

**POLYTRONICS TECHNOLOGY CORP. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
THREE MONTHS ENDED MARCH 31, 2025 AND
2024**

For the convenience of readers and for information purpose only, the auditors' 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR25000016

To the Board of Directors and Shareholders of Polytronics Technology Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Polytronics Technology Corp. and subsidiaries (the "Group") as at March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor 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 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.

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 at March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Li, Tien-Yi

Hsieh, Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

May 9, 2025

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024
(Expressed in thousands of New Taiwan dollars)

Assets			March 31, 2025		December 31, 2024		March 31, 2024				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	817,403	18	\$	690,756	16	\$	1,195,987	27
1136	Current financial assets at	8									
	amortised cost			652,617	15		631,458	14		183,703	4
1150	Notes receivable, net	6(3)		93,329	2		87,413	2		183,426	4
1170	Accounts receivable, net	6(3)		464,998	11		549,674	13		402,517	9
1180	Accounts receivable - related	6(3) and 7									
	parties, net			98,316	2		112,004	3		61,282	1
1200	Other receivables			25,701	1		21,830	-		21,197	1
130X	Inventories	6(4)		609,892	14		625,006	14		634,531	14
1410	Prepayments			63,307	1		63,675	1		67,591	2
1470	Other current assets			1,549	-		1,863	-		4,801	-
11XX	Total current assets			2,827,112	64		2,783,679	63		2,755,035	62
Non-current assets											
1535	Non-current financial assets at	8									
	amortised cost			31,226	1		30,790	1		8,331	-
1600	Property, plant and equipment	6(5) and 8		1,089,885	25		1,100,444	25		1,124,494	26
1755	Right-of-use assets	6(6)		198,759	5		201,744	5		205,169	5
1760	Investment property, net	6(8) and 8		100,682	2		101,321	2		103,235	2
1780	Intangible assets			128,609	3		130,917	3		157,382	4
1840	Deferred income tax assets			18,583	-		17,075	-		16,331	-
1900	Other non-current assets			17,770	-		28,358	1		40,875	1
15XX	Total non-current assets			1,585,514	36		1,610,649	37		1,655,817	38
1XXX	Total assets		\$	4,412,626	100	\$	4,394,328	100	\$	4,410,852	100

(Continued)

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	March 31, 2025		December 31, 2024		March 31, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(9)	\$ 470,879	11	\$ 417,978	10	\$ 804,859	18
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	-	-	1,989	-
2130	Current contract liabilities	6(19)	12,063	-	3,515	-	17,719	-
2150	Notes payable		1,654	-	4,162	-	35,213	
2170	Accounts payable		197,666	5	233,748	5	151,825	4
2200	Other payables	6(10)	424,707	10	288,886	7	345,175	8
2230	Current income tax liabilities		87,957	2	59,989	2	65,840	2
2280	Current lease liabilities		10,897	-	10,927	-	10,392	-
2320	Long-term liabilities, current portion	6(13)	62,961	1	47,961	1	-	-
2399	Other current liabilities, others	6(11)	275,740	6	277,652	6	8,180	-
21XX	Total current liabilities		1,544,524	35	1,344,818	31	1,441,192	33
Non-current liabilities								
2540	Long-term borrowings	6(13)	320,444	7	399,935	9	-	-
2580	Non-current lease liabilities		185,968	4	188,668	4	191,372	4
2600	Other non-current liabilities		28,748	1	28,728	1	39,320	1
25XX	Total non-current liabilities		535,160	12	617,331	14	230,692	5
2XXX	Total liabilities		2,079,684	47	1,962,149	45	1,671,884	38
Equity								
Equity attributable to owners of parent								
	Share capital	6(15)						
3110	Common stock		856,453	19	856,453	19	856,453	20
	Capital surplus	6(16)						
3200	Capital surplus		528,724	12	528,724	12	543,984	12
	Retained earnings	6(17)						
3310	Legal reserve		628,813	14	628,813	14	618,454	14
3320	Special reserve		33,220	1	33,220	1	13,449	-
3350	Unappropriated retained earnings		396,956	9	509,788	12	489,076	11
	Other equity interest	6(18)						
3400	Other equity interest		(180,573)	(4)	(209,751)	(5)	25,620	1
31XX	Equity attributable to owners of parent		2,263,593	51	2,347,247	53	2,547,036	58
36XX	Non-controlling interests		69,349	2	84,932	2	191,932	4
3XXX	Total equity		2,332,942	53	2,432,179	55	2,738,968	62
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the reporting period	11						
3X2X	Total liabilities and equity		\$ 4,412,626	100	\$ 4,394,328	100	\$ 4,410,852	100

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Three months ended March 31			
			2025		2024	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19) and 7	\$ 717,171	100	\$ 622,817	100
5000	Operating costs	6(4)	(490,807)	(69)	(446,129)	(71)
5950	Net operating margin		<u>226,364</u>	<u>31</u>	<u>176,688</u>	<u>29</u>
	Operating expenses	6(24)(25)				
6100	Selling and marketing expenses		(62,608)	(8)	(50,016)	(8)
6200	General and administrative expenses		(84,850)	(12)	(77,678)	(13)
6300	Research and development expenses		(56,785)	(8)	(56,288)	(9)
6450	Expected credit gains (losses)	12(2)	<u>577</u>	<u>-</u>	<u>1,193</u>	<u>-</u>
6000	Total operating expenses		(203,666)	(28)	(185,175)	(30)
6900	Operating profit (loss)		<u>22,698</u>	<u>3</u>	<u>8,487</u>	<u>(1)</u>
	Non-operating income and expenses					
7100	Interest income	6(20)	4,177	1	2,931	-
7010	Other income	6(21)	26,600	4	25,026	4
7020	Other gains and losses	6(22)	1,786	-	3,571	1
7050	Finance costs	6(23)	(6,891)	(1)	(5,335)	(1)
7000	Total non-operating income and expenses		<u>25,672</u>	<u>4</u>	<u>26,193</u>	<u>4</u>
7900	Profit before income tax		<u>48,370</u>	<u>7</u>	<u>17,706</u>	<u>3</u>
7950	Income tax expense	6(26)	(28,511)	(4)	(18,214)	(3)
8200	Profit (loss) for the period		<u>\$ 19,859</u>	<u>3</u>	<u>(\$ 508)</u>	<u>-</u>
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that may be subsequently reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(18)	<u>\$ 30,783</u>	<u>4</u>	<u>\$ 49,327</u>	<u>8</u>
8360	Components of other comprehensive income that may be subsequently reclassified to profit or loss		<u>30,783</u>	<u>4</u>	<u>49,327</u>	<u>8</u>
8300	Other comprehensive income for the period, net of income tax		<u>\$ 30,783</u>	<u>4</u>	<u>\$ 49,327</u>	<u>8</u>
8500	Total comprehensive income for the period		<u>\$ 50,642</u>	<u>7</u>	<u>\$ 48,819</u>	<u>8</u>
	Profit (loss) attributable to:					
8610	Owners of parent		\$ 37,047	5	\$ 26,277	4
8620	Non-controlling interests		(17,188)	(2)	(26,785)	(4)
	Total		<u>\$ 19,859</u>	<u>3</u>	<u>(\$ 508)</u>	<u>-</u>
	Total comprehensive income (loss) attributable to:					
8710	Owners of parent		\$ 66,225	9	\$ 85,117	14
8720	Non-controlling interests		(15,583)	(2)	(36,298)	(6)
	Total		<u>\$ 50,642</u>	<u>7</u>	<u>\$ 48,819</u>	<u>8</u>
9750	Basic earnings per share (in dollars)	6(27)	<u>\$ 0.43</u>		<u>\$ 0.31</u>	
9850	Diluted earnings per share (in dollars)	6(27)	<u>\$ 0.43</u>		<u>\$ 0.30</u>	

