

Stock Code: 7730

**NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC.**  
**AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024**  
**AND**  
**INDEPENDENT AUDITORS' REVIEW REPORT**

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## INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
Nano Electronics and Micro System Technologies, Inc.

### Introduction

We have reviewed the accompanying consolidated balance sheets of Nano Electronics and Micro System Technologies, Inc. and subsidiaries (the "Group") as of June 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024 and the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2025 and 2024, and notes to the consolidated financial statements (including a summary of significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with Statement of Review Standards No. 2410, "Review of Financial Information Performed by the Independent Review of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Unqualified Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2025 and 2024, its consolidated financial performance for the three months and six months ended June 30, 2025 and 2024 and its consolidated cash flows for the six months ended June 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Jen Yao Hsieh and Kuo Ming Lee.

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Crowe (TW) CPAs

Kaohsiung, Taiwan (Republic of China)

August 8 , 2025

Notice to Readers

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

*For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail*

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

Assets	Note	June 30, 2025		December 31, 2024		June 30, 2024	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
Cash and cash equivalents	6(1)	\$449,499	43	\$465,474	42	\$454,727	42
Financial assets at fair value through profit or loss - current	6(2)	4,891	-	5,445	1	5,302	-
Notes receivable, net	6(3)	-	-	195	-	271	-
Accounts receivable, net	6(4)	245,629	23	232,819	21	215,393	20
Other receivables		116	-	267	-	157	-
Current income tax assets		4	-	-	-	-	-
Inventories	6(5)	65,162	6	62,614	6	94,159	9
Prepayments	6(6)	14,554	1	10,616	1	15,049	1
Other financial assets - current	8	14,650	1	16,395	2	-	-
Total current assets		794,505	74	793,825	73	785,058	72
NONCURRENT ASSETS							
Property, plant and equipment	6(7), 8	261,700	23	266,746	24	273,149	25
Intangible assets	6(8)	1,922	-	2,036	-	2,883	-
Deferred income tax assets		5,982	1	6,674	1	6,816	1
Refundable deposits		1,327	-	1,463	-	1,093	-
Net defined benefit assets - noncurrent		75	-	-	-	-	-
Other financial assets - noncurrent	8	15,000	2	16,395	2	16,213	2
Total noncurrent assets		286,006	26	293,314	27	300,154	28
TOTAL ASSESTS		\$1,080,511	100	\$1,087,139	100	\$1,085,212	100

Liabilities and Equity	Note	June 30, 2025		December 31, 2024		June 30, 2024	
		Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES							
Contract liabilities - current	6(16)	\$12,168	1	\$28,712	3	\$23,517	2
Accounts payable		88,225	9	71,895	6	66,237	6
Other payables	6(9)	75,764	7	53,563	5	103,045	11
Current income tax liability		3,736	-	8,749	1	11,043	1
Provisions - current	6(10)	4,263	-	4,007	-	3,744	-
Current portion of long-term loans	6(11)	15,299	1	17,622	2	14,909	1
Total current liabilities		199,455	18	184,548	17	222,495	21
NONCURRENT LIABILITIES							
Long-term loans	6(11)	138,159	13	144,306	13	152,277	14
Deferred income tax liabilities		-	-	704	-	-	-
Long-term deferred revenue	6(11)	11,040	1	11,513	1	11,986	1
Net defined benefit liabilities - noncurrent		-	-	16	-	-	-
Total noncurrent liabilities		149,199	14	156,539	14	164,263	15
TOTAL LIABILITIES		348,654	32	341,087	31	386,758	36
EQUITY							
Equity attributable to owners of parent share capital							
Share capital	6(13)						
Common stock		288,598	27	288,598	27	288,598	27
Stock dividend to be distributed		57,720	5	-	-	-	-
Capital surplus	6(14)	55,390	5	55,390	5	55,390	5
Retained earnings	6(15)						
Legal reserve		88,196	8	79,502	7	79,502	7
Special reserve		-	-	126	-	126	-
Unappropriated retained earnings		242,419	23	322,419	30	274,873	25
Other equity		(466)	-	17	-	(35)	-
Total equity attributable to owners of the parent		731,857	68	746,052	69	698,454	64
TOTAL EQUITY		731,857	68	746,052	69	698,454	64
TOTAL LIABILITIES AND EQUITY		\$1,080,511	100	\$1,087,139	100	\$1,085,212	100

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

**NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Note	Three Months Ended June 30				Six Months Ended June 30			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES	6(16)	\$3,676,894	100.0	\$3,279,820	100.0	\$6,736,958	100.0	\$6,355,147	100.0
OPERATING COSTS	6(5)	(2,637,758)	(71.7)	(2,356,581)	(71.9)	(4,898,558)	(72.7)	(4,618,371)	(72.7)
GROSS PROFIT		1,039,136	28.3	923,239	28.1	1,838,400	27.3	1,736,776	27.3
OPERATING EXPENSES									
Sales and marketing expenses		(219,752)	(6.0)	(152,706)	(4.7)	(386,711)	(5.7)	(287,562)	(4.5)
General and administrative expenses		(182,710)	(4.9)	(157,920)	(4.8)	(346,362)	(5.2)	(304,676)	(4.8)
Research and development expenses		(213,875)	(5.8)	(203,200)	(6.1)	(408,922)	(6.1)	(389,399)	(6.1)
Expected credit gain (loss)	6(4)	(3,020)	(0.1)	(2,500)	(0.1)	(1,722)	-	(331)	-
Total operating expenses		(619,357)	(16.8)	(516,326)	(15.7)	(1,143,717)	(17.0)	(981,968)	(15.4)
INCOME (LOSS) FROM OPERATIONS		419,779	11.5	406,913	12.4	694,683	10.3	754,808	11.9
NON-OPERATING INCOME AND EXPENSES									
Interest income	6(18)	36,258	1.0	23,047	0.7	70,278	1.0	32,582	0.5
Other income	6(19)	69,792	1.9	25,676	0.8	87,805	1.3	60,105	0.9
Other gains and losses	6(20)	38,735	1.0	97,132	3.0	136,352	2.1	81,092	1.3
Finance costs	6(21)	(7,460)	(0.2)	(12,889)	(0.4)	(14,405)	(0.2)	(24,753)	(0.4)
Total non-operating income and expenses		137,325	3.7	132,966	4.1	280,030	4.2	149,026	2.3
INCOME (LOSS) BEFORE INCOME TAX		557,104	15.2	539,879	16.5	974,713	14.5	903,834	14.2
INCOME TAX BENEFIT (EXPENSE)	6(22)	(174,288)	(4.7)	(107,640)	(3.3)	(263,137)	(3.9)	(193,744)	(3.0)
NET INCOME (LOSS)		382,816	10.5	432,239	13.2	711,576	10.6	710,090	11.2
OTHER COMPREHENSIVE INCOME (LOSS)	6(23)								
Items that may be reclassified subsequently to profit or loss:									
Exchange differences arising on translation of foreign operations		9,322	0.3	(70,714)	(2.1)	166,497	2.5	(48,615)	(0.8)
Total other comprehensive income (loss) , net of income tax		9,322	0.3	(70,714)	(2.1)	166,497	2.5	(48,615)	(0.8)
TOTAL COMPREHENSIVE INCOME (LOSS)		\$392,138	10.8	\$361,525	11.1	\$878,073	13.1	\$661,475	10.4
NET INCOME (LOSS) ATTRIBUTABLE TO:									
Shareholders of the parent		\$382,816	10.5	\$432,239	13.2	\$711,576	10.6	\$710,090	11.2
Non-controlling interests		-	-	-	-	-	-	-	-
Total		\$382,816	10.5	\$432,239	13.2	\$711,576	10.6	\$710,090	11.2
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:									
Shareholders of the parent		\$392,138	10.8	\$361,525	11.1	\$878,073	13.1	\$661,475	10.4
Non-controlling interests		-	-	-	-	-	-	-	-
Total		\$392,138	10.8	\$361,525	11.1	\$878,073	13.1	\$661,475	10.4
EARNINGS PER SHARE									
Basic	6(24)	\$1.39		\$1.72		\$2.58		\$2.83	
Diluted	6(24)	\$1.39		\$1.68		\$2.58		\$2.78	

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

**NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent						Others Equity Exchange Differences on Translating foreign Operations	Total Equity Attributable to Shareholders of the Parent	Non-controlling Interests	Total Equity
	Capital Stock		Capital Surplus	Retained Earnings						
	Ordinary Share	Stock dividend to be distributed		Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2024	\$288,598	\$ -	\$55,390	\$66,176	\$80	\$306,571	(\$126)	\$716,689	\$ -	\$716,689
Appropriations and distributions of prior year' s earnings:										
Legal reserve	-	-	-	13,326	-	(13,326)	-	-	-	-
Special reserve	-	-	-	-	46	(46)	-	-	-	-
Cash dividends	-	-	-	-	-	(57,720)	-	(57,720)	-	(57,720)
Net income for the six months ended June 30, 2024	-	-	-	-	-	39,394	-	39,394	-	39,394
Other comprehensive income (loss) for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	-	91	91	-	91
Total comprehensive income for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	39,394	91	39,485	-	39,485
BALANCE AT JUNE 30, 2024	\$288,598	\$ -	\$55,390	\$79,502	\$126	\$274,873	(\$35)	\$698,454	\$ -	\$698,454
BALANCE AT JANUARY 1, 2025	\$288,598	\$ -	\$55,390	\$79,502	\$126	\$322,419	\$17	\$746,052	\$ -	\$746,052
Appropriations and distributions of prior year' s earnings:										
Legal reserve	-	-	-	8,694	-	(8,694)	-	-	-	-
Reversal of retained earnings for a special reserve	-	-	-	-	(126)	126	-	-	-	-
Cash dividends	-	-	-	-	-	(28,860)	-	(28,860)	-	(28,860)
Stock Dividend from Retained Earnings	-	57,720	-	-	-	(57,720)	-	-	-	-
Net income for the six months ended June 30, 2025	-	-	-	-	-	15,148	-	15,148	-	15,148
Other comprehensive income (loss) for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	-	(483)	(483)	-	(483)
Total comprehensive income for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	15,148	(483)	14,665	-	14,665
BALANCE AT JUNE 30, 2025	\$288,598	\$57,720	\$55,390	\$88,196	\$ -	\$242,419	(\$466)	\$731,857	\$ -	\$731,857

