

Key Ware Electronics Co., Ltd.
and Subsidiaries

Consolidated Financial Statements
and Independent Auditors' Report
Q1 of 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of Key Ware Electronics Co., Ltd.:

Preface

Key Ware Electronics Co., Ltd. and its subsidiaries (hereinafter referred to as the "Key Ware Group") as of March 31, 2025, and 2024, along with the consolidated statements of comprehensive income, changes in equity, and cash flows for the periods from January 1 to March 31, 2025, and 2024, and the notes to the consolidated financial statements (including a summary of significant accounting policies) have been reviewed by us, the certified public accountants. The preparation and fair presentation of these consolidated financial statements, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission, are the responsibility of the management. Our responsibility is to express a conclusion on these consolidated financial statements based on our review.

Scope

Except for the matters described in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially less than an audit conducted in accordance with auditing standards, the objective of which is to express an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Basis for Qualified Conclusion

As stated in Note XII to the consolidated financial statements, the financial statements for the same period of certain immaterial subsidiaries included in the aforementioned consolidated financial statements were not reviewed by independent auditors. As of March 31, 2025, these subsidiaries had total assets of NT\$408,723 thousand, representing 10.84% of the consolidated total assets, and total liabilities of NT\$69,281 thousand, representing 4.06% of the consolidated total liabilities. For the period from January 1 to March 31, 2025, their total comprehensive loss amounted to NT\$2,369 thousand, representing 7.06% of the consolidated total comprehensive loss.

Conclusion

Based on our review, except for the possible adjustments that might have been determined had the financial statements of the immaterial subsidiaries referred to in the Basis for Qualified Conclusion paragraph been reviewed by independent auditors, 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 Key Ware Group as of March 31, 2025, and 2024, and of its consolidated financial performance and its consolidated cash flows for the periods from January 1 to March 31, 2025, and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission.

Deloitte & Touche

CPA, Li, Kuan-Hao

CPA, Ma, Wei-Jyun

Financial Supervisory Commission Approval

Document No.:

FSC Approval Document No. 1100372936

Financial Supervisory Commission Approval

Document No.:

FSC Approval Document No. 1120349008

May 12, 2025

Notices to Readers

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

For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Key Ware Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
As of March 31, 2025, December 31, 2024, and March 31, 2024

Unit: NT\$ thousand

Code	Assets	March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%
Current Assets							
1100	Cash and cash equivalents (Note VI)	\$ 218,931	6	\$ 227,514	6	\$ 248,116	6
1110	Financial assets at fair value through profit or loss - current (Note VII)	101,332	3	119,843	3	138,196	4
1120	Financial assets at fair value through other comprehensive income - current (Notes VIII and XXIX)	241,364	6	256,449	7	245,764	6
1150	Notes receivable (Note IX)	52,147	1	48,820	1	46,508	1
1170	Accounts receivable (Note IX)	572,703	15	547,572	15	506,252	13
1180	Accounts receivable - related parties (Note XXVIII)	85	-	71	-	72	-
1200	Other receivables (Note IX)	145,448	4	142,689	4	187,439	5
130X	Inventories (Note X)	526,392	14	509,237	14	477,945	13
1421	Prepayments for goods	20,109	1	16,885	-	20,308	1
1460	Non-current Assets Held for Sale (Note XI)	-	-	-	-	49,227	1
1470	Other current assets	87,116	2	83,544	2	60,750	2
11XX	Total current assets	<u>1,965,627</u>	<u>52</u>	<u>1,952,624</u>	<u>52</u>	<u>1,980,577</u>	<u>52</u>
Non-current assets							
1517	Financial assets at fair value through other comprehensive income - current (Note VIII)	37,415	1	36,501	1	45,008	1
1550	Investments accounted for using the equity method (Note XIII)	-	-	-	-	2,770	-
1600	Property, plant, and equipment (Notes XIV and XXIX)	1,409,754	38	1,427,381	38	1,337,354	35
1755	Right-of-use assets (Notes XV and XXVIII)	73,402	2	78,143	2	78,868	2
1805	Goodwill	7,547	-	7,527	-	7,444	-
1821	Other intangible assets (Note XVI)	14,008	-	14,849	-	17,370	1
1840	Deferred tax assets (Note XXIII)	81,496	2	78,447	2	76,226	2
1920	Refundable deposits	4,340	-	4,665	-	2,816	-
1915	Prepayment for equipment (Note XIV) - non-current	35,127	1	23,124	1	2,812	-
1930	Other Receivables - Non-current (Note IX and XIV)	138,881	4	135,620	4	258,049	7
1990	Other non-current assets (Note XIV)	2,631	-	3,380	-	9,071	-
15XX	Total non-current assets	<u>1,804,601</u>	<u>48</u>	<u>1,809,637</u>	<u>48</u>	<u>1,837,788</u>	<u>48</u>
1XXX	Total assets	<u>\$ 3,770,228</u>	<u>100</u>	<u>\$ 3,762,261</u>	<u>100</u>	<u>\$ 3,818,365</u>	<u>100</u>
Liabilities and Equity							
Current Liabilities							
2100	Short-term loans (Notes XVII and XXIX)	\$ 813,789	22	\$ 762,569	20	\$ 682,327	18
2110	Accounts Payable - Short-term Notes (Note XVII)	19,980	-	-	-	14,971	-
2150	Notes Payable and Accounts Payable	127,988	3	120,145	3	115,017	3
2180	Accounts Payable - Related Parties (Note XXVIII)	28,459	1	29,997	1	33,393	1
2219	Other Payables (Note XIX)	65,933	2	66,099	2	81,275	2
2220	Other Payables - Related Parties (Note XXVIII)	37	-	79	-	49	-
2230	Current Income Tax Liabilities (Note IV)	29,727	1	61,024	2	71,623	2
2280	Lease Liabilities - Current (Notes XV and XXVIII)	21,361	1	20,961	1	18,718	1
2190	Current Portion of Long-term Corporate Bonds (Notes IV and XVIII)	-	-	-	-	57,134	2
2320	Short-term Borrowings Due within One Year (Notes XVII and XXIX)	16,781	-	16,676	-	16,371	-
2399	Other current liabilities	7,836	-	7,368	-	7,646	-
21XX	Total current liabilities	<u>1,131,891</u>	<u>30</u>	<u>1,084,918</u>	<u>29</u>	<u>1,098,524</u>	<u>29</u>
Non-current liabilities							
2540	Long-term Loans (Notes XVII and XXIX)	457,885	12	462,121	12	454,657	12
2570	Deferred Income Tax Liabilities (Note XXIII)	92,724	2	90,157	2	140,291	4
2580	Lease Liabilities - Non-current (Notes XV and XXVIII)	18,501	1	22,939	1	26,247	1
2670	Other Non-current Liabilities (Note XX)	5,306	-	4,660	-	19,101	-
25XX	Total non-current liabilities	<u>574,416</u>	<u>15</u>	<u>579,877</u>	<u>15</u>	<u>640,296</u>	<u>17</u>
2XXX	Total liabilities	<u>1,706,307</u>	<u>45</u>	<u>1,664,795</u>	<u>44</u>	<u>1,738,820</u>	<u>46</u>
Equity attributable to owners of the parent							
3110	Common Stock Capital	1,924,485	51	1,924,485	51	1,923,135	51
3140	Advance Receipts for Capital Stock	-	-	-	-	464	-
3200	Capital Surplus	80,695	2	80,695	2	80,479	2
3300	Retained Earnings	174,103	5	197,763	5	201,133	5
3400	Other Equity	(134,670)	(4)	(124,456)	(3)	(143,317)	(4)
31XX	Total equity attributable to owners of the Company	<u>2,044,613</u>	<u>54</u>	<u>2,078,487</u>	<u>55</u>	<u>2,061,894</u>	<u>54</u>
36XX	Non-controlling Interests	19,308	1	18,979	1	17,651	-
3XXX	Total equity	<u>2,063,921</u>	<u>55</u>	<u>2,097,466</u>	<u>56</u>	<u>2,079,545</u>	<u>54</u>
	Total liabilities and equity	<u>\$ 3,770,228</u>	<u>100</u>	<u>\$ 3,762,261</u>	<u>100</u>	<u>\$ 3,818,365</u>	<u>100</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman:
Chow, Pong-Chi

President:
Chu, Tsung-Wei

Accounting Manager:
Lee, Yun-Ting

Key Ware Electronics Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
From January 1 to March 31, 2025 and 2024

		Unit: NT\$ Thousands, except for Earnings per share (in Dollars)			
Code		From January 1 to March 31, 2025		From January 1 to March 31, 2024	
		Amount	%	Amount	%
4000	Operating Revenue (Note XXVIII)	\$ 301,080	100	\$ 260,628	100
5000	Operating Costs (Notes X, XX, XXII, and XXVIII)	<u>284,779</u>	<u>94</u>	<u>245,134</u>	<u>94</u>
5900	Gross Profit from Operations	<u>16,301</u>	<u>6</u>	<u>15,494</u>	<u>6</u>
	Operating Expenses (Notes XVI, XX, and XXII)				
6100	Selling and Marketing Expenses	13,949	5	12,002	5
6200	Administrative Expenses	17,106	6	15,931	6
6300	Research Expenses	874	-	991	-
6450	Expected Credit Impairment Loss	<u>352</u>	<u>-</u>	<u>266</u>	<u>-</u>
6000	Total Operating Expenses	<u>32,281</u>	<u>11</u>	<u>29,190</u>	<u>11</u>
6900	Operating Loss	(<u>15,980</u>)	(<u>5</u>)	(<u>13,696</u>)	(<u>5</u>)
	Non-operating Income and Expenses (Notes XIV, XXII, and XXVIII)				
7100	Interest Income	6,739	2	10,149	4
7010	Other Income	969	-	92	-
7020	Other Gains and Losses	(7,776)	(2)	34,733	13
7050	Financial Costs	(8,044)	(3)	(7,467)	(3)
7060	Share of Profit or Loss of Associates Accounted for Using Equity Method	<u>-</u>	<u>-</u>	(<u>3</u>)	<u>-</u>
7000	Total Non-operating Income and Expenses	(<u>8,112</u>)	(<u>3</u>)	<u>37,504</u>	<u>14</u>
7900	Net Profit (Loss) Before Tax	(24,092)	(8)	23,808	9
7950	Income Tax Expenses (Notes IV and XXIII)	(<u>761</u>)	<u>-</u>	<u>7,907</u>	<u>3</u>
8200	Net Profit (Loss) for the Year	(<u>23,331</u>)	(<u>8</u>)	<u>15,901</u>	<u>6</u>

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Code		From January 1 to March 31, 2025		From January 1 to March 31, 2024	
		Amount	%	Amount	%
	Other Comprehensive Income				
8310	Items not to be reclassified to profit or loss				
8316	Unrealized Gains and Losses on Equity Instruments Measured at Fair Value through Other Comprehensive Income (Note XXI)	(\$ 14,171)	(5)	(\$ 31,857)	(12)
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange Differences on Translation of Financial Statements of Foreign Operations (Note XXI)	4,946	2	69,382	26
8399	Income Tax related to items that may be subsequently reclassified (Note XXIII)	(989)	-	(13,876)	(5)
8300	Other Comprehensive Income for the Year	(10,214)	(3)	23,649	9
8500	Total Comprehensive Income for the Year	(\$ 33,545)	(11)	\$ 39,550	15
	Net Profit Attributable to:				
8610	Equity Owners of the Company	(\$ 23,660)	(8)	\$ 15,878	6
8620	Non-controlling Interests	329	-	23	-
8600		(\$ 23,331)	(8)	\$ 15,901	6
	Total Comprehensive Income Attributable to:				
8710	Equity Owners of the Company	(\$ 33,874)	(11)	\$ 39,527	15
8720	Non-controlling Interests	329	-	23	-
8700		(\$ 33,545)	(11)	\$ 39,550	15
	Earnings (Loss) Per Share (Note XXIV)				
9750	Basic	(\$ 0.12)		\$ 0.08	
9850	Diluted	(\$ 0.12)		\$ 0.08	

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman:
Chow, Pong-Chi

President:
Chu, Tsung-Wei

Accounting Manager:
Lee, Yun-Ting

Key Ware Electronics Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
From January 1 to March 31, 2025 and 2024