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent													
		Capital surplus					Retained earnings			Other equity interest					
					Changes in ownership interests in subsidiaries	Employee stock options	Share options			Unappropriated retained earnings	Financial statements translation differences of foreign operations	Other equity, others	Total	Non-controlling interests	Total equity
Notes		Common stock	Additional paid-in capital	Treasury stock transactions				Legal reserve	Special reserve						
<u>Three months ended March 31, 2024</u>															

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Three months ended March 31	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 48,370	\$ 17,706
Adjustments			
Adjustments to reconcile profit (loss)			
Net profit on financial assets at fair value through profit or loss		-	4,973
Expected credit (gains) losses	12(2)	(577)	1,193
Depreciation	6(24)	49,978	48,271
Amortisation	6(24)	7,000	8,559
Interest expense	6(23)	6,891	5,335
Interest income	6(20)	(4,177)	(2,931)
Losses on disposal of property and equipment	6(22)	1	341
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(5,916)	(8,039)
Accounts receivable		85,253	20,151
Accounts receivable - related parties		13,688	(6,154)
Other receivables		(3,803)	(3,334)
Inventories		15,114	2,616
Prepayments		368	(20,389)
Other current assets		314	(3,327)
Changes in operating liabilities			
Contract liabilities		8,548	3,605
Notes payable		(2,508)	(3,385)
Accounts payable		(36,082)	(11,186)
Other payables		(8,550)	(31,704)
Other current liabilities		(1,912)	(718)
Defined benefit liabilities		144	(5,077)
Other non-current liabilities		(124)	455
Cash inflow generated from operations		172,020	16,961
Interest received		4,177	2,931
Interest paid		(6,891)	(5,335)
Income tax paid		(2,120)	(5,445)
Net cash flows from operating activities		167,186	9,112

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POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>Three months ended March 31</u>	
		<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 206,595)	(\$ 228)
Proceeds from disposal of financial assets at amortised cost		185,000	-
Acquisition of property, plant and equipment	6(28)	(19,561)	(44,716)
Proceeds from disposal of property, plant and equipment		4	3,534
Acquisition of intangible assets		(3,213)	(1,938)
Increase in refundable deposits		(128)	(287)
Net cash flows used in investing activities		(44,493)	(43,635)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(29)	292,329	576,000
Repayment of short-term borrowings	6(29)	(240,751)	(260,000)
Repayment of long-term borrowings	6(29)	(64,491)	-
Repayment of corporate bonds	6(29)	-	(264,700)
Repayment of lease liabilities	6(29)	(2,757)	(3,108)
Net cash flows (used in) from financing activities		(15,670)	48,192
Effect of exchange rate		19,624	28,375
Net increase in cash and cash equivalents		126,647	42,044
Cash and cash equivalents at beginning of period	6(1)	690,756	1,153,943
Cash and cash equivalents at end of period	6(1)	\$ 817,403	\$ 1,195,987

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Polytronics Technology Corporation (the “Company”) was incorporated on December 18, 1997 and commenced operations on August 1, 1999. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the research, development, manufacture and sale of polymeric positive temperature coefficient thermistors, overvoltage protective devices and its production related semi-finished goods, modules and dies, thermal conductive boards, thermal module, heat dispersing materials and LED lightings and modules.

2. THE DATE OF AND PROCEDURES FOR AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issuance by the Board of Directors on May 9, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board (“IASB”)</u>
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

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

New Standards, Interpretations and Amendments	Effective date by IASB
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by IASB
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent 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, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

IFRS 18, ‘Presentation and disclosure in financial statements’

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2024, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. These consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standards 34, “Interim financial reporting” that came into effect as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction 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 and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement 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:

The same basis of consolidation have been followed in these consolidated financial statements as were applied in the preparation of the Group’s consolidated financial statements for the year ended December 31, 2024.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiaries	Main Business Activities	Ownership (%)			Note
			March 31, 2025	December 31, 2024	March 31, 2024	
Polytronics Technology Corporation	Polytronics (B.V.I.) Corporation	Investments and general business operations	100	100	100	
Polytronics Technology Corporation	TCLAD Technology Corporation	Manufacturing of the thermal conductive board	80.94	80.94	66.96	Note
TCLAD Technology Corporation	TCLAD Inc.	Manufacturing of the thermal conductive board	100	100	100	
TCLAD Technology Corporation	TCLAD Europe GmbH	Manufacturing of the thermal conductive board	85	85	85	
TCLAD Technology Corporation	Suzhou TCLAD Electronic Technology Co., Ltd.	Manufacturing of the thermal conductive board	100	100	100	
Polytronics (B.V.I.) Corporation	Kunshan Polystar Electronics Co., Ltd.	Production and sale of varistor and potentiometer	100	100	100	
Kunshan Polystar Electronics Co., Ltd.	PolyStellar Electronics Co., Ltd.	Production and sale of resistors, discrete semiconductor devices and other resistive elements	100	100	100	

Note : In order to optimize the equity structure and development of the Company's subsidiary, TCLAD Technology Corporation, and taking into consideration the long-term equity stability and industry strategies, the Company's Board of Directors during their meeting resolved to acquire 5,550 thousand shares owned by other shareholders of TCLAD Technology Corporation. Accordingly, the Company's shareholding ratio increased to 80.94%.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of March 31, 2025, December 31, 2024 and March 31, 2024, the non-controlling interests amounted to \$69,349, \$84,932 and \$191,932, respectively. The information of non-controlling interests and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interests March 31, 2025		Description
		Amount	Ownership (%)	
TCLAD Technology Corporation	Taiwan	<u>\$ 69,349</u>	<u>19.06%</u>	

Name of subsidiary	Principal place of business	Non-controlling interests December 31, 2024		Description
		Amount	Ownership (%)	
TCLAD Technology Corporation	Taiwan	<u>\$ 84,932</u>	<u>19.06%</u>	

Name of subsidiary	Principal place of business	Non-controlling interests March 31, 2024		Description
		Amount	Ownership (%)	
TCLAD Technology Corporation	Taiwan	<u>\$ 191,932</u>	<u>33.04%</u>	

Balance sheet:

	TCLAD Technology Corporation and Subsidiaries		
	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	\$ 657,281	\$ 644,130	\$ 647,794
Non-current assets	631,282	650,957	692,935
Current liabilities	(693,127)	(602,269)	(580,353)
Non-current liabilities	(228,502)	(245,213)	(176,651)
Total net assets	<u>\$ 366,934</u>	<u>\$ 447,605</u>	<u>\$ 583,725</u>

Statement of comprehensive income:

TCLAD Technology Corporation and Subsidiaries		
	January 1, 2025 to March 31, 2025	January 1, 2024 to March 31, 2024
Revenue	\$ 266,791	\$ 248,920
Loss before income tax	(88,905)	(70,462)
Income tax expense	(333)	(81)
Loss for the period	(89,238)	(70,543)
Other comprehensive income, net of income tax	8,567	28,543
Total comprehensive loss	(\$ 80,671)	(\$ 42,000)
Total comprehensive income (loss) attributable to non-controlling interests	(\$ 256)	(\$ 577)
Dividends paid to non-controlling interests	\$ -	\$ -

Statement of cash flows:

TCLAD Technology Corporation and Subsidiaries		
	January 1, 2025 to March 31, 2025	January 1, 2024 to March 31, 2024
Net cash used in operating activities	(\$ 12,642)	(\$ 121,881)
Net cash (used in) provided by investing activities	(2,166)	92,771
Net cash provided by financing activities	59,032	57,104
Effect of exchange rates	15,298	31,502
Increase in cash and cash equivalents	59,522	59,496
Cash and cash equivalents, beginning of period	129,837	144,823
Cash and cash equivalents, end of period	\$ 189,359	\$ 204,319

(4) Employee benefits

Defined benefit plans

Pension cost for the 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. Additionally, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

There have been no significant changes for the three months ended March 31, 2025. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2024.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Cash on hand and revolving funds	\$ 402	\$ 275	\$ 458
Checking accounts and demand deposits	435,372	595,313	545,730
Time deposits	381,629	95,168	649,799
	<u>\$ 817,403</u>	<u>\$ 690,756</u>	<u>\$ 1,195,987</u>

The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Current items:			
Financial assets (liabilities)			
mandatorily measured at			
fair value through profit or loss			
Derivatives	\$ -	\$ -	\$ -
Valuation adjustment	-	-	(1,989)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 1,989)</u>

A. The Group recognised net loss of \$0 and \$6,991 for the three months ended March 31, 2025 and 2024, respectively.

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

March 31, 2025 and December 31, 2024: None.