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



**NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	\$19,101	\$53,676
Adjustments for:		
Income and expenses having no effect on cash flows:		
Depreciation expense	7,694	6,186
Amortization expense	839	813
Expected credit loss (gain)	99	4,541
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	554	(276)
Interest expense	1,637	1,633
Interest income	(2,393)	(2,101)
Loss (gain) on disposal and retirement of property, plant and equipment	-	(2)
Others	(473)	(473)
Total adjustments to reconcile profit and loss	7,957	10,321
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease (increase) in notes receivable	195	(224)
Decrease (increase) in accounts receivable	(12,909)	48,343
Decrease (increase) in other receivables	151	34
Decrease (increase) in inventories	(2,548)	32,224
Decrease (increase) in prepayments	(3,938)	(4,807)
Decrease (increase) in other operating assets	(75)	-
Total net changes in operating assets	(19,124)	75,570
Net changes in operating liabilities		
Increase (decrease) in contract liabilities	(16,544)	(11,114)
Increase (decrease) in accounts payable	16,330	1,167
Increase (decrease) in other payables	(7,319)	(19,717)
Increase (decrease) in provisions	256	(676)
Increase (decrease) in net defined benefit liabilities	(16)	-
Total net changes in operating liabilities	(7,293)	(30,340)
Total net changes in operating assets and liabilities	(26,417)	45,230
Total adjustments	(18,460)	55,551
Cash generated from (used in) operations	641	109,227
Interest received	2,393	2,101
Interest paid	(1,366)	(1,360)
Income tax refund (paid)	(8,982)	(29,035)
Net cash generated from (used in) operating activities	(7,314)	80,933

	Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(\$2,240)	(\$4,280)
Proceeds from disposal of property, plant and equipment	-	2
Decrease in refundable deposits	136	44
Acquisition of intangible assets	(473)	(1,222)
Increase in other financial assets	-	(860)
Decrease in other financial assets	3,140	-
Net cash generated from (used in) investing activities	563	(6,316)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans	(8,741)	(5,518)
Net cash generated from (used in) financing activities	(8,741)	(5,518)
EFFECT OF EXCHANGE RATE CHANGES ON	(483)	91
CASH AND CASH EQUIVALENTS		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,975)	69,190
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	465,474	385,537
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$449,499	\$454,727

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

**NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND  
SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2025 and 2024**

**(In Thousands of New Taiwan Dollars, Except Stated Otherwise)**

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**1. GENERAL INFORMATION**

Nano Electronics and Micro System Technologies, Inc. (collectively as the “Company”) was incorporated in June 2002. The Company primary business activities encompass wholesale distribution of electronic materials, mechanical materials, electrical appliances, international trade, wholesale of other mechanical equipment (plasma cleaning devices), manufacturing of other electrical and electronic machinery and equipment (plasma cleaning devices). In November 2021, our company relocated its operational base to the Tainan Technology Industrial Park. On March 18, 2024, the Company's common shares were registered as Emerging Stock and commenced trading on the Emerging Stock Board. The principal operating activities of the Company and its subsidiaries (collectively as the “Group”) are described in Note 4(3)B. In addition, the Company has no ultimate parent company.

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan Dollars.

**2. THE AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were approved and authorized for issue by the Board of Directors on August 8, 2025.

**3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

- (1) Effect of adoption of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC):

New standards, interpretations and amendments endorsed by the FSC and effective from 2024 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The Group has evaluated the aforementioned standards and interpretations, and there is no significant effect to the Group’s financial position and performance.

- (2) Effect of new issuances or amendments to IFRSs as endorsed by the FSC but not yet adopted:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” - Amendments to the Classification and Measurement of Financial Instruments Partial amendments to the Application Guidance on the Classification of Financial Assets	January 1, 2026

A. The FSC has endorsed partial amendments stipulating that, if an entity elects to early apply only the amendments to the application guidance of Section 4.1 of IFRS 9 (Classification of Financial Assets), it shall concurrently apply paragraphs 20B, 20C, and 20D of IFRS 7. The details of the amendments are as follows:

(A) Clarify and add to the application guidance on how to assess whether contractual cash flows of a financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding. The amendments further address the assessment on the contractual cash flow that could change subject to a contingent event, for example, interests linked to an ESG metric, as well as the treatment of non-recourse assets and contractually linked instruments.

(B) Require additional disclosures for financial instruments with contractual terms that that could change contractual cash flows of a contingent event (including those that are ESG-linked). Disclosures include a qualitative description of the nature of the contingent event, quantitative information about the possible changes to contractual cash flows as well as the gross carrying amount of financial assets and the amortized cost of financial liabilities subject to those contractual terms.

The Company has evaluated the aforementioned standards and interpretations, and there’s no significant effect on the Company’s financial position and performance.

The Group has assessed that the above standards and interpretations have no significant impact on the Group’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” - Amendments to the Classification and Measurement of Financial Instruments Partial amendments to the Application Guidance on the Classification of Financial Assets	January 1, 2026

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Contracts involving natural electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial application IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
IFRS 18 “Presentation and disclosure of financial statements”	January 1, 2027
IFRS 19 “Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

A. The Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” - Amendments to the Classification and Measurement of Financial Instruments Partial amendments to the Application Guidance on the Classification of Financial Assets

The FSC has endorsed partial amendments, and the parts not yet endorsed are as follows:

- (A) Clarify that a financial liability is derecognized on the settlement date and describe the accounting treatment for a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if, and only if, the entity has initiated a payment instruction that has resulted in:
- The entity having no practical ability to withdraw, stop or cancel the payment instruction.
  - The entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction.
  - The settlement risk associated with the electronic payment system being insignificant.
- (B) Require additional disclosures for equity instruments classified at fair value through other comprehensive income (FVTOCI). It is required to disclose the fair value gain or loss presented in OCI during the reporting period, showing separately the fair value gain or loss that relates to investments derecognized in the reporting period and the fair value gain or loss that relates to investments held at the end of the reporting period. If an entity derecognizes investments in equity instruments measured at FVTOCI during the reporting period, it is now required, under the amendments, to disclose any transfers of the cumulative gain or loss

within equity during the reporting period related to the investments derecognized during that reporting period. Also, it is no longer required to disclose the fair value of each equity instruments designated at FVTOCI, this information can be provided by class of instruments.

**B. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”**

The amendment resolve the difference between IFRS10 and IAS28, Transactions in which investors sell (invest) assets to their affiliated companies or joint ventures. Recognition of the gain or loss from the sale or contribution of assets depends on whether the assets constitute a business.

- (A) The gain or loss resulting from the sale or contribution of assets that constitute a business, between an investor and its associate or joint venture is recognized in full;
- (B) The partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business.

**C. IFRS 18 “Presentation and Disclosure in Financial Statements”**

IFRS 18 will replace IAS1 and update the structure of the consolidated income statement. Added new disclosures on management performance measurement, and strengthened the aggregation and segmentation principles applied to the main financial statements and notes.

**D. IFRS 19 “Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures”**

IFRS 19 permits eligible subsidiaries to apply reduced disclosure requirements instead of the disclosure requirements in other IFRS Accounting Standards.

In addition to the above impacts, as of the date the accompany consolidated financial statements are authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2024. These policies have been consistently applied to all the periods presented unless otherwise stated.

(1) Compliance statement

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting”, endorsed and issued into effect by the FSC.

The consolidated financial statements should be read with the consolidated financial statements for the year ended December 31, 2024.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- a. Financial assets at fair value through profit or loss.
- b. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- a. All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- b. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- c. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- d. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the

non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

- e. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. The consolidated entities were as follows:

Subsidiary	Main Businesses	Percentage of Ownership		
		June 30, 2025	December 31, 2024	June 30, 2024
Stable Promise Group Co., Ltd.	Investments	100.00%	100.00%	100.00%
Kunshan Branch of NEMS Technologies Co., Ltd.	Trade of electronic components and post-sales services	100.00%	100.00%	100.00%

- a. The above-mentioned subsidiaries included in the consolidated financial report were all non-significant subsidiaries, and their financial reports have been reviewed by accountants.

b. Changes in subsidiaries: None.

C. Subsidiaries not included in the consolidated financial reports: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Material restrictions: None.

F. Contents of the parent company's securities held by subsidiaries: None.

G. Subsidiaries that have non-controlling interest that are material to the Group: None.

#### (4) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.



(5) Retirement benefits

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

**5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY**

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2024.

**6. CONTENTS OF SIGNIFICANT ACCOUNTS**

Except for the following, please refer to Note 6 to the consolidated financial statements for the year ended December 31, 2024.

**(1) Cash and cash equivalents**

Item	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand	\$680	\$206	\$337
Demand deposits	417,231	346,577	312,379
Foreign currency deposits	28,590	118,691	142,011
Cash equivalents			
Repurchase Agreement			
Notes maturing within three months	2,998	-	
Total	\$449,499	\$465,474	\$454,727

A. The financial institutions dealing with the Group are creditworthy, and the Group does transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

B. The Group had no cash and cash equivalents pledged to others.

**(2) Financial assets at fair value through profit or loss**

Item	June 30, 2025	December 31, 2024	June 30, 2024
Non-derivative financial assets			
Mutual funds	\$4,891	\$5,445	\$5,302

A. The Group recognized net gain (loss) on financial assets and liabilities at FVTPL were (\$468) thousand, \$28 thousand, (\$554) thousand and \$276 thousand for the three months and six months ended June 30, 2025 and 2024, respectively.

