Time of income recognition			
Income recognized at a point in time	\$ 174,208	\$ -	\$ 174,208
Revenue recognized over time	-	1,150	1,150
Total	<u>\$ 174,347</u>	<u>\$ 1,011</u>	<u>\$ 175,358</u>

<u>January 1 to June 30, 2025</u>	<u>Sales revenue</u>	<u>Services revenue</u>	<u>Total</u>
Revenue from contracts	<u>\$ 197,063</u>	<u>\$ 4,100</u>	<u>\$ 201,163</u>
Time of income recognition			
Income recognized at a point in time	\$ 197,063	\$ -	\$ 197,063
Revenue recognized over time	-	4,100	4,100
Total	<u>\$ 197,063</u>	<u>\$ 4,100</u>	<u>\$ 201,163</u>

<u>January 1 to June 30, 2024</u>	<u>Sales revenue</u>	<u>Services revenue</u>	<u>Total</u>
Revenue from contracts	<u>\$ 253,857</u>	<u>\$ 3,680</u>	<u>\$ 257,537</u>
Time of income recognition			
Income recognized at a point in time	\$ 253,857	\$ -	\$ 253,857
Revenue recognized over time	-	3,680	3,680
Total	<u>\$ 253,857</u>	<u>\$ 3,680</u>	<u>\$ 257,537</u>

2. Contract liabilities

- (1) Recognized contract liabilities relative to revenue from contracts with customers are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
Contract liabilities - Sales contracts	\$ 5,842	\$ 3,080	\$ 2,424	\$ 5,776

- (2) Revenue recognized during the period from the beginning amount of contract liabilities

	April 1 to June 30, 2025	April 1 to June 30, 2024
Revenue recognized during the period from contract liabilities at the beginning of the period		
Sales contracts	\$ -	\$ 2,492
Revenue recognized during the period from contract liabilities at the beginning of the period		
Sales contracts	\$ 624	\$ 4,090

(XIX) Other income

	April 1 to June 30, 2025	April 1 to June 30, 2024
Rental income	\$ 2,391	\$ 1,529
Dividend income	886	840
Government subsidy income (Note)	-	33,500
Other income - Others	1,107	2,383
	<u>\$ 4,384</u>	<u>\$ 38,252</u>
	January 1 to June 30, 2025	January 1 to June 30, 2024
Rental income	\$ 4,196	\$ 3,127
Dividend income	886	915
Government subsidy income (Note)	-	33,500
Other income - Others	1,822	3,061
	<u>\$ 6,904</u>	<u>\$ 40,603</u>

Note: Primarily, it is the subsidy from the Ministry of Transportation's project plan..

(XX) Other gains and losses

	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>
(Loss) Gain on financial assets or liabilities at fair value through profit or loss	\$ 1,612	\$ 547
Loss on impairment of non-financial assets (Note)	-	-
Gain (Loss) on foreign exchange	(16,743)	(1,634)
Other loss	(177)	(1)
	<u>(\$ 15,308)</u>	<u>\$ 2,180</u>

	<u>January 1 to June 30, 2025</u>	<u>January 1 to June 30, 2024</u>
(Loss) gain on financial assets or liabilities at fair value through profit or loss	(\$ 10,635)	\$ 15,608
Loss on impairment of non-financial assets (Note)	(6,288)	-
Gain (Loss) on foreign exchange	(16,324)	8,994
Lease modification benefit	-	2
Other loss	(177)	(14)
	<u>(\$ 33,424)</u>	<u>\$ 24,590</u>

Note: With regards to the prepaid purchases (presented as "Other current assets"), the Group expects to generate future economic benefits at a amount lower than the book value, and therefore recognized impairment losses of NT\$0 and NT\$6,288 for the three months ended June 30, 2025, and for the six months ended June 30, 2025, respectively.

(XXI) Finance costs

	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>
Interests on bank borrowings	\$ 1,552	\$ 1,759
Interests on lease liabilities	93	124
Other interest expenses	-	-
	<u>\$ 1,645</u>	<u>\$ 1,883</u>

	<u>January 1 to June 30, 2025</u>	<u>January 1 to June 30, 2024</u>
Interests on bank borrowings	\$ 2,916	\$ 2,666
Interests on lease liabilities	181	253
Other interest expenses	16	16
	<u>\$ 3,113</u>	<u>\$ 2,935</u>

(XXII) Costs and expenses by nature

	<u>April 1 to June 30, 2025</u>			<u>April 1 to June 30, 2024</u>		
	<u>Included in operating cost</u>	<u>Included in operating expense</u>	<u>Total</u>	<u>Included in operating cost</u>	<u>Included in operating expense</u>	<u>Total</u>
Employee benefit expenses	\$ 9,149	\$ 25,435	\$ 34,584	\$ 9,077	\$ 26,023	\$ 35,100
Depreciation expense	1,463	2,786	4,249	1,409	2,822	4,231
Amortization expense	-	834	834	9	392	401

	<u>January 1 to June 30, 2025</u>			<u>January 1 to June 30, 2024</u>		
	<u>Included in operating cost</u>	<u>Included in operating expense</u>	<u>Total</u>	<u>Included in operating cost</u>	<u>Included in operating expense</u>	<u>Total</u>
Employee benefit expenses	\$ 17,355	\$ 50,068	\$ 67,423	\$ 16,782	\$ 47,403	\$ 64,185
Depreciation expense	2,889	5,636	8,525	2,285	5,694	7,979
Amortization expense	9	1,638	1,647	9	775	784

(XXIII) Employee benefit expenses

	<u>April 1 to June 30, 2025</u>		<u>April 1 to June 30, 2024</u>	
Wages and salaries	\$	28,915	\$	29,587
Labor and health insurance premiums		2,982		2,814
Pension costs		1,227		1,191
Other personnel expenses		1,460		1,508
	\$	<u>34,584</u>	\$	<u>35,100</u>

	<u>January 1 to June 30, 2025</u>		<u>January 1 to June 30, 2024</u>	
Wages and salaries	\$	56,133	\$	53,898
Labor and health insurance premiums		5,935		5,330
Pension costs		2,408		2,202
Other personnel expenses		2,947		2,755
	\$	<u>67,423</u>	\$	<u>64,185</u>

1. In accordance with the Company's Articles of Incorporation, if there is a surplus after offsetting accumulated losses against the annual profit, the Company shall allocate 3% to 10.5% of such surplus as employee compensation and up to 2.5% as director compensation. At least 20% of the employee compensation shall be reserved for grassroots employees. The distribution of employee compensation shall be determined by the Board of Directors and may be made in the form of shares or cash.
2. The Company did not estimate the compensation to employees, directors and supervisors for the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, due to the Company had net loss before tax.
3. Information on remuneration of employees, directors and supervisors approved by the board of directors is disclosed on the MOPS.