Unit: NTS thousand

		Equity attributable to owners of the parent (Note 22)										
Code		Capital stock			Reserve earnings			Other equity		Total	Non-controlling Interests	Total Equity
		Capital stock - common shares	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income			
A1	Balance as of January 1, 2024	\$1,923,135	\$ -	\$ 80,479	\$ 25,118	\$ 158,644	\$ 1,493	(\$ 114,809)	(\$ 52,157)	\$2,021,903	\$ 17,628	\$2,039,531
D1	Net profit for the period January 1 to March 31, 2024	-	-	-	-	-	15,878	-	-	15,878	23	15,901
D3	After-tax other comprehensive income for the period January 1 to March 31, 2024	-	-	-	-	-	-	55,506	(31,857)	23,649	-	23,649
D5	Total comprehensive income for the period January 1 to March 31, 2024	-	-	-	-	-	15,878	55,506	(31,857)	39,527	23	39,550
N1	Share-Based Payment – Exercise of Employee Stock Options (Note XXI)	-	464	-	-	-	-	-	-	464	-	464
Z1	Balance as of March 31, 2024	\$1,923,135	\$ 464	\$ 80,479	\$ 25,118	\$ 158,644	\$ 17,371	(\$ 59,303)	(\$ 84,014)	\$2,061,894	\$ 17,651	\$2,079,545
A1	Balance as of January 1, 2025	\$1,924,485	\$ -	\$ 80,695	\$ 25,267	\$ 159,988	\$ 12,508	(\$ 42,620)	(\$ 81,836)	\$2,078,487	\$ 18,979	\$2,097,466
D1	Net profit (loss) for the period January 1 to March 31, 2025	-	-	-	-	-	(23,660)	-	-	(23,660)	329	(23,331)
D3	After-tax other comprehensive income for the period January 1 to March 31, 2025	-	-	-	-	-	-	3,957	(14,171)	(10,214)	-	(10,214)
D5	Total comprehensive income for the period January 1 to March 31, 2025	-	-	-	-	-	(23,660)	3,957	(14,171)	(33,874)	329	(33,545)
Z1	Balance as of March 31, 2024	\$1,924,485	\$ -	\$ 80,695	\$ 25,267	\$ 159,988	(\$ 11,152)	(\$ 38,663)	(\$ 96,007)	\$2,044,613	\$ 19,308	\$2,063,921

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Chow, Pong-Chi

經理人：初從維

President: Chu, Tsung-Wei

Accounting Manager: Lee, Yun-Ting
會計主管：李雲婷

Key Ware Electronics Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to March 31, 2025 and 2024

Unit: NT\$ thousand

<u>Code</u>		<u>From January 1to March 31, 2025</u>	<u>From January 1to March 31, 2024</u>
	Cash flows from operating activities		
A10000	Net profit (loss) before tax	(\$ 24,092)	\$ 23,808
A20010	Adjustments to reconcile income (loss)		
A20100	Depreciation expenses	35,998	31,609
A20200	Amortization expenses	1,018	1,366
A20300	Expected credit losses	352	266
A20400	Valuation loss (gain) on financial assets and liabilities measured at fair value through profit or loss	4,441	(33,537)
A20900	Finance costs	8,044	7,467
A22300	Share of Profit or Loss of Associates Accounted for Using Equity Method	-	3
A21300	Dividend income	(11)	-
A21200	Interest income	(6,739)	(10,149)
A24100	Unrealized Foreign Currency Exchange Loss (Gain)	3,504	(3,417)
A30000	Net Change in Operating Assets and Liabilities		
A31130	Notes Receivable	(3,264)	16,982
A31150	Accounts Receivable	(22,986)	4,748
A31160	Accounts Receivable - Related Parties	(14)	-
A31180	Other Receivables - Current	344	12,278
A31200	Inventory	(17,155)	(21,434)
A31230	Prepayments for Goods	(3,224)	(7,633)
A31240	Other Current Assets	(3,572)	(10,001)
A32130	Notes Payable and Accounts Payable	7,658	(3,725)
A32160	Accounts Payable - Related Parties	(1,538)	10,672
A32180	Other Payables	(668)	(22,214)
A32190	Other Payables - Related Parties	(42)	(116)
A32230	Other Current Liabilities	468	(149)
A32240	Other Non-current Liabilities	646	1,248
A33000	Cash Generated from Operations	(20,832)	(1,928)
A33100	Interest Received	1,122	534
A33300	Interest Paid	(7,542)	(7,202)
A33200	Dividend Received	11	-
A33500	Income Tax Paid	(32,234)	(14)
AAAA	Net Cash Inflow from Operating Activities	<u>(59,475)</u>	<u>(8,610)</u>

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Code		From January 1to March 31, 2025	From January 1to March 31, 2024
	Cash Flow from Investing Activities		
B00100	Acquisition of Financial Assets Measured at Fair Value through Profit or Loss	(\$ 42,761)	(\$ 157,104)
B00200	Disposal of Financial Assets Measured at Fair Value through Profit or Loss	56,869	164,493
B02700	Purchase of Property, Plant, and Equipment	(4,206)	(2,609)
B03700	Increase in Deposits Paid	326	550
B06700	Increase in Other Non-current Assets	572	(5,856)
B07300	Decrease (Increase) in Prepayments	(12,865)	1,225
B07600	Dividends Received from Affiliates	-	10,365
BBBB	Net Cash Inflow (Outflow) from Investing Activities	<u>(2,065)</u>	<u>11,064</u>
	Cash Flow from Financing Activities		
C00100	Short-term Borrowings Increase	628,319	627,636
C00200	Short-term Borrowings Decrease	(582,396)	(500,775)
C00500	Increase in Short-term Bills Payable	19,980	-
C00600	Decrease in Short-term Bills Payable	-	(10,008)
C01700	Repayment of Long-term Borrowings	(4,131)	(9,033)
C04020	Principal Repayments on Leases	(4,120)	(4,759)
C04800	Exercise of Employee Stock Options	-	464
CCCC	Net Cash Flow from Financing Activities (Outflow) Inflow	<u>57,652</u>	<u>103,525</u>
DDDD	Effect of Exchange Rate Changes on Cash and Cash Equivalents	<u>(4,695)</u>	<u>4,224</u>
EEEE	Increase (Decrease) in Cash and Cash Equivalents for the Year	(8,583)	110,203
E00100	Cash and Bank Balances at the Beginning of the Year	<u>227,514</u>	<u>137,913</u>
E00200	Cash and Bank Balances at the End of the Year	<u>\$ 218,931</u>	<u>\$ 248,116</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman:
Chow, Pong-Chi

President:
Chu, Tsung-Wei

Accounting Manager:
Lee, Yun-Ting

Key Ware Electronics Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
From January 1 to March 31, 2025, and 2024
(Amount in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. Company History

Key Ware Electronics Co., Ltd. (the "Company" was incorporated on February 27, 1997, and is mainly engaged in the design, manufacture and processing of printed circuit board materials such as electroplating solution, dry film, drill bits and copper foil substrates.

The common stock issued by the Company has been listed and traded on the Taipei Exchange since March 29, 2001.

The Consolidated Financial Statements are presented in the New Taiwan dollar, the Company's functional currency.

II. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The Consolidated Financial Statements have been approved by the Board of Directors on May 9, 2025.

III. Application of New and Amended Standards and Interpretations

(I) Initial application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

The application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC should not result in major changes in the accounting policies of the Group.

(II) IFRSs Endorsed by the FSC Applicable in 2026

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB</u>
Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments: Guidance on the Classification of Financial Assets	January 1, 2026 (Note 1)

Note 1:

The amendments are applicable to annual reporting periods beginning on or after January

1, 2026. Early adoption is permitted for periods beginning on or after January 1, 2025. As of the approval date of these consolidated financial statements, the Group is still evaluating the potential impact of the amendments on its financial position and financial performance.

(III) IFRS Standards Issued by the IASB but Not Yet Endorsed by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB (Note 1)</u>
Annual Improvements to IFRS Standards – Cycle 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments: Application Guidance on Derecognition of Financial Liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 – Contractual Cash Flow Characteristics of Financial Assets with ESG-linked Features	January 1, 2026
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Undetermined
IFRS 17 – Insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information	January 1, 2023
IFRS 18 – Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	January 1, 2027

Note 1: Unless otherwise stated, the aforementioned newly issued/amended/ revised standards or interpretations shall be effective for annual reporting periods beginning on or after the respective dates.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 "Presentation of Financial Statements," with key changes including:

- The income statement should categorize income and expenses into operating, investing, financing, income tax, and discontinued operations.
- The income statement should present operating profit, profit before financing and income tax, and profit for the period as subtotal and total figures.
- Guidance is provided to enhance aggregation and disaggregation requirements: entities must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on common characteristics, ensuring

that each line item in the primary financial statements reflects at least one similar characteristic. Items with different characteristics should be disaggregated in the primary financial statements and notes. Entities should label such items as "other" only when a more informative description cannot be provided.

- Disclosure of performance measures defined by management: When conducting external communications beyond financial statements and when communicating management's perspective on a specific aspect of the overall financial performance of the entity with users of financial statements, consolidated entities should disclose relevant information regarding performance measures defined by management in a single note to the financial statements. This disclosure should include a description of the measure, its calculation methodology, adjustments to subtotals or totals defined by IFRS accounting standards, and the impact of income taxes and non-controlling interests related to such adjustments.

In addition to the above disclosures, as of the date of issuance of these consolidated financial statements, the consolidated entity continues to evaluate the impact of the aforementioned standards and amendments on its financial position and financial performance. Any related impacts will be disclosed once the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Compliance declaration

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and effective by the Financial Supervisory Commission. This consolidated financial report does not include all the disclosure information required by all IFRS accounting standards for annual financial statements.

(II) Preparation basis

Except for financial instruments measured at fair value and the net defined benefit liability recognized by deducting the fair value of plan assets from the present value of the defined benefit obligation, this consolidated financial report is prepared on a historical cost basis.

The fair value measurement is classified into three levels based on the observability and importance of related input:

1. Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
2. Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. deduced from).
3. Level 3: Inputs are unobservable inputs for the asset or liability.

(III) Basis of consolidation

The Consolidated Financial Statements include the financial statements of the Company and entities controlled by the Company (i.e., subsidiaries). The Consolidated Statements of Comprehensive Income include the operating income/loss of the acquired or disposed subsidiaries from the date of acquisition to the date of disposal in the current period. The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Group. All intergroup transactions, balances, income and expenses are eliminated in full upon consolidation. A subsidiary's total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become having deficit balances in the process.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

For details regarding subsidiaries, ownership percentages, and business activities, refer to Note XII, Appendix IV, and Appendix V.

(IV) Summary of Significant Accounting Policies

Except for the following explanations, please refer to the summary of significant accounting policies in the consolidated financial statements for the year 2024.

1. Defined Benefit Retirement Plans

The pension cost for the interim period is calculated based on the actuarial-determined pension cost rate as of the end of the previous fiscal year, computed on a year-to-date basis from the beginning of the year to the end of the current period. Adjustments are made for significant market fluctuations during the current period, as well as for

significant plan amendments, settlements, or other significant one-time items.

2. Income Tax Expense

Income tax expense comprises current income tax and deferred income tax. The income tax for the interim period is assessed on an annual basis, calculated based on the expected annual total earnings using the applicable tax rate for the expected annual total earnings.

V. Major Sources of Significant Accounting Judgments, Estimates, and Assumptions Uncertainties

Please refer to the explanation of the major sources of significant accounting judgments, estimates, and assumptions uncertainties in the consolidated financial statements for the year 2024.