		<u>March 31, 2024</u>	
		Contract amount	
		(notional principal)	
<u>Derivative financial instruments</u>		<u>(in thousands)</u>	<u>Contract period</u>
Forward foreign exchange contracts	USD	\$ 978	2024/03/01~2024/05/24
Forward foreign exchange contracts	USD	910	2024/03/01~2024/05/24
Forward foreign exchange contracts	USD	528	2024/03/01~2024/04/25
Forward foreign exchange contracts	USD	490	2024/01/31~2024/04/25

The Group entered into forward foreign exchange contracts to sell forward contracts to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information relating to credit risk of financial asset at fair value through profit or loss is provided in Note 12(3).

(3) Notes and accounts receivable

	March 31, 2025	December 31, 2024	March 31, 2024
Notes receivable	\$ 93,329	\$ 87,413	\$ 183,426
Accounts receivable	\$ 469,220	\$ 554,667	\$ 425,466
Accounts receivable - related parties	98,316	112,004	61,282
Less: Loss allowance	(4,222)	(4,993)	(22,949)
	<u>\$ 563,314</u>	<u>\$ 661,678</u>	<u>\$ 463,799</u>

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	March 31, 2025		December 31, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 494,130	\$ 93,329	\$ 531,391	\$ 87,413
Up to 30 days	52,499	-	104,119	-
31 to 90 days	15,386	-	21,529	-
91 to 180 days	1,066	-	685	-
Over 180 days	4,455	-	8,947	-
	<u>\$ 567,536</u>	<u>\$ 93,329</u>	<u>\$ 666,671</u>	<u>\$ 87,413</u>

	March 31, 2024	
	Accounts receivable	Notes receivable
Not past due	\$ 425,800	\$ 183,426
Up to 30 days	30,786	-
31 to 90 days	1,564	-
91 to 180 days	6,807	-
Over 180 days	21,791	-
	<u>\$ 486,748</u>	<u>\$ 183,426</u>

The above ageing analysis was based on past due date.

B. As of March 31, 2025, December 31, 2024 and March 31, 2024, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2024, the balance of receivables from contracts with customers amounted to \$672,555.

C. As of March 31, 2025, December 31, 2024 and March 31, 2024, without taking into account any collaterals held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$93,329, \$87,413 and \$183,426, respectively, and accounts receivable were \$563,314, \$661,678 and \$463,799, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	\$ 192,396	\$ 207,972	\$ 222,750
Work-in-progress	173,731	185,315	154,767
Finished goods	243,765	231,719	257,014
	<u>\$ 609,892</u>	<u>\$ 625,006</u>	<u>\$ 634,531</u>

The cost of inventories recognised as expense for the period:

	Three months ended March 31,	
	2025	2024
Cost of goods sold	\$ 487,846	\$ 445,629
Loss on decline in market value	2,961	500
	<u>\$ 490,807</u>	<u>\$ 446,129</u>

(5) Property, plant and equipment

2025

	Land	Buildings	Machinery equipment	Office equipment	Transportation equipment	Computer and communication equipment	Leasehold improvements	Other equipment	Construction in progress and equipment under inspection	Total
At January 1										
Cost	\$ 2,504	\$ 1,079,515	\$ 1,202,740	\$ 14,112	\$ 8,398	\$ 28,507	\$ 22,910	\$ 215,246	\$ 210	\$ 2,574,142
Accumulated depreciation and impairment	-	(478,933)	(761,798)	(10,580)	(6,483)	(22,128)	(15,000)	(178,776)	-	(1,473,698)
	<u>\$ 2,504</u>	<u>\$ 600,582</u>	<u>\$ 440,942</u>	<u>\$ 3,532</u>	<u>\$ 1,915</u>	<u>\$ 6,379</u>	<u>\$ 7,910</u>	<u>\$ 36,470</u>	<u>\$ 210</u>	<u>\$ 1,100,444</u>
Opening net book amount	\$ 2,504	\$ 600,582	\$ 440,942	\$ 3,532	\$ 1,915	\$ 6,379	\$ 7,910	\$ 36,470	\$ 210	\$ 1,100,444
Additions	-	-	18,876	91	2,340	981	400	1,280	802	24,770
Disposals	-	-	-	(4)	-	(1)	-	-	-	(5)
Depreciation	-	(8,928)	(32,187)	(279)	(431)	(813)	(257)	(3,261)	-	(46,156)
Net exchange differences	32	5,435	4,608	56	192	27	-	482	-	10,832
Closing net book amount	<u>\$ 2,536</u>	<u>\$ 597,089</u>	<u>\$ 432,239</u>	<u>\$ 3,396</u>	<u>\$ 4,016</u>	<u>\$ 6,573</u>	<u>\$ 8,053</u>	<u>\$ 34,971</u>	<u>\$ 1,012</u>	<u>\$ 1,089,885</u>
At March 31										
Cost	\$ 2,536	\$ 1,088,364	\$ 1,230,894	\$ 14,401	\$ 10,823	\$ 29,542	\$ 23,310	\$ 214,043	\$ 1,012	\$ 2,614,925
Accumulated depreciation and impairment	-	(491,275)	(798,655)	(11,005)	(6,807)	(22,969)	(15,257)	(179,072)	-	(1,525,040)
	<u>\$ 2,536</u>	<u>\$ 597,089</u>	<u>\$ 432,239</u>	<u>\$ 3,396</u>	<u>\$ 4,016</u>	<u>\$ 6,573</u>	<u>\$ 8,053</u>	<u>\$ 34,971</u>	<u>\$ 1,012</u>	<u>\$ 1,089,885</u>