B. The Group had no financial assets at fair value through profit or loss pledged to others.

C. Please refer to Note 12(3) for credit risk management and evaluation method.

**(3) Notes receivable, net**

Item	June 30, 2025	December 31, 2024	June 30, 2024
At amortized cost			
Notes receivable	\$ -	\$195	\$271
Less: Loss allowance	-	-	-
Net	<u>\$ -</u>	<u>\$195</u>	<u>\$271</u>

A. The Group had no notes receivable pledged to others.

B. Please refer to Note 6(4) for the relevant disclosure of loss allowance for notes receivable.

**(4) Accounts receivable, net**

Item	June 30, 2025	December 31, 2024	June 30, 2024
At amortized cost			
Accounts receivable	\$249,851	\$236,942	\$226,223
Less: Loss allowance	(4,222)	(4,123)	(10,830)
Net	<u>\$245,629</u>	<u>\$232,819</u>	<u>\$215,393</u>

A. The accounts receivable that were neither past due nor impaired was following the Group's credit policy determined by reference to the industry characteristics, operation scale and current financial position of the counterparties. The average credit period on sales of goods for equipment was 3-6 months (except for the final payment, the final payment is generally about 10%-20%, and the credit period is based on the agreement, usually after the expiration of the warranty period.).

B. The Group had no account receivable pledged to others.

C. The Group applies the simplified approach to provisions for expected credit losses, which permits the use of a lifetime expected credit losses provision for trade receivables. The expected credit losses on trade receivables are estimated by reference to preparation matrix, past account aging records of the debtor, an analysis of the debtor's current financial position, and industrial trend. The Group classifies receivables based on the characteristics of trade credit risk associated with each customer's location and determines the expected credit loss rates according to the number of days notes and accounts receivable are overdue.

D. The Group measures the loss allowance for notes receivable, accounts receivable according to the preparation matrix:

June 30, 2025	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%	\$217,858	\$ -	\$217,858
Past due within 30 days	0%-1%	14,927	(12)	14,915
Past due 31-90 days	0%-1%	66	-	66
Past due 91-180 days	0%-5%	2,768	(138)	2,630
Past due 181-365 days	0%-20%	8,628	(1,725)	6,903
Past over than 1 year	0%-100%	5,598	(2,341)	3,257
Counterparties show signs of default	100%	6	(6)	-
Total		<u>\$249,851</u>	<u>(\$4,222)</u>	<u>\$245,629</u>

December 31, 2024	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-0.05%	\$141,051	\$ -	\$141,051
Past due within 30 days	0%-1%	23,562	(230)	23,332
Past due 31-90 days	0%-1%	37,142	(362)	36,780
Past due 91-180 days	0%-5%	17,910	(407)	17,503
Past due 181-365 days	0%-20%	4,240	(573)	3,667
Past over than 1 year	0%-50%	13,226	(2,545)	10,681
Counterparties show signs of default	100%	6	(6)	-
Total		<u>\$237,137</u>	<u>(\$4,123)</u>	<u>\$233,014</u>

June 30, 2024	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%	\$168,370	\$ -	\$168,370
Past due within 30 days	0%-1%	-	-	-
Past due 31-90 days	0%-1%	17,407	(174)	17,233
Past due 91-180 days	0%-5%	12,646	(633)	12,013
Past due 181-365 days	0%-20%	12,557	(2,511)	10,046
Past over than 1 year	0%-50%	15,485	(7,483)	8,002
Counterparties show signs of default	100%	29	(29)	-
Total		<u>\$226,494</u>	<u>(\$10,830)</u>	<u>\$215,664</u>

E. Movements of the loss allowance for notes and accounts receivable were as follows:

Item	Six Months Ended June 30	
	2025	2024
Beginning balance	\$4,123	\$6,289
Add: Provision for impairment	99	4,541
Less: Reversal of impairment	-	-
Ending balance	<u>\$4,222</u>	<u>\$10,830</u>

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss. The Group's trade receivables for offsetting the contract amount are both \$0 thousand for the six months ended June 30, 2025 and 2024.

F. Please refer to Note 12 for the relevant credit risk management and assessment method.

#### (5) Inventories and operating costs

Item	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	\$24,176	\$23,917	\$30,483
Merchandise inventory	3,144	5,004	3,342
Work in process	37,842	33,237	59,605
Finished goods	-	456	729
Total	<u>\$65,162</u>	<u>\$62,614</u>	<u>\$94,159</u>

A. The related inventory (gain) loss recognized as operating cost were as follows:

Item	Three Months Ended June 30	
	2025	2024
Cost of goods sold	\$87,543	\$51,300
Costs associated with maintenance	11,087	8,290
Processing cost	137	-
Loss (Gain) on inventory valuation	(2,123)	655
Total	<u>\$96,644</u>	<u>\$60,245</u>

Item	Six Months Ended June 30	
	2025	2024
Cost of goods sold	\$125,047	\$142,550
Costs associated with maintenance	18,691	16,180
Processing cost	141	-

Item	Six Months Ended June 30	
	2025	2024
Loss (Gain) on inventory valuation	(1,112)	(605)
Unallocated overheads	1,746	-
Total	<u>\$144,513</u>	<u>\$158,125</u>

B. The provision for impairment and obsolescence losses deducted from various inventory costs for the six months ended June 30, 2025 and 2024 in this group changed as follows:

Item	Six Months Ended June 30	
	2025	2024
Beginning balance	\$13,093	\$17,661
Add: Reversal of Provision for impairment	(1,112)	(605)
Less: Write-offs	(1,007)	(3,202)
Ending balance	<u>\$ 10,974</u>	<u>\$ 13,854</u>

C. The Group had no inventories pledged to others.

#### **(6) Prepayments**

Item	June 30, 2025	December 31, 2024	June 30, 2024
Prepayment for purchases	\$5,886	\$3,137	\$8,824
Other prepaid expenses	5,996	6,298	5,138
Prepaid sales tax	53	1	9
Overpaid sales tax	2,619	1,180	1,078
Total	<u>\$14,554</u>	<u>\$10,616</u>	<u>\$15,049</u>

#### **(7) Property, plant and equipment**

Item	June 30, 2025	December 31, 2024	June 30, 2024
Land	\$117,681	\$117,681	\$117,681
Buildings	133,724	133,724	134,713
Machinery equipment	45,976	45,776	46,176
Transportation equipment	7,762	7,762	5,627
Office equipment	1,262	1,248	1,252
Miscellaneous equipment	8,344	5,241	4,252
Equipment to be inspected and construction in progress	-	669	3,545
Total cost	\$314,749	\$312,101	\$313,246
Less: Accumulated depreciation	(53,049)	(45,355)	(40,097)
Total	<u>\$261,700</u>	<u>\$266,746</u>	<u>\$273,149</u>

	Land	Buildings and Structures	Machinery Equipment	Other Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2025	\$117,681	\$133,724	\$45,776	\$14,251	\$ 669	\$312,101
Additions	-	-	200	2,448	-	2,648
Reclassification	-	-	-	669	(669)	-
Balance at June 30, 2025	<u>\$117,681</u>	<u>\$133,724</u>	<u>\$45,976</u>	<u>\$17,368</u>	<u>\$ -</u>	<u>\$314,749</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2025	\$ -	\$17,711	\$23,604	\$4,040	\$ -	\$45,355
Depreciation	-	3,224	3,304	1,166	-	7,694
Balance at June 30, 2025	<u>\$ -</u>	<u>\$20,935</u>	<u>\$26,908</u>	<u>\$5,206</u>	<u>\$ -</u>	<u>\$53,049</u>

  

	Land	Buildings and Structures	Machinery Equipment	Other Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2024	\$ 117,681	\$134,713	\$35,617	\$11,044	\$ -	\$299,055
Additions	-	-	-	131	3,545	3,676
Disposals	-	-	-	(44)	-	(44)
Transfer from inventories	-	-	10,559	-	-	10,559
Balance at June 30, 2024	<u>\$ 117,681</u>	<u>\$134,713</u>	<u>\$46,176</u>	<u>\$11,131</u>	<u>\$ 3,545</u>	<u>\$313,246</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ -	\$11,588	\$19,165	\$3,202	\$ -	\$33,955
Depreciation	-	3,400	2,221	565	-	6,186
Disposals	-	-	-	(44)	-	(44)
Balance at June 30, 2024	<u>\$ -</u>	<u>\$14,988</u>	<u>\$21,386</u>	<u>\$3,723</u>	<u>\$ -</u>	<u>\$40,097</u>

(Note) Including transportation facilities, office equipment and miscellaneous equipment.

A. The details of interest capitalized: None.

B. Impairment loss of property, plant and equipment amounted to both \$0 thousand for the six months ended June 30, 2025 and 2024.

