

Yield Microelectronics Corporation

Financial Statements for the
Six Months Ended June 30, 2025 and 2024
and Independent Auditors' Review Report

Address: 11F-2, No. 12, Taiyuan 2nd. St., Zhubei City, Hsinchu County
TEL: (03) 552-6035

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Yield Microelectronics Corporation

Introduction

The balance sheets of Yield Microelectronics Corporation as of June 30, 2025 and 2024, and the statements of comprehensive income for the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, and the statements of changes in equity and the statement of cash flows for the six months ended June 30, 2025 and 2024, as well as the notes to the financial statements (including a summary of significant accounting policies), have been reviewed by us. The preparation and fair presentation of these 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 made effective by the Financial Supervisory Commission, are the responsibility of the Company's management. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope

We conducted our reviews in accordance with TWSRE2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of financial statements 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 that of an audit conducted in accordance with auditing standards, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, of the financial position of Yield Microelectronics Corporation as of June 30, 2025 and 2024, of its financial performance for the three months ended June 30, 2025 and 2024, and its financial performance and cash flows for the six months ended June 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting," as endorsed and made effective by the Financial Supervisory Commission.

The engagement partners on the reviews resulting in this independent auditors' review report are Hsin-Tung Lin and Cheng-Chih Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 5, 2025

Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. The English version have not audited by Deloitte & Touche. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and financial statements shall prevail.

Yield Microelectronics Corporation
Balance Sheets
As of June 30, 2025, December 31, 2024, and June 30, 2024

(In Thousands of New Taiwan Dollars)

Code	Assets	June 30, 2025		December 31, 2024		June 30, 2024		Code	Liabilities and Equity	June 30, 2025		December 31, 2024		June 30, 2024	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
	Current Assets								Current Liabilities						
1100	Cash and cash equivalents (Notes 6 and 21)	\$ 433,656	76	\$ 502,947	78	\$ 500,399	81	2206	Compensation payable to employees and directors (Note 16)	\$ 3,444	-	\$ 8,650	1	\$ 3,513	1
1170	Accounts receivable (Notes 7 and 21)	11,782	2	17,063	3	19,722	3	2230	Current tax liabilities (Notes 4 and 17)	801	-	417	-	633	-
1200	Other receivables (Notes 7 and 21)	3,615	1	7,745	1	4,446	1	2280	Lease liabilities – current (Notes 9 and 21)	11,315	2	11,140	2	10,968	2
1470	Prepayments and other current assets							2300	Other current liabilities (Notes 12 and 21)	49,730	9	43,854	7	39,547	6
	(Note 11)	4,980	1	3,551	1	3,509	1	21XX	Total Current Liabilities	65,290	11	64,061	10	54,661	9
11XX	Total Current Assets	454,033	80	531,306	83	528,076	86		Non-current Liabilities						
	Non-current Assets							2580	Lease liabilities – non-current	8,720	2	14,422	2	20,036	3
1600	Property, plant and equipment (Note 8)	50,818	9	39,231	6	28,301	5	2670	Other non-current liabilities (Notes 12 and 21)	13,389	2	12,516	2	5,062	1
1755	Right-of-use assets (Note 9)	19,654	3	25,270	4	30,885	5	25XX	Total Non-current Liabilities	22,109	4	26,938	4	25,098	4
1780	Other intangible assets (Note 10)	41,650	7	43,164	7	20,401	3	2XXX	Total Liabilities	87,399	15	90,999	14	79,759	13
1915	Prepayments for equipment	-	-	-	-	1,800	-		Equity (Note 14 and 19)						
1920	Refundable deposits (Note 21)	3,084	1	3,084	-	4,483	1	3110	Common stock	300,145	53	294,260	46	294,260	48
1975	Net defined benefit assets (Notes 4 and 13)	1,459	-	1,459	-	1,413	-	3200	Additional paid-in capital	206,283	36	212,168	33	212,168	34
15XX	Total Non-current Assets	116,665	20	112,208	17	87,283	14	3310	Legal reserve	16,672	3	13,898	2	13,898	2
								3350	Unappropriated earnings	10,058	2	32,189	5	15,274	3
								3500	Treasury stock	(49,859)	(9)	-	-	-	-
								3XXX	Total Equity	483,299	85	552,515	86	535,600	87
1XXX	Total Assets	\$ 570,698	100	\$ 643,514	100	\$ 615,359	100		Total Liabilities and Equity	\$ 570,698	100	\$ 643,514	100	\$ 615,359	100