									Construction in progress and equipment under inspection	Total
	Land	Buildings	Machinery equipment	Office equipment	Transportation equipment	Computer and communication equipment	Leasehold improvements	Other equipment		
At January 1										
Cost	\$ 2,345	\$ 1,056,152	\$ 1,084,697	\$ 14,353	\$ 12,780	\$ 26,020	\$ 15,001	\$ 212,337	\$ 1,452	\$ 2,425,137
Accumulated depreciation and impairment	- (430,116)	(639,687)	(10,433)	(9,939)	(18,751)	(14,311)	(180,726)	-	(1,303,963)	
	<u>\$ 2,345</u>	<u>\$ 626,036</u>	<u>\$ 445,010</u>	<u>\$ 3,920</u>	<u>\$ 2,841</u>	<u>\$ 7,269</u>	<u>\$ 690</u>	<u>\$ 31,611</u>	<u>\$ 1,452</u>	<u>\$ 1,121,174</u>
Opening net book amount	\$ 2,345	\$ 626,036	\$ 445,010	\$ 3,920	\$ 2,841	\$ 7,269	\$ 690	\$ 31,611	\$ 1,452	\$ 1,121,174
Additions	-	-	13,930	301	-	217	110	2,633	14,511	31,702
Disposals	-	-	(1,007)	(6)	(803)	(8)	-	(2,051)	-	(3,875)
Reclassifications	-	-	1,802	-	-	-	-	-	(1,802)	-
Depreciation	-	(10,759)	(28,558)	(279)	(229)	(1,042)	(134)	(3,533)	-	(44,534)
Net exchange differences	99	10,854	8,387	109	54	90	-	434	-	20,027
Closing net book amount	<u>\$ 2,444</u>	<u>\$ 626,131</u>	<u>\$ 439,564</u>	<u>\$ 4,045</u>	<u>\$ 1,863</u>	<u>\$ 6,526</u>	<u>\$ 666</u>	<u>\$ 29,094</u>	<u>\$ 14,161</u>	<u>\$ 1,124,494</u>
At March 31										
Cost	\$ 2,444	\$ 1,071,083	\$ 1,108,912	\$ 14,946	\$ 7,723	\$ 26,040	\$ 15,111	\$ 210,404	\$ 14,161	\$ 2,470,824
Accumulated depreciation and impairment	- (444,952)	(669,348)	(10,901)	(5,860)	(19,514)	(14,445)	(181,310)	-	(1,346,330)	
	<u>\$ 2,444</u>	<u>\$ 626,131</u>	<u>\$ 439,564</u>	<u>\$ 4,045</u>	<u>\$ 1,863</u>	<u>\$ 6,526</u>	<u>\$ 666</u>	<u>\$ 29,094</u>	<u>\$ 14,161</u>	<u>\$ 1,124,494</u>

- A. For the three months ended March 31, 2025 and 2024, there was no capitalisation of borrowing interests attributable to property, plant and equipment.
- B. Information about property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- C. Above property, plant and equipment are owner-occupied.

(6) Leasing arrangements — lessee

A. The Group leases various assets including land, buildings, transportation equipment and business vehicles. Lease agreements are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 177,736	\$ 178,927	\$ 182,879
Buildings	13,199	14,259	18,321
Transportation equipment	6,528	7,183	3,969
Office equipment	1,296	1,375	-
	<u>\$ 198,759</u>	<u>\$ 201,744</u>	<u>\$ 205,169</u>

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 1,359	\$ 1,356
Buildings	1,060	1,354
Transportation equipment	685	388
Office equipment	79	-
	<u>\$ 3,183</u>	<u>\$ 3,098</u>

C. For the three months ended March 31, 2025 and 2024, the additions to right-of-use assets were \$0 and \$9,858, respectively.

D. The information on profit and loss accounts relating to lease agreements is as follows:

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 829</u>	<u>\$ 767</u>

E. For the three months ended March 31, 2025 and 2024, the Group's total cash outflow for leases were \$3,586 and \$3,875, respectively.

F. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(7) Leasing arrangements – lessor

- A. The Group leases buildings to others. Lease agreements are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.
- B. For the three months ended March 31, 2025 and 2024, the Group recognised rent income in the amounts of \$12,828 and \$14,055, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
2024	\$ -	\$ -	\$ 35,117
2025	33,691	44,921	19,451
2026	38,747	38,747	15,213
2027	14,576	14,576	380
2028	380	380	380
2029	380	-	-
	<u>\$ 87,774</u>	<u>\$ 98,624</u>	<u>\$ 70,541</u>

(8) Investment property

	<u>2025</u>	<u>2024</u>
	<u>Buildings</u>	<u>Buildings</u>
At January 1		
Cost	\$ 130,238	\$ 130,238
Accumulated depreciation	(28,917)	(26,364)
	<u>\$ 101,321</u>	<u>\$ 103,874</u>
Opening net book amount	\$ 101,321	\$ 103,874
Depreciation	(639)	(639)
Closing net book amount	<u>\$ 100,682</u>	<u>\$ 103,235</u>
At March 31		
Cost	\$ 130,238	\$ 130,238
Accumulated depreciation	(29,556)	(27,003)
	<u>\$ 100,682</u>	<u>\$ 103,235</u>

- A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Rental income from investment property	<u>\$ 12,555</u>	<u>\$ 14,013</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 639</u>	<u>\$ 639</u>

B. The fair value of investment property held by the Group as of March 31, 2025, December 31, 2024 and March 31, 2024, were \$323,016, \$265,364 and \$265,364, respectively. The fair value is estimated using the valuation method frequently used by market participants which is categorised with Level 3 in the fair value hierarchy. The valuation is based on evidence of similar trading prices.

C. Information about the investment property that was pledged to others as collaterals is provided in Note 8.

(9) Short-term borrowings

Type of borrowings	March 31, 2025	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 321,071	2.05%~5.14%	None
Secured borrowings	149,808	1.94%~6.95%	Buildings
	<u>\$ 470,879</u>		

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 165,885	2.19%~5.19%	None
Secured borrowings	252,093	1.94%~6.95%	Buildings and time deposits
	<u>\$ 417,978</u>		

Type of borrowings	March 31, 2024	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 804,859	1.18%~6.13%	Buildings and time deposits

Interest expense recognised in profit or loss amounted to \$3,530 and \$4,340 for the three months ended March 31, 2025 and 2024, respectively.

(10) Other payables

	March 31, 2025	December 31, 2024	March 31, 2024
Wages and salaries payable	\$ 90,882	\$ 114,212	\$ 72,300
Employee bonus and directors' remuneration payable	62,372	47,500	46,503
Payables on machinery and equipment	4,323	9,831	7,683
Dividends payable (including cash distributed from capital surplus)	149,879	-	128,468
Others	117,251	117,343	90,221
	<u>\$ 424,707</u>	<u>\$ 288,886</u>	<u>\$ 345,175</u>

(11) Other current liabilities, others

To optimize the equity structure and development of the Company's subsidiary, TCLAD Technology Corporation, if other shareholders request the Company or a third party to purchase their shares in accordance with the agreement, the Company taking into consideration the long-term equity stability and the industry, will purchase the shares of TCLAD Technology Corporation held by the external shareholders under the premise of having sufficient funds. As a result, other liabilities were accrued amounting to \$272,448. The abovementioned agreement was also resolved by the Company's Board of Directors during their meeting on October 18, 2024.

(12) Bonds payable

A. On November 11, 2020, the Company's Board of Directors resolved to issue the first domestic unsecured convertible bonds. The issuance has been approved by the FSC and was issued on January 18, 2021. The issuance duration was from January 18, 2021 to January 18, 2024. An amount of \$264,700 had been paid in January 2024.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$16,374 were separated from the liability component and were recognised in "Capital surplus – share options" in accordance with IAS 32. The effective interest rate of the bonds payable after such separation was 1.5989%. Through January 18, 2024, the convertible corporate bonds with face value of \$95,300 have been converted into 944 thousand ordinary shares.

(13) Long-term borrowings

Type of borrowings	Borrowing period	Repayment term	Interest rate range	Collateral	March 31, 2025
Long-term bank borrowings					
Unsecured borrowings		Repayable in			
	2024/06/06~	instalment over	1.99%~		
	2027/08/30	the agreed period	2.12%	None	\$ 260,850
Secured borrowings		Repayable in			
	2024/08/30~	instalment over			
	2027/08/30	the agreed period	1.97%	Buildings	122,555
					383,405
Less: Long-term borrowings, current portion					(62,961)
					<u>\$ 320,444</u>

Type of borrowings	Borrowing period	Repayment term	Interest rate range	Collateral	December 31, 2024
Long-term bank borrowings					
Unsecured borrowings	2024/07/26~ 2027/08/30	Repayable in instalment over the agreed period	1.99%~ 2.00%	None	\$ 323,007
Secured borrowings	2024/06/06~ 2027/08/30	Repayable in instalment over the agreed period	1.97%~ 2.12%	Buildings	124,889
					447,896
Less: Long-term borrowings, current portion					(47,961)
					<u>\$ 399,935</u>

March 31, 2024: None.

