

**POLYTRONICS TECHNOLOGY CORP. AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT**

SIX MONTHS ENDED JUNE 30, 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

PWCR25000090

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 June 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six 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 June 30, 2025 and 2024, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six 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

August 11, 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
JUNE 30, 2025, DECEMBER 31, 2024 AND JUNE 30, 2024
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	June 30, 2025		December 31, 2024		June 30, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 635,728	16	\$ 690,756	16	\$ 903,954	20
1136	Current financial assets at	6(3) and 8						
	amortised cost		536,329	14	631,458	14	433,626	10
1150	Notes receivable, net	6(4)	98,608	3	87,413	2	162,307	4
1170	Accounts receivable, net	6(4)	438,834	11	549,674	13	425,890	10
1180	Accounts receivable - related	6(4) and 7						
	parties, net		97,221	3	112,004	3	77,253	2
1200	Other receivables		23,486	1	21,830	-	18,821	-
130X	Inventories	6(5)	553,905	14	625,006	14	644,798	15
1410	Prepayments		58,392	1	63,675	1	76,578	2
1470	Other current assets		3,165	-	1,863	-	2,873	-
11XX	Total current assets		2,445,668	63	2,783,679	63	2,746,100	63
Non-current assets								
1535	Non-current financial assets at	6(3) and 8						
	amortised cost		28,776	1	30,790	1	8,331	-
1600	Property, plant and equipment	6(6) and 8	1,004,582	26	1,100,444	25	1,099,235	25
1755	Right-of-use assets	6(7)	179,386	5	201,744	5	201,960	5
1760	Investment property, net	6(9) and 8	100,044	2	101,321	2	102,597	2
1780	Intangible assets		110,849	3	130,917	3	151,340	4
1840	Deferred income tax assets		20,482	-	17,075	-	17,011	-
1900	Other non-current assets		18,366	-	28,358	1	58,348	1
15XX	Total non-current assets		1,462,485	37	1,610,649	37	1,638,822	37
1XXX	Total assets		\$ 3,908,153	100	\$ 4,394,328	100	\$ 4,384,922	100

(Continued)

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2025, DECEMBER 31, 2024 AND JUNE 30, 2024
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	June 30, 2025		December 31, 2024		June 30, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(10)	\$ 554,391	14	\$ 417,978	10	\$ 800,082	18
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	-	-	285	-
2130	Current contract liabilities	6(20)	4,810	-	3,515	-	22,505	1
2150	Notes payable		3,983	-	4,162	-	45,837	1
2170	Accounts payable		195,101	5	233,748	5	149,906	4
2200	Other payables	6(11)	235,686	6	288,886	7	190,919	4
2230	Current income tax liabilities		76,226	2	59,989	2	56,049	1
2280	Current lease liabilities		10,710	-	10,927	-	9,929	-
2320	Long-term liabilities, current portion	6(14)	100,000	3	47,961	1	-	-
2399	Other current liabilities, others	6(12)	276,178	7	277,652	6	8,846	-
21XX	Total current liabilities		<u>1,457,085</u>	<u>37</u>	<u>1,344,818</u>	<u>31</u>	<u>1,284,358</u>	<u>29</u>
	Non-current liabilities							
2540	Long-term borrowings	6(14)	150,000	4	399,935	9	100,000	2
2580	Non-current lease liabilities		168,132	4	188,668	4	189,048	5
2600	Other non-current liabilities		28,683	1	28,728	1	38,943	1
25XX	Total non-current liabilities		<u>346,815</u>	<u>9</u>	<u>617,331</u>	<u>14</u>	<u>327,991</u>	<u>8</u>
2XXX	Total liabilities		<u>1,803,900</u>	<u>46</u>	<u>1,962,149</u>	<u>45</u>	<u>1,612,349</u>	<u>37</u>
	Equity							
	Equity attributable to owners of parent							
	Share capital	6(16)						
3110	Common stock		856,453	22	856,453	19	856,453	20
	Capital surplus	6(17)						
3200	Capital surplus		528,724	14	528,724	12	543,984	12
	Retained earnings	6(18)						
3310	Legal reserve		636,525	16	628,813	14	628,813	14
3320	Special reserve		209,752	5	33,220	1	33,220	1
3350	Unappropriated retained earnings		247,153	6	509,788	12	497,353	11
	Other equity interest	6(19)						
3400	Other equity interest		(370,531)	(9)	(209,751)	(5)	41,174	1
3500	Treasury stocks	6(16)	(45,786)	(1)	-	-	-	-
31XX	Equity attributable to owners of parent		<u>2,062,290</u>	<u>53</u>	<u>2,347,247</u>	<u>53</u>	<u>2,600,997</u>	<u>59</u>
36XX	Non-controlling interests		<u>41,963</u>	<u>1</u>	<u>84,932</u>	<u>2</u>	<u>171,576</u>	<u>4</u>
3XXX	Total equity		<u>2,104,253</u>	<u>54</u>	<u>2,432,179</u>	<u>55</u>	<u>2,772,573</u>	<u>63</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the reporting period	11						
3X2X	Total liabilities and equity		<u>\$ 3,908,153</u>	<u>100</u>	<u>\$ 4,394,328</u>	<u>100</u>	<u>\$ 4,384,922</u>	<u>100</u>