VI. Cash and Cash Equivalents

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Petty Cash	\$ 633	\$ 864	\$ 1,140
Bank Checks and Current Deposits	<u>218,298</u>	<u>226,650</u>	<u>246,976</u>
	<u>\$ 218,931</u>	<u>\$ 227,514</u>	<u>\$ 248,116</u>

VII. Financial instruments measured at fair value through profit or loss

Financial Assets - Current

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Fair Value through Profit or Loss</u>			
Domestic Listed (Exchange and OTC) and Emerging Stock	\$ 82,351	\$ 79,516	\$ 54,405
Foreign Listed Stock	18,981	18,298	83,791
CNY Financial Products	-	<u>22,029</u>	-
	<u>\$ 101,332</u>	<u>\$ 119,843</u>	<u>\$ 138,196</u>

VIII. Financial assets measured at fair value through other comprehensive income

Equity instrument investments

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Current</u>			
Domestic Over-the-Counter Stocks	<u>\$ 241,364</u>	<u>\$ 256,449</u>	<u>\$ 245,764</u>
<u>Non-current</u>			
Domestic Unlisted Stocks	\$ 17,517	\$ 17,634	\$ 20,323
Foreign Unlisted Stocks	<u>19,898</u>	<u>18,867</u>	<u>24,685</u>
	<u>\$ 37,415</u>	<u>\$ 36,501</u>	<u>\$ 45,008</u>

The consolidated company invests in equity instruments for medium to long-term strategic purposes, expecting to profit through long-term investment. Management believes that recognizing short-term fair value fluctuations of these investments in profit or loss would not align with the long-term investment strategy. Therefore, these investments have been designated as measured at fair value through other comprehensive income.

For information regarding the pledged equity instrument investments measured at fair value through other comprehensive income, please refer to Note XXIX.

IX. Accounts Receivable, Notes Receivable, and Other Receivables

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Notes Receivable</u>			
Arising from Operations	\$ 52,456	\$ 49,086	\$ 47,806
Less: Allowance for Doubtful Accounts	(309)	(266)	(1,298)
	<u>\$ 52,147</u>	<u>\$ 48,820</u>	<u>\$ 46,508</u>
<u>Accounts Receivable</u>			
Arising from Operations	\$ 580,219	\$ 554,762	\$ 517,597
Less: Allowance for Doubtful Accounts	(7,516)	(7,190)	(11,345)
	<u>\$ 572,703</u>	<u>\$ 547,572</u>	<u>\$ 506,252</u>
<u>Other Receivables - Current</u>			
Land acquisition receivable (Note XIV)	\$ 139,040	\$ 135,954	\$ 207,739
Proceeds from disposal of equipment receivable (Note XIV)	-	-	18,844
Refundable business tax	1,369	48	525
Other	5,903	7,549	1,614
Less: Allowance for losses	(864)	(862)	(41,283)
	<u>\$ 145,448</u>	<u>\$ 142,689</u>	<u>\$ 187,439</u>
<u>Other Receivables - Non-current</u>			
Land acquisition receivable (Note XIV)	\$ 140,545	\$ 137,279	\$ 253,734
Proceeds from disposal of equipment receivable (Note XIV)	-	-	33,567
Less: Allowance for losses	(1,664)	(1,659)	(29,252)
	<u>\$ 138,881</u>	<u>\$ 135,620</u>	<u>\$ 258,049</u>

(I) Notes and Accounts Receivable

To minimize credit risk, the management of the Group has delegated operational personnel to follow up on amounts past due to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual receivable on the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts. As such, the Group's management concludes that the credit risk has been significantly reduced.

The Group's credit period for commodity sales averages 120~180 days, and no interest was charged on accounts receivable.

The Group adopts the simplified approach as stipulated in IFRS 9 and recognizes loss allowances for accounts receivables based on the lifetime expected credit losses. The expected credit losses for the remaining period are calculated using a provision matrix, which takes into account the historical average recovery rates of various age groups of customers and the customers' past default records and current financial position. An allowance for loss is recognized as a percentage of the probable loss rate.

The Group writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, they are recognized in profit or loss.

Loss allowances for notes and accounts receivable based on the provision matrix are as follows:

	March 31, 2025		December 31, 2024		March 31, 2024	
	Expected Credit Loss Rate (%)	Carrying Amount	Expected Credit Loss Rate (%)	Carrying Amount	Expected Credit Loss Rate (%)	Carrying Amount
Not Yet Past Due	0.72	\$ 589,576	0.72	\$ 549,644	0.16	\$ 521,631
0 to 90 Days	10.00	28,544	11.38	32,306	2.66	23,760
91 to 180 Days	20.13	7,878	21.48	9,948	4.84	7,281
181 to 270 Days	22.25	4,781	26.40	5,739	9.70	5,695
271 to 360 Days	60.97	-	60.97	3,113	53.57	4,523
Over 360 Days	100	<u>1,896</u>	100	<u>3,098</u>	100	<u>2,513</u>
Total		632,675		603,848		565,403
Less: Allowance for Impairment Losses (12-month Expected Credit Loss)		(<u>7,825</u>)		(<u>7,456</u>)		(<u>12,643</u>)
Amortized Cost		<u>\$ 624,850</u>		<u>\$ 596,392</u>		<u>\$ 552,760</u>

Changes in loss allowances for accounts receivable and note receivables are as follows:

	January 1, 2025 to March 31, 2025	January 1, 2024 to March 31, 2024
Beginning balance	\$ 7,456	\$ 11,959
Impairment loss in the current period	352	266
Foreign currency translation difference	<u>17</u>	<u>418</u>
Ending balance	<u>\$ 7,825</u>	<u>\$ 12,643</u>

(II) Other receivables

The Group recognized an allowance for losses on other receivables with reference to historical experience and the risk of default over the term of the receivables, and the changes in the allowance for losses on other receivables were as follows:

	January 1, 2024 to March 31, 2025	January 1, 2023 to March 31, 2024
Beginning balance	\$ 2,521	\$ 67,797
Foreign currency translation difference	<u>7</u>	<u>2,738</u>
Ending balance	<u>\$ 2,528</u>	<u>\$ 70,535</u>

X. Inventories

	March 31, 2025	December 31, 2024	March 31, 2024
Raw material	\$ 22,312	\$ 17,501	\$ 17,315
Material	16,251	13,276	11,419
Work in process	136,199	124,099	100,584
Finished products	<u>351,630</u>	<u>354,361</u>	<u>348,627</u>
	<u>\$ 526,392</u>	<u>\$ 509,237</u>	<u>\$ 477,945</u>

The consolidated company's cost of goods sold related to inventory for the periods from January 1 to March 31, 2025, and 2024, was NT\$194,360 thousand and NT\$155,680 thousand, respectively.

XI. Non-current Assets Held For Sale

	March 31, 2025	December 31, 2024	March 31, 2024
Machinery and Equipment held for sale	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,227</u>

In November 2023, due to a decline in market demand that resulted in partial idle production capacity, the Group planned to dispose of certain machinery and equipment and reclassified the related assets to non-current assets held for sale. The expected selling price of these non-current assets held for sale was lower than the carrying amount of the related net assets, resulting in an impairment loss of NT\$44,333 thousand, which was recognized under other gains and losses. The fair value measurement was based on an independent valuation expert's assessment using the cost approach and market approach, and was categorized as Level 3 fair value.

In November 2024, taking into account the current economic environment and a

reassessment of optimal operating capacity, the Group resolved to terminate the disposal plan for the machinery and reclassified the assets from non-current assets held for sale back to property, plant and equipment.

XII. Subsidiaries

Subsidiaries included in the consolidated financial statements

The entities involved in the preparation of the Consolidated Financial Statements are listed as follows:

Name of Investor	Name of Subsidiary	Business Nature	Shareholding %			Explanation
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Key Ware International Limited	General investment	100%	100%	100%	-
The Company	Key De Precise Industris Co., Ltd	Wholesale and processing of electronic parts and components	51%	51%	51%	-
The Company	Laserware Laser Technology Co., Ltd	Electronic components, machinery equipment, and drilling foundry	99.99%	99.99%	99.99%	Note 1
The Company	Jia Chi Co., Ltd	Drilling foundry	83.63%	83.63%	83.63%	Note 1
The Company	Hui Peng Technology Co., Ltd	Electronic components and machinery equipment	60%	60%	60%	Note 1
The Company	Key Ware International Limited	General investment	100%	100%	-	Note 1 and Note 2
Key Ware International Limited	Advisor Move Investments Limited	General investment	100%	100%	100%	-
Key Ware International Limited	Module System International Limited	General investment	100%	100%	100%	-
Advisor Move Investments Limited	Kunshan Key Ware Electronics Co., Ltd.	Drilling tools and hand tools	100%	100%	100%	-
Kunshan Key Ware Electronics Co., Ltd	King Ware (Chongqing) Electronics Co., Ltd	Drilling tools and hand tools	100%	100%	100%	Note 1
Kunshan Key Ware Electronics Co., Ltd	Wuhan Laserware Laser Technology Co., Ltd	Drilling foundry	100%	100%	100%	Note 1
Kunshan Key Ware Electronics Co., Ltd	Shenzhen Laserware Laser Technology Co., Ltd	Drilling foundry	100%	100%	100%	Note 1
Kunshan Key Ware Electronics Co., Ltd	Hubei Laserware Laser Technology Co., Ltd	Drilling foundry	100%	100%	-	Note 1 and Note 3

Note 1: This is an immaterial subsidiary, and its financial statements for the period from January 1 to March 31, 2025, have not been reviewed by independent auditors.

Note 2: In March 2024, the Board of Directors approved the establishment of a subsidiary, KEY WARE THAILAND. The company has completed its registration procedures and remitted capital in the amount of THB 2,500 thousand in the same month.

Note 3: In March 2024, the Board of Directors approved the establishment of a subsidiary, Hubei Laserware Laser Technology Co., Ltd., with an investment of CNY 13,500 thousand by Kunshan Key Ware Electronics Co., Ltd., acquiring 100% ownership. The registration procedures have been completed.

XIII. Investments Accounted for Using the Equity Method

The Group's associates are as follows:

Name of Company	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	Equity %	Amount	Equity %	Amount	Equity %
<u>Individually insignificant associates</u>						
Rong Pei Wisdom Co., Ltd.	\$ -	-	\$ -	-	\$ 2,770	22.73

Rong Pei Wisdom Co., Ltd. obtained official approval for its dissolution registration in May 2024 and completed the liquidation process in January 2025.

XIV. Property, plant, and equipment

	March 31, 2025	December 31, 2024	March 31, 2024
Net amount for each category			
Owned land	\$ 113,167	\$ 113,167	\$ 113,167
Housing and Construction	421,077	423,970	430,057
Machinery	822,492	834,766	741,307
Transportation Equipment	1,529	1,599	119
Office Equipment	2,542	2,559	2,694
Lease Improvements	23,381	24,798	20,798
Other Equipment	25,566	26,522	29,212
	<u>\$ 1,409,754</u>	<u>\$ 1,427,381</u>	<u>\$ 1,337,354</u>

- (I) Depreciation of property, plant and equipment is calculated on a straight-line basis according to the following durable years:

Housing and Construction	20 to 50 years
Machinery	2 to 13 years
Transportation Equipment	3 to 5 years
Office Equipment	3 to 8 years
Lease Improvements	3 to 9 years
Other Equipment	3 to 20 years

- (II) Kunshan Key Ware Electronics Co., Ltd. and Kunshan Weixing Electronics Co., Ltd. were originally located at No. 1999 Hua'an Road, Huaqiao Town, Kunshan City, Jiangsu Province, China. Due to the construction requirements of Shanghai Metro Line 11 and Suzhou Metro Line S1, and in coordination with the relocation request by the Planning and Construction Bureau of the Huaqiao Economic Development Zone, the Board of Directors authorized the Chairman to handle the signing of the relocation compensation agreement in accordance with applicable laws. As of March 31, 2025, December 31, 2024, and March 31, 2024, the Group recognized receivables related to land

expropriation in the amounts of CNY\$61,138 thousand, CNY\$58,697 thousand, and CNY\$102,317 thousand, respectively (presented under other receivables), representing the net gain on land expropriation less the compensation already received. For information regarding relocation gains recognized prior to 2024, please refer to the consolidated financial statements for the year ended December 31, 2024.

(III) In November 2022, Kunshan Key Ware Electronics Co., Ltd. sold drilling equipment to an unrelated party, Chongqing Jinzixin Technology Co., Ltd. (Jinzixin Technology Co., Ltd.), and entered into an installment payment agreement. As of March 31, 2024, the Group had recognized accounts receivable related to the gain on disposal of equipment in the amount of CNY\$11,620 thousand (presented under other receivables). In June 2024, both parties renegotiated and signed a revised contract regarding the transaction. The key amended terms are as follows:

1. The sale price of the equipment was revised to CNY\$9,880 thousand.
2. The first installment payment of CNY\$2,900 thousand has been fully received, and the remaining balance will be paid in 30 installments starting from July 2024.