(14) Pensions

- A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2.5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognized pension costs of \$185 and \$318 for the three months ended March 31, 2025 and 2024, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the next year amount to \$1,320.
- B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor

Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The Company's Mainland China subsidiary has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) The Group's US subsidiary has established a 401(K) pension plan in accordance with Section 401(K) of the Internal Revenue Code (IRC). All eligible employees can elect to have a certain portion of their salaries contributed to their individual pension accounts according to the contribution limit. The US subsidiary makes a matching contribution of no higher than 8% of each employee's salary to their individual pension accounts.
- (d) The pension costs under the defined contribution pension plans of the Group for the three months ended March 31, 2025 and 2024, were \$9,383 and \$8,802, respectively.
- C. In addition, effective in 2018, in order to provide for the pension of appointed managers, the Company has made provision for the pension at 4% of their total paid salaries monthly. Pension payments shall be taken from the provision when the managers actually retire. However, if such provision is insufficient, the deficiency shall be recognised as expenses for the year. Provision for appointed managers amounted to \$300 and \$300 for the three months ended March 31, 2025 and 2024, respectively.

(15) Share capital

As of March 31, 2025, the Company's authorised capital was \$1,000,000, consisting of 100,000 thousand shares of ordinary share (including 5 million shares reserved for employee stock options), and the paid-in capital was \$856,453 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	2025	2024
At January 1 / At March 31	85,645	85,645

(16) Capital surplus

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

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, except as legal reserve reaches an amount equal to the paid-in capital, then setting aside or reversing special reserve according to the resolution of shareholders during their meeting or the request by competent authorities. Appropriation of the remainder, and unappropriated retained earnings from prior years, shall be proposed by the Board of Directors and resolved at the shareholders' meeting.

In accordance with Article 240, Item 5 and Article 241, Item 2 of the Company Act, the Board of Directors is authorized by the Company to resolve the distribution of dividends, legal reserve and capital surplus, in whole or in part, in the form of cash, by a majority vote at its meeting attended by two-thirds of the total number of directors, will be reported to the shareholders, and shall not be subject to the resolution at the shareholders' meeting.

- B. Dividend policy: As the Company is in a rapidly changing industry and in the growth stage, and considering the Company's long-term financial plans, shareholders' long-term interest and stabilising performance target, cash dividend distribution shall not be lower than 10% of the total dividend distribution.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve based on debit balances of other equity items at the balance sheet date before distributing earnings. When debit balances of other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. The appropriations for 2024 earnings proposed by the Board of Directors on March 10, 2025, and the appropriations for 2023 earnings had been resolved at shareholders' meeting on June 13, 2024 are as follows:

	2024		2023	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 7,712		\$ 10,359	
Special reserve	176,532		19,771	
Cash dividends	149,879	\$ 1.75	85,645	\$ 1.00
	<u>\$ 334,123</u>		<u>\$ 115,775</u>	

As of March 10, 2025, the above mentioned 2024 earnings appropriation has not been resolved by the shareholders except for the cash dividends, which was approved by the Board of Directors.

F. The Company adopted the resolution of the Board of Directors on March 7, 2024 to distribute cash of \$42,823 (\$0.5 dollars per share) in proportion to the ownership interest of shareholders using capital surplus, which has been reported at the shareholders' meeting on June 13, 2024.

(18) Other equity items

	Financial statements translation difference of foreign operations	Others	Total
At January 1, 2025	\$ 62,697	(\$ 272,448)	(\$ 209,751)
Currency translation differences	29,178	-	29,178
At March 31, 2025	<u>\$ 91,875</u>	<u>(\$ 272,448)</u>	<u>(\$ 180,573)</u>

	Financial statements translation difference of foreign operations
At January 1, 2024	(\$ 33,220)
Currency translation differences	58,840
At March 31, 2024	<u>\$ 25,620</u>

(19) Operating revenue

	Three months ended March 31,	
	2025	2024
Sales revenue	<u>\$ 717,171</u>	<u>\$ 622,817</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major geographical regions:

Three months ended March 31, 2025	China	Taiwan	USA	Others	Total
Sales revenue	<u>\$ 339,645</u>	<u>\$ 82,068</u>	<u>\$ 212,816</u>	<u>\$ 82,642</u>	<u>\$ 717,171</u>
Three months ended March 31, 2024	China	Taiwan	USA	Others	Total
Sales revenue	<u>\$ 284,219</u>	<u>\$ 73,180</u>	<u>\$ 182,936</u>	<u>\$ 82,482</u>	<u>\$ 622,817</u>

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>	<u>January 1, 2024</u>
Contract liabilities:				
– Advance sales receipts	\$ <u>12,063</u>	\$ <u>3,515</u>	\$ <u>17,719</u>	\$ <u>14,114</u>

(b) Revenue recognised that was included in the contract liabilities balance at the beginning of the period:

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	\$ <u>2,846</u>	\$ <u>14,029</u>

(20) Interest income

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	\$ 507	\$ 1,633
Interest income from financial assets at amortised cost	3,667	1,298
Other interest income	3	-
	\$ <u>4,177</u>	\$ <u>2,931</u>

(21) Other income

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Rent income	\$ 12,828	\$ 14,055
Subsidy income	47	-
Other income, others	13,725	10,971
	\$ <u>26,600</u>	\$ <u>25,026</u>

(22) Other gains and losses

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Losses on disposals of property, plant and equipment	(\$ 1)	(\$ 341)
Net currency exchange gains	3,755	12,409
Losses on financial assets at fair value through profit or loss	-	(6,991)
Depreciation - investment property	(639)	(639)
Other losses	(1,329)	(867)
	\$ <u>1,786</u>	\$ <u>3,571</u>

(23) Finance costs

Three months ended March 31,	
2025	2024
\$ 6,891	\$ 5,335

Interest expense

(24) Expenses by nature

Three months ended March 31,	
2025	2024
\$ 251,275	\$ 239,325
49,978	48,271
7,000	8,559

Employee benefit expenses

Depreciation on property, plant and equipment (Note)

Amortisation on intangible assets

Note: Including investment property and right-of-use assets.

(25) Employee benefit expenses

Three months ended March 31,	
2025	2024
\$ 196,993	\$ 188,026
13,744	13,603
9,868	9,420
30,670	28,276
\$ 251,275	\$ 239,325

Wages and salaries

Labor and health insurance fees

Pension costs

Other personnel expenses

A. In accordance with Articles of Incorporation of the Company, employees' compensation and directors' remuneration shall be calculated based on a ratio of distributable profit of the current year, after covering accumulated losses. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 1.5% for directors' remuneration.

B. For the three months ended March 31, 2025 and 2024, employees' compensation were accrued at \$13,670 and \$8,660, respectively; while directors' remuneration were accrued at \$1,202 and \$770, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current period, the approximate ratios were 17.06% and 1.50%, respectively.

Employees' compensation and directors' remuneration for 2024 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2024 financial statements.

Information about the employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System."

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31,	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 30,019	\$ 14,551
Total current tax	30,019	14,551
Deferred tax:		
Origination and reversal of temporary differences	(1,508)	3,663
Total deferred tax	(1,508)	3,663
Income tax expense	\$ 28,511	\$ 18,214

(b) The income tax charged/(credited) to equity during the period: None.