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2025		2024		2025		2024	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(20) and 7	\$ 759,598	100	\$ 674,070	100	\$ 1,476,769	100	\$ 1,296,887	100
5000 Operating costs	6(5)	(523,284)	(69)	(472,887)	(70)	(1,014,091)	(69)	(919,016)	(71)
5950 Net operating margin		<u>236,314</u>	<u>31</u>	<u>201,183</u>	<u>30</u>	<u>462,678</u>	<u>31</u>	<u>377,871</u>	<u>29</u>
Operating expenses	6(25)(26)								
6100 Selling and marketing expenses		(66,975)	(9)	(57,499)	(9)	(129,583)	(9)	(107,515)	(8)
6200 General and administrative expenses		(76,785)	(10)	(82,060)	(12)	(161,635)	(11)	(159,738)	(13)
6300 Research and development expenses		(54,587)	(7)	(63,594)	(9)	(111,372)	(7)	(119,882)	(9)
6450 Expected credit gains (losses)	12(2)	<u>418</u>	<u>-</u>	<u>(295)</u>	<u>-</u>	<u>995</u>	<u>-</u>	<u>(1,488)</u>	<u>-</u>
6000 Total operating expenses		<u>(197,929)</u>	<u>(26)</u>	<u>(203,448)</u>	<u>(30)</u>	<u>(401,595)</u>	<u>(27)</u>	<u>(388,623)</u>	<u>(30)</u>
6900 Operating profit (loss)		<u>38,385</u>	<u>5</u>	<u>(2,265)</u>	<u>-</u>	<u>61,083</u>	<u>4</u>	<u>(10,752)</u>	<u>(1)</u>
Non-operating income and expenses									
7100 Interest income	6(21)	5,408	1	5,735	1	9,585	1	8,666	1
7010 Other income	6(22)	23,611	3	33,157	5	50,211	3	58,183	5
7020 Other gains and losses	6(23)	(23,193)	(3)	609	-	(21,407)	(1)	4,180	-
7050 Finance costs	6(24)	(5,423)	(1)	(6,075)	(1)	(12,314)	(1)	(11,410)	(1)
7000 Total non-operating income and expenses		<u>403</u>	<u>-</u>	<u>33,426</u>	<u>5</u>	<u>26,075</u>	<u>2</u>	<u>59,619</u>	<u>5</u>
7900 Profit before income tax		<u>38,788</u>	<u>5</u>	<u>31,161</u>	<u>5</u>	<u>87,158</u>	<u>6</u>	<u>48,867</u>	<u>4</u>
7950 Income tax expense	6(27)	<u>(16,922)</u>	<u>(2)</u>	<u>(16,342)</u>	<u>(3)</u>	<u>(45,433)</u>	<u>(3)</u>	<u>(34,556)</u>	<u>(3)</u>
8200 Profit for the period		<u>\$ 21,866</u>	<u>3</u>	<u>\$ 14,819</u>	<u>2</u>	<u>\$ 41,725</u>	<u>3</u>	<u>\$ 14,311</u>	<u>1</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(19)	<u>(\$ 204,769)</u>	<u>(27)</u>	<u>\$ 18,786</u>	<u>3</u>	<u>(\$ 173,986)</u>	<u>(12)</u>	<u>\$ 68,113</u>	<u>5</u>
8360 Components of other comprehensive income (loss) that may be subsequently reclassified to profit or loss		<u>(204,769)</u>	<u>(27)</u>	<u>18,786</u>	<u>3</u>	<u>(173,986)</u>	<u>(12)</u>	<u>68,113</u>	<u>5</u>
8300 Other comprehensive income (loss) for the period, net of income tax		<u>(\$ 204,769)</u>	<u>(27)</u>	<u>\$ 18,786</u>	<u>3</u>	<u>(\$ 173,986)</u>	<u>(12)</u>	<u>\$ 68,113</u>	<u>5</u>
8500 Total comprehensive income (loss) for the period		<u>(\$ 182,903)</u>	<u>(24)</u>	<u>\$ 33,605</u>	<u>5</u>	<u>(\$ 132,261)</u>	<u>(9)</u>	<u>\$ 82,424</u>	<u>6</u>
Profit (loss) attributable to:									
8610 Owners of parent		\$ 34,441	5	\$ 38,407	6	\$ 71,488	5	\$ 64,684	5
8620 Non-controlling interests		<u>(12,575)</u>	<u>(2)</u>	<u>(23,588)</u>	<u>(4)</u>	<u>(29,763)</u>	<u>(2)</u>	<u>(50,373)</u>	<u>(4)</u>
Total		<u>\$ 21,866</u>	<u>3</u>	<u>\$ 14,819</u>	<u>2</u>	<u>\$ 41,725</u>	<u>3</u>	<u>\$ 14,311</u>	<u>1</u>
Total comprehensive income (loss) attributable to:									
8710 Owners of parent		<u>(\$ 155,517)</u>	<u>(20)</u>	<u>\$ 53,961</u>	<u>8</u>	<u>(\$ 89,292)</u>	<u>(6)</u>	<u>\$ 139,078</u>	<u>10</u>
8720 Non-controlling interests		<u>(27,386)</u>	<u>(4)</u>	<u>(20,356)</u>	<u>(3)</u>	<u>(42,969)</u>	<u>(3)</u>	<u>(56,654)</u>	<u>(4)</u>
Total		<u>(\$ 182,903)</u>	<u>(24)</u>	<u>\$ 33,605</u>	<u>5</u>	<u>(\$ 132,261)</u>	<u>(9)</u>	<u>\$ 82,424</u>	<u>6</u>
9750 Basic earnings per share (in dollars)	6(28)	<u>\$ 0.40</u>		<u>\$ 0.45</u>		<u>\$ 0.84</u>		<u>\$ 0.76</u>	
9850 Diluted earnings per share (in dollars)	6(28)	<u>\$ 0.40</u>		<u>\$ 0.43</u>		<u>\$ 0.83</u>		<u>\$ 0.73</u>	

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 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	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Other equity, others	Treasury stocks	Total	Non-controlling interests	Total equity
Notes		Common stock	Additional paid-in capital	Treasury stock transactions												
<u>Six months ended June 30, 2024</u>																
		\$ 856,453	\$ 519,716	\$ 14,924	\$ 5,492	\$ 30,563	\$ 12,040	\$ 618,454	\$ 13,449	\$ 548,444	(\$ 33,220)	\$ -	\$ -	\$ 2,586,315	\$ 228,230	\$ 2,814,545
		-	-	-	-	-	-	-	-	64,684	-	-	-	64,684	(50,373)	14,311
	6(19)	-	-	-	-	-	-	-	-	-	74,394	-	-	74,394	(6,281)	68,113
		-	-	-	-	-	-	-	-	64,684	74,394	-	-	139,078	(56,654)	82,424
Distribution of 2023 earnings: 6(18)																
		-	-	-	-	-	-	10,359	-	(10,359)	-	-	-	-	-	-
		-	-	-	-	-	-	-	19,771	(19,771)	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	(85,645)	-	-	-	(85,645)	-	(85,645)
	6(18)	-	(42,823)	-	-	-	-	-	-	-	-	-	-	(42,823)	-	(42,823)
		-	(5,696)	-	9,768	-	-	-	-	-	-	-	-	4,072	-	4,072
		\$ 856,453	\$ 471,197	\$ 14,924	\$ 15,260	\$ 30,563	\$ 12,040	\$ 628,813	\$ 33,220	\$ 497,353	\$ 41,174	\$ -	\$ -	\$ 2,600,997	\$ 171,576	\$ 2,772,573
<u>Six months ended June 30, 2025</u>																
		\$ 856,453	\$ 471,197	\$ 14,924	\$ -	\$ 30,563	\$ 12,040	\$ 628,813	\$ 33,220	\$ 509,788	\$ 62,697	(\$ 272,448)	\$ -	\$ 2,347,247	\$ 84,932	\$ 2,432,179
		-	-	-	-	-	-	-	-	71,488	-	-	-	71,488	(29,763)	41,725
	6(19)	-	-	-	-	-	-	-	-	-	(160,780)	-	-	(160,780)	(13,206)	(173,986)
		-	-	-	-	-	-	-	-	71,488	(160,780)	-	-	(89,292)	(42,969)	(132,261)
Distribution of 2024 earnings: 6(18)																
		-	-	-	-	-	-	7,712	-	(7,712)	-	-	-	-	-	-
		-	-	-	-	-	-	-	176,532	(176,532)	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	(149,879)	-	-	-	(149,879)	-	(149,879)
	6(16)	-	-	-	-	-	-	-	-	-	-	-	(45,786)	(45,786)	-	(45,786)
		\$ 856,453	\$ 471,197	\$ 14,924	\$ -	\$ 30,563	\$ 12,040	\$ 636,525	\$ 209,752	\$ 247,153	(\$ 98,083)	(\$ 272,448)	(\$ 45,786)	\$ 2,062,290	\$ 41,963	\$ 2,104,253