(IV) In September 2024, Kunshan Key Ware Electronics Co., Ltd. entered into another contract with Jinzixin Technology Co., Ltd. to purchase drilling equipment for a total amount of CNY\$11,180 thousand. The equipment was accepted in December 2024. Of this amount, CNY\$6,980 thousand was offset against the outstanding equipment receivables owed by Jinzixin to Kunshan Key Ware, as mutually agreed upon by both parties.

(V) Hubei Laserware entered into a factory lease agreement with the tenant and, in April 2024, signed an engineering contract with a contractor for site integration, power distribution, and piping work, with a total contract value of CNY\$8,500 thousand. As of March 31, 2025, the Group had paid CNY\$4,250 thousand (recorded as prepayments for equipment), and the project had not yet been accepted.

(VI) Key Ware Thailand entered into a factory lease agreement with the tenant and, in December 2024, signed an engineering contract with a contractor for site integration, power distribution, and piping work, with a total contract value of CNY\$9,700 thousand. As of March 31, 2025, the Group had paid CNY\$2,750 thousand (recorded as prepayments for equipment), and the project had not yet been accepted.

(VII) The amount of real estate, plant, and equipment pledged as loan collateral by the merged company is disclosed in Note XXIX.

XV. Lease Agreements

(I) Right-of-use assets

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Carrying Amount of Right-of-Use Assets			
Land	\$ 34,136	\$ 34,259	\$ 34,531
Buildings	30,421	34,540	30,221
Machinery	7,919	9,266	13,247
Transportation Equipment	<u>926</u>	<u>78</u>	<u>869</u>
	<u>\$ 73,402</u>	<u>\$ 78,143</u>	<u>\$ 78,868</u>
		<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
Additions to Right-of-Use Assets		<u>\$ 948</u>	<u>\$ -</u>
Depreciation Expense of Right-of-Use Assets			
Land		\$ 215	\$ 209
Buildings		4,012	3,097
Machinery		1,364	1,340
Transportation Equipment		<u>99</u>	<u>371</u>
		<u>\$ 5,690</u>	<u>\$ 5,017</u>

Apart from recognizing depreciation expenses, the consolidated company did not experience significant subleases or impairments of right-of-use assets from January 1 to March 31, 2025, and 2024.

(II) Lease liabilities

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Carrying amount of lease liabilities			
Current	<u>\$ 21,361</u>	<u>\$ 20,961</u>	<u>\$ 18,718</u>
Non-current	<u>\$ 18,501</u>	<u>\$ 22,939</u>	<u>\$ 26,247</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
The range of discount rates for lease liabilities			
Buildings	1.89% ~ 2.56%	1.89% ~ 2.56%	1.89% ~ 2.37%
Machinery	2.37% ~ 3.13%	2.37% ~ 3.13%	2.26% ~ 2.37%
Transportation Equipment	1.56% ~ 2.57%	1.56% ~ 2.26%	1.56% ~ 2.26%

(III) Major lease activities and terms

The Group leases certain offices, machinery and equipment and vehicles for business use for a period of 2 to 8 years. At the end of the lease term, the lease agreements do not contain renewal or off-take provisions.

(IV) Other lease information

	January 1, 2025 to March 31, 2025	January 1, 2024 to March 31, 2024
Short-term lease expenses	<u>\$ 1,443</u>	<u>\$ 1,813</u>
Low-value asset lease expense	<u>\$ 244</u>	<u>\$ 155</u>
Total cash flows on lease	<u>(\$ 6,191)</u>	<u>(\$ 6,953)</u>

XVI. Other intangible assets

	March 31, 2025	December 31, 2024	March 31, 2024
Customer Relationships	<u>\$ 14,008</u>	<u>\$ 14,849</u>	<u>\$ 17,370</u>

The acquisition of Key De Precise Industries Co., Ltd. Resulted in an intangible asset – customer relationship, which was recognized at the fair value of NT\$40,346 thousand as of June 1, 2017, the fair value was recorded on the basis of an appraisal report and amortized on a straight-line basis over 12 years of effectiveness.

The amortization amount for the consolidated company from January 1 to March 31, 2025, and 2024, was NT\$841 thousand (recorded as operating expenses).

XVII. Loans

(I) Short-term loans

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Unsecured loans</u>			
Credit line loans	\$ 692,789	\$ 659,569	\$ 611,327
<u>Secured loans</u>			
Bank loans	<u>121,000</u>	<u>103,000</u>	<u>71,000</u>
	<u>\$ 813,789</u>	<u>\$ 762,569</u>	<u>\$ 682,327</u>

The interest rates for revolving bank loans as of March 31, 2025, December 31, 2024, and March 31, 2024, are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
NTD	2.11% ~ 2.85%	2.13% ~ 3.14%	2.08% ~ 3.04%
CNY	2.60% ~ 3.30%	2.60% ~ 3.30%	3.65% ~ 3.95%
JPY	1.10% ~ 1.82%	1.10% ~ 1.77%	1.10% ~ 1.49%
THB	2.65%	-	-

(II) Short-term notes and bills payable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Commercial paper payable	\$ 20,000	\$ -	\$ 15,000
Deduct: Discount on short-term notes and bills payable	<u>20</u>	<u>-</u>	<u>29</u>
	<u>\$ 19,980</u>	<u>\$ -</u>	<u>\$ 14,971</u>
Interest rates	2.13%	-	1.81%

(III) Long-term loans

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Secured loans</u>			
Bank loans	\$ 474,666	\$ 478,797	\$ 471,028
Deduct: Classified as due within 1 year	<u>16,781</u>	<u>16,676</u>	<u>16,371</u>
	<u>\$ 457,885</u>	<u>\$ 462,121</u>	<u>\$ 454,657</u>

The consolidated company signed a secured loan agreement with Mega Bank on May 24, 2021, with a total limit of NT\$105,000 thousand. Disbursements were made on July 27, 2021, September 29, 2021, and October 29, 2021, amounting to NT\$60,000 thousand, NT\$10,000 thousand, and NT\$30,000 thousand respectively. The loan term is 5 years, with monthly repayments calculated using the fixed installment method. The loan interest rate is based on Mega Bank's fixed deposit rate index plus 0.81%.

On January 26, 2022, the consolidated company entered into a secured loan agreement with Shin Kong Bank for a total credit line of NT\$440,000 thousand. On March 7, 2022, the full amount of NT\$440,000 thousand was drawn down, with a loan maturity date of January 26, 2025. On March 22, 2024, the merged company amended the terms of the aforementioned credit agreement, increasing the credit line to NT\$450,000 thousand, which was fully drawn down. The new loan maturity date is March 6, 2027, and the outstanding balance will be repaid at maturity. The loan interest rate is negotiated with the bank on a case-by-case basis every three months.

As of March 31, 2025, December 31, 2024, and March 31, 2024, the effective annual interest rate ranged from 2.43% to 2.63%, 2.42% to 2.63%, and 2.42% to 2.70%, respectively.

For details regarding loan collaterals, please refer to Note XXIX.

XVIII. Corporate bonds payable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
The third unsecured corporate bond issuance in the fiscal year 2021	\$ -	\$ -	\$ 57,134
Deduct: Classified as current portion due within 1 year	<u>-</u>	<u>-</u>	<u>(57,134)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Our company was approved by the Financial Supervisory Commission to issue the third unsecured convertible corporate bond domestically on April 21, 2021. The total amount issued was NT\$200,000 thousand, with a face value of NT\$100 thousand per bond and a coupon rate of 0%. The issuance period was 3 years. The methods for redemption or conversion are as follows:

1. Upon maturity, our company will redeem the bonds at face value.
2. If certain conditions are met, our company may, from 3 months after the issuance of the corporate bonds up to 40 days before maturity, request redemption of the bonds from bondholders in cash at face value.
3. From 3 months after the issuance of the corporate bonds until maturity, unless suspended for statutory transfer suspension periods, bondholders may request conversion into ordinary shares of our company at the prevailing conversion price. The original conversion price, as stipulated in the issuance and conversion regulations of our company's bonds, was NT\$21. From October 5, 2021, the cash capital increase reference date, the conversion price was adjusted to NT\$19.8.
4. The bondholders may sell back the convertible corporate bonds to the company on the date when 2 years have elapsed after issuance as the redemption reference date. Within 30 days before the redemption reference date, bondholders may request compensation from the company in cash for the bonds held, including interest, at face value.

The convertible corporate bonds consist of both liability and equity components. The equity component is recognized under the capital surplus - subscription rights. The original effective interest rate for the liability component was 2.68%, and the put option is measured at fair value through

profit or loss. The information for the liability and equity components is as follows:

Issuance proceeds (less transaction costs of NT\$4,634 thousand)	\$195,366
Equity components	(8,556)
Repurchase option	(<u>1,140</u>)
Liability component on issuance date (excluding transaction costs of \$4,456 thousand amortized to liability)	185,670
Redemption of corporate bonds payable	(197,243)
Interest calculated at an effective rate of 2.68%	<u>11,573</u>
Liability components as of March 31, 2024	<u>\$ -</u>

In May of 2023, holders of the domestic second unsecured convertible corporate bonds issued by the company sold back a nominal value of 142,700 thousand (plus interest compensation of 714 thousand), resulting in a bond redemption loss of NT\$ 431 thousand (included in other income and losses). A portion of the capital surplus - the equity portion of the convertible corporate bonds issued - was reclassified as capital surplus, with expired subscription rights totaling NT\$ 6,104 thousand. The remaining face value of NT\$57,300 thousand was fully redeemed upon maturity in May 2024.

XIX. Other payables

	March 31, 2025	December 31, 2024	March 31, 2024
Salaries and bonuses payable	\$ 26,115	\$ 22,677	\$ 26,363
Service charge payable	7,115	6,097	8,863
Utilities payable	6,155	7,188	5,902
Processing fees payable	4,360	4,830	3,033
Equipment payables	-	84	796
Taxes payable	5,333	1,119	-
Others	<u>16,855</u>	<u>24,104</u>	<u>36,318</u>
	<u>\$ 65,933</u>	<u>\$ 66,099</u>	<u>\$ 81,275</u>

XX. Post-retirement Benefit Plan

(I) Defined contribution plans — Taiwan

The Group adopts a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. According to the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

The amounts that the consolidated company was required to allocate according to the specified proportions in the defined contribution plan for the periods from January 1 to March 31, 2025, and 2024, have been recognized as expenses in the consolidated statements of comprehensive income, totaling NT\$1,462 thousand and NT\$1,488

thousand, respectively.

(II) Defined contribution plans — Mainland China

Employees of the Group's subsidiaries in Mainland China are required to contribute a certain percentage of their monthly salaries to the pension insurance fund (recorded as employee insurance expense) in accordance with the pension insurance system stipulated by the government of the People's Republic of China, and the contribution rate is 18%, which is deposited in a separate account for each employee. The government manages and coordinates the monthly pension arrangements for employees, and the subsidiaries in Mainland China have no obligation other than to make monthly contributions.

The amounts that the subsidiaries of the consolidated company in China were required to allocate according to the specified proportions in the defined contribution plan for the periods from January 1 to March 31, 2025, and 2024, were NT\$2,410 thousand and NT\$1,437 thousand, respectively.

(III) Defined benefit plans

The pension expenses related to the defined benefit plan recognized for the periods from January 1 to March 31, 2025, and 2024, were calculated using the pension cost rates determined by actuarial valuation as of December 31, 2024, and 2023, respectively. The amounts were NT\$646 thousand and NT\$1,249 thousand, respectively.

XXI. Equity

(I) Capital stock

Common stock

	March 31, 2025	December 31, 2024	March 31, 2024
Share capital authorized	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Number of shares authorized (in thousands)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Share capital issued	<u>\$ 1,924,485</u>	<u>\$ 1,924,485</u>	<u>\$ 1,923,135</u>
Number of shares issued (in thousands)	<u>192,448</u>	<u>192,448</u>	<u>192,313</u>
Share capital issued	\$ 1,924,485	\$ 1,924,485	\$ 1,923,135
Share capital prepaid	<u>-</u>	<u>-</u>	<u>464</u>
	<u>\$ 1,924,485</u>	<u>\$ 1,924,485</u>	<u>\$ 1,923,599</u>
Common stock issued publicly	\$ 1,751,133	\$ 1,751,133	\$ 1,749,783

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Common stock of private placement	<u>173,352</u>	<u>173,352</u>	<u>173,352</u>
Share capital issued	<u>\$ 1,924,485</u>	<u>\$ 1,924,485</u>	<u>\$ 1,923,135</u>

The common stock issued has a par value of \$10 per share and each share is entitled to one vote and the right to receive dividends.