(XXIV) Income tax

1. Income tax expense

(1) Components of income tax expense:

	<u>April 1 to June 30, 2025</u>	<u>April 1 to June 30, 2024</u>
Deferred income tax:		
Income tax (benefit) expense arising from the origination and reversal of temporary difference	(\$ <u>1,189</u>)	\$ <u>542</u>
	<u>January 1 to June 30, 2025</u>	<u>January 1 to June 30, 2024</u>
Current income tax:		
Underestimation of income tax expenses in previous years	\$ <u>62</u>	\$ <u>61</u>
Total current income tax	<u>62</u>	<u>61</u>
Deferred income tax:		
Initial recognition and reversal of temporary differences	(<u>1,189</u>)	<u>3,623</u>
Income tax expense (benefit)	(\$ <u>1,127</u>)	\$ <u>3,684</u>

2. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

3. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Deferred income tax assets:			
- Temporary differences:			
Tax losses	\$ 48,782	\$ 48,782	\$ 48,782
Excess bad debts	6,471	6,661	4,772
Allowance for inventory devaluation loss	12,596	12,629	17,497
Others	<u>1,596</u>	<u>1,636</u>	<u>2,377</u>
Subtotal	<u>69,445</u>	<u>69,708</u>	<u>73,428</u>
Deferred income tax liabilities:			
Unrealized gain on foreign exchange	-	(1,188)	-
Re-measurement of defined benefit plans	(<u>3,927</u>)	(<u>3,927</u>)	(<u>3,371</u>)
Subtotal	(<u>3,927</u>)	(<u>5,115</u>)	(<u>3,371</u>)
Total	<u>\$ 65,518</u>	<u>\$ 64,593</u>	<u>\$ 70,057</u>

(XXVI) Supplementary Cash Flow Information

Partial cash payment for investment activities:

	January 1 to June 30, 2025	January 1 to June 30, 2024
Acquisition of real estate, plants, and equipment	\$ 438	\$ 8,712
Add: Equipment expenses payable at the beginning of the period	-	179
Less: Prepaid equipment expenses at the beginning of the period	-	(1,729)
Current period cash payments	<u>\$ 438</u>	<u>\$ 7,162</u>

(XXVII) Changes in liabilities arising from financing activities

	2025		
	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	\$ 201,476	\$ 16,434	\$ 217,910
Changes in financing cash flows	9,574	(5,224)	4,350
Additions to lease liabilities in the period	-	2,653	2,653
Effect of exchange rate changes	(3,779)	(161)	(3,940)
June 30	<u>\$ 207,271</u>	<u>\$ 13,702</u>	<u>\$ 220,973</u>

	2024		
	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	\$ 133,636	\$ 23,331	\$ 156,967
Changes in financing cash flows	49,962	(4,776)	45,186
Additions to lease liabilities in the period	-	4,698	4,698
Disposals of lease liabilities in the period	-	(1,628)	(1,628)
Effect of exchange rate changes	(3,103)	(19)	(3,122)
June 30	<u>\$ 180,495</u>	<u>\$ 21,606</u>	<u>\$ 202,101</u>

VII. Related party transactions

(I) Names of related parties and relationship

Names of related parties	Relationship with the Group
EverFocus Electronics Limited	Subsidiary in liquidation (Note 1)
Everhighlight Technology Corp.	Subsidiary in liquidation (Note 1)
Acrosser Technology Co., Ltd.	Associated company (Note 2)
Acrosser China	Associated company (Note 2, Note 3)
AAEON Technology Inc.	Other related parties
AAEON Technology (SuZhou) Inc.	Other related parties
Onyx Healthcare Inc.	Other related parties
Linkence Technologies Inc.	Other related parties
SPARK Technologies Inc.	Other related parties
AREC Inc.	Other related parties
JetWay Information Co. Ltd.	Other related parties
AAEON Technology (Europe) B.V.	Other related parties
AAEON Electronics Inc.	Other related parties
QQE Technology Co., Ltd.	Other related parties
Atech Technology Co., Ltd.	Other related parties
Outstanding Electronics (Dongguan) Manufacturer Co., Ltd.	Other related parties

Note 1: Please refer to Note IV(III)3.

Note 2: After participating in the cash capital increase of Acrosser Technology Co., Ltd. on July 5, 2023, the Group recognized it as an investee company accounted for under the equity method. Therefore, since the participation in the cash capital increase, Acrosser Technology Co., Ltd. and its subsidiary - Acrosser China has become related enterprises of the Group.

Note 3: On December 25, 2024, Acrosser Technology Co., Ltd. sold 100% equity of its subsidiary - Acrosser China Therefore, since that date, Acrosser China is no longer a related enterprise of the Group.

(II) Significant transactions and balances with related parties

1. Operating income

	April 1 to June 30, 2025	April 1 to June 30, 2024
Sales of goods		
Associate - Other	\$ -	\$ 8,509
Other related parties - Other	202	2,588
	\$ 202	\$ 11,097
Service sales		
Associate - Acrosser	\$ 1,150	\$ 1
Other related parties - Other	370	-
	\$ 1,520	\$ 1

	January 1 to June 30, 2025	January 1 to June 30, 2024
Sales of goods		
Associate - Other	\$ -	\$ 11,167
Other related parties - Other	208	5,649
	<u>\$ 208</u>	<u>\$ 16,816</u>
Service sales		
Associate - Acrosser	\$ 1,450	\$ 1,356
Other related parties - Other	543	583
	<u>\$ 1,993</u>	<u>\$ 1,939</u>

- (1) The transaction price and payment terms for the sales of goods to related parties by the Company are based on the agreed price and terms between both parties.
- (2) The Group provides procurement services to its associated enterprise, Acrosser, and for the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, the purchase cost of goods purchased from another related party and sold to Acrosser amounted to NT\$0, NT\$23, NT\$315 and NT\$26,528, respectively, expressed as net sales revenue.
- (3) The Group purchases raw materials and services from related parties and non-related parties, and sells semi-finished products, finished products, and services to related parties and non-related parties. For the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, the cost of raw materials and services purchased amounting to NT\$9,690, NT\$2,347, NT\$13,025 and NT\$9,952, respectively, were netted off from sales and service revenue.

2. Purchases

	April 1 to June 30, 2025	April 1 to June 30, 2024
Purchases of goods		
Other related parties - AAEON	\$ 653	\$ 19,552
Other related parties - Other	479	731
	<u>\$ 1,132</u>	<u>\$ 20,283</u>
	January 1 to June 30, 2025	January 1 to June 30, 2024
Purchases of goods		
Associate - Other	\$ -	\$ -
Other related parties - AAEON	1,354	21,980
Other related parties - Other	1,087	2,044
	<u>\$ 2,441</u>	<u>\$ 24,024</u>

The payment terms of abovementioned purchases are the same with third parties (suppliers), and the credit terms are 30 days or advanced payment.