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

Yield Microelectronics Corporation
Statements of Comprehensive Income

For the Three Months Ended June 30, 2025 and 2024 and the Six Months Ended June 30, 2025 and 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		For the Three Months Ended June 30, 2025		For the Three Months Ended June 30, 2024		For the Six Months Ended June 30, 2025		For the Six Months Ended June 30, 2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes 15)	\$ 45,032	100	\$ 45,006	100	\$ 114,675	100	\$ 104,895	100
5000	Operating cost (Note 16)	224	1	199	1	513	-	413	1
5900	Gross profit	44,808	99	44,807	99	114,162	100	104,482	99
	Operating expenses (Note 16)								
6100	Selling and marketing	4,409	10	5,047	11	8,742	8	8,330	8
6200	General and administrative	10,389	23	9,972	22	22,630	20	19,108	18
6300	Research and development	33,614	74	34,058	76	70,053	61	65,217	62
6450	Expected credit impairment losses	323	1	-	-	323	-	-	-
6000	Total operating expenses	48,735	108	49,077	109	101,748	89	92,655	88
6900	Operating income (loss)	(3,927)	(9)	(4,270)	(10)	12,414	11	11,827	11
	Non-operating income and expense (Notes 16)								
7100	Interest income	1,521	3	987	2	2,922	2	1,692	1
7010	Other income	-	-	38	-	-	-	38	-
7020	Other gains and losses	(1,364)	(3)	52	-	(1,213)	(1)	746	1
7050	Finance costs	(163)	-	(248)	-	(348)	-	(249)	-
7000	Total non-operating income and expenses	(6)	-	829	2	1,361	1	2,227	2
7900	Net income (loss) before tax	(3,933)	(9)	(3,441)	(8)	13,775	12	14,054	13
7950	Tax expense (Notes 4 and 17)	1,332	3	677	1	4,000	3	3,226	3
8200	Net income (loss)	(5,265)	(12)	(4,118)	(9)	9,775	9	10,828	10
8300	Other comprehensive income	-	-	-	-	-	-	-	-
8500	Total comprehensive income	(\$ 5,265)	(12)	(\$ 4,118)	(9)	9,775	9	10,828	10
	Earnings (losses) per share (Note 18)								
9750	Basic earnings per share	(\$ 0.18)		(\$ 0.14)		\$ 0.33		\$ 0.39	
9850	Diluted earnings per share	(\$ 0.18)		(\$ 0.14)		\$ 0.33		\$ 0.39	

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

Yield Microelectronics Corporation
Statements of Changes in Equity
For the Six Months Ended June 30, 2025 and 2024

(In Thousands of New Taiwan Dollars, unless otherwise specified)

Code		Common shares		Capital surplus	Retained Earnings		Treasury stock	Total equity
		Number of shares (in thousands)	Amount		Legal reserve	Unappropriated earnings		
A1	Balance on January 1, 2024	26,810	\$ 268,100	\$ -	\$ 10,697	\$ 34,457	\$ -	\$ 313,254
	2023 Distribution of Earnings							
B1	Legal reserve	-	-	-	3,201	(3,201)	-	-
B5	The company's cash dividends for shareholders – NT\$1.00 per share	-	-	-	-	(26,810)	-	(26,810)
D1	Net income for the six months ended June 30, 2024	-	-	-	-	10,828	-	10,828
D3	Other comprehensive income after tax for the six months ended June 30, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
D5	Total comprehensive income for the six months ended June 30, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,828</u>	<u>-</u>	<u>10,828</u>
E1	Cash capital increases	2,616	26,160	205,861	-	-	-	232,021
N1	Costs of employee stock option	<u>-</u>	<u>-</u>	<u>6,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,307</u>
Z1	Balance on June 30, 2024	<u>29,426</u>	<u>\$ 294,260</u>	<u>\$ 212,168</u>	<u>\$ 13,898</u>	<u>\$ 15,274</u>	<u>\$ -</u>	<u>\$ 535,600</u>
A1	Balance on January 1, 2025	29,426	\$ 294,260	\$ 212,168	\$ 13,898	\$ 32,189	\$ -	\$ 552,515
	2024 Distribution of Earnings							
B1	Legal reserve	-	-	-	2,774	(2,774)	-	-
B5	The company's cash dividends for shareholders – NT\$0.99 per share	-	-	-	-	(29,132)	-	(29,132)
C13	Dividends distributed with additional paid-in capital	589	5,885	(5,885)	-	-	-	-
D1	Net income for the six months ended June 30, 2025	-	-	-	-	9,775	-	9,775
D3	Other comprehensive income after tax for the six months ended June 30, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
D5	Total comprehensive income for the six months ended June 30, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,775</u>	<u>-</u>	<u>9,775</u>
L1	Purchase of treasury stock	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(<u>49,859</u>)	(<u>49,859</u>)
Z1	Balance on June 30, 2025	<u>30,015</u>	<u>\$ 300,145</u>	<u>\$ 206,283</u>	<u>\$ 16,672</u>	<u>\$ 10,058</u>	(<u>\$ 49,859</u>)	<u>\$ 483,299</u>