In 2024, employees of the Company exercised stock options totaling NT\$1,566 thousand, resulting in the issuance of 135 thousand common shares at a subscription price of NT\$11.6 per share. The registration of the capital increase was completed on November 26, 2024.

(II) Capital surplus

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>May be used to offset deficits, appropriated as cash dividends or transferred to capital</u> (Note)			
Stock issuance premium	\$ 65,574	\$ 65,574	\$ 65,212
Expired employee stock options	559	559	559
Expired convertible corporate bond warrants	8,556	8,556	6,104
<u>May not be used for any purpose</u>			
Employees stock option	6,006	6,006	6,152
Stock options	<u>-</u>	<u>-</u>	<u>2,452</u>
	<u>\$ 80,695</u>	<u>\$ 80,695</u>	<u>\$ 80,479</u>

Note: This type of capital surplus may be used to cover loss or issue cash or replenish capital when there is no loss, but capital replenishment is restricted to the ratio of actual capital stock each year.

(III) Retained earnings and dividend policy

In accordance with the provisions of the Company's earnings distribution policy, if the Company has a net profit for the current year, it shall first use the profit to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated for dividends in accordance with a proposal for appropriation of earnings

as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends. For the Company's policy on employee and director remuneration distribution in the Articles of Incorporation, please refer to Note XXII(V).

Since the Company's business is growing, the dividend distribution policy is based on the Company's current and future investment environment, capital requirements, domestic and international competition and capital budget, taking into account shareholders' rights and interests, balanced dividends and the Company's long-term financial planning, etc. The Board of Directors prepares the distribution plan annually in accordance with the law and submits it to the shareholders' meeting. For the current year's stock dividends, cash dividends shall be distributed at a rate of not less than 10% of the total dividends distributed.

The legal reserve shall be appropriated until the remaining balance reaches the Company's total paid-in capital. The legal reserve may be used to make up for losses. When the Company has no loss, the portion of the legal reserve exceeding 25% of the total paid-in capital may be appropriated in the form of cash, in addition to being transferred to share capital.

The Company appropriates or reserves special reserve in accordance with the Official Letter No. 1010012865, Official Letter No. 1010047490, Official Letter No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

At the board meeting on March 7, 2025, and the shareholders' meeting on June 21, 2024, the company resolved the following profit distribution plans for the fiscal years 2024 and 2023, respectively:

	<u>Distribution of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Legal reserve	\$ 1,251	\$ 149		
Special reserve	(1,344)	1,344		
Cash dividends	12,601	-	\$ 0.065	\$ -

The profit distribution plan for the fiscal year 2024 is still pending resolution at the shareholders' meeting scheduled for June 18, 2025.

(IV) Special reserve

Upon the initial adoption of IFRS accounting standards, the company transferred an amount of NT\$158,644 thousand from the accumulated translation adjustments to retained earnings, and a special earnings reserve of the same amount was established.

The special earnings reserve allocated due to the exchange differences from the translation of financial statements of foreign operations (including subsidiaries) is reversed proportionally based on the disposal ratio of the consolidated company. When the consolidated company loses significant influence, the entire amount is reversed. When distributing earnings, the company must additionally allocate the difference between the net amount deducted from other equity items as of the reporting period end date and the special earnings reserve established upon the initial adoption of IFRS to the special earnings reserve. Subsequently, when there is a reversal of the remaining balance of other equity deductions, the earnings may be distributed from the reversed portion.

(V) Other equity items

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

	January 1, 2025 to March 31, 2025	January 1, 2024 to March 31, 2024
Beginning balance	(\$ 42,620)	(\$ 114,809)
Incurring this year		
Exchange differences on translation of foreign operations	4,946	69,382
Income tax effect	(989)	(13,876)
Ending balance	(\$ 38,663)	(\$ 59,303)

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

	January 1, 2025 to March 31, 2025	January 1, 2024 to March 31, 2024
Beginning balance	(\$ 81,836)	(\$ 52,157)
Incurring this year		
Unrealized gain or loss - equity instruments	(14,171)	(31,857)
Ending balance	(\$ 96,007)	(\$ 84,014)

XXII. Net income of continuing operations

Net income of continuing operations includes the following items:

(I) Other income

	January 1, 2025 to March 31, 2025	January 1, 2024 to March 31, 2024
Rental income	\$ 958	\$ 92
Dividend income	11	-
	<u>\$ 969</u>	<u>\$ 92</u>

(II) Other gains and losses

	<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
Net gain or loss on financial instruments at fair value through profit or loss	(\$ 4,441)	\$ 33,537
Net foreign exchange gain	(1,170)	3,291
Others	<u>(2,165)</u>	<u>(2,095)</u>
	<u>(\$ 7,776)</u>	<u>\$ 34,733</u>

(III) Finance costs

	<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
Interest on bank loans	\$ 7,660	\$ 6,866
Finance costs of corporate bonds payable	-	375
Interest on lease liabilities	<u>384</u>	<u>226</u>
	<u>\$ 8,044</u>	<u>\$ 7,467</u>

(IV) Employee benefits and depreciation and amortization expenses

	<u>January 1, 2025 to March 31, 2025</u>			<u>January 1, 2024 to March 31, 2024</u>		
	<u>Operation costs</u>	<u>Operation expenses</u>	<u>Total</u>	<u>Operation costs</u>	<u>Operation expenses</u>	<u>Total</u>
Employee benefits						
Salary expenses	\$ 34,665	\$ 10,359	\$ 45,024	\$ 38,265	\$ 9,750	\$ 48,015
Employee insurance expenses	4,763	1,040	5,803	4,612	869	5,481
Pension expenses	1,044	1,080	2,124	1,034	1,703	2,737
Other employee benefits	1,079	141	1,220	1,436	145	1,581
Depreciation expenses	35,052	946	35,998	30,834	775	31,609
Amortization expenses	68	950	1,018	249	1,117	1,366

(V) Employee compensation and director remuneration

In accordance with the Company's Articles of Incorporation, the Company sets aside 1% to 10% and not more than 1% of the pre-tax benefit before employee and director remuneration distributions for the year, respectively, for employee compensation and director remuneration.

In accordance with the amendment to the Securities and Exchange Act in August 2024, the Company plans to amend its Articles of Incorporation, subject to resolution at the 2025 shareholders' meeting, to specify that no less than 10% of employee compensation for the current year shall be allocated to grassroots employees.

As the Company incurred a net loss before tax for the period from January 1 to March 31, 2025, no employee compensation was accrued. For the period from January 1 to March 31, 2024, employee compensation was accrued at 1%, totaling NT\$227 thousand.

If there are any changes in the amount after the approval date of the annual consolidated financial statements, such changes will be treated as changes in

accounting estimates and adjusted in the following year.

The Company incurred a net loss before tax for the year 2024; therefore, no employee compensation was accrued. The actual distribution amount of employee compensation for 2023 was consistent with the amount recognized in the 2023 consolidated financial statements.

For information regarding the resolutions of the Company's Board of Directors on employee and director compensation, please refer to the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

XXIII. Income tax on continuing operations

(I) Major components of income tax expenses are as follows:

	<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
Current income tax		
Incurred this year	\$ 823	\$ 863
Deferred income tax		
Incurred this year	(<u>1,584</u>)	<u>7,044</u>
Income tax (benefit) expense recognized in profit or loss	(<u>\$ 761</u>)	<u>\$ 7,907</u>

(II) Income tax recognized in other comprehensive income

	<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
<u>Deferred income tax</u>		
Incurred this year		
Exchange differences on translation of financial statements of foreign operations	<u>\$ 989</u>	<u>\$ 13,876</u>

(III) Deferred income tax assets and liabilities

The income tax filings of the company up to the fiscal year 2022 have been audited and approved by the tax authorities. As for subsidiaries, Kaid Precision Industrial Co., Ltd. and Jiazhi Co., Ltd., their income tax filings up to the fiscal year 2023 have been audited and approved by the tax authorities.

XXIV. (Loss) Earnings per share

	<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
		Unit: NT\$ Per Share
Basic (loss) earnings per share		
From continuing operations	(<u>\$ 0.12</u>)	<u>\$ 0.08</u>
Diluted (loss) earnings per share	(<u>\$ 0.12</u>)	<u>\$ 0.08</u>

Net (loss) earnings and weighted average number of common shares used for calculation of earnings per share are as follows:

Net Income for the period

	<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
Net (loss) earnings used for calculation of basic earnings per share	(<u>\$ 23,660</u>)	<u>\$ 15,878</u>
Net (loss) earnings used for calculation of diluted earnings per share	(<u>\$ 23,660</u>)	<u>\$ 15,878</u>
<u>Number of shares</u>		Unit: Thousand shares
	<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
Weighted average number of common shares used for calculation of basic earnings per share	192,448	192,314
Effect of potentially dilutive common shares:		
Employees stock option	-	104
Employee compensation	<u>-</u>	<u>96</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>192,448</u>	<u>192,514</u>

If the consolidated company chooses to distribute employee compensation in the form of stocks or cash, when calculating diluted earnings per share, it is assumed that employee compensation will be distributed in the form of stocks. The weighted average number of shares outstanding will be adjusted to include the potential common shares that have a dilutive effect. When calculating diluted earnings per share before the decision to distribute employee compensation shares in the following year, the dilutive effect of such potential common shares will also be considered.

If the outstanding convertible bonds of the consolidated company had been converted during the period from January 1 to March 31, 2024, they would have had an anti-dilutive effect and were therefore excluded from the calculation of diluted earnings per share.

XXV. Share-based payment arrangements

The consolidated company did not issue any new employee stock options from January 1 to March 31, 2025, or from January 1 to March 31, 2024. Here are the details of the existing employee stock options:

	January 1, 2025 to March 31, 2025		January 1, 2024 to March 31, 2024	
	Unit (Thousand)	Weighted average exercise price (NT\$)	Unit (Thousand)	Weighted average exercise price (NT\$)
<u>Employees stock option</u>				
Outstanding at the beginning of the year	2,200	\$ 13.3	2,335	\$ 13.3
Granted during the year	-	-	(40)	11.6
Exercised during the year	<u>2,200</u>	13.3	<u>2,295</u>	13.3
Outstanding at the end of the year	<u>2,200</u>		<u>2,295</u>	

XXVI. Capital Risk Management

The Group manages capital management under the precondition for sustainable development to ensure that the Group's businesses are able to maximize the benefit for its shareholders by optimizing debt and equity. The capital structure of the Group consists of the Group's equity attributable to the owners of the Company (i.e., capital stock, capital surplus, retained earnings and other equity items).

Key management of the Group reviews the capital structure of the Group on a quarterly basis, which includes consideration of the cost of various types of capital and the associated risks. According to the management's opinions, the Group balances its overall capital structure through dividend payments, issuance of new shares, repurchase of shares and issuance of new debt or repayment of old debt.

XXVII. Financial instruments

(I) Information on fair value - financial instruments not measured at fair value

In addition to the items listed in the table below, the management of the company believes that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values:

	March 31, 2025		December 31, 2024		March 31, 2024	
	Carrying Amount	Level 3 Fair Value	Carrying Amount	Level 3 Fair Value	Carrying Amount	Level 3 Fair Value
<u>Financial Liabilities</u>						
Accounts Payable Bonds	\$ -	\$ -	\$ -	\$ -	\$ 57,134	\$ 57,191

The fair value measurement of the Level 3 financial instruments mentioned above is determined using a binary tree convertible bond pricing model. This model takes into account factors such as the remaining term of the bond, the price and volatility of the underlying stock of the convertible bond, the conversion price, the risk-free interest rate, the risk discount rate, and the liquidity risk of the convertible bond.