C. Property, plant and equipment pledged for the borrowings: Please refer to Note 8.

D.Reconciliations of current additions and the acquisition of property, plant and equipment in statement of cash flows were as follows:

Item	Six Months Ended June 30	
	2025	2024
Acquisition of property, plant and equipment	\$2,648	\$3,676
Decrease (increase) in equipment payable	(408)	604
Cash paid for acquisition of property, plant and equipment	<u>\$2,240</u>	<u>\$4,280</u>

**(8)Intangible assets**

Item	June 30, 2025	December 31, 2024	June 30, 2024
Computer software	\$7,220	\$7,220	\$7,220
Less: Accumulated amortization	(5,139)	(5,184)	(4,337)
Net	<u>\$1,922</u>	<u>\$2,036</u>	<u>\$2,883</u>

Cost	Six Months Ended June 30	
	2025	2024
Beginning balance	\$7,220	\$5,998
Additions	725	1,222
Write-off when due	(884)	-
Ending balance	<u>\$7,061</u>	<u>\$7,220</u>

Accumulated amortization		
Beginning balance	\$5,184	\$3,524
Amortization	839	813
Write-off when due	(884)	-
Ending balance	<u>\$5,139</u>	<u>\$4,337</u>

Reconciliations of current additions and the acquisition of property, plant and equipment in statement of cash flows were as follows:

Item	Six Months Ended June 30	
	2025	2024
Acquisition of intangible assets	\$725	\$1,222
Decrease (increase) in intangible assets payable	(252)	-
Cash paid for acquisition of intangible assets	<u>\$473</u>	<u>\$1,222</u>

**(9)Other payables**

Item	June 30, 2025	December 31, 2024	June 30, 2024
Wages and salaries payable	\$12,200	\$25,737	\$14,748
Employees compensation payable - current period	2,170	9,782	5,966
Employees compensation payable - last period	7,719	-	9,779
Remuneration for directors payable - current period	447	1,772	1,315
Remuneration for directors payable - last period	-	-	500
Payable on equipment	408	-	-
Dividends	28,860	-	57,720
Pension payable	3,054	3,033	2,542
Professional service payable	6,818	1,877	2,452
Insurance payable	4,209	3,924	3,588
Payable on intangible assets	252	-	-
Others	9,627	7,438	4,435
Total	<u>\$75,764</u>	<u>\$53,563</u>	<u>\$103,045</u>

**(10) Provisions – current**

Item	June 30, 2025	December 31, 2024	June 30, 2024
Warranty provisions	\$3,179	\$3,384	\$2,887
Employee benefits	1,084	623	857
Total	<u>\$4,263</u>	<u>\$4,007</u>	<u>\$3,744</u>

	Warranty Provisions	Employee Benefits	Total
Balance at January 1, 2025	\$3,384	\$623	\$4,007
Additional provisions recognized	3,130	1,084	4,214
Used in current period	(3,335)	(623)	(3,958)
Balance at June 30, 2025	<u>\$ 3,179</u>	<u>\$1,084</u>	<u>\$4,263</u>

	Warranty Provisions	Employee Benefits	Total
Balance at January 1, 2024	\$3,324	\$1,096	\$4,420
Additional provisions recognized	5,237	857	6,094
Used in current period	(5,674)	(1,096)	(6,770)
Balance at June 30, 2024	<u>\$ 2,887</u>	<u>\$857</u>	<u>\$3,744</u>



- A. The group provides warranties on machine products sold. Provision for warranty is estimated based on these products' historical warranty data.
- B. Provision for employee benefits represents vested short-term service leave entitlements accrued.

**(11) Long-term loans and current portion of long-term loans**

Item	June 30, 2025	December 31, 2024	June 30, 2024
Secured loans	\$164,498	\$173,441	\$179,172
Less: current portion	(15,299)	(17,622)	(14,909)
Less: transfer to Deferred government subsidy benefits-low-interest loans	(11,040)	(11,513)	(11,986)
Long-term loans	\$138,159	\$144,306	\$152,277
Interest rate range	0.955%-2.15%	0.83%~2.15%	0.955%-2.15%

- A. The changes in deferred government subsidy benefits (included in long-term deferred revenue) for the six months ended June 30, 2025 and 2024 were as follows:

Item	Six Months Ended June 30	
	2025	2024
Beginning balance	\$ 11,513	\$ 12,459
Less: Recognized as other income	(473)	(473)
Ending balance	\$ 11,040	\$ 11,986

- B. Refer to Note 8 for assets pledged as collateral for long-term loans.
- C. A portion of the long-term borrowings of the company qualifies for government subsidies in the form of low-interest loans under the project of accelerating investment loans of small and medium-sized enterprises. According to the terms of the loan agreement, the company is required to maintain a current ratio of no less than 150% and a debt-to-equity ratio of no more than 120% from the financial reporting date of 2024. The aforementioned financial ratios are reviewed annually, based on the financial statements certified by the auditor each year.

**(12) Pension**

- A. Defined contribution plans
  - a. The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Company makes monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts, Subsidiaries outside the Republic of China participate in defined contribution plans administered by local governments, with monthly pension contributions duly remitted to the respective authorities.

b. The amount to be contributed under the defined contribution plans was recognized as expense in the statements of comprehensive income, totaled \$1,118 thousand, \$1,057 thousand, \$2,127 thousand and \$2,080 thousand for the three months and six months ended June 30, 2025 and 2024 respectively.

**B. Defined benefit plans**

a. The pension under the defined benefit plans were \$4 thousand, \$0 thousand, \$9 thousand and \$0 thousand for three months and six months ended June 30, 2025 and 2024, respectively. The pensions were calculated using the actuarially determined pension cost discount rates as of December 31, 2024.

**(13) Share capital**

Item	June 30, 2025		June 30, 2024	
	Shares (in thousands)	Amount	Shares (in thousands)	Amount
Common stock	28,860	\$ 288,598	28,860	\$ 288,598
Stock dividend to be distributed	5,772	57,720	-	-

a. As of June 30, 2025, the authorized capital are \$600,000 thousand, consisting of 60,000 thousand shares.

b. On June 18, 2025, the Company's shareholders meeting approved a capital increase of \$57,720 thousand through the capitalization of earnings. The said capitalization plan was subsequently approved by the Financial Supervisory Commission on July 4, 2025. Accordingly, 5,772 thousand common shares, each with a par value of \$10, were issued. The ex-rights date for the capital increase was set as August 1, 2025.

**(14) Capital surplus**

Item	June 30, 2025	December 31, 2024	June 30, 2024
Additional paid-in capital	\$55,333	\$55,333	\$22,600
The warrants have expired	57	57	-
Total	\$55,390	\$55,390	\$22,600

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and donations can be used to offset deficit or may be distributed as stock dividends or in cash. Capital surplus can't be used to offset deficit unless legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

**(15)Retained earnings and dividend policy**

- A. In accordance with the dividend policy as set forth in the Company's Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, and the remainder plus prior year's unappropriated earnings may be used as dividends or bonus for shareholders after proposed by the Board of Directors and resolved by the shareholders meeting.
- B. The distribution of dividends and bonuses, or of all or part of the legal reserve and capital reserve, in the form of cash payments shall be authorized by the Board of Directors with the attendance of at least two-thirds of its members and the approval of a majority of those present, and shall thereafter be reported to the shareholders meeting.
- C. The company's dividend policy is designed to align with current and future development plans, taking into account investment environment, capital requirements, domestic and international competitive conditions, and shareholder interests, among other factors. For the fiscal year, a dividend payout of no less than ten percent of distributable profits to shareholders is earmarked, provided that the cumulative distributable profits do not fall below five percent of the issued capital, in which case distribution may be withheld. Dividends to shareholders may be distributed in cash or stock, with the proportion of cash dividends not less than ten percent of the total dividend payout. In the event of significant investments or development policies, dividends may be fully distributed in the form of stock dividends.
- D. Legal reserve may be used to offset a deficit, and be transferred to capital or distributed in cash. However, legal reserve can be transferred to capital or distributed in cash only when the legal reserve has exceeded 25% of the Company's paid-in capital.
- E. The appropriation of 2024 and 2023 earnings had been resolved at the shareholders meeting in June 2025 and June 2024, respectively. Details were summarized below:

Item	Earnings appropriation proposal		Dividends Per Share (NTD)	
	2024	2023	2024	2023
Legal reserve	\$8,694	\$13,326		
Special reserve	(126)	46		
Cash dividends (Note)	28,860	57,720	\$1.00	\$2.00
Stock Dividend from Retained Earnings	57,720	-	\$2.00	-
Total	\$95,148	\$71,092		

(Note) The declared dividends and the adjustments for cash dividends in the cash flow statement are as follows:

Item	Six Months Ended June 30	
	2025	2024
Cash dividends	\$28,860	\$57,720
Increase (decrease) in dividends payable	(28,860)	(57,720)
Cash amount distributed in dividends	\$ -	\$ -

**(16) Operating revenues**

Item	Three Months Ended June 30	
	2025	2024
Revenue from contracts with customer		
Revenue from sales of product sales	\$153,257	\$89,085
Maintenance revenue	19,073	16,702
Processing fees revenue	200	-
Total sales revenue from contracts with customers	\$172,530	\$105,787
Less: Sales discount	(6)	-
Net operating revenue	\$172,524	\$105,787

Item	Six Months Ended June 30	
	2025	2024
Revenue from contracts with customer		
Revenue from sales of product sales	\$220,255	\$232,894
Maintenance revenue	35,190	30,566
Processing fees revenue	216	-
Total sales revenue from contracts with customers	\$255,661	\$263,460
Less: Sales discount	(6)	-
Net operating revenue	\$255,655	\$263,460

**A. Explain of contract revenue**

Sales of mechanical products and their components, are mainly to electronics industry manufacturers. It is sold at the price agreed in the contract.