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Six months ended June 30	
	Notes	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 87,158	\$ 48,867
Adjustments			
Adjustments to reconcile profit (loss)			
Net profit on financial assets at fair value through profit or loss		-	3,269
Expected credit (gains) losses	12(2)	(995)	1,488
Depreciation	6(25)	96,588	97,939
Amortisation	6(25)	13,662	16,946
Interest expense	6(24)	12,314	11,410
Interest income	6(21)	(9,585)	(8,666)
Losses on disposal of property and equipment	6(23)	205	341
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(11,195)	13,080
Accounts receivable		111,835	(6,768)
Accounts receivable - related parties		14,783	(22,125)
Other receivables		(1,656)	(958)
Inventories		71,101	(7,651)
Prepayments		5,283	(29,376)
Other current assets		(1,302)	(1,399)
Changes in operating liabilities			
Contract liabilities		1,295	8,391
Notes payable		(179)	7,239
Accounts payable		(38,647)	(13,105)
Other payables		(57,004)	(55,816)
Other current liabilities		(1,474)	(52)
Defined benefit liabilities		(15)	(4,785)
Other non-current liabilities		(30)	(214)
Cash inflow generated from operations		292,142	58,055
Interest received		9,585	8,666
Interest paid		(12,314)	(11,410)
Income tax paid		(32,650)	(32,258)
Net cash flows from operating activities		256,763	23,053

(Continued)

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Six months ended June 30	
	Notes	2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 216,518)	(\$ 329,038)
Proceeds from disposal of financial assets at amortised cost		272,223	78,887
Acquisition of property, plant and equipment	6(29)	(42,554)	(77,017)
Proceeds from disposal of property, plant and equipment		30	3,848
Acquisition of intangible assets		(5,632)	(2,307)
Decrease (increase) in refundable deposits		640	(422)
Net cash flows from (used in) investing activities		8,189	(326,049)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(30)	539,355	926,000
Repayment of short-term borrowings	6(30)	(394,513)	(616,254)
Proceeds from long-term borrowings	6(30)	-	100,000
Repayment of long-term borrowings	6(30)	(197,896)	-
Repayment of corporate bonds	6(30)	-	(264,700)
Repayment of lease liabilities	6(30)	(5,529)	(5,911)
Cash dividends paid (including cash distributed from capital surplus)	6(18)	(149,879)	(128,468)
Purchase of treasury stocks	6(16)	(45,786)	-
Net cash flows (used in) from financing activities		(254,248)	10,667
Effect of exchange rate		(65,732)	42,340
Net decrease in cash and cash equivalents		(55,028)	(249,989)
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)	\$ 635,728	\$ 903,954

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 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 August 11, 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 2026 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
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
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

(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
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 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027

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
			June 30, 2025	December 31, 2024	June 30, 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 June 30, 2025, December 31, 2024, and June 30, 2024, the non-controlling interests amounted to \$41,963, \$84,932 and \$171,576, respectively. The information of non-controlling interests and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interests June 30, 2025		Description
		Amount	Ownership (%)	
TCLAD Technology Corporation	Taiwan	\$ 41,963	19.06%	

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

Name of subsidiary	Principal place of business	Non-controlling interests June 30, 2024		Description
		Amount	Ownership (%)	
TCLAD Technology Corporation	Taiwan	\$ 171,576	33.04%	

Balance sheet:

	TCLAD Technology Corporation and Subsidiaries		
	June 30, 2025	December 31, 2024	June 30, 2024
Current assets	\$ 571,550	\$ 644,130	\$ 689,926
Non-current assets	556,830	650,957	694,442
Current liabilities	(732,784)	(602,269)	(585,531)
Non-current liabilities	(172,585)	(245,213)	(275,459)
Total net assets	\$ 223,011	\$ 447,605	\$ 523,378

Statement of comprehensive income:

TCLAD Technology Corporation and Subsidiaries		
	April 1, 2025 to June 30, 2025	April 1, 2024 to June 30, 2024
Revenue	\$ 297,712	\$ 290,030
Loss before income tax	(65,735)	(70,014)
Income tax expense	(330)	(135)
Loss for the period	(66,065)	(70,149)
Other comprehensive (loss) income, net of income tax	(77,858)	9,801
Total comprehensive loss	(\$ 143,923)	(\$ 60,348)
Total comprehensive loss attributable to non-controlling interests	\$ 55	(\$ 625)
Dividends paid to non-controlling interests	\$ -	\$ -

TCLAD Technology Corporation and Subsidiaries		
	January 1, 2025 to June 30, 2025	January 1, 2024 to June 30, 2024
Revenue	\$ 564,503	\$ 538,950
Loss before income tax	(154,640)	(140,476)
Income tax expense	(663)	(216)
Loss for the period	(155,303)	(140,692)
Other comprehensive (loss) income, net of income tax	(69,291)	38,344
Total comprehensive loss	(\$ 224,594)	(\$ 102,348)
Total comprehensive loss attributable to non-controlling interests	(\$ 201)	(\$ 1,202)
Dividends paid to non-controlling interests	\$ -	\$ -

Statement of cash flows:

TCLAD Technology Corporation and Subsidiaries		
	January 1, 2025 to June 30, 2025	January 1, 2024 to June 30, 2024
Net cash used in operating activities	(\$ 48,925)	(\$ 164,568)
Net cash (used in) provided by investing activities	(2,349)	33,700
Net cash provided by financing activities	98,059	154,529
Effect of exchange rates	(20,135)	24,163
Increase in cash and cash equivalents	26,650	47,824
Cash and cash equivalents, beginning of period	129,837	144,823
Cash and cash equivalents, end of period	<u>\$ 156,487</u>	<u>\$ 192,647</u>

(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 six months ended June 30, 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

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand and revolving funds	\$ 371	\$ 275	\$ 382
Checking accounts and demand deposits	429,890	595,313	617,454
Time deposits	205,467	95,168	286,118
	<u>\$ 635,728</u>	<u>\$ 690,756</u>	<u>\$ 903,954</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>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Current items:			
Financial assets (liabilities)			
mandatorily measured at			
fair value through profit or loss			
Derivatives	\$ -	\$ -	\$ -
Valuation adjustment	-	-	(285)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 285)</u>

A. The Group recognised net loss of \$0, \$2,108, \$0 and \$9,099 for the three months and six months ended June 30, 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:

June 30, 2025 and December 31, 2024: None.