(II) Information on fair value - financial instruments measured at fair value on a recurring basis

1. Fair value level

March 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Non-derivative financial assets				
— Domestic emerging stocks	\$ -	\$ -	\$ 14,060	\$ 14,060
— Domestic listed stocks	<u>87,272</u>	<u>-</u>	<u>-</u>	<u>87,272</u>
Total	<u>\$ 87,272</u>	<u>\$ -</u>	<u>\$ 14,060</u>	<u>\$ 101,332</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investments in equity instruments				
— Domestic Over-the-Counter Stocks	\$ 241,364	\$ -	\$ -	\$ 241,364
— Unlisted (OTC) stocks domestically and abroad	<u>-</u>	<u>-</u>	<u>37,415</u>	<u>37,415</u>
Total	<u>\$ 241,364</u>	<u>\$ -</u>	<u>\$ 37,415</u>	<u>\$ 278,779</u>

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Non-derivative financial assets				
— Domestic emerging stocks	\$ -	\$ -	\$ 11,720	\$ 11,720
— Domestic and foreign listed stocks	86,094	-	-	86,094
— CNY financial products	<u>-</u>	<u>-</u>	<u>22,029</u>	<u>22,029</u>
Total	<u>\$ 86,094</u>	<u>\$ -</u>	<u>\$ 33,749</u>	<u>\$ 119,843</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investments in equity instruments				
– Domestic OTC stocks	\$ 256,449	\$ -	\$ -	\$ 256,449
– Domestic and foreign unlisted (OTC) stocks	<u>-</u>	<u>-</u>	<u>36,501</u>	<u>36,501</u>
Total	<u>\$ 256,449</u>	<u>\$ -</u>	<u>\$ 36,501</u>	<u>\$ 292,950</u>

March 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Non-derivative financial assets				
– Domestic emerging stocks	\$ -	\$ -	\$ 10,950	\$ 10,950
– Domestic and foreign listed stocks	<u>127,246</u>	<u>-</u>	<u>-</u>	<u>127,246</u>
Total	<u>\$ 127,246</u>	<u>\$ -</u>	<u>\$ 10,950</u>	<u>\$ 138,196</u>

<u>Financial assets measured at fair value through other comprehensive income</u>				
Investments in equity instruments				
– Domestic OTC stocks	\$ 245,764	\$ -	\$ -	\$ 245,764
– Domestic and foreign unlisted (OTC) stocks	<u>-</u>	<u>-</u>	<u>45,008</u>	<u>45,008</u>
Total	<u>\$ 245,764</u>	<u>\$ -</u>	<u>\$ 45,008</u>	<u>\$ 290,772</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the periods from January 1 to March 31, 2025, and from January 1 to March 31, 2024.

2. Reconciliation of financial instruments measured at fair value in Level 3

Financial Instruments at Fair Value through Profit or Loss

	<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
Beginning balance	\$ 33,749	\$ 80,149
Recognized in profit or loss (other gains and losses)	393	(1,636)
Purchase	37,173	-
Disposal/Settlement	(57,569)	(69,345)
Issuance of corporate bonds as part of the repurchase options	<u>314</u>	<u>1,782</u>
Effect of exchange rate changes	<u>\$ 14,060</u>	<u>\$ 10,950</u>

Financial assets at fair value through other comprehensive income

	<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
Beginning balance	\$ 36,501	\$ 40,409
Purchase	<u>914</u>	<u>4,599</u>
Settlement	<u>\$ 37,415</u>	<u>\$ 45,008</u>

3. Valuation techniques and inputs of Level 3 fair value measurement

<u>Category of Financial Instruments</u>	<u>Valuation Technique and Inputs</u>
Renminbi financial products	The financial instruments purchased by the Group use counter-party quotes as a valuation technique and significant unobservable inputs to calculate the expected return on the investment.
Domestic and foreign unlisted (OTC) and emerging stocks	The total value of the individual assets and individual liabilities covered by the valuation targets is evaluated on a balance sheet basis, and the market approach is appropriately applied to the nature of the individual valuation targets, taking into account the liquidity discount and the control discount, to reflect the overall value of the enterprise or business.
Domestic emerging stocks	Valuation is conducted using the Comparable Company Method and the Emerging Stock Price Adjustment Method. The Comparable Company Method primarily relies on multiples based on market quotations of comparable listed (or over-the-counter) companies, with reference to per-share net asset value and sales value. These values already account for liquidity discounts.

For financial instruments classified as Level 3 as of March 31, 2025, and December 31, 2024, and for the period ending March 31, 2024, if valuation parameters decrease by 5%, the fair value impact recognized in other comprehensive income for the current period will result in decreases of NT\$1,525 thousand, NT\$1,209 thousand, and NT\$1,624 thousand, respectively.

(III) Category of financial instruments

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	\$ 101,332	\$ 119,843	\$ 138,196
Financial assets at fair value through other comprehensive income	278,779	292,950	290,772

	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets at amortized cost (Note 1)	993,688	971,381	991,253

Financial liabilities

Measured at amortized cost
(Note 2)

1,529,989	1,448,215	1,385,992
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Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, certain other current assets, and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term borrowings, commercial paper payable, notes and accounts payable (including related parties), certain other payables (including related parties), certain other current liabilities, corporate bonds payable, and long-term borrowings.

(IV) Financial risk management objectives and policies

The financial risk management objective of the Group is to manage the exchange rate risk, credit risk and liquidity risk associated with operating activities. To reduce the related financial risks, the Group is committed to identifying, evaluating and hedging market uncertainties in order to reduce the potential adverse effects of market changes on the Company's financial performance.

The significant financial activities of the Group are reviewed by the Board of Directors in accordance with the relevant regulations and internal control system. During the implementation of the financial plan, the Group must comply with the relevant financial operating procedures regarding the overall financial risk management and allocation of authority and responsibility.

1. Market risk

The main financial risk the Group is exposed in the business activities are foreign exchange risk.

(1) Foreign exchange risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date (including monetary items denominated in non-functional currencies that have been written off in the consolidated financial

statements) are shown in Note XXX.

The consolidated company is primarily affected by fluctuations in the exchange rates of the U.S. dollar and Japanese yen. Significant amounts of assets and liabilities denominated in foreign currencies arise from foreign currency transactions. Although gains and losses resulting from exchange rate movements on foreign currency assets and liabilities may offset each other to some extent, the imbalance between the amounts of foreign currency-denominated assets and liabilities exposes the consolidated company to foreign exchange risk. If the U.S. dollar depreciates by 3% against the New Taiwan dollar, the consolidated company's pre-tax profit for the periods from January 1 to March 31, 2025 and 2024 would decrease by NT\$2,268 thousand and NT\$2,996 thousand, respectively. If the Japanese yen appreciates by 3% against the New Taiwan dollar, the consolidated company's pre-tax profit for the same periods would decrease by NT\$1,168 thousand and NT\$1,059 thousand, respectively.

(2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate due to changes in market conditions.

The carrying amounts of financial liabilities of the Group exposed to interest rate risk on the balance sheet date are as follows :

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Cash flow interest rate risk — Financial liabilities	\$ 68,595	\$ 68,412	\$ 122,162
Cash flow interest rate risk — Financial liabilities	1,219,860	1,172,954	1,088,327

The following sensitivity analysis is based on the calculation of interest rate risk on floating rate liabilities as of the balance sheet date, assuming that the amount of liabilities outstanding at the balance sheet date is outstanding at the reporting date.

If interest rates increase by 1%, with all other variables remaining unchanged, the pre-tax net income of the consolidated company for the

periods from January 1 to March 31, 2025, and January 1 to March 31, 2024, will decrease by NT\$3,050 thousand and NT\$2,721 thousand, respectively.

(3) Equity securities price risk

Market risk of equity securities includes individual risk arising from changes in the market price of individual equity securities and general market risk arising from changes in the overall market price.

If the equity prices of the consolidated company decrease by 10%, the pre-tax net income for the periods from January 1 to March 31, 2025, and January 1 to March 31, 2024, will decrease by NT\$10,133 thousand and NT\$13,820 thousand, respectively, due to changes in fair value of financial assets measured at fair value through profit or loss. In addition, other comprehensive income for the periods from January 1 to March 31, 2025, and January 1 to March 31, 2024, will decrease by NT\$27,878 thousand and NT\$29,077 thousand, respectively, due to changes in fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to risk that causes the financial loss of the Group due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Group's maximum exposure to credit risk (without considering collaterals or other credit enhancement instruments and the maximum amount of irrevocable exposure) that could result in financial loss due to the counter-parties' failure to perform their obligations and the Group's provision of financial guarantees was mainly from the carrying amount of financial assets recognized in the consolidated balance sheet.

The Group's policy is to transact only with creditworthy counterparties and to obtain adequate guarantees, if necessary, to mitigate the risk of financial losses arising from defaults.

To minimize credit risk, the Group reviews the recoverable amount of each individual receivable on the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts. As such, the Company's management concludes that the credit risk has been significantly reduced.

The counter-parties to the liquidity and derivative financial instruments are banks with high credit ratings from international credit rating agencies, so the

credit risk is not significant.

Accounts receivable cover a diverse range of customers dispersed across different geographical regions. The consolidated company continuously evaluates various factors that may affect customers' payment capabilities, including financial condition, credit ratings from rating agencies, internal credit ratings, historical transaction records, and others. The company also insures trade credit to mitigate credit risks for specific customers. As of March 31, 2025, December 31, 2024, and for the period ending March 31, 2024, the enhanced credit amount for accounts receivable in certain mainland China regions amounted to NT\$94,575 thousand, NT\$93,573 thousand, and NT\$66,041 thousand, respectively.

As of March 31, 2025, December 31, 2024, and for the period ending March 31, 2024, the accounts receivable balances from the top ten customers represented 57%, 43%, and 57% of the consolidated company's total accounts receivable balances, respectively. The concentration risk related to the remaining accounts receivable is relatively insignificant.

3. Liquidity risk

The consolidated company manages and maintains sufficient cash and bank deposits to support operations and mitigate the impact of cash flow fluctuations. Senior management oversees the utilization of bank financing facilities and ensures compliance with loan agreement terms.

Bank borrowings are an important source of liquidity for the consolidated company. As of March 31, 2025, December 31, 2024, and for the period ending March 31, 2024, the unused short-term bank financing facilities amounted to NT\$379,587 thousand, NT\$436,912 thousand, and NT\$434,277 thousand, respectively.

Liquidity and interest rate risk tables

The following table details the analysis of the remaining contractual maturities of the Group's non-derivative financial liabilities with contractual repayment periods, which are based on the earliest possible date on which the Group could be required to make repayment, and is prepared using the undiscounted cash flows of the financial liabilities, which include cash flows of interest and principal.

The maturity analysis of the Group's non-derivative financial liabilities is prepared based on the contractual repayment dates.

March 31, 2025

	<u>Less than 1 year</u>	<u>1 to 5 year(s)</u>	<u>6 to 10 years</u>
<u>Non-derivative financial liabilities</u>			
Short-term loans	\$ 813,789	\$ -	\$ -
Short-term notes and bills payable	20,000	-	-
Notes and accounts payables	127,988	-	-
Accounts payable - related parties	28,459	-	-
Other payables	65,933	-	-
Other payables - related parties	37	-	-
Lease liabilities	21,532	18,804	-
Other current liabilities	7,836	-	-
Long-term loans	16,781	457,885	-

December 31, 2024

	<u>Less than 1 year</u>	<u>1 to 5 year(s)</u>	<u>6 to 10 years</u>
<u>Non-derivative financial liabilities</u>			
Short-term loans	\$ 762,569	\$ -	\$ -
Notes and accounts payables	120,145	-	-
Accounts payable - related parties	29,126	-	-
Other payables	66,099	-	-
Other payables - related parties	79	-	-
Lease liabilities	22,279	22,259	-
Other current liabilities	7,367	-	-
Long-term loans	16,676	462,121	-

March 31, 2024

	<u>Less than 1 year</u>	<u>1 to 5 year(s)</u>	<u>6 to 10 years</u>
<u>Non-derivative financial liabilities</u>			
Short-term loans	\$ 682,327	\$ -	\$ -
Short-term notes and bills payable	15,000	-	-
Notes and accounts payables	115,017	-	-
Accounts payable - related parties	33,393	-	-

(Continued on the next page)

(Continued from the previous page)

	Less than 1 year	1 to 5 year(s)	6 to 10 years
Other payables	81,275	-	-
Other payables - related parties	49	-	-
Lease liabilities	19,400	26,028	699
Other current liabilities	7,646	-	-
Long-term loans	16,371	454,657	-
Corporate bonds payable	57,300	-	-

(V) Information on financial asset transfers

The Group transferred some of its banker's acceptances receivable in Mainland China to suppliers for payment of accounts payable. Since almost all risks and rewards of these instruments were transferred, the Group excluded the transferred bank's acceptance bill receivable and the corresponding accounts payable. However, if the derecognized bank's acceptance bills are not redeemed at maturity, the suppliers still have the right to demand the Group for settlement, so the Group continues to participate in these bills.