## B. Contract revenue details

The Group's revenue can be categorized into the following main products and area:

Three Months Ended June 30, 2025:

	Revenue from product sales	Maintenance revenue	Processing fees revenue	Total
<b>Main area</b>				
Taiwan	\$68,811	\$14,508	\$200	\$83,519
China	52,394	662	-	53,056
Tailand	22,286	336	-	22,622
America	9,766	67	-	9,833
Others	-	3,494	-	3,494
Total	<u>\$153,257</u>	<u>\$19,067</u>	<u>\$200</u>	<u>\$172,524</u>
<b>Main products</b>				
The Tainan factory	\$151,962	\$19,067	\$200	\$171,229
Kunshan City, Mainland China	1,295	-	-	1,295
Total	<u>\$153,257</u>	<u>\$19,067</u>	<u>\$200</u>	<u>\$172,524</u>
<b>Timing of revenue recognition</b>				
At a certain point of time	\$153,257	\$19,067	\$200	\$172,524
Gradually over time	-	-	-	-
Total	<u>\$153,257</u>	<u>\$19,067</u>	<u>\$200</u>	<u>\$172,524</u>

Three Months Ended June 30, 2024:

	Revenue from product sales	Maintenance revenue	Processing fees revenue	Total
<b>Main area</b>				
Taiwan	\$33,777	\$13,837	\$ -	\$47,614
China	55,308	613	-	55,921
Tailand	-	220	-	220
America	-	259	-	259
Others	-	1,773	-	1,773
Total	<u>\$89,085</u>	<u>\$16,702</u>	<u>\$ -</u>	<u>\$105,787</u>
<b>Main products</b>				
The Tainan factory	\$87,778	\$16,702	\$ -	\$104,480
Kunshan City, Mainland China	1,307	-	-	1,307
Total	<u>\$89,085</u>	<u>\$16,702</u>	<u>\$ -</u>	<u>\$105,787</u>

	Revenue from product sales	Maintenance revenue	Processing fees revenue	Total
Timing of revenue recognition				
At a certain point of time	\$89,085	\$16,702	\$ -	\$105,787
Gradually over time	-	-	-	-
Total	\$89,085	\$16,702	\$ -	\$105,787

Six Months Ended June 30, 2025:

	Revenue from product sales	Maintenance revenue	Processing fees revenue	Total
Main area				
Taiwan	\$119,776	\$28,286	\$216	\$148,278
China	54,097	1,047	-	55,144
Tailand	22,286	436	-	22,722
America	9,765	69	-	9,834
Others	14,331	5,346	-	19,677
Total	\$220,255	\$35,184	\$216	\$255,655
Main products				
The Tainan factory	\$217,257	\$35,184	\$216	\$252,657
Kunshan City, Mainland China	2,998	-	-	2,998
Total	\$220,255	\$35,184	\$216	\$255,655
Timing of revenue recognition				
At a certain point of time	\$220,255	\$35,184	\$216	\$255,655
Gradually over time	-	-	-	-
Total	\$220,255	\$35,184	\$216	\$255,655

Six Months Ended June 30, 2024:

	Revenue from product sales	Maintenance revenue	Processing fees revenue	Total
Main area				
Taiwan	\$106,236	\$23,861	\$ -	\$130,097
China	123,583	1,139	-	124,722
Tailand	-	916	-	916
America	-	2,032	-	2,032
Others	3,075	2,618	-	5,693
Total	\$232,894	\$30,566	\$ -	\$263,460

	Revenue from product sales	Maintenance revenue	Processing fees revenue	Total
<u>Main products</u>				
The Tainan factory	\$226,913	\$30,566	\$ -	\$257,479
Kunshan City, Mainland China	5,981	-	-	5,981
Total	<u>\$232,894</u>	<u>\$30,566</u>	<u>\$ -</u>	<u>\$263,460</u>
<u>Timing of revenue recognition</u>				
At a certain point of time	\$232,894	\$30,566	\$ -	\$263,460
Gradually over time	-	-	-	-
Total	<u>\$232,894</u>	<u>\$30,566</u>	<u>\$ -</u>	<u>\$263,460</u>

### C. Contract balances

The Group recognizes the receivable, contract assets and contract liabilities related to contract revenue as follows:

Item	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
Receivables	\$245,629	\$233,014	\$215,664	\$268,324
Contract assets	-	-	-	-
Total	<u>\$245,629</u>	<u>\$233,014</u>	<u>\$215,664</u>	<u>\$268,324</u>
Contract liabilities				
- current	<u>\$12,168</u>	<u>\$28,712</u>	<u>\$23,517</u>	<u>\$34,631</u>

#### a. Significant changes in contract assets and contract liabilities

The changes in the contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment, and there is no other significant changes.

#### b. Amount from previous period's satisfied performance obligations and beginning contract liabilities recognized in the current period as income were as follows:

Revenue in the current period	Six Months Ended June 30	
	2025	2024
From beginning balance- contract liabilities	<u>\$26,992</u>	<u>\$19,792</u>
From previous period's satisfied performance obligations	<u>\$ -</u>	<u>\$ -</u>

**(17)Labor cost, depreciation and amortization**

Item	Three Months Ended June 30, 2025		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	\$6,788	\$9,640	\$16,428
Insurance	903	902	1,805
Pension	615	507	1,122
Directors remuneration	-	2,018	2,018
Others	1,123	1,226	2,349
Depreciation	235	3,638	3,873
Amortization	186	248	434
Total	<u>\$9,850</u>	<u>\$18,179</u>	<u>\$28,029</u>

Item	Three Months Ended June 30, 2024		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	\$8,066	\$8,900	\$16,966
Insurance	858	762	1,620
Pension	620	437	1,057
Directors remuneration	-	2,017	2,017
Others	873	2,531	3,404
Depreciation	18	3,180	3,198
Amortization	113	290	403
Total	<u>\$10,548</u>	<u>\$18,117</u>	<u>\$28,665</u>

Item	Six Months Ended June 30, 2025		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	\$14,481	\$21,100	\$35,581
Insurance	1,704	1,716	3,420
Pension	1,167	969	2,136
Directors remuneration	-	3,767	3,767
Others	1,876	2,164	4,040
Depreciation	458	7,236	7,694
Amortization	343	496	839
Total	<u>\$20,029</u>	<u>\$37,448</u>	<u>\$57,477</u>



Six Months Ended June 30, 2024			
Item	Operating cost	Operating expenses	Total
Labor cost			
Salaries	\$17,944	\$21,969	\$39,913
Insurance	1,678	1,714	3,392
Pension	1,200	880	2,080
Directors remuneration	-	4,510	4,510
Others	1,510	3,341	4,851
Depreciation	50	6,136	6,186
Amortization	213	600	813
Total	\$22,595	\$39,150	\$61,745

1. The Articles of Incorporation of the Company stipulated the Company to distribute employees' compensation and remuneration of directors and supervisors at the rates 2%-10% and no higher than 6%, respectively (No less than 45% of the total employee compensation shall be allocated for distribution to basic staff.), of net profit before income tax. The employee's compensation accrued by the Company were \$ 1,758 thousand, \$2,903 thousand, \$2,170 thousand and \$5,966 thousand for the three months and six months ended June 30, 2025 and 2024. The remuneration to directors accrued were \$347 thousand, \$371 thousand, \$447 thousand and \$1,315 thousand for the three months and six months ended June 30, 2025 and 2024.
2. The employees' compensation and remuneration to directors for the years ended December 31, 2024 and 2023 had been approved by the Company's Board of Directors meeting held on March 19, 2025 and March 27, 2024, respectively, and the relevant amounts recognized in the consolidated financial statement were as follows:

Year ended December 31				
	2024		2023	
	Employees' compensation	Remuneration to directors	Employees' compensation	Remuneration to directors
Resolution amount of allotment	\$9,782	\$1,772	\$12,606	\$3,486
Recognized in the annual financial statements	9,782	1,772	12,606	3,486
Difference	\$ -	\$ -	\$ -	\$ -

The above mentioned employees' compensation will be paid by cash.

**(18)Interest income**

Item	Three Months Ended June 30	
	2025	2024
Interest on bank deposits	\$1,400	\$1,386

Item	Six Months Ended June 30	
	2025	2024
Interest on bank deposits	\$2,393	\$2,101

**(19)Other income**

Item	Three Months Ended June 30	
	2025	2024
Subsidy for low-interest loans	\$236	\$236
Sales of electricity	127	125
Others	52	110
Total	\$415	\$471

Item	Six Months Ended June 30	
	2025	2024
Subsidy for low-interest loans	\$473	\$473
Sales of electricity	302	328
Others	184	339
Total	\$959	\$1,140

**(20)Other gains and losses**

Item	Three Months Ended June 30	
	2025	2024
Gain (loss) on foreign exchange, net	(\$23,786)	\$5,014
Financial assets at FVTPL and gain (loss) on valuation	(468)	28
Others	(62)	(5)
Total	(\$24,316)	\$5,037

Item	Six Months Ended June 30	
	2025	2024
Gain (loss) on foreign exchange, net	(\$19,429)	\$18,811
Financial assets at FVTPL and gain (loss) on valuation	(554)	276
Gain (loss) on disposal of property, plant and equipment	-	2
Others	(69)	(49)
Total	(\$20,052)	\$19,040

**(21) Finance costs**

Item	Three Months Ended June 30	
	2025	2024
Interest expense		
Bank loans	\$818	\$829
Less: Amount qualified for capitalization	-	-
Finance costs	\$818	\$829

Item	Six Months Ended June 30	
	2025	2024
Interest expense		
Bank loans	\$1,637	\$1,633
Less: Amount qualified for capitalization	-	-
Finance costs	\$1,637	\$1,633

**(22) Income tax expense**

A. Income tax expense

a. The major components of tax expense were as follows:

Current income tax	Three Months Ended June 30	
	2025	2024
Current tax expense	\$3,146	\$6,622
Adjustments in tax of prior periods	-	149
Income tax on unappropriated earnings	-	2,927
Total	\$3,146	\$9,698
Deferred income tax		
The origination and reversal of temporary differences	\$43	(\$743)
Total	\$43	(\$743)
Income tax expense	\$3,189	\$8,955

	Six Months Ended June 30	
	2025	2024
<b>Current income tax</b>		
Current tax expense	\$3,965	\$8,305
Adjustments in tax of prior periods	-	149
Income tax on unappropriated earnings	-	2,927
Total	\$3,965	\$11,381
<b>Deferred income tax</b>		
The origination and reversal of temporary differences	(\$12)	\$2,901
Total	(\$12)	\$2,901
Income tax expense	\$3,953	\$14,282

b. Income tax expense recognized in other comprehensive income: None.