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

Yield Microelectronics Corporation
Statements of Cash Flows
For the Six Months Ended June 30, 2025 and 2024
(In Thousands of New Taiwan Dollars)

Code		For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
	Cash flow from operating activities		
A10000	Profit before income tax	\$ 13,775	\$ 14,054
A20010	Adjustments for:		
A20100	Depreciation expense	13,112	6,945
A20200	Amortization expense	13,023	10,191
A20300	Expected credit impairment losses	323	-
A20900	Finance costs	348	249
A21200	Interest income	(2,922)	(1,692)
A21900	Costs of employee stock option	-	6,307
A22500	Loss on disposal of property, plant and equipment	-	207
A24100	Net foreign exchange losses (gains)	864	(908)
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	4,579	(2,729)
A31180	Other receivables	4,336	(51)
A31240	Prepayments and other current assets	(1,429)	(1,136)
A32180	Compensation payable to employees and directors	(5,206)	(2,716)
A32230	Other current liabilities	(617)	(2,659)
A33000	Net cash generated from operations	40,186	26,062
A33100	Interest received	2,922	1,692
A33300	Interest paid	(348)	(249)
A33500	Income tax paid	(3,822)	(3,378)
AAAA	Net cash inflow from operating activities	<u>38,938</u>	<u>24,127</u>
	Cash flows from investing activities		
B02700	Purchase of property, plant and equipment	(14,333)	(20,103)
B03800	Decreases in refundable deposits	-	72
B04500	Acquisition of intangible assets	(6,639)	(1,058)
BBBB	Net cash used in investing activities	<u>(20,972)</u>	<u>(21,089)</u>
	Cash flows from financing activities		
C04020	Repayment of the principal portion of lease liabilities	(5,527)	(2,898)
C04500	Issue of cash dividends	(29,132)	(26,810)

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<u>Code</u>		<u>For the Six Months Ended June 30, 2025</u>	<u>For the Six Months Ended June 30, 2024</u>
C04600	Issuance of new shares	\$ -	\$ 232,021
C04900	Purchase of treasury stock	(49,859)	-
CCCC	Cash inflow (outflow) related to financing activities	(84,518)	202,313
DDDD	Effect of exchange rate changes on cash and cash equivalents	(2,739)	227
EEEE	Net (decrease) increase in cash and cash equivalents	(69,291)	205,578
E00100	Cash and cash equivalents at the beginning of the period	502,947	294,821
E00200	Cash and cash equivalents at end of period	\$ 433,656	\$ 500,399

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

Yield Microelectronics Corporation
Notes to Financial Statements
For the Six Months Ended June 30, 2025 and 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. General

Yield Microelectronics Corporation (hereinafter referred to as “the Company”) was established on September 4, 2001, with approval from the Ministry of Economic Affairs. The Company primarily engages in the design, research and development, manufacturing, wholesale and retail, international trade, and intellectual property rights of electronic products.

The Company’s shares have been listed and traded on the Taiwan Stock Exchange’s Innovation Board since May 15, 2024.

This financial report is presented in New Taiwan Dollars, which is the functional currency of the Company.

2. The Authorization of Financial Statements

This financial report was approved by the Board of Directors on August 5, 2025.

3. Application of New and Revised International Financial Reporting Standards

- (1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as “IFRSs”) approved and issued by the Financial Supervisory Commission (hereinafter referred to as “FSC”) to be effective.

1. Amendments to IAS 21: Lack of Exchangeability

The application of the amendments to IAS 21, Lack of Exchangeability, did not result in any material changes to the Company’s accounting policies.

- (2) The International Financial Reporting Standards (IFRS) approved by the FSC which will be applied in 2026

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 9 and IFRS 7: “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting	January 1, 2026

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Standards – Volume 11	
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

As of the date the financial statements were approved for issuance, the Company is still assessing the impact of the amendments on its financial position and financial performance. Relevant effects will be disclosed once the assessment is completed.

(3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 - “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
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 newly issued/amended/revised standards or interpretations become effective for annual reporting periods beginning after their respective dates.