B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(27) Earnings per share

	Three months ended March 31, 2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 37,047	85,645	\$ 0.43
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	37,047	85,645	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	871	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 37,047	86,516	\$ 0.43

	Three months ended March 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 26,277	85,645	\$ 0.31
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	26,277	85,645	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	-	2,621	
Employees' compensation	-	563	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 26,277	88,829	\$ 0.30

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Three months ended March 31,	
	2025	2024
Acquisition of property, plant and quipment	\$ 24,770	\$ 31,702
Net change of payable on machinery and equipment	5,508 (	2,995)
Net change of prepayments on machinery and equipment	(10,717)	16,009
Cash paid during the period	\$ 19,561	\$ 44,716

B. Financing activities with no cash flow effects:

	Three months ended March 31,	
	2025	2024
Dividends payable	\$ 149,879	\$ 128,468

(29) Changes in liabilities from financing activities

2025						
	Short-term borrowings	Lease liabilities	Long-term borrowings (including current portion)	Deposits-in	Dividends payable	Total liabilities from financing activities
At January 1	\$ 417,978	\$ 199,595	\$ 447,896	\$ 11,043	\$ -	\$ 1,076,512
Changes in cash flow from financing activities	51,578	(2,757)	(64,491)	-	-	(15,670)
Interest expense	-	829	-	-	-	829
Interest paid	-	(829)	-	-	-	(829)
Declaration of the cash dividends	-	-	-	-	149,879	149,879
Changes in other non- cash items	1,323	27	-	-	-	1,350
At March 31	<u>\$ 470,879</u>	<u>\$ 196,865</u>	<u>\$ 383,405</u>	<u>\$ 11,043</u>	<u>\$ 149,879</u>	<u>\$ 1,212,071</u>
2024						
	Short-term borrowings	Lease liabilities	Bonds payable	Deposits-in	Dividends payable (including cash distributed from capital surplus)	Total liabilities from financing activities
At January 1	\$ 484,514	\$ 194,525	\$ 264,700	\$ 11,043	\$ -	\$ 954,782
Changes in cash flow from financing activities	316,000	(3,108)	(264,700)	-	-	48,192
Interest expense	-	767	-	-	-	767
Interest paid	-	(767)	-	-	-	(767)
Declaration of the cash dividends	-	-	-	-	128,468	128,468
Changes in other non- cash items	4,345	10,347	-	-	-	14,692
At March 31	<u>\$ 804,859</u>	<u>\$ 201,764</u>	<u>\$ -</u>	<u>\$ 11,043</u>	<u>\$ 128,468</u>	<u>\$ 1,146,134</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Littelfuse, Inc.	The director of the Company

(2) Significant related party transactions and balances

A. Operating revenue

	Three months ended March 31,	
	2025	2024
Sales of goods:		
Littelfuse, Inc.	\$ 97,390	\$ 60,143

There are no significant differences in sales prices and collection terms between related parties and third parties.

B. Receivables from related parties:

	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable			
Littelfuse, Inc.	\$ 98,316	\$ 112,004	\$ 61,282

The receivables from related parties arise mainly from sale transactions. The receivables are due 90 days after the date of sale. The receivables are unsecured in nature and bear no interest.

(3) Key management compensation

	Three months ended March 31,	
	2025	2024
Short-term employee benefits	\$ 16,985	\$ 14,376
Post-employment benefits	463	429
	\$ 17,448	\$ 14,805

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	March 31, 2025	December 31, 2024	March 31, 2024	
Time deposit (shown as "Current financial assets at amortised cost")	\$ 3,421	\$ 4,502	\$ 123,703	Guarantee for customs and bond, performance guarantee, company card guarantee and guarantee for short-term borrowing
Time deposit (shown as "Non-current financial assets at amortised cost")	8,331	8,331	8,331	Guarantee for land lease in science park
Buildings and investment property	177,750	178,875	182,251	Guarantee for short-term borrowing credit line

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Property, plant and equipment	\$ 41,602	\$ 9,242	\$ 11,494

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital, issue new shares or dispose assets to reduce its liabilities.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 817,403	\$ 690,756	\$ 1,195,987
Financial assets at amortised cost	683,843	662,248	192,034
Notes receivable	93,329	87,413	183,426
Accounts receivable			
(including related parties)	563,314	661,678	463,799
Other receivables	25,701	21,830	21,197
Refundable deposits	12,726	12,597	10,963
	<u>\$ 2,196,316</u>	<u>\$ 2,136,522</u>	<u>\$ 2,067,406</u>

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial liabilities</u>			
Financial liabilities measured at fair value through profit or loss	\$ -	\$ -	\$ 1,989
Financial liabilities at amortised cost			
Short-term borrowings	\$ 470,879	\$ 417,978	\$ 804,859
Notes payable	1,654	4,162	35,213
Accounts payable	197,666	233,748	151,825
Other payables	424,707	288,886	345,175
Long-term borrowings (including current portion)	383,405	447,896	-
Other current liabilities	275,740	277,652	8,180
Deposits-in	11,043	11,043	11,043
	<u>\$ 1,765,094</u>	<u>\$ 1,681,365</u>	<u>\$ 1,356,295</u>
Lease liabilities	<u>\$ 196,865</u>	<u>\$ 199,595</u>	<u>\$ 201,764</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries using various functional currencies, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- Management has set up a policies to require group companies to manage their foreign exchange risk against their functional currencies. The companies are required to hedge

their entire foreign exchange risk exposure through coordination with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Foreign exchange forward contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

- iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2025					
		Foreign currency			
		amount		Exchange	Book value
		(in thousands)		rate	(NTD)
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	USD	10,883		33.205	\$ 361,370
USD:RMB	USD	697		7.2516	23,144
RMB:NTD	RMB	15,045		4.573	68,801
<u>Non-monetary items:</u> None.					
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	USD	2,716		33.205	\$ 90,185
USD:RMB	USD	119		7.2516	3,951
Non-monetary items: None.					

December 31, 2024					
		Foreign currency			
		amount	Exchange	Book value	
		(in thousands)	rate	(NTD)	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	USD	10,272	32.785	\$	336,763
USD:RMB	USD	690	7.2988		22,631
RMB:NTD	RMB	16,866	4.478		75,528
<u>Non-monetary items:</u> None.					
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	USD	2,321	32.785	\$	76,096
RMB:NTD	RMB	2,825	4.478		12,649
USD:RMB	USD	189	7.2988		6,212
JPY:NTD	JPY	20,919	0.2099		4,391
Non-monetary items: None.					

March 31, 2024				
Foreign currency			Exchange rate	Book value (NTD)
amount				
(in thousands)				
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	11,665	32.00	\$ 373,296
USD:RMB	USD	823	7.223	26,202
<u>Non-monetary items:</u> None.				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	176	32.00	\$ 5,618
USD:RMB	USD	148	7.223	4,723
<u>Non-monetary items:</u> None.				

- iv. The total exchange (losses) gain, including realised and unrealised arising from significant foreign exchange variations on the monetary items held by the Group for the three months ended March 31, 2025 and 2024, amounted to \$3,755 and \$12,409, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variations:

Three months ended March 31, 2025				
Sensitivity analysis				
	Degree of variation	Effect on profit (loss)		Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	3,614	\$ -
USD:RMB	1%		231	-
RMB:NTD	1%		688	-
<u>Non-monetary items:</u> None.				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	902)	\$ -
USD:RMB	1%	(	40)	-
Non-monetary items: None.				

Three months ended March 31, 2024			
Sensitivity analysis			
	Degree of variation	Effect on profit (loss)	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 3,733	\$ -
USD:RMB	1%	262	-
<u>Non-monetary items:</u> None.			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 56)	\$ -
USD:RMB	1%	(47)	-
<u>Non-monetary items:</u> None.			