3. Accounts receivable

	June 30, 2025	December 31, 2024	June 30, 2024
Associate - Other	\$ 1,830	\$ 4,277	\$ 10,109
Other related parties - Other	617	2,329	1,804
	<u>\$ 2,447</u>	<u>\$ 6,606</u>	<u>\$ 11,913</u>

4. Other receivables

	June 30, 2025	December 31, 2024	June 30, 2024
Subsidiary - Other	\$ 344	\$ 344	\$ 344
Associate - Acrosser	12,241	24,287	3,859
Other related parties - Other	2,318	1,577	2,448
	<u>\$ 14,903</u>	<u>\$ 26,208</u>	<u>\$ 6,651</u>

Represents amounts that are receivable by the Group for offering proxy purchase service. Balances of unsold inventory (presented as other receivables) as of June 30, 2025, December 31, 2024, and June 30, 2024 were NT\$327, NT\$339, and NT\$0, respectively.

5. Accounts payable

	June 30, 2025	December 31, 2024	June 30, 2024
Associate - Other	\$ -	\$ 339	\$ -
Other related parties - Other	628	1,231	8,476
	<u>\$ 628</u>	<u>\$ 1,570</u>	<u>\$ 8,476</u>

6. Other payables

	June 30, 2025	December 31, 2024	June 30, 2024
Associate - Other	\$ 1,696	\$ 1,590	\$ 3,141
Other related parties - Other	1,182	1,878	3,502
	<u>\$ 2,878</u>	<u>\$ 3,468</u>	<u>\$ 6,643</u>

Represents amounts that are payable by the Group for offering proxy purchase service.

7. Overdue receivables from related parties (presented as other non-current assets)

	June 30, 2025	December 31, 2024	June 30, 2024
Subsidiary - EverFocus UK	\$ 24,944	\$ 24,944	\$ 24,944
Less: Allowance for uncollectible accounts	(24,944)	(24,944)	(24,944)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

For the six months ended June 30, 2024, the Company received partial payments remitted from the EverFocus UK, and recognized NT\$399 of gains from expected credit loss reversal.

8. Leasing arrangements - Lessee

(1) The Group rents office space from other related party-AREC, with a lease contract period of 2 years. Rent is paid at the beginning of each month.

(2) Acquisition of right-of-use assets

	April 1 to June 30, 2025	April 1 to June 30, 2024
Other related party - AREC	<u>\$ -</u>	<u>\$ -</u>
	January 1 to June 30, 2025	January 1 to June 30, 2024
Other related party - AREC	<u>\$ -</u>	<u>\$ 2,115</u>

(3) Lease liabilities

A. Ending balance:

	June 30, 2025	June 30, 2024
Other related party - AREC	<u>\$ 747</u>	<u>\$ 1,800</u>

B. Interest expenses

	April 1 to June 30, 2025	April 1 to June 30, 2024
Other related party - AREC	<u>\$ 5</u>	<u>\$ 11</u>
	January 1 to June 30, 2025	January 1 to June 30, 2024
Other related party - AREC	<u>\$ 11</u>	<u>\$ 13</u>

9. Guarantee deposits received

	June 30, 2025	December 31, 2024	June 30, 2024
Associate - Other	\$ 193	\$ -	\$ -
Other related parties - Other	<u>60</u>	<u>-</u>	<u>-</u>
	<u>\$ 253</u>	<u>\$ -</u>	<u>\$ -</u>

10. Software licensing fees (recognized as cost of goods sold)

	April 1 to June 30, 2025	April 1 to June 30, 2024
Other related parties - Other	<u>\$ 1,186</u>	<u>\$ 2,898</u>
	January 1 to June 30, 2025	January 1 to June 30, 2024
Other related parties - Other	<u>\$ 2,363</u>	<u>\$ 5,053</u>

11. Operating expense

	April 1 to June 30, 2025	April 1 to June 30, 2024
Associate - Other	\$ 4	\$ -
Other related parties - Other	<u>1,272</u>	<u>862</u>
	<u>\$ 1,276</u>	<u>\$ 862</u>
	January 1 to June 30, 2025	January 1 to June 30, 2024
Associate - Other	\$ 4	\$ -
Other related parties - Other	<u>2,157</u>	<u>1,645</u>
	<u>\$ 2,161</u>	<u>\$ 1,645</u>

The above operating expenses mainly consist of labor fees and rental expenses, which are resented as administrative expenses.

12. Rental income

	April 1 to June 30, 2025	April 1 to June 30, 2024
Associate - Other	\$ 275	\$ -
Other related parties - Other	<u>357</u>	<u>-</u>
	<u>\$ 632</u>	<u>\$ -</u>
	January 1 to June 30, 2025	January 1 to June 30, 2024
Associate - Other	\$ 551	\$ -
Other related parties - Other	<u>357</u>	<u>-</u>
	<u>\$ 908</u>	<u>\$ -</u>

The property is primarily leased to related parties for office.

(III) Key management compensation

	April 1 to June 30, 2025	April 1 to June 30, 2024
Salaries and other short-term employee benefits	\$ 843	\$ 1,290
	January 1 to June 30, 2025	January 1 to June 30, 2024
Salaries and other short-term employee benefits	\$ 1,752	\$ 2,512

VIII. Pledged Assets

The Group had placed the following assets as collaterals:

Pledged asset	Book value			Guarantee purpose
	June 30, 2025	December 31, 2024	June 30, 2024	
Restricted time deposit (Listed in Current financial assets at amortized cost)	\$ 67,859	\$ 74,926	\$ 73,238	Performance bonds for tenders, customs declarations and bank loans
Restricted time deposit (Listed in Current financial assets at amortized cost)	52	52	34	Government grant project guarantee deposit
Land, Building and Construction (Listed in investment property)	207,797	209,062	210,327	Bank Loan Guarantee
	\$ 275,708	\$ 284,040	\$ 283,599	

IX. Significant contingent liabilities and unrecognized commitments

(I) Contingencies

None.

(II) Commitments

- As of June 30, 2025, December 31, 2024, and June 30, 2024, the Group had issued promissory notes of NT\$464,888, NT\$471,728, and NT\$469,100, respectively, that were required for the application of comprehensive credit line and the provision of performance bonds according to contracts signed with customers.
- As of June 30, 2025, December 31, 2024, and June 30, 2024, the Group had commissioned financial institutions to issue guarantee letters as performance guarantees for the execution of government-subsidized projects. The amount of guarantee was NT\$90,750 on all above dates.

X. Significant Disaster Loss

None.

XI. Significant Events after the Reporting Period

None.