B. The tax rate applicable to the Company applying the Income Tax Law of the Republic of China is 20%. In addition, the tax rate applicable to unappropriated earning is 5%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

C. The tax authorities have ratified Company's income tax returns through Year 2022.

**(23) Other comprehensive income (loss)**

Item	Three Months Ended June 30, 2025		
	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	(\$610)	\$ -	(\$610)
Recognized in other comprehensive income (loss)	(\$610)	\$ -	(\$610)

Three Months Ended June 30, 2024

Item	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	\$24	\$ -	\$24
Recognized in other comprehensive income (loss)	\$24	\$ -	\$24

Six Months Ended June 30, 2025

Item	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	(\$483)	\$ -	(\$483)
Recognized in other comprehensive income (loss)	(\$483)	\$ -	(\$483)

Six Months Ended June 30, 2024

Item	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	\$91	\$ -	\$91
Recognized in other comprehensive income (loss)	\$91	\$ -	\$91

**(24)Earnings per share**

Item	Three Months Ended June 30	
	2025	2024
(1) Basic earnings (loss) per share		
Net income (A)	\$12,269	\$17,314
Adjusted weighted-average shares	34,632	28,860
Weighted average shares outstanding (in thousands) (B)	34,632	34,632
Basic earnings per share (after tax) (A)/(B)	\$0.35	\$0.50
(2) Diluted earnings (loss) per share		
Net income	\$12,269	\$17,314
Dilutive impact of potential common shares	-	-
Net income used in computation of diluted earnings per share (C)	\$12,269	\$17,314
Weighted average shares outstanding (in thousands)	34,632	34,632
Effect of potential dilutive ordinary shares:		
Impact on employees' compensation (in thousands) (Note)	83	144
Weighted average number of ordinary shares outstanding after dilution (in thousands) (D)	34,715	34,776
Diluted earnings per share (after tax) (C)/(D)	\$0.35	\$0.50
Item	Six Months Ended June 30	
	2025	2024
(3) Basic earnings (loss) per share		
Net income (A)	\$15,148	\$39,394
Weighted average shares outstanding (in thousands) (B)	34,632	28,860
Adjusted weighted-average shares	34,632	34,632
Basic earnings per share (after tax) (A)/(B)	\$0.44	\$1.14
(4) Diluted earnings (loss) per share		
Net income	\$15,148	\$39,394
Dilutive impact of potential common shares	-	-
Net income used in computation of diluted earnings per share (C)	\$15,148	\$39,394

Item	Six Months Ended June 30	
	2025	2024
Weighted average shares outstanding (in thousands)	34,632	34,632
Effect of potential dilutive ordinary shares:		
Impact on employees' compensation (in thousands) (Note)	299	588
Weighted average number of ordinary shares outstanding after dilution (in thousands) (D)	34,931	35,220
Diluted earnings per share (after tax) (C)/(D)	\$0.43	\$1.12

On June 18, 2025, the Company's shareholders meeting approved a capital increase from earnings through the issuance of 5,772 thousand new shares. After retrospective adjustment, the number of shares for the period from January 1 to June 30, 2024 amounted to 34,632 thousand shares.

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

## 7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party:

The Group has no parent and ultimate controlling party.

(2) Related party name and category:

Related Party Name	Related Party Category
Xing Dayu Interior Design and Renovation Engineering Corp.	Other related party

(3) Significant transactions with related parties:

A. Sales: None.

B. Purchase: None.

C. Contract assets: None.

D. Contract liabilities: None.

E. Balance of receivables: None.

F. Balance of payables (excluding borrowing from related parties):

Item	Related party category/Name	June 30, 2025	December 31, 2024	June 30, 2024
Other payables	Other related party	\$266	\$ -	\$40

G. Prepayments: None.

H. Property transactions

a. Purchase Property, Plant and Equipment

For the six months ended 30 June 2025 : None.

Related Party Category	Transaction Details	Transaction amount
Other related party	Power distribution engineering, etc.	\$750

For the six months ended 30 June 2024 : None.

I. Miscellaneous expenses:

Related Party Category	Three Months Ended June 30	
	2025	2024
Other related parties	\$262	\$113

Related Party Category	Six Months Ended June 30	
	2025	2024
Other related parties	\$318	\$125

(4) Key management compensation

Related Party Category	Three Months Ended June 30	
	2025	2024
Salaries and other short-term employee benefits	\$2,921	\$3,946
Post-employment benefits	27	27
Total	\$2,948	\$3,973

Related Party Category	Six Months Ended June 30	
	2025	2024
Salaries and other short-term employee benefits	\$6,231	\$8,292
Post-employment benefits	54	54
Total	\$6,285	\$8,346



## 8、PLEDGED ASSETS

The following assets have been pledged as collateral for long-term and short-term loans:

Item	June 30, 2025	December 31, 2024	June 30, 2024
Property, plant and equipment (net)	\$233,714	\$237,101	\$240,551
Other financial assets current (Note)	14,650	16,395	-
Other financial assets non-current (Note)	15,000	16,395	\$16,213
Total	\$263,364	269,891	\$256,764

(Note) It is due to the pledging of fixed-term deposits as collateral for borrowing limits.

## 9、SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- (1) As of June 30, 2025, December 31, 2024 and June 30, 2024, the Group issued guarantee notes for the sale of machines amounting to \$489 thousand, \$489 thousand and \$0 thousand, respectively, which were recorded in the accounts of guarantee notes and guarantee notes payable.
- (2) As of June 30, 2025, December 31, 2024 and June 30, 2024, the Group, due to exporting machinery, was requested by customers to issue bank guarantees amounting to USD 0 thousand, USD 0 thousand and USD 61 thousand, respectively.

## 10、SIGNIFICANT DISASTER LOSS: NONE.

## 11、SIGNIFICANT SUBSEQUENT EVENTS: NONE.

## 12、OTHERS

- (1) Seasonality or periodicity of operations

The operation of the Group's is not influenced by seasonality and periodicity.

- (2) Capital risk management

There were no significant changes in the Group's policies for capital risk management for the six months ended June 30, 2025 as compared with the consolidated financial statements for the year ended December 31, 2024. Please refer to Note 12(1) of the consolidated financial statements for the year ended December 31, 2024 for the related information.

- (3) Financial instruments

### A. Financial risk of financial instruments

#### Financial risk management policies

The Group's activities expose to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To lower down the related financial risk, the Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize

potential adverse effects on the Group's financial position and financial performance.

The plans for material treasury activities are reviewed by board of directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

Significant financial risks and degrees of financial risks

(A) Market risk

a. Foreign exchange rate risk

(a) There were no significant changes in the nature and degree of material financial risk for the six months ended June 30, 2025 as compared with the consolidated financial statements for the year ended December 31, 2024. Please refer to Note 12(2) of the consolidated financial statements for the year ended December 31, 2024 for the related information.

(b) Foreign currency risk and sensitivity analysis

June 30, 2025						
	Foreign Currency	Exchange Rate	Carrying amount (NTD)	Sensitivity analysis		
				Range of change	Effect on profit or loss	Effects on equity
(Foreign currency: Functional currency)						
Financial assets						
Monetary item						
USD:NTD	5,939	29.30	174,065	increase 1%	1,741	-
Financial liabilities						
Monetary item						
USD:NTD	157	29.30	4,618	increase 1%	(46)	-

December 31, 2024						
	Foreign Currency	Exchange Rate	Carrying amount (NTD)	Sensitivity analysis		
				Range of change	Effect on profit or loss	Effects on equity
(Foreign currency: Functional currency)						
Financial assets						
Monetary item						
USD:NTD	7,530	32.785	246,880	increase 1%	2,469	-

			December 31, 2024			
			Carrying amount (NTD)	Sensitivity analysis		
				Range of change	Effect on profit or loss	Effects on equity
Financial liabilities	Foreign Currency	Exchange Rate				
Monetary item						
USD:NTD	315	32.785	10,335	increase 1%	(103)	-
			June 30, 2024			
			Carrying amount (NTD)	Sensitivity analysis		
				Range of change	Effect on profit or loss	Effects on equity
(Foreign currency: Functional currency)						
Financial assets						
Monetary item						
USD:NTD	9,700	32.45	314,748	increase 1%	3,147	-
JYP:NTD	74,294	0.2017	14,985	increase 1%	150	-
Financial liabilities						
Monetary item						
USD:NTD	213	32.45	6,918	increase 1%	(69)	-

(Foreign currency:  
Functional currency)

If NTD appreciates against the above-mentioned currencies, held all other variables constant, the impact generated as of June 30, 2025 and 2024 would stay the same with the reverse result. Due to the exchange rate volatility, total exchange gain and loss (including realized and unrealized) from the Group's monetary items amounted to (\$23,786) thousand, \$5,014 thousand, (\$19,429) thousand and \$18,811 thousand for the three months and six months ended June 30, 2025 and 2024, respectively.

b. Price risk

Since the Group's investment in securities is classified as financial assets at FVTPL on the consolidated balance sheet, the Group exposes to price risks of securities.

The Group mainly invests in mutual funds equity instrument. The price of such equity instruments can be affected by changes in future value of those investment targets.

If the equity instruments price goes increase or decrease by 1%, with all other factors held constant, the net income after tax gain or loss for the three months and six months ended June 30, 2025 and 2024 will respectively increase or

decrease by \$49 thousand and \$53 thousand due to gain or loss on financial assets at FVTPL.

c. Interest rate risk

The carrying amount of the Group's financial assets and financial liabilities that are exposed to interest rate risk at the reporting date is stated as follows:

Item	Carrying Amount		
	June 30, 2025	December 31, 2024	June 30, 2024
With fair value interest rate risk:			
Financial assets	\$32,648	\$32,790	\$16,213
Financial liabilities	-	-	-
Net	\$32,648	\$32,790	\$16,213
With cash flow interest rate risk:			
Financial assets	\$445,821	\$465,268	\$454,390
Financial liabilities	(153,458)	(161,928)	(167,186)
Net	\$292,363	\$303,340	\$287,204

(a) Sensitivity analysis of those with fair value interest rate risk: not applicable.