The consolidated company continues to participate in the maximum loss exposure related to bank acceptance bills that have been derecognized, which amounts to the face value of outstanding bank acceptance bills that have been transferred but have not yet matured. As of March 31, 2025, December 31, 2024, and for the period ending March 31, 2024, these amounts were NT\$11,922 thousand, NT\$8,269 thousand, and NT\$11,898 thousand, respectively. These bills will mature within 1 to 10 months after the balance sheet date. Considering the credit risk of the derecognized bank acceptance bills, the consolidated company assesses that their continued participation does not present significant fair value risk.

XXVIII. Related Party Transactions

All transactions between the Company and its subsidiaries (related parties of the), account balances, income, and expenses are eliminated upon consolidation and therefore are not shown in the note. The transactions between the Group and other related parties are as follows.

(I) Names and relations of related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Chow, Pomg-Chi	Chairman of the company
Wen Shung Industrial Corp.	Substantial related party
Belize Quan Ke Co., Ltd.	Substantial related party
Belize New Decision Co., Ltd.	Substantial related party
Dongguan Jiacun Trading Co., Ltd.	Substantial related party
Ching Pu Technology Inc.	Substantial related party
Shanghai Wenwei International Trading Co.,Ltd.	Substantial related party

(II) Operating revenue

<u>Accounting Subject</u>	<u>Type/Name of Related Party</u>	<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
Sales revenue	Substantial related party	<u>\$ 187</u>	<u>\$ 107</u>

(III) Purchase of goods

<u>Type/Name of Related Party</u>	<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
Substantial related party		
Wen Shung Industrial Corp.	\$ 32,781	\$ 29,678
Others	<u>4,694</u>	<u>1,189</u>
	<u>\$ 37,475</u>	<u>\$ 30,867</u>

The purchase and sale of goods to related parties are based on cost, and both parties negotiate prices with reference to market conditions.

(IV) Receivables from related parties

<u>Accounting Subject</u>	<u>Type/Name of Related Party</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2025</u>
Accounts receivable	Substantial related party			
Related party	Wen Shung Industrial Corp.	\$ 83	\$ 71	\$ 72
	Others	<u>2</u>	<u>-</u>	<u>-</u>
		<u>\$ 85</u>	<u>\$ 71</u>	<u>\$ 72</u>

The outstanding amount of receivables from related parties is not collateralized and the terms of the transactions are monthly for 60 days, which are not materially different from those of general accounts.

(V) Lease agreements

<u>Accounting Subject</u>	<u>Type/Name of Related Party</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Lease liabilities	Substantial related party	<u>\$ 4,146</u>	<u>\$ 5,020</u>	<u>\$ 7,610</u>

<u>Type/Name of Related Party</u>	<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
<u>Interest expenses (Recognized as finance costs)</u>		
Substantial related party	<u>\$ 27</u>	<u>\$ 47</u>
<u>Cash outflow from leasing</u>		
Substantial related party	<u>\$ 900</u>	<u>\$ 900</u>

Under the lease agreements between the Group and the substantial related parties, the rent is paid monthly in accordance with the size of the premise leased with reference to the market in the vicinity.

(VI) Payables to related parties

<u>Accounting Subject</u>	<u>Type/Name of Related Party</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts payable	Substantial related party			
	Wen Shung Industrial Corp.	\$ 26,993	\$ 25,512	\$ 32,694
	Others	<u>1,466</u>	<u>4,485</u>	<u>699</u>
		<u>\$ 28,459</u>	<u>\$ 29,997</u>	<u>\$ 33,393</u>
Other payables	Substantial related party			
	Wen Shung Industrial Corp.	<u>\$ 37</u>	<u>\$ 79</u>	<u>\$ 49</u>

The terms of the Group's purchase of copper foil substrates from the substantial related party are 120 days monthly, which is not yet materially different from those of the general suppliers.

(VII) Remuneration to the management

	<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
Short-term employee benefits	\$ 2,587	\$ 1,368
Retirement benefits	<u>27</u>	<u>27</u>
	<u>\$ 2,614</u>	<u>\$ 1,395</u>

(VIII) Guarantees

<u>Type/Name of Related Party</u>	<u>January 1, 2025 to March 31, 2025</u>	<u>January 1, 2024 to March 31, 2024</u>
Chairman		
Guaranteed amount	<u>\$ 365,000</u>	<u>\$ 330,000</u>
Actual amount utilized (recorded as short-term borrowings)	<u>\$ 296,000</u>	<u>\$ 265,000</u>

XXIX. Pledged Assets

The following assets were provided as collateral for the Group's bank loans and performance guarantees:

	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant, and equipment			
Land	\$ 113,167	\$ 113,167	\$ 113,167
Housing and Construction	110,910	111,747	114,198
Equipment	82,828	85,577	111,558
Financial assets at fair value through other comprehensive income - current			
Domestic OTC stocks	240,960	225,420	157,378

XXX. Information on Foreign Currency-denominated Assets and Liabilities of Significant Influence

The following summary is presented in foreign currencies other than the functional currency. The exchange rate disclosed in the summary refers to the exchange rate of a foreign currency to the functional currency. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

Unit: Foreign currency/NT\$ thousand

	March 31, 2025			December 31, 2024			March 31, 2024		
	Foreign currencies	Exchange Rate	NTD	Foreign currencies	Exchange Rate	NTD	Foreign currencies	Exchange Rate	NTD
Monetary items of financial assets									
USD	\$ 2,277	33.205	\$ 75,608	\$ 2,298	32.785	\$ 75,340	\$ 3,121	32.00	\$ 99,872
JPY	233,357	0.2213	51,642	242,978	0.2154	52,342	181,063	0.2171	39,317
Non-monetary items of financial assets									
USD	704	33.205	23,376	575	32.785	18,851	771	32.00	24,685
Monetary items of financial liabilities									
USD	-	33.205	-	3	32.785	98	-	-	-
JPY	409,302	0.2213	90,579	418,120	0.2154	90,072	343,566	0.2171	74,604

For realized and unrealized foreign exchange gains and losses from January 1 to March 31, 2025, and January 1 to March 31, 2024, please refer to Note XXII. Due to the large

number of foreign currency transactions, it is not possible to disclose the exchange gains and losses by each significantly affected foreign currency.

XXXI. Supplementary Disclosures

(I) Information on Significant Transactions:

1. Loans provided for others. (Table 1)
2. Endorsements/Guarantees Provided for Others. (Table 2)
3. Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures). (Table 3)
4. The amount of purchases or sales with related parties reaches NT\$100 million or 20% of the paid-in capital. (None)
5. Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital or more. (None)
6. Others: Intercompany Relationships and Significant Intercompany Transactions. (Table 6)

(II) Information on invested companies (Table 4)

(III) Information on Investments in Mainland China:

1. Information on any investee company in mainland China (name, main business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of investment at end of period, repatriations of investment income, and limit on the amount of investment in mainland China. (Table 5)
2. Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information: (Table 7)
 - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (3) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (None)

- (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
- (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services. (None)

XXXII. Operating Segment Financial Information

(I) Segment Financial Information

The information provided by the Group to its key operating decision makers for the purpose of allocating resources and evaluating divisional performance focuses on the type of product or service to be delivered or provided. In accordance with IFRS 8, "Operating Segments," the Group's reportable segments (products or labor for drill bits, drilling foundry and copper foil substrates) are as follows:

1. Taiwan Business Division: Includes sales and segment operating expenses resulting from shipments from Key Ware Electronics, Key De Precise, Jia Chi, Hui Peng and Laserware Laser.
2. Mainland China Business Division: Includes sales and segment operating expenses arising from shipments of Kunshan Key Ware Electronics, Kunshan Weixing, Kunshan Laserware Laser , King Ware(Chongqing) , Wuhan Laserware Laser , Shenzhen Laserware Laser, Key ware, Advisor and Module.
3. Thailand Business Division: This includes sales gains and losses and departmental operating expenses generated from the shipments of Key Ware Electronics (Thailand).

The financial information related to the operating segments of the consolidated company for the periods from January 1 to March 31, 2025, and January 1 to March 31, 2024, is presented as follows:

Item	January 1, 2025 to March 31, 2025			Amount after adjustment
	Taiwan Region	Mainland China Region	Thailand Region	
Segment revenue				
External revenue	\$ 130,348	\$ 170,732	\$ -	\$ 301,080
Segment profit or loss	\$ 6,548	(\$ 21,377)	(\$ 1,151)	(\$ 15,980)
Non-operating income and expenses				(8,112)
Net income before tax				(\$ 24,092)
Segment assets	\$ 1,539,820	\$ 2,203,237	\$ 27,171	\$ 3,770,228

Item	January 1, 2024 to March 31, 2024			Amount after adjustment
	Taiwan Region	Mainland China Region	Thailand Region	
Segment revenue				
External revenue	<u>\$ 131,413</u>	<u>\$ 129,215</u>	<u>\$ -</u>	<u>\$ 260,628</u>
Segment profit or loss	<u>(\$ 7,065)</u>	<u>(\$ 6,631)</u>	<u>\$ -</u>	<u>(\$ 13,696)</u>
Non-operating income and expenses				<u>37,504</u>
Net income before tax				<u>\$ 23,808</u>
Segment assets	<u>\$ 1,626,655</u>	<u>\$ 2,191,710</u>	<u>\$ -</u>	<u>\$ 3,818,365</u>

Segment profit refers to the profit earned by each segment, excluding investment income or loss, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of investments, exchange gain or loss, gain or loss on valuation of financial instruments, interest expense and income tax expense recognized under the equity method. The measurement amount is provided to the chief operating decision maker to allocate resources to the segment and to measure its performance.

(II) Revenue from Main Products

The analysis of revenue from the main products of the continuing operations of the consolidated company is as follows:

	January 1, 2025 to March 31, 2025	January 1, 2024 to March 31, 2024
Diamond Heads	\$ 157,124	\$ 132,951
Copper Foil Substrates	42,872	33,034
Drilling Services	100,804	94,643
Others	<u>280</u>	<u>-</u>
	<u>\$ 301,080</u>	<u>\$ 260,628</u>

Key Ware Electronics Co., Ltd. and its investee companies

Loans provided for others

January 1 to March 31, 2025

Table 1

Unit: NT\$ thousand

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending balance (Note 2)	Actual Amount Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 1)
													Item	Value		
0	The Company	Four Companies including Kunshan Key Ware Electronics Co., Ltd	Other receivables - related parties	Yes	\$ 100,000	\$ 100,000	\$ -	-	Short-term Financing	\$ -	Operations turnover of investee companies	\$ -	-	\$ -	\$ 204,461	\$ 817,845
0	The Company	Jia Chi Co., Ltd	Other receivables - related parties	Yes	30,000	30,000	7,800	-	Short-term Financing	-	Operations turnover of investee companies	-	-	-	204,461	817,845
0	The Company	Laserware Laser Technology Co., Ltd	Other receivables - related parties	Yes	40,000	40,000	-	-	Short-term Financing	-	Operations turnover of investee companies	-	-	-	204,461	817,845
0	The Company	Key Ware Thailand	Other receivables - related parties	Yes	40,000	40,000	1,673	-	Short-term Financing	-	Operations turnover of investee companies	-	-	-	204,461	817,845

Note 1: In accordance with the "Regulations Governing the Loaning of Funds to Others", the total amount of funds loaned to others shall not exceed 40% of the Group's most recent audited or reviewed financial statements. The amount of individual loans shall not exceed 10% of the net value of the company to which the funds are lent if necessary for financial assistance.

Note 2: Refers to the amount resolved by the Board of Directors.