XII. Others

(I) Capital risk management

The Group has set up capital management objectives to ensure continued operation, maintain the best capital structure for the reduction in cost of capital, and protect shareholders interests. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(II) Financial instruments

1. Financial instruments by category

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 66,481	\$ 72,763	\$ 107,438
Financial assets measured at fair value through other comprehensive income			
Investment in designated equity instruments	2,230	2,230	4,000
Financial assets at amortized cost			
Cash and cash equivalents	58,720	95,786	142,824
Financial assets at amortized cost	67,911	74,978	73,272
Notes receivable	507	282	1,050
Accounts receivable (including related parties)	75,864	68,627	99,821
Other receivables (including related parties)	18,758	28,611	10,341
Long-term notes and accounts receivable	5,972	8,034	10,081
Refundable deposits (Listed as Other non-current assets)	4,041	4,402	4,380
	<u>\$ 300,484</u>	<u>\$ 355,713</u>	<u>\$ 453,207</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 207,271	\$ 201,476	\$ 180,495
Accounts payable (including related parties)	60,861	48,740	95,592
Other receivable (including related parties)	46,507	49,103	53,156
	<u>\$ 314,639</u>	<u>\$ 299,319</u>	<u>\$ 329,243</u>
Lease liabilities	<u>\$ 13,702</u>	<u>\$ 16,434</u>	<u>\$ 21,606</u>

2. Financial risk management policies

The Group adopts a comprehensive risk management system for the management to clearly identify, measure and control all risks to achieve effective control and measurement.

The Group's Control and management strategies are as follows:

(1) Interest rate risk:

The Group continuously keeps track on the trend of interest rates and sets up stop-loss points to control interest rate risks.

(2) Foreign exchange risk:

The Group uses derivative financial instruments such as currency forwards to hedge foreign currency assets or liabilities or highly probable transactions to reduce the risks in cash flows and fair value from fluctuation in foreign exchange rates. In addition, changes in foreign exchange rate are closely monitored, with a stop loss point to mitigate exchange rate risks.

(3) Credit risk:

The Group has a stringent credit evaluation policy and only trades with counterparties of good credit quality. Debt protection measures are taken as deemed appropriate to mitigate credit risk.

3. Significant financial risks and degrees of financial risks

(1) Market risk

Foreign exchange risk

A. The Group operates internationally and is exposed to exchange rate risk arising from transactions of the Company and subsidiaries that are denominated in various functional currency, primarily with respect to the USD, JPY and CNY. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

B. The Group's management formulated policies to manage exchange rate risks relative to the functional currency of the Group and its subsidiaries. The finance department is responsible for hedging the overall exchange rate risk.

				June 30, 2024		
				Foreign currency (thousand)	Exchange rate	Carrying amount (NT\$)
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$	4,981	32.450	\$		161,633
JPY:NTD		257,861	0.202			52,088
CNY:NTD		40	41.040			1,642
GBP:NTD		453	4.445			2,014
USD:CNY		258	7.300			8,372
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$	1,601	32.450	\$		51,952
CNY:NTD		170	7.300			5,549

- D. Total gain (loss) on exchange (realized and unrealized) recognized by the Group for monetary items susceptible to significant exchange rate fluctuation for the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, amounted to NT\$(16,743), NT\$1,634, NT\$(16,324) and NT\$8,994, respectively.
- E. An analysis of the Group's foreign currency market risk due to material exchange rate fluctuations is as follows:

				January 1 to June 30, 2025		
				Sensitivity analysis		
				Magnitude of change	Impact on profit and loss	Impact on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	1%	\$	1,570	\$		-
JPY:NTD	1%		24			-
USD:CNY	1%		145			-
(Foreign currency: Functional currency)						
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1%	\$	340	\$		-
CNY:NTD	1%		13			-
USD:CNY	1%		28			-

	January 1 to June 30, 2024		
	Sensitivity analysis		
	Magnitude of change	Impact on profit and loss	Impact on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,616	\$ -
JPY:NTD	1%	521	-
GBP:NTD	1%	16	-
CNY:NTD	1%	20	-
USD:CNY	1%	84	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 520	\$ -
USD:CNY	1%	55	-

Price risk

- A. The Group is exposed to equity instrument price risk because of investments classified as financial assets at fair value through profit or loss and through other comprehensive income. To manage the price risk arising from investments in equity instruments, the Group has diversified its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- B. The Group mainly invests in equity instruments issued by domestic companies, of which the price of equity instruments will be affected by uncertainty of future value of the investment target. A 1% rise/fall in the price of equity instruments would increase/decrease gain or loss on equity instruments at fair value through profit or loss, and hence net income, by NT\$937 and NT\$1,074 for the six months ended June 30, 2025 and 2024, respectively, assuming that all other factors remain unchanged. For equity investments that are carried at fair value through other comprehensive income, the above changes would increase/decrease gain or loss on investment by NT\$22 and NT\$40, respectively.

Cash flow and fair value interest rate risk

- A. The Group's main interest rate risk arises from short-term borrowings with variable rates which expose the Group to cash flow interest rate risk. The risk is partially offset by cash and cash equivalents held at floating rates. For the six months ended June 30, 2025 and 2024, the Group's borrowings at floating rate were denominated in USD, JPY and NTD.

- B. A 0.25% rise/fall in the borrowing interest rate would reduce/increase net income by NT\$207 and NT\$180 for the six months ended June 30, 2025 and 2024, assuming that all other factors remain unchanged. These changes are mainly attributed to changes in interest expense on loans borrowed at the floating rate.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- B. The Group establishes credit risk management at the group level. According to the internally specified credit policy, each operating entity within the Group must conduct management and credit risk analysis for each new customer before establishing payment terms and delivery conditions. Internal risk control evaluates customer credit quality by considering their financial condition, past experience, and other factors. Individual risk limits are set by the board of directors based on internal or external ratings, and credit limit usage is regularly monitored.
- C. The Group adopts the assumptions under IFRS 9. The Group determines that the default occurs when the contract payments were past due over 90 days based on the terms.
- D. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- E. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (1) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (2) The disappearance of an active market for that financial asset because of financial difficulties;
 - (3) Default or delinquency in interest or principal repayments;
- F. The customers' accounts receivables are segmented based on customer type. A simplified loss rate approach is used for ECL measurement based on the provision matrix.

G. The Group has written off the recoverable amount of financial assets that could not reasonably be estimated after recourse, but will continue to pursue recourse to preserve its rights. The Group had no charged-off debt with ongoing collection activities as of June 30, 2025, December 31, 2024, and June 30, 2024.

H.

(1) For customers in the high-quality group, the expected loss rate is 0.03%. As of June 30, 2025, December 31, 2024, and June 30, 2024, the total carrying amounts of accounts receivable and notes receivable (including current and non-current) were NT\$13,036, NT\$19,002, and NT\$27,458, respectively. Since the expected credit losses are not significant, the allowance for losses is \$0 for all periods.