(b) Sensitivity analysis of those with cash flow interest rate risk:

The interest-fluctuate instruments possessed by the Group were floating-interest assets (liabilities). Therefore the effective interest rate, as well as the future cash flows, changes along with the market movement. Every one percent increase in the market interest will decrease the net profit by \$1,462 thousand and \$1,436 thousand for the six months ended June 30, 2025 and 2024, respectively.

(B) Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by counter-parties of financial instruments on the contract obligations. Credit risk of the Group mainly comes from receivables under operating activities and bank deposits and other financial instruments under investing activities. Credit risks related to operation and finance risks are managed separately.

a. Business related credit risk

To maintain the quality of accounts receivable, the Group has established the procedures for credit risk management with regards to its operations. Risk assessment on individual customer includes factors that could affect the customer's ability to pay, such as the customer's financial status, the Group's internal credit ratings, historical transactions and current economic conditions.

b. Financial credit risk

The credit risks of bank deposits and other financial instruments are measured and monitored by the Group's financial departments. The Group does not expect significant credit risk because the counterparties are creditworthy and investment-graded financial institutions, companies and government agencies without any significant default concerns. In addition, the Group does not have any debt instrument investments that are either measured at amortized cost or at FVTOCI.

(a) Credit concentration risk

As of June 30, 2025, December 31, 2024 and June 30, 2024, the top ten clients accounted for 65%, 76% and 71% of the Group's accounts receivable, indicating a credit concentration risk. However, no significant credit concentration risk was shown from the remaining accounts receivables.

(b) Measurement of expected credit impairment loss

(I) Accounts receivables and contract assets apply the simplified approach.

Please refer to Note 6.(4) for details.

(II) Indications for determining whether the credit risk is increased significantly: None (the Group does not have any debt instrument investments that are either measured at amortized cost or at FVTOCI).

(c) Collaterals and other credit enhancement held to avoid credit risks from financial assets:

	Carrying amount	Decreased amount of maximum exposure to credit risks			
		Collateral	Net settlement agreement	Other credit enhancement	Total
June 30, 2025					
Credit-impaired financial instruments to which impairment requirements of IFRS 9 are applicable	\$ -	\$ -	\$ -	\$ -	\$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable:					
Financial assets at FVTPL	4,891	-	-	-	-
Total	\$4,891	\$ -	\$ -	\$ -	\$ -

December 31, 2024	Carrying amount	Decreased amount of maximum exposure to credit risks			
		Collateral	Net settlement agreement	Other credit enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS 9 are applicable	\$ -	\$ -	\$ -	\$ -	\$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable:					
Financial assets at FVTPL	5,445	-	-	-	-
Total	<u>\$5,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2024	Carrying amount	Decreased amount of maximum exposure to credit risks			
		Collateral	Net settlement agreement	Other credit enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS 9 are applicable	\$ -	\$ -	\$ -	\$ -	\$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable					
Financial assets at FVTPL	5,302	-	-	-	-
Total	<u>\$5,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(C) Liquidity risk

a. Liquidity risk management:

There were no significant changes in the Group's objects and policies for liquidity risk management for the six months ended June 30, 2025 as compared with the consolidated financial statements for the year ended December 31, 2024.

b. Financial Liabilities Maturity Analysis:

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

June 30, 2025							
Non-derivative financial liabilities :	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flow	Carrying amount
Accounts payable	\$ 88,225	\$ -	\$ -	\$ -	\$ -	\$ 88,225	\$ 88,225
Other payables	67,595	8,169	-	-	-	75,764	75,764
Long-term loans (including current portion)	8,230	7,069	14,138	42,413	92,648	164,498	153,458
Total	<u>\$164,050</u>	<u>\$ 15,238</u>	<u>\$ 14,138</u>	<u>\$ 42,413</u>	<u>\$92,648</u>	<u>\$ 328,487</u>	<u>\$ 317,447</u>

December 31, 2024							
Non-derivative financial liabilities :	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flow	Carrying amount
Accounts payable	\$ 71,895	\$ -	\$ -	\$ -	\$ -	\$ 71,895	\$ 71,895
Other payables	53,563	-	-	-	-	53,563	53,563
Long-term loans (including current portion)	9,392	8,230	14,138	42,413	99,268	173,441	161,928
Total	<u>\$134,850</u>	<u>\$ 8,230</u>	<u>\$ 14,138</u>	<u>\$ 42,413</u>	<u>\$99,268</u>	<u>\$ 298,899</u>	<u>\$ 287,386</u>

June 30, 2024							
Non-derivative financial liabilities :	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flow	Carrying amount
Accounts payable	\$66,237	\$ -	\$ -	\$ -	\$ -	\$ 66,237	\$66,237
Other payables	85,199	17,846	-	-	-	103,045	103,045
Long-term loans (including current portion)	5,517	9,932	15,299	42,413	106,551	179,172	167,186
Total	<u>\$156,953</u>	<u>\$ 27,238</u>	<u>\$ 15,299</u>	<u>\$ 42,413</u>	<u>\$106,551</u>	<u>\$ 348,454</u>	<u>\$336,468</u>

The Group does not expect that the occurrence point of cash flow in maturity analysis will be significantly earlier or the actual amount will be significantly different.

#### B. Types of Financial instruments

Financial assets	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets measured at amortized cost			
Cash and cash equivalents	\$449,499	\$464,474	\$454,727
Notes and accounts receivable	245,629	233,014	215,664
Other receivables	116	267	157
Other financial assets – current	146,50	16,395	-

Financial assets	June 30, 2025	December 31, 2024	June 30, 2024
Refundable deposits	1,327	1,463	1,093
Other financial assets – noncurrent	15,000	16,395	16,213
Financial asset at fair value through profit or loss - current	4,891	5,445	5,302
Financial liabilities			
Financial liabilities measured at amortized cost			
Notes and accounts payable	88,225	71,895	66,237
Other payables	75,764	53,563	103,045
Current portion of long-term loans	15,299	17,622	14,909
Long-term loans	138,159	144,306	152,277

(3) Fair Value Information:

A. For information on fair value of financial assets and financial liabilities not measured at fair value, please refer to Note 12(4) C.

B. Definition of the three levels in fair value:

Level 1:

Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. 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.

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:

Unobservable inputs for the asset or liability.

C. Financial instruments not measured at fair value:

Management of the Group thinks that the carrying amount of financial instruments not measured at fair value, except those listed in the table below, including cash and cash equivalents, accounts receivables, other receivable, other financial assets, refundable deposits, accounts payable, long-term loans (including current portion) and carrying amount of other financial liabilities, is the reasonable approximation of their fair value.



D. Fair value hierarchy:

The fair value hierarchy of financial instrument is measured at fair value on a recurring basis. Information about the Group's fair value hierarchy was disclosed in the following table:

Item	June 30, 2025			Total
	Level 1	Level 2	Level 3	
Assets:				
Recurring fair value				
Financial assets measured at FVTPL				
Mutual funds	\$4,891	\$ -	\$ -	\$4,891

Item	December 31, 2024			Total
	Level 1	Level 2	Level 3	
Assets:				
Recurring fair value				
Financial assets measured at FVTPL				
Mutual funds	\$5,445	\$ -	\$ -	\$ 5,445

Item	June 30, 2024			Total
	Level 1	Level 2	Level 3	
Assets:				
Recurring fair value				
Financial assets measured at FVTPL				
Mutual funds	\$5,302	\$ -	\$ -	\$5,302

E. Fair value valuation technique for instruments measured at fair value:

- (a) The fair value of financial instruments with quoted prices in active markets is the quoted market prices. Market prices published by major trading centers and exchanges for on-the-run government bonds are the basis for the fair value of listed equity instruments and debt instruments with quoted prices in active markets. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry guild, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments with active markets held by the Group are stated by their natures and types as follows:

- a. Mutual funds: net worth.

- (b) Except for financial assets with an active market, the fair value of other financial assets is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, the discounted cash flow method, or other valuation technique e.g. the one that applies market information available on the balance sheet date to a pricing model for calculation

F. Transfers between Level 1 and Level 2 fair value hierarchy: None.

G. Statement of changes in Level 3 fair value hierarchy: None.

(4) Transfer of financial assets: None.

(5) Offset of financial assets and liabilities: None.

(6) Accounting items reclassification

For coordinating expression of financial statements for the six months ended June 30, 2025, some accounting items of the six months ended June 30, 2024 have been reclassified:

Item	Before reclassification	reclassification	After reclassification
Operating costs	\$164,291	(\$6,166)	\$158,125
Operating expense			
Sales and marketing	\$15,229	\$6,166	\$21,395

### 13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information (Before consolidation)

A. Financings provided: None.

B. Endorsement/guarantee provided: None.

C. Marketable securities held (excluding investments in subsidiaries and associates):  
Table 1.

D. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None.

E. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

F. The business relationship and important transactions between the parent company and the subsidiary company: Table 2.

(2) Information on investees: Table 3.

(3) Information on investments in Mainland China: Table 4.