Price risk

- i. The Group's investments in equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in derivatives, and the prices would change due to the change of the future value of investment targets. If the prices of these derivatives had increased/decreased by 1% with all other variables held constant, post-tax profit for the three months ended March 31, 2025 and 2024 would have increased/decreased by \$0 and \$16, respectively, as a result of gains/losses on derivatives classified as at fair value through profit or loss.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
- If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Group classifies customers' accounts receivable, contract assets and rents receivable in accordance with customer types. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vii. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On March 31, 2025, December 31, 2024 and March 31, 2024, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days	Total
<u>At March 31, 2025</u>						
Expected loss rate	0.01%	0.32%~1.91%	2.48%~25.07%	22.85%~48.03%	84.29%~100%	
Total book value	\$ 494,130	\$ 52,499	\$ 15,386	\$ 1,066	\$ 4,455	\$ 567,536
Loss allowance	\$ -	\$ -	\$ 40	\$ 213	\$ 3,969	\$ 4,222

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days	Total
<u>At December 31, 2024</u>						
Expected loss rate	0.01%	0.33%~2.05%	2.51%~27.02%	23.50%~51.99%	75.1%~100%	
Total book value	\$ 531,391	\$ 104,119	\$ 21,529	\$ 685	\$ 8,947	\$ 666,671
Loss allowance	\$ -	\$ -	\$ 189	\$ 182	\$ 4,622	\$ 4,993

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days	Total
<u>At March 31, 2024</u>						
Expected loss rate	0.01%	0.31%~2.29%	2.27%~29.53%	14.33%~32.11%	58.46%~100%	
Total book value	\$ 425,800	\$ 30,786	\$ 1,564	\$ 6,807	\$ 21,791	\$ 486,748
Loss allowance	\$ -	\$ -	\$ 327	\$ 1,305	\$ 21,317	\$ 22,949

- viii. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable and notes receivable is as follows:

	2025	
	Accounts receivable	Notes receivable
At January 1	\$ 4,993	\$ -
Reversal of impairment loss	(577)	-
Effect of foreign exchange	(194)	-
At March 31	\$ 4,222	\$ -

	2024	
	Accounts receivable	Notes receivable
At January 1	\$ 21,430	\$ -
Provision for impairment	1,193	-
Effect of foreign exchange	326	-
At March 31	<u>\$ 22,949</u>	<u>\$ -</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.
- ii. The Group has the following undrawn borrowing facilities:

	March 31, 2025	December 31, 2024	March 31, 2024
Floating rate:			
Expiring within one year	<u>\$ 1,433,845</u>	<u>\$ 2,161,456</u>	<u>\$ 1,853,540</u>

The facilities expiring within one year are annual facilities subject to review and renegotiation at various dates during 2025.

- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Less than 3	Between 3	Between 1	Between 2	Over
March 31, 2025	months	months	and 2 years	and 5 years	5 years
Short-term borrowings	\$ 105,569	\$ 365,310	\$ -	\$ -	\$ -
Notes payable	1,654	-	-	-	-
Accounts payable	177,299	20,367	-	-	-
Lease liabilities	3,588	10,522	13,451	21,731	151,670
Other payables	-	424,707	-	-	-
Other current liabilities	-	275,740	-	-	-
Long-term borrowings	4,955	63,914	73,923	248,798	-
Deposits-in	-	-	11,043	-	-

Non-derivative financial liabilities:

	Less than 3	Between 3	Between 1	Between 2	Over
December 31, 2024	months	months	and 2 years	and 5 years	5 years
		and 1 year			
Short-term borrowings	\$ 249,821	\$ 168,459	\$ -	\$ -	\$ -
Notes payable	4,162	-	-	-	-
Accounts payable	211,919	21,829	-	-	-
Lease liabilities	3,585	10,602	13,975	23,536	152,799
Other payables	-	288,886	-	-	-
Other current liabilities	-	277,652	-	-	-
Long-term borrowings	5,243	45,545	89,052	312,065	-
Deposits-in	-	-	11,043	-	-

Non-derivative financial liabilities:

	Less than 3	Between 3	Between 1	Between 2	Over
March 31, 2024	months	months	and 2 years	and 5 years	5 years
		and 1 year			
Short-term borrowings	\$ 100,000	\$ 704,859	\$ -	\$ -	\$ -
Notes payable	35,213	-	-	-	-
Accounts payable	126,764	25,061	-	-	-
Lease liabilities	3,332	9,699	12,143	27,007	156,186
Other payables	-	345,175	-	-	-
Other current liabilities	-	8,180	-	-	-
Deposits-in	-	-	11,043	-	-

Derivative financial liabilities:

March 31, 2025: None.

Derivative financial liabilities:

December 31, 2024: None.

Derivative financial liabilities:

	Less than 3	Between 3	Between 1	Between 2	Over
March 31, 2024	months	months	and 2 years	and 5 years	5 years
		and 1 year			
Foreign exchange contracts	\$ 1,989	\$ -	\$ -	\$ -	\$ -

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) 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.

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

March 31, 2025 and December 31, 2024: None.

<u>March 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss-forward				
foreign exchange contracts	\$ -	(\$ 1,989)	\$ -	(\$ 1,989)

- C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- F. Significant inter-company transactions during the reporting period: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in mainland China): Please refer to table 4.

(3) Information on investments in mainland China

- A. Basic information: Please refer to table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the mainland China: Please refer to table 6.

14. SEGMENT INFORMATION

(1) General information

The Group mainly operates in a single industry. The Chief Operating Decision-Maker reviews the Group's reporting to assess performance and allocate resources. The Group mainly has only one reportable segment.

(2) Segment information

The Group's Chief Operating Decision-Maker evaluates the performance of the operating segment based on the consolidated financial statements. The accounting policies of the operating segment are in line with the significant accounting policies summarised in Note 4.

(3) Information about segment profit or loss, assets and liabilities

	Three months ended March 31,	
	2025	2024
Revenue from external customers	\$ 717,171	\$ 622,817
Inter-segment revenue	\$ -	\$ -
Segment income	\$ 48,370	\$ 17,706
Segment assets	\$ 4,412,626	\$ 4,410,852

(4) Reconciliation for segment income (loss), assets and liabilities

None.

Polytronics Technology Corp. and Subsidiaries

Loans to others

Three months ended March 31, 2025

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three months ended March 31, 2025	Balance at March 31, 2025	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note)	Ceiling on total loans granted (Note)	Footnote
														Item				Value
0	Polytronics Technology Corp.	TCLAD Technology Corporation	Other receivables - related party	Y	\$ 132,820	\$ 132,820	\$ 99,615	4.70%	Short-term financing	\$ -	Operational need	\$ -	-	\$ -	\$ 905,437	\$ 905,437	
1	TCLAD Technology Corporation	TCLAD Inc.	Other receivables - related party	Y	33,205	33,205	-	-	Short-term financing	-	Operational need	-	-	-	147,064	147,064	
1	TCLAD Technology Corporation	TCLAD Europe GmbH	Other receivables - related party	Y	33,205	33,205	-	-	Short-term financing	-	Operational need	-	-	-	147,064	147,064	

Note : Follow the group policy “Procedure for Provision of Loans”.