(2) The Group takes into account multiple considerations including future prospects of the global economy, historical and current information etc. to determine loss given default, which is used for estimating loss allowance on notes and accounts receivable from customers under normal credit conditions. Provision matrix as of June 30, 2025, December 31, 2024, and June 30, 2024, is as follows:

	Not overdue	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue 91-180 days	Overdue 181-361 days	Overdue more than 360 days	Total
<u>June 30, 2025</u>								
Expected loss rate	0.36%~0.97%	2.45%~13.77%	18.97%~34.38%	31.2%~52.94%	100%	100%	100%	
Total book value	\$ 65,746	\$ 4,313	\$ 615	\$ 28	\$ 648	\$ 559	\$ 123	\$ 72,032
Loss allowance	\$ 640	\$ 533	\$ 211	\$ 11	\$ 648	\$ 559	\$ 123	\$ 2,725
<u>December 31, 2024</u>								
Expected loss rate	0.36%~0.77%	2.45%~13.77%	18.97%~34.38%	31.2%~52.94%	100%	100%	100%	
Total book value	\$ 56,537	\$ 1,031	\$ 413	\$ 841	\$ 135	\$ 60	\$ 208	\$ 59,225
Loss allowance	\$ 438	\$ 26	\$ 88	\$ 329	\$ 135	\$ 60	\$ 208	\$ 1,284
<u>June 30, 2024</u>								
Expected loss rate	0%~0.64%	0.5%~8.60%	2%~34.91%	3%~79.89%	100%	100%	100%	
Total book value	\$ 83,577	\$ 818	\$ 92	\$ 18	\$ 181	\$ 36	\$ 467	\$ 85,189
Loss allowance	\$ 534	\$ 70	\$ 26	\$ 18	\$ 181	\$ 36	\$ 467	\$ 1,332

- I. The Group's simplified approach of notes receivable and changes in allowance for doubtful accounts are as follows:

	Notes and accounts receivable (including related parties)	
	2025	2024
January 1	\$ 1,284	\$ 1,100
Provision of impairment loss	1,563	220
Effect of exchange rate changes	(122)	12
June 30	<u>\$ 2,725</u>	<u>\$ 1,332</u>

For the six months ended June 30, 2025 and 2024, the impairment losses recognized on accounts receivable arising from customer contracts were NT\$1,563 and NT\$220 respectively.

- J. Credit risk ratings for debt instrument investments measured at amortized cost are as follows:

	June 30, 2025			
	Based on duration			
	Based on 12 months	With significant		Total
		increase in credit risk	Credit- impaired	
Financial assets at amortized cost	\$ 67,911	\$ -	\$ -	\$ 67,911

	December 31, 2024			
	Based on duration			
	Based on 12 months	With significant		Total
		increase in credit risk	Credit- impaired	
Financial assets at amortized cost	\$ 74,978	\$ -	\$ -	\$ 74,978

	June 30, 2024			
	Based on duration			
	Based on 12 months	With significant		Total
		increase in credit risk	Credit- impaired	
Financial assets at amortized cost	\$ 73,272	\$ -	\$ -	\$ 73,272

The financial assets at amortized cost are restricted bank deposits, and there is no major abnormality in credit risk assessment.

(3) Liquidity risk

- A. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group's financial department. Group's financial department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- B. The Group's unused loan limit as of June 30, 2025, December 31, 2024, and June 30, 2024 was NT\$152,879, NT\$160,324, and NT\$179,180, respectively.
- C. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

June 30, 2025	<u>Within a year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>
Short-term borrowings	\$ 217,634	\$ -	\$ -
Accounts payable (including related parties)	60,861	-	-
Other receivable (including related parties)	46,507	-	-
Lease liabilities	10,203	3,421	317

Non-derivative financial liabilities:

December 31, 2024	<u>Within a year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>
Short-term borrowings	\$ 203,271	\$ -	\$ -
Accounts payable (including related parties)	48,740	-	-
Other receivable (including related parties)	49,103	-	-
Lease liabilities	9,901	6,544	297

Non-derivative financial liabilities:

June 30, 2024	<u>Within a year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>
Short-term borrowings	\$ 181,544	\$ -	\$ -
Accounts payable (including related parties)	95,592	-	-
Other receivable (including related parties)	53,156	-	-
Lease liabilities	10,446	9,082	2,559

- D. The Group's cash flows are not expected to occur significantly earlier than the maturity date, or to be significantly different from the actual amount.

(III) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quotations that can be obtained from an active market (unadjusted) on the measurement date for asset or liability of equivalent nature. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that can not be observed for an asset or liability. This applies to all non-listed stocks invested by the Group.

2. The fair value information of investment properties measured at cost is detailed in Note VI(X). Please refer to the note for details.

3. Financial instruments not measured at fair value

The cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable (including related parties), other receivables (including related parties), long-term notes and accounts receivable and amounts due, deposits for guarantee (presented as other non-current assets), overdue receivable (presented as other non-current assets), short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties), and lease liabilities of the Group are recorded at amounts that reasonably approximate their fair values

4. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

- (1) The related information of the nature of the assets and liabilities:

June 30, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 66,481	\$ -	\$ 27,219	\$ 93,700
Financial assets measured at fair value through other comprehensive income				
Equity securities	-	-	2,230	2,230
Total	<u>\$ 66,481</u>	<u>\$ -</u>	<u>\$ 29,449</u>	<u>\$ 95,930</u>

December 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 72,763	\$ -	\$ 31,572	\$ 104,335
Financial assets measured at fair value through other comprehensive income				
Equity securities	-	-	2,230	2,230
Total	<u>\$ 72,763</u>	<u>\$ -</u>	<u>\$ 33,802</u>	<u>\$ 106,565</u>

June 30, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 107,438	\$ -	\$ -	\$ 107,438
Financial assets measured at fair value through other comprehensive income				
Equity securities	-	-	4,000	4,000
Total	<u>\$ 107,438</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 111,438</u>

(2) The Group's approaches and assumptions for fair value measurement are as follows:

A. The Group adopts market quotations as fair value inputs (i.e., Level 1), categorized by instrument characteristics as follows:

Market quotation	Stocks of TWSE/TPEX listed	Open-end funds
	<u>companies</u>	<u>Net value</u>
	Closing price	

B. Except for the aforementioned financial instruments in an active market, the fair values of other financial instruments are obtained by using valuation techniques, or by reference to the quoted prices of counterparties.

C. The outputs of valuation models are estimated approximate values, and valuation techniques may not reflect all relevant factors of financial and non-financial instruments held by the Group. Therefore, the estimated values from valuation models are appropriately adjusted based on additional parameters, such as model risk or liquidity risk. According to the Group's fair value valuation model management policy and related control procedures, management believes that valuation adjustments are appropriate and necessary to properly present the fair values of financial and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the valuation process are carefully evaluated and appropriately adjusted based on current market conditions.

5. There had been no transfer between Level 1 and Level 2 input during the six months ended June 30, 2025 and 2024.
6. Changes in Level 3 input during the six months ended June 30, 2025 and 2024, are explained below:

	<u>2025</u>	<u>2024</u>
	<u>Equity instruments</u>	<u>Equity instruments</u>
January 1	\$ 33,802	\$ 4,000
Recognized through profit or loss (Note)	(4,353)	-
June 30	<u>\$ 29,449</u>	<u>\$ 4,000</u>

Note: Presented as other gains and losses.