		<u>June 30, 2024</u>	
		Contract amount	
		(notional principal)	
<u>Derivative financial instruments</u>		<u>(in thousands)</u>	<u>Contract period</u>
Forward foreign exchange contracts	USD	\$ 727	2024/06/12~2024/07/17
Forward foreign exchange contracts	USD	765	2024/06/12~2024/07/17

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) Financial assets at amortised cost

<u>Items</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Current items:			
Time deposits	<u>\$ 536,329</u>	<u>\$ 631,458</u>	<u>\$ 433,626</u>
Non-current items:			
Time deposits	<u>\$ 28,776</u>	<u>\$ 30,790</u>	<u>\$ 8,331</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three months ended June 30,	
	2025	2024
Interest income	\$ 2,461	\$ 297

	Six months ended June 30,	
	2025	2024
Interest income	\$ 6,128	\$ 1,595

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable	\$ 98,608	\$ 87,413	\$ 162,307
Accounts receivable	\$ 442,405	\$ 554,667	\$ 449,290
Accounts receivable - related parties	97,221	112,004	77,253
Less: Loss allowance	(3,571)	(4,993)	(23,400)
	<u>\$ 536,055</u>	<u>\$ 661,678</u>	<u>\$ 503,143</u>

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

	June 30, 2025		December 31, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 490,090	\$ 98,608	\$ 531,391	\$ 87,413
Up to 30 days	41,563	-	104,119	-
31 to 90 days	4,418	-	21,529	-
91 to 180 days	114	-	685	-
Over 180 days	3,441	-	8,947	-
	<u>\$ 539,626</u>	<u>\$ 98,608</u>	<u>\$ 666,671</u>	<u>\$ 87,413</u>

	June 30, 2024	
	Accounts receivable	Notes receivable
Not past due	\$ 457,410	\$ 162,307
Up to 30 days	29,214	-
31 to 90 days	11,124	-
91 to 180 days	3,732	-
Over 180 days	25,063	-
	<u>\$ 526,543</u>	<u>\$ 162,307</u>

The above ageing analysis was based on past due date.

- B. As of June 30, 2025, December 31, 2024, and June 30, 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 June 30, 2025, December 31, 2024, and June 30, 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 \$98,608, \$87,413 and \$162,307, respectively, and accounts receivable were \$536,055, \$661,678 and \$503,143, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	\$ 164,892	\$ 207,972	\$ 213,962
Work-in-progress	161,788	185,315	180,758
Finished goods	<u>227,225</u>	<u>231,719</u>	<u>250,078</u>
	<u>\$ 553,905</u>	<u>\$ 625,006</u>	<u>\$ 644,798</u>

The cost of inventories recognised as expense for the period:

	Three months ended June 30,	
	2025	2024
Cost of goods sold	\$ 520,054	\$ 472,762
Loss on decline in market value	3,230	125
	<u>\$ 523,284</u>	<u>\$ 472,887</u>
	Six months ended June 30,	
	2025	2024
Cost of goods sold	\$ 1,007,900	\$ 918,391
Loss on decline in market value	6,191	625
	<u>\$ 1,014,091</u>	<u>\$ 919,016</u>

(6) Property, plant and equipment

2025

									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	\$ 2,504	\$ 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	-	-	27,213	223	2,345	1,620	400	10,478	13,431	55,710
Disposals	-	(153)	(17)	(13)	-	(1)	-	(51)	-	(235)
Reclassifications	-	3,085	-	-	-	-	-	-	(3,085)	-
Depreciation	-	(15,980)	(62,952)	(546)	(877)	(1,609)	(503)	(6,492)	-	(88,959)
Net exchange differences	(266)	(32,436)	(26,391)	(299)	139	(202)	-	(2,923)	-	(62,378)
Closing net book amount	<u>\$ 2,238</u>	<u>\$ 555,098</u>	<u>\$ 378,795</u>	<u>\$ 2,897</u>	<u>\$ 3,522</u>	<u>\$ 6,187</u>	<u>\$ 7,807</u>	<u>\$ 37,482</u>	<u>\$ 10,556</u>	<u>\$ 1,004,582</u>
At June 30										
Cost	\$ 2,238	\$ 1,031,988	\$ 1,155,110	\$ 13,004	\$ 9,242	\$ 29,183	\$ 23,310	\$ 210,752	\$ 10,556	\$ 2,485,383
Accumulated depreciation and impairment	-	(476,890)	(776,315)	(10,107)	(5,720)	(22,996)	(15,503)	(173,270)	-	(1,480,801)
	<u>\$ 2,238</u>	<u>\$ 555,098</u>	<u>\$ 378,795</u>	<u>\$ 2,897</u>	<u>\$ 3,522</u>	<u>\$ 6,187</u>	<u>\$ 7,807</u>	<u>\$ 37,482</u>	<u>\$ 10,556</u>	<u>\$ 1,004,582</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	-	280	22,832	368	-	1,834	4,229	3,393	12,053	44,989
Disposals	-	-	(1,245)	(10)	(807)	(76)	-	(2,051)	-	(4,189)
Reclassifications	-	-	2,748	-	-	-	1,380	9,377	(13,505)	-
Depreciation	-	(21,739)	(57,952)	(571)	(394)	(2,046)	(291)	(7,326)	-	(90,319)
Net exchange differences	133	14,738	11,560	159	89	117	-	784	-	27,580
Closing net book amount	<u>\$ 2,478</u>	<u>\$ 619,315</u>	<u>\$ 422,953</u>	<u>\$ 3,866</u>	<u>\$ 1,729</u>	<u>\$ 7,098</u>	<u>\$ 6,008</u>	<u>\$ 35,788</u>	<u>\$ -</u>	<u>\$ 1,099,235</u>
At June 30										
Cost	\$ 2,478	\$ 1,076,619	\$ 1,123,601	\$ 15,103	\$ 7,763	\$ 27,620	\$ 20,611	\$ 219,690	\$ -	\$ 2,493,485
Accumulated depreciation and impairment	-	(457,304)	(700,648)	(11,237)	(6,034)	(20,522)	(14,603)	(183,902)	-	(1,394,250)
	<u>\$ 2,478</u>	<u>\$ 619,315</u>	<u>\$ 422,953</u>	<u>\$ 3,866</u>	<u>\$ 1,729</u>	<u>\$ 7,098</u>	<u>\$ 6,008</u>	<u>\$ 35,788</u>	<u>\$ -</u>	<u>\$ 1,099,235</u>

- A. For the six months ended June 30, 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.

(7) 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>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 159,397	\$ 178,927	\$ 181,593
Buildings	12,138	14,259	16,967
Transportation equipment	6,634	7,183	3,400
Office equipment	1,217	1,375	-
	<u>\$ 179,386</u>	<u>\$ 201,744</u>	<u>\$ 201,960</u>

	<u>Three months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 1,319	\$ 1,358
Buildings	1,061	1,354
Transportation equipment	709	533
Office equipment	80	-
	<u>\$ 3,169</u>	<u>\$ 3,245</u>

	<u>Six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 2,678	\$ 2,714
Buildings	2,121	2,708
Transportation equipment	1,394	921
Office equipment	159	-
	<u>\$ 6,352</u>	<u>\$ 6,343</u>

C. For the three months and six months ended June 30, 2025 and 2024, the additions to right-of-use assets were \$975, \$520, \$975 and \$10,378, respectively.