Polytronics Technology Corp. and Subsidiaries
Provision of endorsements and guarantees to others
Three months ended March 31, 2025

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of March 31, 2025	Outstanding endorsement/ guarantee amount at March 31, 2025	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note)	Provision of endorsements/ guarantees by parent company to subsidiary (Note)	Provision of endorsements/ guarantees by subsidiary to parent company (Note)	Provision of endorsements/ guarantees to the party in mainland China (Note)
		Company name	Relationship with the endorser/ guarantor										
0	Polytronics Technology Corp.	Kunshan Polystar Electronics Co., Ltd.	100% owned subsidiary	\$ 2,263,593	\$ 82,050	\$ 49,808	\$ -	\$ -	2.12%	\$ 3,395,390	Y	N	Y
0	Polytronics Technology Corp.	TCLAD Technology Corporation	A subsidiary which had 80.94% equity interests directly owned by the Company	2,263,593	1,035,000	1,035,000	380,000	\$ -	44.09%	3,395,390	Y	N	N
0	Polytronics Technology Corp.	TCLAD Inc.	A subsidiary which had 80.94% equity interests indirectly owned by the Company	2,263,593	249,038	249,038	99,616	-	10.61%	3,395,390	Y	N	N

Note : Follow the company policy “Procedure for Provision of Endorsements and Guarantees to Others”.

Table 3

Polytronics Technology Corp. and Subsidiaries

Significant inter-company transactions during the reporting period

Three months ended March 31, 2025

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Polytronics Technology Corp.	Kunshan Polystar Electronics Co., Ltd.	1	Sales	\$ 89,649	Net 60 days	14%
0	"	"	1	Purchases	14,938	Net 45 days	2%
0	"	"	1	Processing charges	16,218	Net 45 days	3%
0	"	"	1	Accounts receivable	51,486	Net 60 days	1%
0	"	"	1	Accounts payable	69,526	Net 45 days	2%
0	"	TCLAD Technology Corporation	1	Sales	4,261	Net 30 days	1%
0	"	"	1	Accounts receivable	4,261	Net 30 days	0%
0	"	"	1	Other receivables	101,728	Collection and payment based on an agreed time	2%
0	"	"	1	Accounts payable	16,403	Net 60 days	0%
0	"	"	1	Interest income	1,214	Collection and payment based on an agreed time	0%
0	"	"	1	Rental income	1,557	Collection and payment based on an agreed time	0%
0	"	"	1	Purchases	16,331	Net 60 days	3%
1	TCLAD Technology Corporation	TCLAD Inc.	3	Purchases	111,632	Net 30 days	18%
1	"	"	3	Accounts payable	21,466	Collection and payment based on an agreed time	0%
1	"	"	3	Sales	2,500	Net 90 days	0%
1	"	"	3	Accounts receivable	2,641	Collection and payment based on an agreed time	0%
1	"	TCLAD Europe GmbH	3	Sales	10,816	Net 90 days	2%
1	"	"	3	Accounts receivable	10,465	Collection and payment based on an agreed time	0%
1	"	Suzhou TCLAD Electronic Technology Co., Ltd	3	Purchases	3,237	Net 60 days	1%
1	"	Kunshan Polystar Electronics Co., Ltd.	3	Sales	16,824	Net 60 days	3%
1	"	"	3	Accounts receivable	10,777	Collection and payment based on an agreed time	0%
1	"	"	3	Purchases	43,051	Net 60 days	7%
1	"	"	3	Accounts payable	10,254	Collection and payment based on an agreed time	0%
2	TCLAD Inc.	TCLAD Europe GmbH	3	Sales	3,368	Net 90 days	1%
2	"	"	3	Accounts receivable	2,993	Collection and payment based on an agreed time	0%
2	Suzhou TCLAD Electronic Technology Co., Ltd	Kunshan Polystar Electronics Co., Ltd.	3	Accounts payable	95,214	Collection and payment based on an agreed time	2%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following six categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

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

Note 3: Only transactions above NT\$1 million are disclosed. Transactions of related parties are not further disclosed here.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Polytronics Technology Corp. and Subsidiaries

Information on investees

Three months ended March 31, 2025

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2025			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at March 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value	of the investee for the three months ended March 31, 2025	recognised by the Company for the three months ended March 31, 2025	
Polytronics Technolgy Corp.	Polytronics (B.V.I.) Corporation	British Virgin Islands	Investment and general business operations	\$ 255,004	\$ 255,004	2,644	100	\$ 1,175,331	\$ 6,632	\$ 6,632	Subsidiary
Polytronics Technolgy Corp.	TCLAD Technology Corporation	Taiwan	Manufacturing of the thermal conductive board	759,690	759,690	32,139	80.94	297,585 (	85,368) (	72,050)	Subsidiary
TCLAD Technology Corporation	TCLAD Inc.	America	Manufacturing of the thermal conductive board	1,605,681	1,572,666	-	100	665,138 (	82,130) (	83,363)	Subsidiary
TCLAD Technology Corporation	TCLAD Eurpoe GmbH	Germany	Manufacturing of the thermal conductive board	5,732	5,732	170	85 (	4,297) (	1,353) (	1,506)	Subsidiary

Table 4

Polytronics Technology Corp. and Subsidiaries
Information on investments in Mainland China
Three months ended March 31, 2025

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to mainland China as of January 1, 2025 (Note 2)	Amount remitted from Taiwan to mainland China/ amount remitted back to Taiwan for the three months ended March 31, 2025		Accumulated amount of remittance from Taiwan to mainland China as of March 31, 2025	Net income of investee for the three months ended March 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2025 (Note 3)	Book value of investments in mainland China as of March 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2025	Footnote
					Remitted to mainland China	Remitted back to Taiwan							
Kunshan Polystar Electronics Co., Ltd. (Note 2)	Production and sale of varistor and potentiometer	\$ 722,276	2	\$ 214,504	\$ -	\$ -	\$ 214,504	\$ 6,295	100	\$ 6,295	\$ 1,157,586	\$ -	
PolyStellar Electronics Co., Ltd.	Production and sale of resistors, discrete semiconductor devices and other resistive elements	91,580	3	-	-	-	-	93	100	93	102,605	-	
Suzhou TCLAD Electronic Technology Co., Ltd	Manufacturing of the thermal conductive board	13,224	1	13,224	-	-	13,224	(43)	80.94 (	43)	12,450	-	
Company name	Accumulated amount of remittance from Taiwan to mainland China as of March 31, 2025	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in mainland China imposed by the Investment Commission of MOEA										
Polytronics Technology Corp.	\$ 214,504	\$ 722,276	\$ 1,358,156										

Note 1: Investment methods are classified into the following six categories; fill in the number of category each case belongs to:
(1) Directly invest in a company in mainland China.
(2) Through investing in an existing company in the third area, which then invested in the investee in mainland China.
(3) Others

Note 2: Including retained earnings capitalized of RMB\$89,286 and RMB\$16,964 (In thousands of dollars).

Note 3: Investment income (loss) were recognized based on the financial statements reviewed by R.O.C. parent company's CPA.

Note 4: Under the ‘Regulations Governing the Permission of Investment or Technical Cooperation in mainland Area’, ceiling of accumulated investment in mainland China may not exceed 60% of the net assets.

Note 5: Mainland China’s investees information are translated using the exchange rates of USD:NTD = 1:32.899 and RMB:TWD = 1:4.514 for recognised investment income (loss) and remaining using the exchange rates of USD:NTD=1:33.205 and RMB:TWD = 1:4.573.

Polytronics Technology Corp. and Subsidiaries

Significant transactions conducted with investees in mainland China directly or indirectly through other companies in the third areas

Three months ended March 31, 2025

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 6

Investee in mainland China	Sales (purchase)		Accounts receivable		Financing				Others-processing charges	
			(payable)		Maximum balance during		Interest during the three		Balance at	
	Amount	%	March 31, 2025	%	the three months ended March 31, 2025	Balance at March 31, 2025	Interest rate	months ended March 31, 2025	March 31, 2025	%
Kunshan Polystar Electronics Co., Ltd.	\$ 89,649	0.01%	\$ 51,486	0.00%	\$ -	\$ -	-	\$ -	\$ -	-
Kunshan Polystar Electronics Co., Ltd.	(14,938)	20.6%	(69,526)	35%	-	-	-	-	(16,218)	20%

Table 6