7. There had been no transfer to or from Level 3 during the six months ended June 30, 2025 and 2024.
8. The Group's valuation process for financial instruments classified in the third level of fair value is conducted by the Finance and Accounting department. It involves independent fair value verification of the financial instruments, using data from independent sources to ensure that the valuation results reflect market conditions. The data sources are independent, reliable, consistent with other resources, and representative of executable prices. The department also regularly updates the input values and data required by the valuation models, as well as any necessary fair value adjustments, to ensure the reasonableness of the valuation results.
9. The quantifiable information on significant unobservable input values used in the valuation models for items classified in the third level of fair value measurement and the sensitivity analysis of significant unobservable input value changes are explained as follows:

	<u>Fair value as of June 30, 2025</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Non-derivative equity instruments:					
Stocks of non-listed companies	\$ 2,230	Discounted cash flow method	Note 1	Not applicable	Note 2
Stocks of venture capital companies	27,219	Net asset value method	Not applicable	Not applicable	Not applicable
	<u>Fair value as of December 31, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Non-derivative equity instruments:					
Stocks of non-listed companies	\$ 2,230	Discounted cash flow method	Note 1	Not applicable	Note 2
Stocks of venture capital companies	31,572	Net asset value method	Not applicable	Not applicable	Not applicable

	Fair value as of June 30, 2024	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship between inputs and fair value
Non-derivative equity instruments:					
Stocks of non-listed companies	\$ 4,000	Discounted cash flow method	Note 1	Not applicable	Note 2

Note 1: Long-term revenue growth rate, weighted average cost of capital, long-term pretax operating income, lack of market liquidity discount, minority interest discount.

Note 2: The higher the long-term revenue growth rate and long-term pretax operating income, the higher the fair value; the higher the weighted average cost of capital and minority interest discount, the lower the fair value; the higher the lack of market liquidity discount, the lower the fair value.

XIII. Supplementary Disclosures

(I) Significant transactions information

1. Lending funds to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: Please refer to Table 2.
3. Significant end-of-period holding position of marketable securities (excluding investment in subsidiaries, associated companies, and joint ventures): Please refer to Table 3.
4. Purchases or sales of goods from or to relate parties reaching NT\$100 million or 20% of the Company's paid-in capital or more: None.
5. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
6. Business relationships and significant intercompany transactions between the parent company and subsidiaries: Please refer to Table 4.

(II) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 5.

(III) Information on investments in Mainland China

1. Basic information: Please refer to Table 6.
2. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Table 4.

XIV. Segment Information

(I) General information

The management of the Group has identified reporting segments based on the information used by the Board of Directors in making decisions. The Group's Board of Directors operates the business from a regional perspective, with a focus on Taiwan and the United States as the two major sales regions. The operating results of other regions are consolidated and presented under the "Other segments" category. There have been no significant changes in the composition of the Group, the basis for segment allocation, or the measurement basis of segment information during the current period.

(II) Measurement of segment information

The Group's segment profit (loss) is measured with the segment revenue and the profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note IV.

(III) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	January 1 to June 30, 2025				
	Taiwan segment	U.S. segment	Other segments	Eliminations	Total
External revenue	\$ 186,631	\$ 5,609	\$ 8,923	\$ -	\$ 201,163
Internal department revenue	8,943	-	25,703	(34,646)	-
Segment revenue	<u>\$ 195,574</u>	<u>\$ 5,609</u>	<u>\$ 34,626</u>	<u>(\$ 34,646)</u>	<u>\$ 201,163</u>
Segment profit or loss	<u>(\$ (67,607)</u>	<u>(\$ 4,738)</u>	<u>(\$ 1,497)</u>	<u>\$ -</u>	<u>(\$ 73,842)</u>
Segment profit/loss includes:					
Depreciation and amortization	<u>\$ 9,620</u>	<u>\$ -</u>	<u>\$ 552</u>	<u>\$ -</u>	<u>\$ 10,172</u>
	January 1 to June 30, 2024				
	Taiwan segment	U.S. segment	Other segments	Eliminations	Total
External revenue	\$ 182,431	\$ 6,458	\$ 68,648	\$ -	\$ 257,537
Internal department revenue	59,716	2,730	16,933	(79,379)	-
Segment revenue	<u>\$ 242,147</u>	<u>\$ 9,188</u>	<u>\$ 85,581</u>	<u>(\$ 79,379)</u>	<u>\$ 257,537</u>
Segment profit or loss	<u>(\$ 13,635)</u>	<u>(\$ 2,441)</u>	<u>\$ 2,299</u>	<u>\$ -</u>	<u>(\$ 13,777)</u>
Segment profit/loss includes:					
Depreciation and amortization	<u>\$ 8,233</u>	<u>\$ -</u>	<u>\$ 530</u>	<u>\$ -</u>	<u>\$ 8,763</u>

Note: Interdepartmental revenue has been eliminated to NT\$0.

(IV) Reconciliation for segment income (loss)

The Group's reportable segment profit or loss is the same as that of the continuing operations. Therefore, no reconciliation is required.

EverFocus Electronics Corp. and Subsidiaries
Loans to External Parties
For the Six Months Ended June 30, 2025

Table 1

Unit: NT\$ thousand
(Unless otherwise noted)

Serial No. (Note 1)	Lender	Borrower	Transaction	Whether a related party	Highest balance in the current period (Note 3)	Ending balance	Actual amount drawn	Interest rate range %	Nature of loan (Note 4)	Amount of business transactions	Reasons for short-term financing	Doubtful debt provisions	Collateral		Single borrower lending limit (Note 7)	Aggregate financing limit (Note 7)	Remarks
													Name	Value			
0	EverFocus Electronics Corp.	EverFocus Electronics Corp. (U.S.)	Other receivables - Related parties	Yes	\$ 53,889	\$ -	\$ -	-	Financing	\$ -	Working capital	\$ -	None	\$ -	\$ 46,465	\$ 92,930	None
0	EverFocus Electronics Corp.	EverFocus Electronics Corp. (U.S.)	Other receivables - Related parties	Yes	36,573	35,870	35,870	2.35%	Financing	-	Working capital	-	None	-	46,465	92,930	None

Note 1: Explanation to the serial number column:

(1) 0 denotes issuer.

(2) Investees are numbered in sequential order starting from 1.

Note 2: Items such as related business receivables, related party receivables, amounts owed from shareholders, prepayments, payment in suspense etc. should be listed in this column if they exhibit characteristics of a loan.

Note 3: Highest balance of loans to external parties in the year.

Note 4: For nature of loan, specify either as business transaction or short-term financing.

Note 5: Where the nature of loan is specified as business transaction, the amount of business transaction refers to the sum of transactions between the lender and the borrower in the most recent year.