Key Ware Electronics Co., Ltd. and its investee companies
Endorsements/Guarantees Provided for Others
January 1 to March 31, 2025

Table 2

Unit: NT\$/CNY thousand

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsements/ Guarantees Provided for Single Entity (Note 1 and Note 2)	Maximum Endorsement/ Guarantee Balance (Note 3)	Ending Balance (Note 3)	Actual Amount Drawn	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/ Guarantees to Net Worth per Latest Financial Statements	Endorsement/ Guarantee Ceiling (Note 1)	Endorsements/ Guarantees Provided by Parent for Subsidiary	Endorsements/ Guarantees Provided by Subsidiary for Parent	Endorsements/ Guarantee s Provided for Subsidiary in Mainland China
		Name of Company	Relationship										
0	The Company	Key Ware Thailand	Subsidiary	\$ 408,923	\$ 62,731 THB 30,000 & USD 1,000	\$ 62,731 THB 30,000 & USD 1,000	\$ 12,982	\$ -	3.07	\$ 1,226,768	Y	N	N
0	The Company	Jia Chi Co., Ltd	Subsidiary	408,923	30,000	30,000	20,000	-	1.47	1,226,768	Y	N	N
0	The Company	Key De Precise Industries Co., Ltd	Subsidiary	408,923	200,000	200,000	25,000	-	9.78	1,226,768	Y	N	N
1	Kunshan Key Ware	The Company	Parent company	370,645	75,486 CNY 16,500	75,455 CNY 16,500	75,455 CNY 16,500	75,455	4.07	1,111,936	N	Y	N
1	Kunshan Key Ware	Kunshan Laserware	Subsidiary	370,645	43,919 CNY 9,600	43,901 CNY 9,600	22,865 CNY 5,000	-	2.37	1,111,936	N	N	Y

Note 1: In accordance with the Company's endorsement and guarantee procedures, the aggregate amount of the endorsement and guarantee shall not exceed 60% of the Company's latest audited or reviewed financial statements, and the amount of endorsement and guarantee for a single enterprise shall not exceed 20% of the aforementioned net value.

Note 2: In accordance with the endorsement and guarantee procedures of Kunshan Key Ware, the aggregate amount of the endorsement and guarantee shall not exceed 60% of Kunshan Key Ware's latest audited or reviewed financial statements, and the amount of endorsement and guarantee for a single enterprise shall not exceed 20% of the aforementioned net value.

Note 3: Refers to the amount resolved by the Board of Directors.

Key Ware Electronics Co., Ltd. and its investee companies
 Securities Held at End of Period
 March 31, 2025

Table 3

Unit: NT\$ thousand

Securities Holding Company	Marketable Securities and Name	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Remark
				Number of Shares (in Thousands)	Carrying amount	Shareholding Ratio (%)	Market Value/Net Equity Value	
The Company	<u>Domestic listed (OTC) and emerging stocks</u>							
	Savior Lifetec Corp.	—	Financial assets at fair value through profit or loss - current	3,372	\$ 64,743	1.06	\$ 64,743	
	Unimicron Technology Corp.	—	Financial assets at fair value through profit or loss - current	20	1,850	-	1,850	
	Compeq Manufacturing Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - current	30	1,698	-	1,698	
	Qbic Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - current	548	14,060	2.43	14,060	Note 1
	Savior Lifetec Corp.	—	Financial assets at fair value through other comprehensive income - current	12,571	241,364	3.96	241,364	
	<u>Domestic unlisted (OTC) stocks</u>							
	Han Yu Entrepreneurship Investment Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	3,200	17,517	8.89	17,517	
	<u>Foreign unlisted (OTC) stocks</u>							
	Concord Venture Capital Group Limited	—	Financial assets at fair value through other comprehensive income - current	-	11,378	13.57	11,378	
Kinara Inc.	—	Financial assets at fair value through other comprehensive income - current	1,809	8,520	1.73	8,520		
<u>Foreign listed (OTC) stocks</u>								
Sana Biotechnology, Inc.	—	Financial assets at fair value through profit or loss - current	319	17,806	0.14	17,806		
Silicon Motion Technology Corp.	—	Financial assets at fair value through profit or loss - current	1	1,175	-	1,175		

Note 1: The Company provided 12,550 thousand shares of Savior Lifetec Corporation to financial institutions as a collateral for financing.

Key Ware Electronics Co., Ltd. and its investee companies
Name of investee company, location and other related information
January 1 to March 31, 2025

Table 4

Unit: NTD/USD/CNY/THB thousand

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Profit (Loss) of Investee for the Period	Investment Income (Loss) Recognized for the Period	Remark
				Ending Balance for the Current Period	Ending Balance for the Previous Period	Number of Shares (in Thousands)	Shareholding (%)	Carrying amount			
Key Ware Electronics Co., Ltd.	Key Ware International Limited	British Virgin Islands	General investment	\$ 787,523	\$ 787,523	23,717	100	\$ 1,870,899	(\$ 13,479)	(\$ 13,318)	—
	Key De Precise Industries	Taiwan	Wholesale and processing of electronic parts and components	USD 23,717	USD 23,717	612	51	23,066	(CNY 2,950)	(CNY 2,915)	—
	Laserware Laser Technology	Taiwan	Electronic components, machinery and equipment	1,000	1,000	100	99.99	1,027	60	60	—
	Jia Chi	Taiwan	Drilling foundry	49,500	49,500	2,972	83.63	1,415	(422)	(366)	—
	Hui Peng Technology	Taiwan	Electronic components, machinery and equipment	600	600	60	60	608	-	-	—
	Key Ware Thailand	Thailand	Drilling foundry	2,461	2,461	250	100	293	(1,338)	(1,338)	—
				THB 2,500	THB 2,500				(THB 1,465)	(THB 1,465)	—
Key Ware International Limited	Advisor Move Investments Limited	British Virgin Islands	General investment	330,722	330,722	9,960	100	854,246	(6,058)	(6,058)	—
	Module System International Limited	Cayman Islands	General investment	USD 9,960	USD 9,960	12,957	100	CNY 186,802	(CNY 1,326)	(CNY 1,326)	—
				430,237	430,237			1,010,999	(7,402)	(7,402)	—
			USD 12,957	USD 12,957			CNY 221,080	(CNY 1,620)	(CNY 1,620)	—	

Note 1: The investment gain (loss) recognized for the current period has taken into account the impact of unrealized gains or losses from intercompany transactions.

Key Ware Electronics Co., Ltd. and its investee companies
Information on Investments in Mainland China
January 1 to March 31, 2025

Table 5

Unit: NT\$/USD/CNY thousand

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit (Loss) of Investee for the Period	The Company's Direct or Indirect Ownership	Investment Profit (Loss) Recognized for the Period (Note 1)	Carrying Amount of Investments at End of Period
					Remitted	Repatriated					
Kunshan Key Ware Electronics Co., Ltd	Drilling tools, hand tools	\$ 802,465 USD 24,167	Investment in Mainland China through companies registered in a third region	\$ 717,460 USD 21,607	\$ -	\$ -	\$ 717,460 USD 21,607	(\$ 13,464) (CNY 2,947)	(\$ 13,464) (CNY 2,947)	\$ 1,853,227 CNY 405,254	\$ 56,563 CNY 13,000
Kunshan Laserware Laser Technology Co., Ltd.	Drilling foundry	32,381 CNY 7,000	Investment in Mainland China through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	(416) (CNY 91)	(416) (CNY 91)	7,207 CNY 1,576	-
King Ware(Chongqing) Electronics Co., Ltd.	Electronic components wholesale	4,626 CNY 1,000	Investment in Mainland China through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	804 CNY 176	804 CNY 176	8,035 CNY 1,757	-
Wuhan Laserware Laser Technology Co., Ltd	Drilling foundry	152,652 CNY 33,000	Investment in Mainland China through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	(731) (CNY 160)	(731) (CNY 160)	155,596 CNY 34,025	-
Shenzhen Laserware Laser Technology Co., Ltd.	Drilling foundry	28,958 CNY 6,260	Investment in Mainland China through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	91 CNY 20	91 CNY 20	11,112 CNY 2,430	-
Hubei Laserware Laser Technology Co., Ltd. (Note 3)	Drilling foundry	78,639 CNY 17,000	Investment in Mainland China through Kunshan Key Ware Electronics Co., Ltd.	-	-	-	-	(841) (CNY 184)	(841) (CNY 184)	80,000 CNY 17,494	-

Accumulated Amount of Investments Remitted from Taiwan to Mainland China at End of Period	Amount of Investments Authorized by Investment Commission, M.O.E.A.	Ceiling on Amount of Investments Stipulated by Investment Commission, M.O.E.A.
\$ 735,723 (USD 22,157)	\$ 804,458 (USD 24,227)	\$ 1,238,352 (Note 2)

Note 1: The investment gain (loss) recognized for the current period has taken into account the impact of unrealized gains or losses from intercompany transactions.

Note 2: According to the "Principles for Examination of Investment or Technical Cooperation in Mainland China", the accumulated amount of the investor's investment in Mainland China shall not exceed 60% of the net value or the combined net value, whichever is higher.

Key Ware Electronics Co., Ltd. and its investee companies
Intercompany Relationships and Significant Intercompany Transactions
January 1 to March 31, 2025

Table 6

Unit: NT\$ thousand

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Description of Transactions			Percentage of Consolidated Total Revenue or Total Assets (Note 6)
				Ledger Account	Amount (Note 5)	Transaction Term	
0	The Company	Jia Chi	1	Accounts receivable	\$ 71,639	Note 3	1.90
		Jia Chi	1	Other Receivables	7,984	—	0.21
		Jia Chi	1	Processing revenue	33,067	Note 3	10.98
		Kunshan Key Ware	1	Other Receivables	11,070	Note 4	0.29
		Kunshan Key Ware	1	Sales revenue	36,481	Note 3	0.97
		Kunshan Key Ware	1	Sales costs	9,420	—	0.25
		Kunshan Key Ware	1	Long-term deferred income	12,655	Note 4	4.20
		Kunshan Key Ware	1	Long-term deferred income	20,696	Note 3	6.87
		Kunshan Key Ware	1	Accounts receivable	78,597	—	2.08
		Wuhan Laserware	1	Other Receivables	6,118	—	0.16
		1	Kunshan Key Ware	Kunshan Laserware	3	Accounts receivable	68,052
Kunshan Laserware	3			Other receivables	11,051	—	0.29
Hubei Laserware	3			Accounts receivable	5,625	—	0.15
Hubei Laserware	3			Sales revenue	—	—	—
2	Wuhan Laserware	Hubei Laserware	3	Accounts receivable	31,012	—	0.82

Note 1: The information on business dealings between the parent company and subsidiaries should be numbered according to the following method:

1. For the parent company, fill in 0.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationships with counterparties can be any one of the following three types:

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3: Transaction price are based on cost, and both parties negotiate prices with reference to market conditions. The trading terms are net 180 days.

Note 4: Transaction price are based on cost, and both parties negotiate prices with reference to market conditions. The trading terms are net 120 days.

Note 5: In preparing the consolidated financial statements, inter-parent-subsidiary transactions are written-off.

Note 6: The ratio of transaction amount to total consolidated revenue or total assets is calculated as the ending balance to total consolidated assets if it is an asset or liability account; For profit and loss accounts, the calculation is based on the accumulated amount as a percentage of consolidated total revenue.

Key Ware Electronics Co., Ltd. and its investee companies
Major Transactions with Any Investee Company in mainland China Directly or Indirectly through a Third Region, and Their Prices, Payment terms,
Unrealized Gains (Losses), and Other Information
January 1 to March 31, 2025

Table 7

Unit: NT\$ thousand

Investee Company	Type of Transaction	Purchases (Sales)		Price	Transaction Term		Notes and Accounts Receivable (Payable)		Unrealized gains (losses)	Remark
		Amount	Percentage (%)		Payment Terms	Difference with General Transactions	Amount	Percentage (%)		
Kunshan Key Ware	Sales	\$ 12,655	10%	No material difference from the general account	Net 120 to 180 days	No material difference from the general transaction	\$ 11,070	5%	\$ 3	—
	Purchase of goods	29,642	20%	No material difference from the general account	Net 180 days	No material difference from the general transaction	(65,144)	42%	-	—
Kunshan Laserware	Sales	3,321	3%	No material difference from the general account	Net 180 days	No material difference from the general transaction	16,493	6%	-	—
Hubei Laserware	Sales	5,625	6%	No material difference from the general account	Net 180 days	No material difference from the general transaction	11,051	4%	-	—

Note: The unrealized gain or loss on transactions with the investees in Mainland China has been fully written off in the preparation of the consolidated financial statement.