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

	<u>Three months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 792</u>	<u>\$ 842</u>

	Six months ended June 30,	
	2025	2024
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,621	\$ 1,609

E. For the six months ended June 30, 2025 and 2024, the Group's total cash outflow for leases were \$7,150 and \$7,520, 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.

(8) 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 and six months ended June 30, 2025 and 2024, the Group recognised rent income in the amounts of \$11,603, \$12,622, \$24,431 and \$26,677, 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:

	June 30, 2025	December 31, 2024	June 30, 2024
2024	\$ -	\$ -	\$ 22,879
2025	22,460	44,921	27,885
2026	38,747	38,747	22,242
2027	14,576	14,576	380
2028	380	380	380
2029	380	-	-
	<u>\$ 76,543</u>	<u>\$ 98,624</u>	<u>\$ 73,766</u>

(9) Investment property

	2025	2024
	<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	(1,277)	(1,277)
Closing net book amount	<u>\$ 100,044</u>	<u>\$ 102,597</u>
At June 30		
Cost	\$ 130,238	\$ 130,238
Accumulated depreciation	(30,194)	(27,641)
	<u>\$ 100,044</u>	<u>\$ 102,597</u>

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

	Three months ended June 30,	
	2025	2024
Rental income from investment property	<u>\$ 11,135</u>	<u>\$ 12,050</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 1,597</u>	<u>\$ 1,424</u>
	Six months ended June 30,	
	2025	2024
Rental income from investment property	<u>\$ 23,690</u>	<u>\$ 26,063</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 2,236</u>	<u>\$ 2,063</u>

B. The fair value of investment property held by the Group as of June 30, 2025, December 31, 2024, and June 30, 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.

(10) Short-term borrowings

Type of borrowings	June 30, 2025	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 410,441	4.53%~4.95%	None
Secured borrowings	143,950	1.94%~6.95%	Buildings
	<u>\$ 554,391</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	June 30, 2024	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 800,082	2.662%	Buildings and time deposits

Interest expense recognised in profit or loss amounted to \$2,451, \$5,040, \$5,981 and \$9,380 for the three months and six months ended June 30, 2025 and 2024, respectively.

(11) Other payables

	June 30, 2025	December 31, 2024	June 30, 2024
Wages and salaries payable	\$ 84,445	\$ 114,212	\$ 74,460
Employee bonus and directors' remuneration payable	28,852	47,500	20,430
Payables on machinery and equipment	13,635	9,831	6,007
Others	108,754	117,343	90,022
	<u>\$ 235,686</u>	<u>\$ 288,886</u>	<u>\$ 190,919</u>

(12) 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 of June 30, 2025, December 31, 2024, and June 30, 2024, other liabilities were accrued amounting to \$272,448, \$272,448, and \$0, respectively.

(13) 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.

(14) Long-term borrowings

Type of borrowings	Borrowing period	Repayment term	Interest rate range	Collateral	June 30, 2025
Long-term bank borrowings					
Unsecured borrowings		Repayable in			
	2024/06/06~	instalment over	2.00%~		
	2027/08/30	the agreed period	2.12%	None	\$ 250,000
					250,000
Less: Long-term borrowings, current portion					(100,000)
					<u>\$ 150,000</u>

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

Type of borrowings	Borrowing period	Repayment term	Interest rate range	Collateral	June 30, 2024
Long-term bank borrowings					
Unsecured borrowings		Repayable in			
	2024/06/06~	instalment over			
	2026/06/06	the agreed period	2.12%	Buildings	100,000
					100,000
Less: Long-term borrowings, current portion					-
					<u>\$ 100,000</u>

(15) 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 \$186, \$318, \$371 and \$636 for the three months and six months ended June 30, 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 and six months ended June 30, 2025 and 2024, were \$8,817, \$9,352, \$18,200 and \$18,154, 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 \$0, \$300, \$300 and \$600 for the three months and six months ended June 30, 2025 and 2024, respectively.

(16) Share capital

- A. As of June 30, 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	85,645	85,645
Repurchase	(948)	-
At June 30	<u>84,697</u>	<u>85,645</u>

B. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows (in thousands of shares):

		June 30, 2025	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	948	\$ 45,786

December 31, 2024 and June 30, 2024: None.

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired.
- (e) On May 9, 2025, the Company's Board of Directors resolved to repurchase the Company's ordinary shares and transfer them to employees. As of the expiration of the repurchase period, the Company bought back 948 thousand treasury shares and the average repurchased price was \$48.3 (in dollars) per share. Currently, the shares have not yet been transferred to employees.

(17) 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.

(18) 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 July 9, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. The appropriations for 2024 and 2023 had been resolved at the shareholders' meeting on June 12, 2025 and June 13, 2024, respectively, 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>	

(19) 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	(160,780)	-	(160,780)
At June 30, 2025	<u>(\$ 98,083)</u>	<u>(\$ 272,448)</u>	<u>(\$ 370,531)</u>

	Financial statements translation difference of foreign operations
At January 1, 2024	(\$ 33,220)
Currency translation differences	74,394
At June 30, 2024	<u>\$ 41,174</u>

(20) Operating revenue

	Three months ended June 30,	
	2025	2024
Sales revenue	\$ 759,598	\$ 674,070
	Six months ended June 30,	
	2025	2024
Sales revenue	\$ 1,476,769	\$ 1,296,887

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 June 30, 2025	China	Taiwan	USA	Others	Total
Sales revenue	\$ 350,350	\$ 90,320	\$ 192,733	\$ 126,195	\$ 759,598
Three months ended June 30, 2024	China	Taiwan	USA	Others	Total
Sales revenue	\$ 295,653	\$ 63,557	\$ 251,291	\$ 63,569	\$ 674,070
Six months ended June 30, 2025	China	Taiwan	USA	Others	Total
Sales revenue	\$ 689,995	\$ 172,388	\$ 405,549	\$ 208,837	\$ 1,476,769
Six months ended June 30, 2024	China	Taiwan	USA	Others	Total
Sales revenue	\$ 579,872	\$ 136,737	\$ 434,227	\$ 146,051	\$ 1,296,887

B. Contract assets and liabilities

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

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
Contract liabilities:				
– Advance sales receipts	\$ 4,810	\$ 3,515	\$ 22,505	\$ 14,114

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

	Three months ended June 30,	
	2025	2024
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	\$ -	\$ 31
	Six months ended June 30,	
	2025	2024
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	\$ 2,846	\$ 14,060

(21) Interest income

	Three months ended June 30,	
	2025	2024
Interest income from bank deposits	\$ 2,947	\$ 5,438
Interest income from financial assets at amortised cost	2,461	297
Other interest income	-	-
	<u>\$ 5,408</u>	<u>\$ 5,735</u>
	Six months ended June 30,	
	2025	2024
Interest income from bank deposits	\$ 3,454	\$ 7,071
Interest income from financial assets at amortised cost	6,128	1,595
Other interest income	3	-
	<u>\$ 9,585</u>	<u>\$ 8,666</u>