Note 6: Where the nature of fund lending is deemed necessary for short-term financing, the Company shall provide a detailed explanation of the rationale behind the lending and specify the purpose for which the borrower will utilize the funds, including but not limited to repayment of existing loans, purchase of equipment, or operational turnover.

Note 7:

(1) Where loan is granted to businesses that the Company has business dealing with, the sum of loans granted across all borrowers shall not exceed 20% of the Company's net worth, whereas the sum of loans granted to individual borrowers shall not exceed the value of business transactions between the two parties in the last year. Value of business transaction refers to the amount of purchase or sale between two parties, whichever the higher.

(2) Where loan is granted for short-term liquidity, the sum of loans granted across all borrowers shall not exceed 20% of the Company's net worth, whereas the sum of loans granted to individual borrowers shall not exceed 10% of the Company's net worth.

Note 8: If the public company follows Paragraph 1, Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and proposes external party loan for approval by the board of directors on a transaction-by-transaction basis, all board-approved loans shall be included as part of the balance announced to public even if no disbursement has been made, so that risk exposure can be disclosed appropriately. When principals are repaid on a later date, risk exposure shall be adjusted to reflect balance after repayment. If the public company's board of directors has authorized the chairman according to Paragraph 2, Article 14 of the Regulations to grant loans in multiple disbursements or revolving drawdowns in one year up to a certain limit, the company will still have to include all board-approved limits as part of the balance announced to public. Even though principals are repaid on a later date, the board-approved limit shall still be reported as outstanding balance, considering that the limit is still available for drawdown.

EverFocus Electronics Corp. and Subsidiaries
Endorsements/Guarantees to External Parties
For the Six Months Ended June 30, 2025

Table 2

Unit: NT\$ thousand
(Unless otherwise noted)

Serial No. (Note 1)	Name of endorser/ guarantor	The endorsed/guaranteed		Single company endorsement / guarantee limit (Note 3)	Highest balance of guarantees and endorsements during the period (Note 4)	Closing balance of endorsements/ guarantees (Note 5)	Actual amount utilized (Note 6)	Amount of endorsements/ guarantees secured by property	Cumulative amount of endorsement/guarantee worth stated in the latest financial statements	Endorsement/ guarantee limit (Note 3)	Parent company's guarantee/ endorsement to subsidiary (Note 7)	Subsidiary's guarantee/ endorsement to parent company (Note 7)	Guarantee/ endorsement to the Mainland area (Note 7)	Remarks
		Company name	Relationship (Note 2)											
0	EverFocus Electronics Corp.	EverFocus Japan Corp.	2	\$ 139,396	\$ 56,025	\$ 50,900	\$ 43,163	\$ 50,900	10.95	\$ 232,326	Y	N	N	
0	Everfocus Electronics Corp.	EverFocus Electronics Corp. (U.S.)	2	139,396	33,200	29,325	23,460	29,325	6.31	232,326	Y	N	N	

Note 1: Explanation to the serial number column:

(1) 0 denotes issuer.

(2) Investees are numbered in sequential order starting from 1.

Note 2: Relationship with the endorsed/guaranteed party is classified into the 6 categories below and presented in serial numbers:

(1) Business that the Company has business dealing with.

(2) Subsidiary in which the Company directly holds more than 50% common shares.

(3) Investee in which the parent company and subsidiaries collectively hold more than 50% common shares.

(4) Parent company that holds more than 50% of common shares in the Company, either directly or indirectly through subsidiaries.

(5) Peer in a construction contract that the Company is in need to provide cross guarantees for.

(6) Investee of a joint investment arrangement for which the Company and other shareholders have issued endorsements/guarantees proportionate to ownership interest.

Note 3: Single-party and overall endorsement/guarantee limits as mentioned in the Company's external party endorsement/guarantee procedures:

(1) Endorsements/guarantees to a single enterprise shall not exceed 20% of the Company's net worth, except for overseas associated companies where single-party endorsements/guarantees are capped at 30% of net worth. For endorsements/guarantees that are granted for business relationship, the sum of which shall not exceed the total value of transactions (purchase or sale, whichever the higher) conducted with the Company in the most recent year.

(2) The sum of endorsements/guarantees to external parties shall not exceed 50% of the Company's net worth.

Note 4: Represents the highest balance of endorsements/guarantees made to external parties during the year.

Note 5: The Company is deemed to have borne endorsement/guarantee liability if it has been granted a limit from bank to sign endorsement/guarantee contracts or notes at the end of the period. Other arrangements that resemble endorsement/guarantee shall also be added to the balance of endorsements/guarantees.

Note 6: Represents the actual amount utilized by the guaranteed/endorsed within the endorsement/guarantee limit.

Note 7: Specify "Y" only for: endorsement/guarantee from a TWSE/TPEX listed parent to a subsidiary, endorsement/guarantee from a subsidiary to a TWSE/TPEX listed parent, or endorsement/guarantee to the Mainland area.

EverFocus Electronics Corp. and Subsidiaries

Significant End-of-Period Holding Position of Marketable Securities (Excluding Investment in Subsidiaries, Associated Companies, and Joint Ventures)

June 30, 2025

Table 3

Unit: NT\$ thousand
(Unless otherwise noted)

Holding company	Type and name of marketable security		Relationship with the securities issuer	Presentation account	End of period				
	Category	Name (Note 1)			No. of shares	Book value (Note 2)	Shareholding percentage	Fair value	Remarks
EverFocus Electronics Corp.	Shares	Taiwan Semiconductor Manufacturing Company Limited.	-	Current financial assets measured at fair value through profit or loss	17,000	\$ 18,020	-	\$ 18,020	None
"	"	Oneness Biotech Co., Ltd.	-	"	62,998	3,981	0.01%	3,981	"
"	"	Top Union Electronics Corp.	-	"	356,660	10,789	0.25%	10,789	"
"	"	Castles Technology Co., Ltd.	-	"	128,100	7,879	0.12%	7,879	"
"	"	Allied Supreme Corp.	-	"	8,000	2,012	0.01%	2,012	"
"	"	Advantech Co., Ltd.	-	"	70,000	<u>23,800</u>	0.01%	<u>23,800</u>	"
						<u>\$ 66,481</u>		<u>\$ 66,481</u>	
EverFocus Electronics Corp.	Shares	Dunpin Two Innovation Investment Co., Ltd.	-	Non-current financial assets at fair value through profit or loss, mandatorily measured at fair value	3,000,000	<u>\$ 27,219</u>	7.59%	<u>\$ 27,219</u>	None
EverFocus Electronics Corp.	Shares	AREC Inc.	Other related parties	Non-current financial assets at fair value through Other comprehensive income or loss	400,000	<u>\$ 2,230</u>	2.64%	<u>\$ 2,230</u>	None

Note 1: Securities mentioned in the table shall refer to shares, bonds, beneficiary certificates, and any securities derived from the above, as specified in IFRS 9 "Financial Instruments."