Table 1

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES  
MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)  
JUNE 30, 2025

(Amounts in Thousands of New Taiwan Dollars: thousand shares/units)

Investor	Type and Name of Securities	Relationship with the Issuer	General Ledger Account	Ending balance				Remarks
				Number of Shares	Carrying Value	Percentage of Ownership	Fair Value	
Nano Electronics and Micro System Technologies, Inc.	Mutual funds—JPMorgan Investment Funds - Global High Yield Bond Fund A (mth) - USD	-	Financial assets at FVTPL - current	1	2,573	-	2,573	
	Mutual funds—Allianz Income and Growth - Class AM Dis (USD)	-	Financial assets at FVTPL - current	9	2,318	-	2,318	
		Total			4,891		4,891	

Table 2

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES  
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
JUNE 30, 2025

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Nano Electronics and Micro System Technologies, Inc.	Kunshan Branch of NEMS Technologies Co., Ltd.	1	Maintenance revenue	1,601	The pricing is commensurate with that offered to regular clients, with payment terms allowing for receipt within 3 to 4 months.	0.63%
				Accounts receivable	1,048		0.10%
1	Kunshan Branch of NEMS Technologies Co., Ltd.	Nano Electronics and Micro System Technologies, Inc.	2	Services rendered revenues	5,069	The pricing is commensurate with that offered to regular clients, with payment terms allowing for receipt within 3 to 4 months.	1.98%

Note 1: The description of the number column is as follows:

- (1) The issuer is represented in 0.
- (2) The investee company is numbered sequentially from Arabic numeral 1. °

Note 2: There are three types of relationships with traders. The type of mark is as follows:

- (1) No. 1 represents the transactions from parent company to subsidiary.
- (2) No. 2 represents the transactions from subsidiary to parent company.
- (3) No. 3 represents the transactions between subsidiaries.

Note 3: The ratio of transaction amount to consolidated revenues or total assets is calculated as follows:

- (1) asset/liability items: ending balance to total assets;
- (2) profit and loss items: accumulated amount to consolidated revenues.

Note 4: The above-mentioned parent-subsidiary transactions have been eliminated.

Table 3

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES  
 INFORMATION ON INVESTEEES  
 JUNE 30, 2025

(Amounts in Thousands of New Taiwan Dollars, Shares and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Product	Original Investment Amount		Balance as of June 30, 2025			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee
				As of June 30, 2025	As of December 31, 2024	Shares	Percentage of Ownership	Carrying Value		
Nano Electronics and Micro System Technologies, Inc.	Stable Promise Group Co., Ltd.	Seychelles islands	Investment holding	15,178 (USD 500)	15,178 (USD 500)	500	100%	4,715 (USD 161)	(1,013) (USD -32)	(1,013) (USD -32)

Note 1: The above-mentioned parent-subsidary transactions have been eliminated.

Table 4

NANO ELECTRONICS AND MICRO SYSTEM TECHNOLOGIES, INC. AND SUBSIDIARIES  
 INFORMATION ON INVESTEEES IN MAINLAND CHINA  
 JUNE 30, 2025

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2025	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profit/Loss (Note 2)	Carrying Amount as of June 30, 2025	Accumulated Inward Remittance of Earnings as of June 30, 2025
					Outflow	Inflow						
Kunshan Branch of NEMS Technologies Co., Ltd.	Trade of electronic components and post-sales services	15,178 (RMB 3,318)	(2)	15,178 (USD 500)	-	-	15,178 (USD 500)	(1,013) (RMB -231)	100%	(1,013) (RMB -231) (2).B.	4,715 (RMB 1,153)	-

Accumulated Investment in Mainland China as of June 30, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
15,178 (USD 500)	14,650 (USD 500)	439,114

Note 1: The investment methods are divided into the following three types:

- (1) Investing directly to the Mainland China;
- (2) Reinvesting in the Mainland China through third-region companies (please refer to Table 3);
- (3) Others.

Note 2: In the current period, the investment profit and loss column are recognized:

- (1) If during incorporation with no investment income or loss, it should be indicated;
- (2) The basis for recognition of investment gains and losses divided into the following three types, which should be indicated:
  - A. Audited financial statements by international accounting firms with cooperation relationship with accounting firms in the Republic of China.
  - B. Audited financial statements by parent company's auditors.
  - C. Others.

Note 3: The relevant figures in this form should be listed in New Taiwan Dollars.

Note 4: The figures in the Table shall be expressed in New Taiwan Dollars. Carrying amount at the end of the period is converted using the exchange rate on the reporting date (USD:NTD 1: 29.3). Investment gain or loss recognized in the current period is converted using the average exchange rate in from January 1 to June 30, 2025 (USD: NTD 1: 31.8237)

Note 5: The Company's major transactions during January 1 and June 30, 2025, directly or indirectly through the third place and the mainland invested company:  
Refer to 13 Table 2.

Note 6: The above-mentioned parent-subsidary transactions have been eliminated.

## 14. SEGMENT INFORMATION

### (1) General information

For management purpose, the Group's reportable segments are listed as follows:

A. Nano Electronics and Micro System Technologies, Inc.

Primarily engaged in the manufacturing and sale of equipment and machinery.

B. Kunshan Branch of NEMS Technologies Co., Ltd.

Trade of electronic components and post-sales services.

C. Other

Investment holding

### (2) Measurement basis

Management monitors the operation results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income or loss from operations and is measured consistently with income or loss from operations in the consolidated financial statements. However, the financial costs and financial income of consolidated financial statements, as well as income tax, are managed on a group basis and not allocated to operating departments.

### (3) Segment financial information

(Amounts in Thousand)

Three Months Ended June 30, 2025	Nano Electronics and Micro System Technologies, Inc.	Kunshan Branch of NEMS Technologies Co., Ltd.	Other	Elimination	Total
Sales from external customers	\$171,229	\$1,295	\$ -	\$ -	\$172,524
Sales among inter-segment	1,076	2,460	(744)	(2,792)	-
Total sales	\$172,305	\$3,755	(\$744)	\$(2,792)	\$172,524
Depreciation and Amortization	\$4,306	\$1	\$ -	\$ -	\$4,307
Segment operating profit (loss)	\$39,532	(\$575)	(\$744)	\$744	\$38,777
Investments accounted for using equity method	\$4,715	\$ -	\$4,715	(\$9,430)	\$ -
Noncurrent capital expenditure	\$1,308	\$ -	\$ -	\$ -	\$1,308
Segment assets	\$1,074,524	\$11,775	\$4,715	\$(10,503)	\$1,080,511
Segment liabilities	\$342,667	\$7,060	\$ -	\$(1,073)	\$348,654

(Amounts in Thousand)

Three Months Ended June 30, 2024	Nano Electronics and Micro System Technologies, Inc.	Kunshan Branch of NEMS Technologies Co., Ltd.	Other	Elimination	Total
Sales from external customers	\$104,480	\$1,307	\$ -	\$ -	\$105,787
Sales among inter-segment	1,113	2,689	(359)	(3,443)	-
Total sales	\$105,593	\$3,996	(\$359)	\$(3,443)	\$105,787



Three Months Ended June 30, 2024	Nano Electronics and Micro System Technologies, Inc.	Kunshan Branch of NEMS Technologies Co., Ltd.	Other	Elimination	Total
Depreciation and Amortization	\$3,587	\$14	\$ -	\$ -	\$3,601
Segment operating profit (loss)	\$20,524	(\$320)	(\$359)	\$359	\$20,204
Investments accounted for using equity method	\$6,255	\$ -	\$6,255	(\$12,510)	\$ -
Noncurrent capital expenditure	\$4,397	\$25	\$ -	\$ -	\$4,422
Segment assets	\$1,080,013	\$12,592	\$6,255	(\$13,648)	\$1,085,212
Segment liabilities	\$381,559	\$6,337	\$ -	(\$1,138)	\$386,758

(Amounts in Thousand)

Six Months Ended June 30, 2025	Nano Electronics and Micro System Technologies, Inc.	Kunshan Branch of NEMS Technologies Co., Ltd.	Other	Elimination	Total
Sales from external customers	\$252,657	\$2,998	\$ -	\$ -	\$255,655
Sales among inter-segment	1,601	5,097	(1,013)	(5,685)	-
Total sales	\$254,258	\$8,095	(\$1,013)	(\$5,685)	\$255,655
Depreciation and Amortization	\$8,527	\$6	\$ -	\$ -	\$8,533
Segment operating profit (loss)	\$38,309	(\$871)	(\$1,013)	\$1,013	\$37,438
Investments accounted for using equity method	\$4,715	\$ -	\$4,715	(\$9,430)	\$ -
Noncurrent capital expenditure	\$3,358	\$15	\$ -	\$ -	\$3,373
Segment assets	\$1,074,524	\$11,775	\$4,715	(\$10,503)	\$1,080,511
Segment liabilities	\$342,667	\$7,060	\$ -	(\$1,073)	\$348,654

(Amounts in Thousands)

Six Months Ended June 30, 2024	Nano Electronics and Micro System Technologies, Inc.	Kunshan Branch of NEMS Technologies Co., Ltd.	Other	Elimination	Total
Sales from external customers	\$257,479	\$5,981	\$ -	\$ -	\$263,460
Sales among inter-segment	4,163	5,338	1,238	(10,739)	-
Total sales	\$261,642	\$11,319	\$1,238	(\$10,739)	\$263,460
Depreciation and Amortization	\$6,983	\$16	\$ -	\$ -	\$6,999
Segment operating profit (loss)	\$31,841	\$1,187	\$1,238	(\$1,238)	\$33,028
Investments accounted for using equity method	\$6,255	\$ -	\$6,255	(\$12,510)	\$ -
Noncurrent capital expenditure	\$4,852	\$46	\$ -	\$ -	\$4,898
Segment assets	\$1,080,013	\$12,592	\$6,255	(\$13,648)	\$1,085,212
Segment liabilities	\$381,559	\$6,337	\$ -	(\$1,138)	\$386,758

- (4) Production and service information: No disclosure requirement for interim financial statements.
- (5) Geographic information: No disclosure requirement for interim financial statements.
- (6) Major customers: No disclosure requirement for interim financial statements.