(22) Other income

	Three months ended June 30,	
	2025	2024
Rental income	\$ 11,603	\$ 12,622
Subsidy income	10	-
Other income, others	11,998	20,535
	<u>\$ 23,611</u>	<u>\$ 33,157</u>
	Six months ended June 30,	
	2025	2024
Rent income	\$ 24,431	\$ 26,677
Subsidy income	57	-
Other income, others	25,723	31,506
	<u>\$ 50,211</u>	<u>\$ 58,183</u>

(23) Other gains and losses

	Three months ended June 30,	
	2025	2024
Losses on disposals of property, plant and equipment	(\$ 204)	\$ -
Net currency exchange (losses) gains	(21,420)	5,161
Losses on financial assets at fair value through profit or loss	- (	2,108)
Depreciation - investment property	(638)	(638)
Other losses	(931)	(1,806)
	<u>(\$ 23,193)</u>	<u>\$ 609</u>

	Six months ended June 30,	
	2025	2024
Losses on disposals of property, plant and equipment	(\$ 205)	(\$ 341)
Net currency exchange (losses) gains	(17,665)	17,570
Losses on financial assets at fair value through profit or loss	-	(9,099)
Depreciation - investment property	(1,277)	(1,277)
Other losses	(2,260)	(2,673)
	<u>(\$ 21,407)</u>	<u>\$ 4,180</u>

(24) Finance costs

	Three months ended June 30,	
	2025	2024
Interest expense	<u>\$ 5,423</u>	<u>\$ 6,075</u>

	Six months ended June 30,	
	2025	2024
Interest expense	<u>\$ 12,314</u>	<u>\$ 11,410</u>

(25) Expenses by nature

	Three months ended June 30,	
	2025	2024
Employee benefit expenses	\$ 226,968	\$ 245,201
Depreciation on property, plant and equipment (Note)	46,610	49,668
Amortisation on intangible assets	6,662	8,387

	Six months ended June 30,	
	2025	2024
Employee benefit expenses	\$ 478,243	\$ 484,526
Depreciation on property, plant and equipment (Note)	96,588	97,939
Amortisation on intangible assets	13,662	16,946

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

(26) Employee benefit expenses

	Three months ended June 30,	
	2025	2024
Wages and salaries	\$ 180,032	\$ 195,773
Labor and health insurance fees	12,388	13,114
Pension costs	9,003	9,970
Other personnel expenses	25,545	26,344
	<u>\$ 226,968</u>	<u>\$ 245,201</u>

	Six months ended June 30,	
	2025	2024
Wages and salaries	\$ 377,025	\$ 383,799
Labor and health insurance fees	26,132	26,717
Pension costs	18,871	19,390
Other personnel expenses	56,215	54,620
	<u>\$ 478,243</u>	<u>\$ 484,526</u>

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 and six months ended June 30, 2025 and 2024, employees' compensation were accrued at \$11,657, \$10,070, \$25,327 and \$18,730, respectively; while directors' remuneration were accrued at \$943, \$930, \$2,145 and \$1,700, 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 17.57% and 1.49%, 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."

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30,	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 18,821	\$ 17,022
Total current tax	<u>18,821</u>	<u>17,022</u>
Deferred tax:		
Origination and reversal of temporary differences	(1,899)	(680)
Total deferred tax	<u>(1,899)</u>	<u>(680)</u>
Income tax expense	<u>\$ 16,922</u>	<u>\$ 16,342</u>

	Six months ended June 30,	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 48,840	\$ 31,573
Total current tax	48,840	31,573
Deferred tax:		
Origination and reversal of temporary differences	(3,407)	2,983
Total deferred tax	(3,407)	2,983
Income tax expense	\$ 45,433	\$ 34,556

(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.

(28) Earnings per share

	Three months ended June 30, 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	\$ 34,441	85,404	\$ 0.40
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	34,441	85,404	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	255	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 34,441	85,659	\$ 0.40

Three months ended June 30, 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	\$ 38,407	85,645	\$ 0.45
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	38,407	85,645	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	-	2,621	
Employees' compensation	-	191	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 38,407	88,457	\$ 0.43

Six months ended June 30, 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	\$ 71,488	85,524	\$ 0.84
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	71,488	85,524	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	847	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 71,488	86,371	\$ 0.83

	Six months ended June 30, 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	\$ 64,684	85,645	\$ 0.76
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	64,684	85,645	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	-	2,621	
Employees' compensation	-	565	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 64,684	88,831	\$ 0.73

(29) Supplemental cash flow information

Investing activities with partial cash payments:

	Six months ended June 30,	
	2025	2024
Acquisition of property, plant and quipment	\$ 55,710	\$ 44,989
Net change of payable on machinery and equipment	(3,804)	(1,319)
Net change of prepayments on machinery and equipment	(9,352)	33,347
Cash paid during the period	\$ 42,554	\$ 77,017

(30) Changes in liabilities from financing activities

	2025				
	Short-term borrowings	Lease liabilities	Long-term borrowings (including current portion)	Deposits-in	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	144,842	(5,529)	(197,896)	-	(58,583)
Interest expense	-	1,621	-	-	1,621
Interest paid	-	(1,621)	-	-	(1,621)
Changes in other non- cash items	(8,429)	(15,224)	-	-	(23,653)
At June 30	\$ 554,391	\$ 178,842	\$ 250,000	\$ 11,043	\$ 994,276

	2024					
	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Deposits-in	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	309,746	(5,911)	(264,700)	100,000	-	139,135
Interest expense	-	1,609	-	-	-	1,609
Interest paid	-	(1,609)	-	-	-	(1,609)
Changes in other non- cash items	5,822	10,363	-	-	-	16,185
At June 30	<u>\$ 800,082</u>	<u>\$ 198,977</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 11,043</u>	<u>\$ 1,110,102</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Littelfuse, Inc.	The director of the Company

(2) Significant related party transactions and balances

A. Operating revenue

	Three months ended June 30,	
	2025	2024
Sales of goods: Littelfuse, Inc.	<u>\$ 102,350</u>	<u>\$ 76,984</u>
	Six months ended June 30,	
	2025	2024
Sales of goods: Littelfuse, Inc.	<u>\$ 199,740</u>	<u>\$ 137,127</u>

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

B. Receivables from related parties:

	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable Littelfuse, Inc.	<u>\$ 97,221</u>	<u>\$ 112,004</u>	<u>\$ 77,253</u>

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 June 30,	
	2025	2024
Short-term employee benefits	\$ 9,532	\$ 8,294
Post-employment benefits	483	421
	<u>\$ 10,015</u>	<u>\$ 8,715</u>
	Six months ended June 30,	
	2025	2024
Short-term employee benefits	\$ 26,517	\$ 22,670
Post-employment benefits	946	850
	<u>\$ 27,463</u>	<u>\$ 23,520</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2025	December 31, 2024	June 30, 2024	
Time deposit (shown as "Current financial assets at amortised cost")	\$ 3,459	\$ 4,502	\$ 103,402	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	176,625	178,875	181,125	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:

	June 30, 2025	December 31, 2024	June 30, 2024
Property, plant and equipment	<u>\$ 30,604</u>	<u>\$ 9,242</u>	<u>\$ 11,687</u>

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>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 635,728	\$ 690,756	\$ 903,954
Financial assets at amortised cost	565,105	662,248	441,957
Notes receivable	98,608	87,413	162,307
Accounts receivable (including related parties)	536,055	661,678	503,143
Other receivables	23,486	21,830	18,821
Refundable deposits	11,957	12,597	11,098
	<u>\$ 1,870,939</u>	<u>\$ 2,136,522</u>	<u>\$ 2,041,280</u>
	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Financial liabilities</u>			
Financial liabilities measured at fair value through profit or loss	\$ -	\$ -	\$ 285
Financial liabilities at amortised cost			
Short-term borrowings	\$ 554,391	\$ 417,978	\$ 800,082
Notes payable	3,983	4,162	45,837
Accounts payable	195,101	233,748	149,906
Other payables	235,686	288,886	190,919
Long-term borrowings (including current portion)	250,000	447,896	100,000
Other current liabilities	276,178	277,652	8,846
Deposits-in	11,043	11,043	11,043
	<u>\$ 1,526,382</u>	<u>\$ 1,681,365</u>	<u>\$ 1,306,633</u>
Lease liabilities	<u>\$ 178,842</u>	<u>\$ 199,595</u>	<u>\$ 198,977</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

- i. 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.
- ii. 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:

June 30, 2025					
		Foreign currency			
		amount		Exchange	Book value
		(in thousands)		rate	(NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	USD	12,086	29.300	\$	354,120
USD:RMB	USD	1,206	7.1656		35,336
RMB:NTD	RMB	14,874	4.091		60,850
Non-monetary items: None.					
Financial liabilities					
Monetary items					
USD:NTD	USD	2,524	29.300	\$	73,953
USD:RMB	USD	260	7.1656		7,618
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
<u>Non-monetary items:</u> None.					

June 30, 2024				
Foreign currency		Exchange rate	Book value	
amount				
(in thousands)			(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	11,464	32.450	\$ 372,020
USD:RMB	USD	690	7.2659	22,300
RMB:NTD	EUR	1,859	4.445	8,262
<u>Non-monetary items:</u> None.				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	187	32.450	\$ 6,068
USD:RMB	USD	148	7.2659	4,791
Non-monetary items: 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 and six months ended June 30, 2025 and 2024, amounted to (\$21,420), \$5,161, (\$17,665) and \$17,570, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variations:

Six months ended June 30, 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%	\$ 3,541	\$	-
USD:RMB	1%	353		-
RMB:NTD	1%	608		-
<u>Non-monetary items:</u> None.				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$ 740)	\$	-
USD:RMB	1%	(76)		-
Non-monetary items: None.				

Six months ended June 30, 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%	\$ 3,720	\$ -
USD:RMB	1%	223	-
RMB:NTD	1%	83	-
<u>Non-monetary items:</u> None.			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 61)	\$ -
USD:RMB	1%	(48)	-
<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 six months ended June 30, 2025 and 2024 would have increased/decreased by \$0 and \$2, 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 June 30, 2025, December 31, 2024, and June 30, 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 June 30, 2025</u>						
Expected loss rate	0.01%	0.32%~2.00%	2.44%~24.89%	22.51%~49.75%	86.08%~100%	
Total book value	\$ 490,090	\$ 41,563	\$ 4,418	\$ 114	\$ 3,441	\$ 539,626
Loss allowance	\$ -	\$ -	\$ 92	\$ 131	\$ 3,348	\$ 3,571

	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 June 30, 2024</u>						
Expected loss rate	0.01%	0.34%~2.15%	2.60%~28.39%	23.89%~54.74%	78.50%~100%	
Total book value	\$ 457,410	\$ 29,214	\$ 11,124	\$ 3,732	\$ 25,063	\$ 526,543
Loss allowance	\$ -	\$ -	\$ 217	\$ 756	\$ 22,427	\$ 23,400

- 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	(995)	-
Effect of foreign exchange	(427)	-
At June 30	\$ 3,571	\$ -

	2024	
	Accounts receivable	Notes receivable
At January 1	\$ 21,430	\$ -
Provision for impairment	1,488	-
Effect of foreign exchange	482	-
At June 30	<u>\$ 23,400</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:

	June 30, 2025	December 31, 2024	June 30, 2024
Floating rate:			
Expiring within one year	<u>\$ 1,385,442</u>	<u>\$ 2,161,456</u>	<u>\$ 1,956,649</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
June 30, 2025	months	months	and 2 years	and 5 years	5 years
Short-term borrowings	\$292,541	\$ 261,850	\$ -	\$ -	\$ -
Notes payable	3,983	-	-	-	-
Accounts payable	177,340	17,761	-	-	-
Lease liabilities	3,443	10,238	13,553	25,400	169,534
Other payables	-	235,686	-	-	-
Other current liabilities	-	276,178	-	-	-
Long-term borrowings	16,291	88,353	3,000	150,296	-
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	29,983	190,944
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
June 30, 2024	months	months	and 2 years	and 5 years	5 years
		and 1 year			
Short-term borrowings	\$ 440,330	\$ 399,752	\$ -	\$ -	\$ -
Notes payable	45,837	-	-	-	-
Accounts payable	137,924	11,982	-	-	-
Lease liabilities	3,333	9,407	12,149	30,152	194,277
Other payables	-	190,919	-	-	-
Other current liabilities	-	8,846	-	-	-
Long-term borrowings	534	1,586	101,643	-	-
Deposits-in	-	-	11,043	-	-

Derivative financial liabilities:

June 30, 2025: None.

Derivative financial liabilities:

December 31, 2024: None.

Derivative financial liabilities:

	Less than 3	Between 3	Between 1	Between 2	Over
June 30, 2024	months	months	and 2 years	and 5 years	5 years
		and 1 year			
Foreign exchange contracts	\$ 285	\$ -	\$ -	\$ -	\$ -

(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:

June 30, 2025 and December 31, 2024: None.

<u>June 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value				
through profit or loss-forward				
foreign exchange contracts				
	\$ -	(\$ 285)	\$ -	(\$ 285)

- 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: Please refer to table 3.
- 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 4.

(2) Information on investees

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

(3) Information on investments in mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the mainland China: Please refer to table 7.

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

	Six months ended June 30,	
	2025	2024
Revenue from external customers	\$ 1,476,769	\$ 1,296,887
Inter-segment revenue	\$ -	\$ -
Segment income	\$ 87,158	\$ 48,867
Segment assets	\$ 3,908,153	\$ 4,384,922

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

None.