Note 2: For items that are measured at fair value, the amount of fair value after adjustment and net of cumulative impairment is shown in the book value column; for items that are not measured at fair value, the amount of original acquisition cost or cost after amortization net of cumulative impairment is shown in the book value column.

EverFocus Electronics Corp. and Subsidiaries
Business Relationships and Significant Intercompany Transactions between the Parent Company and Subsidiaries
For the Six Months Ended June 30, 2025

Table 4

Unit: NT\$ thousand
(Unless otherwise noted)

Serial No. (Note 1)	Name of transacting party	Counterparty	Relationship with the transacting party (Note 2)	Transactions details			As a percentage of consolidated revenues or total assets (Note 3)
				Account	Amount	Transaction terms	
0	EverFocus Electronics Corp.	EverFocus Electronics Corp. (U.S.)	1	Accounts receivable	\$ 5,408	180 days after month-end	0.67%
"	"	"	"	Other receivables - Related parties	35,870	Lending of funds	4.43%
"	"	"	"	Other payables - Related parties	5,746	60 days after month-end	0.71%
"	"	"	"	Sales	4,899	180 days after month-end	2.44%
"	"	"	"	Professional service expense	10,748	60 days after month-end	5.34%
"	"	EverFocus Electronics (Shenzhen) Co., Ltd.	"	Accounts receivable	2,947	180 days after month-end	0.36%
"	"	"	"	Accounts payable	7,407	60 days after month-end	0.92%
"	"	"	"	Sales	2,998	180 days after month-end	1.49%
"	"	"	"	Purchases	25,902	60 days after month-end	12.88%
"	"	EverFocus Japan Corp.	"	Accounts receivable	1,460	180 days after month-end	0.18%
"	"	"	"	Sales	1,046	"	0.52%

Note 1: Business dealings between the parent company and subsidiaries are indicated in the serial number column. The numbering rule is explained below:

- (1) 0 for parent company.
- (2) Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related party transactions are distinguished into one of three categories, as shown below. Only the category is indicated (no duplicate disclosure is made on two counterparties of the same transaction; for example, in a parent-to-subsidiary transaction, no disclosure is made on the subsidiary's end if disclosure has already been made on the parent company's end; in a subsidiary-to-subsidiary transaction, no disclosure is made on one subsidiary's end if disclosure has already been made on the other subsidiary):

- (1) Parent to subsidiary.
- (2) Subsidiary to parent.
- (3) Subsidiary to subsidiary.

Note 3: Calculation for business dealings as a percentage of total consolidated revenues or total assets is explained as follows: for balance sheet items, percentage of period-end balance is calculated relative to consolidated total assets; for profit and loss items, percentage of interim cumulative amount is calculated relative to consolidated total revenues.

Note 4: Individual transactions that amount to less than \$1,000 are not disclosed; only the asset or revenue side is disclosed, and no further disclosure is needed on the opposing side of the same transaction.

EverFocus Electronics Corp. and Subsidiaries
Names, Locations and Information on Investees (Excluding Mainland Investees)
For the Six Months Ended June 30, 2025

Table 5

Unit: NT\$ thousand
(Unless otherwise noted)

Name of investment company	Name of investee	Location	Primary business activities	Amount of initial investment		End-of-period holding position			Current profit or loss of investee	Investment gains/losses recognized in the current period	Remarks
				End of current period	End of previous year	No. of shares	Percentage (%)	Carrying amount			
EverFocus Electronics Corp.	EverFocus Electronics Corp. (U.S.)	USA	Selling products and providing customer service for the Company	\$ 93,941	\$ 93,941	8,934,000	100	(\$ 60,711)	\$ 5,467	\$ 5,467	Subsidiary of the Company
"	EverFocus Japan Corp.	Japan	Selling products and providing customer service for the Company	35,697	35,697	200	100	(43,099)	(1,879)	(1,879)	Subsidiary of the Company
"	EverFocus Electronics Limited	UK	Selling products and providing customer service for the Company	44,719	45,212	-	-	-	-	-	Subsidiary of the Company (Note)
"	Acrosser Technology Co., Ltd.	Taiwan	Distribution of domestic and overseas computer products, peripherals, and accessories and IT-related products, and leasing service	18,000	18,000	1,800,000	15.25	10,960	(11,016)	(2,728)	Investee accounted by the Company using the equity method.

Note: EverFocus UK filed for liquidation in 2013, therefore the Company no longer recognized investment gains (losses) from the investee since 2013.
EverFocus UK transferred partial liquidation proceeds totaling GBP 50,969.89 and GBP 9,939.13 back to the Company in August 2023 and March 2024, respectively.

EverFocus Electronics Corp. and Subsidiaries
Information on Mainland Investments - Basic Information
For the Six Months Ended June 30, 2025

Table 6

Unit: NT\$ thousand
(Unless otherwise noted)

Name of mainland investee	Primary business activities	Paid-in capital (Note 2)	Method of investment	Opening cumulative balance of investment capital invested from Taiwan (Note 3)	Investment capital contributed or recovered during the current period		Closing cumulative balance of investment capital invested from Taiwan (Note 3)	Current profit or loss of investee	The Company's direct or indirect holding percentage	Investment gains/losses recognized in the current period (Note 4)	Closing carrying amount of investment	Investment gains recovered in the current period	Remarks
					Invested	Recovered							
EverFocus Electronics (Shenzhen) Co., Ltd.	Develop, manufacture and sell commercial surveillance equipment	\$ 64,748	Note 1	\$ 64,748	\$ -	\$ -	\$ 64,748	\$ 737	100%	\$ 1,337	\$ 10,331	\$ -	

Note 1: Investment into the Mainland investee was made through other form of wire transfer.

Note 2: The investee has paid-in capital of RMB 15,119 thousand, denominated in the original currency.

Note 3: For EverFocus Electronics (Shenzhen) Co., Ltd., the opening and closing cumulative balances of investment capital from Taiwan were both US\$2,050 thousand, denominated in the original currency.

Note 4: Investment gains/losses recognized in the current period have been evaluated and disclosed based on auditor-reviewed financial statements of the Taiwanese parent company.

2. Approved limit on Mainland investments

Company name	Closing cumulative balance of investment capital transferred from Taiwan into the Mainland(Note 1)	Investment limit authorized by the Investment Commission, Ministry of Economic Affairs(Note 2)	Limits authorized by the Investment Commission, Ministry of Economic Affairs, for investing into Mainland China
EverFocus Electronics Corp.	\$ 64,748	\$ 64,748	\$ 278,791

Note 1: Closing cumulative balance of investment capital transferred from Taiwan into the Mainland was US\$2,050 thousand, denominated in the original currency.

Note 2: The Investment Commission, Ministry of Economic Affairs, has approved an investment limit of US\$2,050 thousand, denominated in the original currency.