Polytronics Technology Corp. and Subsidiaries

Loans to others
Six months ended June 30, 2025

Expressed in thousands of NTD

(Except as otherwise indicated)

Table 1

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six months ended June 30, 2025	Balance at June 30, 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	\$ 117,200	\$ 87,900	4.70%	Short-term financing	\$ -	Operational need	\$ -	-	\$ -	\$ 824,916	\$ 824,916	
1	TCLAD Technology Corporation	TCLAD Inc.	Other receivables - related party	Y	33,205	29,300	-	-	Short-term financing	-	Operational need	-	-	-	89,473	89,473	

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

Polytronics Technology Corp. and Subsidiaries
Provision of endorsements and guarantees to others
Six months ended June 30, 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 June 30, 2025	Outstanding endorsement/ guarantee amount at June 30, 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 parent subsidiary to 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	\$ 2,062,290	\$ 82,050	\$ 43,950	\$ -	\$ -	2.13	\$ 3,093,434	Y	N	Y
0	Polytronics Technology Corp.	TCLAD Technology Corporation	A subsidiary which had 80.94% equity interests directly owned by the Company	2,062,290	1,035,000	1,035,000	420,000	\$ -	50.19	3,093,434	Y	N	N
0	Polytronics Technology Corp.	TCLAD Inc.	A subsidiary which had 80.94% equity interests indirectly owned by the Company	2,062,290	249,038	219,750	87,900	-	10.66	3,093,434	Y	N	N

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

Polytronics Technology Corp. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Six months ended June 30, 2025

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Polytronics Technology Corp.	Littelfuse, Inc.	Director of the Company	Sales	\$ 199,740	13.53%	Net 90 days	Note	Note	\$ 97,221	15.32%	

Note : With the general payment term.

Polytronics Technology Corp. and Subsidiaries
Significant inter-company transactions during the reporting period
Six months ended June 30, 2025

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
0	Polytronics Technology Corp.	Kunshan Polystar Electronics Co., Ltd.	1	Sales	\$ 196,225	Net 60 days	13%
0	"	"	1	Purchases	24,624	Net 45 days	2%
0	"	"	1	Processing charges	30,829	Net 45 days	2%
0	"	"	1	Accounts receivable	56,061	Net 60 days	1%
0	"	"	1	Accounts payable	63,517	Net 45 days	2%
0	"	TCLAD Technology Corporation	1	Sales	14,778	Net 30 days	1%
0	"	"	1	Accounts receivable	10,518	Net 30 days	0%
0	"	"	1	Other receivables	89,958	Collection and payment based on an agreed time	2%
0	"	"	1	Other income	1,192	Collection and payment based on an agreed time	0%
0	"	"	1	Accounts payable	41,956	Net 60 days	1%
0	"	"	1	Interest income	2,311	Collection and payment based on an agreed time	0%
0	"	"	1	Rental income	3,129	Collection and payment based on an agreed time	0%
0	"	"	1	Purchases	48,525	Net 60 days	3%
1	TCLAD Technology Corporation	TCLAD Inc.	3	Purchases	144,006	Net 30 days	10%
1	"	"	3	Sales	4,271	Net 90 days	0%
1	"	"	3	Accounts receivable	1,211	Collection and payment based on an agreed time	0%
1	"	TCLAD Europe GmbH	3	Sales	16,438	Net 90 days	1%
1	"	"	3	Accounts receivable	6,282	Collection and payment based on an agreed time	0%
1	"	Suzhou TCLAD Electronic Technology Co., Ltd	3	Purchases	3,237	Net 60 days	0%
1	"	Kunshan Polystar Electronics Co., Ltd.	3	Sales	38,772	Net 60 days	3%
1	"	"	3	Accounts receivable	6,663	Collection and payment based on an agreed time	0%
1	"	"	3	Purchases	53,286	Net 60 days	4%
1	"	"	3	Accounts payable	9,127	Collection and payment based on an agreed time	0%
2	TCLAD Inc.	TCLAD Europe GmbH	3	Accounts receivable	2,280	Collection and payment based on an agreed time	0%
2	"	"	3	Sales	5,735	Net 90 days	0%
2	Suzhou TCLAD Electronic Technology Co., Ltd	Kunshan Polystar Electronics Co., Ltd.	3	Accounts payable	60,971	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

Six months ended June 30, 2025

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2025			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at June 30, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value	of the investee for the six months ended June 30, 2025	recognised by the Company for the six months ended June 30, 2025	
Polytronics Technolgy Corp.	Polytronics (B.V.I.) Corporation	British Virgin Islands	Investment and general business operations	\$ 255,004	\$ 255,004	2,644	100	\$ 1,065,086	\$ 23,300	\$ 23,300	Subsidiary
Polytronics Technolgy Corp.	TCLAD Technology Corporation	Taiwan	Manufacturing of the thermal conductive board	759,690	759,690	32,139	80.94	181,049 (	155,103) (	125,541)	Subsidiary
TCLAD Technology Corporation	TCLAD Inc.	America	Manufacturing of the thermal conductive board	1,605,681	1,572,666	-	100	539,399 (	161,647) (	164,033)	Subsidiary
TCLAD Technology Corporation	TCLAD Eurpoe GmbH	Germany	Manufacturing of the thermal conductive board	5,732	5,732	170	85 (	3,797) (	189) (	1,135)	Subsidiary

Table 5

Polytronics Technology Corp. and Subsidiaries
Information on investments in Mainland China
Six months ended June 30, 2025

Table 6

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 six months ended June 30, 2025		Accumulated amount of remittance from Taiwan to mainland China as of June 30, 2025	Net income of investee for the six months ended June 30, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2025 (Note 3)	Book value of investments in mainland China as of June 30, 2025	Accumulated amount of investment income remitted back to Taiwan as of June 30, 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	\$ 22,814	100	\$ 22,814	\$ 1,049,280	\$ -	
PolyStellar Electronics Co., Ltd.	Production and sale of resistors, discrete semiconductor devices and other resistive elements	91,580	3	-	-	-	-	139	100	139	85,326	-	
Suzhou TCLAD Electronic Technology Co., Ltd	Manufacturing of the thermal conductive board	13,224	1	13,224	-	-	13,224	(190)	80.94	(190)	10,999	-	
Company name	Accumulated amount of remittance from Taiwan to mainland China as of June 30, 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	\$ 1,237,374										

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 = 1:31.824 and RMB:TWD = 1:4.387 for recognised investment income (loss) and remaining using the exchange rates of USD:NTD=1:29.3 and RMB:TWD = 1:4.089.

Polytronics Technology Corp. and Subsidiaries

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

Six months ended June 30, 2025

Expressed in thousands of NTD

(Except as otherwise indicated)

Table 7

Investee in mainland China	Sales (purchase)		Accounts receivable (payable)		Financing				Others-processing charges	
	Amount	%	Balance at June 30, 2025	%	Maximum balance during the six months ended June 30, 2025	Balance at June 30, 2025	Interest rate	Interest during the three months ended June 30, 2025	Balance at June 30, 2025	%
Kunshan Polystar Electronics Co., Ltd.	\$ 196,225	13.29%	\$ 56,061	8.83%	\$ -	\$ -	-	\$ -	\$ -	-
Kunshan Polystar Electronics Co., Ltd.	(24,624)	8.74%	(63,517)	31.90%	-	-	-	-	(30,829)	38.86%

Table 7