By the approval date of this financial report, the Company is still evaluating other impacts of the amendments to various standards and interpretations on its financial position and performance. The relevant impact will be disclosed upon completion of the assessment.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting,” as endorsed and issued into effect by the Financial Supervisory Commission. These financial statements do not include all the disclosures required by the full set of IFRS accounting standards for annual financial reports.

(2) Basis of Preparation

Except for financial instruments measured at fair value and net defined benefit assets measured as the present value of defined benefit assets less the fair value of plan assets, this financial report is prepared on a historical cost basis.

Fair value measurements are categorized into Level 1 to Level 3 based on the observability and significance of the inputs used.

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
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., derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

(3) **Other Significant Accounting Policies**

Except as described below, please refer to the summary of significant accounting policies in the 2024 annual financial report.

1. **Defined Benefit and Post-Retirement Benefits**

Pension costs for the interim period are calculated on a year-to-date basis using the actuarially determined pension cost rate at the end of the previous year. Adjustments are made for significant market fluctuations, significant plan amendments, settlements, or other significant one-time events during the period.

2. **Income Tax Expense**

Income tax expense is the sum of current income tax and deferred income tax. Income tax for the interim period is assessed on an annual basis, using the tax rate that is expected to apply to the total annual earnings, and is calculated based on pre-tax profit for the interim period.

5. **Critical Accounting Judgments and Key Sources of Estimation and Uncertainty**

Please refer to the description of significant accounting judgments, estimates, and key sources of uncertainty in the 2024 annual financial report.

6. **Cash and Cash Equivalents**

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand	\$ 32	\$ 51	\$ 62
Demand deposits	100,524	78,696	91,137
Cash equivalents			
Time deposits with the original maturity dates	<u>333,100</u>	<u>424,200</u>	<u>409,200</u>

of less than 3 months

\$ 433,656	\$ 502,947	\$ 500,399
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The interest rates for bank deposits as of the balance sheet date range as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Bank deposits	0%~1.57%	0%~1.62%	0.05%~1.45%

7. Accounts Receivable

	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable measured at amortized cost			
Total carrying amount	\$ 12,105	\$ 17,063	\$ 19,722
Less: allowance for loss	(<u>323</u>)	<u>-</u>	<u>-</u>
	<u>\$ 11,782</u>	<u>\$ 17,063</u>	<u>\$ 19,722</u>

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	June 30, 2025	December 31, 2024	June 30, 2024
Other receivables			
Tax refunds receivable	<u>\$ 3,615</u>	<u>\$ 7,745</u>	<u>\$ 4,446</u>

The Company has an average credit period of 30 to 60 days for service income and does not charge interest on accounts receivable. To mitigate credit risk, the Company has established credit and accounts receivable management policies to ensure that appropriate actions are taken for the recovery of overdue receivables. Furthermore, on the balance sheet date, the Company reviews the recoverable amount of each receivable to ensure that an appropriate allowance for impairment losses has been made for irrecoverable amounts. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

The Company recognizes an allowance for impairment losses on accounts receivable based on the expected credit losses over the lifetime of the receivables. The lifetime expected credit losses are calculated using a provision matrix that considers the customer's past default history, current financial condition, the economic conditions of the industry, and also takes into account the industry outlook. Since the Company's historical experience of credit losses shows that the loss patterns across different customer groups are not significantly different, the provision matrix does not further differentiate between customer groups and is based solely on the days past due for determining the expected credit loss rates.

If there is evidence that the counterparty is in severe financial difficulty and the Company cannot reasonably expect to recover the amount, the Company writes off the related receivable directly, but continues with the collection efforts, and amounts recovered subsequently are recognized in profit or loss.

The Company measures the allowance for impairment losses on accounts receivable as follows:

June 30, 2025

	Not past due	1-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total
Total carrying amount	\$ 5,495	\$ 5,848	\$ 439	\$ -	\$ 323	\$ 12,105
Allowance for loss (lifetime expected credit losses)	-	-	-	-	(323)	(323)
Amortized cost	<u>\$ 5,495</u>	<u>\$ 5,848</u>	<u>\$ 439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,782</u>

December 31, 2024

	Not past due	1-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total
Total carrying amount	\$ 14,823	\$ 1,912	\$ -	\$ -	\$ 328	\$ 17,063
Allowance for loss (lifetime expected credit losses)	-	-	-	-	-	-
Amortized cost	<u>\$ 14,823</u>	<u>\$ 1,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 328</u>	<u>\$ 17,063</u>

June 30, 2024

	Not past due	1-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total
Total carrying amount	\$ 13,548	\$ 81	\$ 414	\$ 5,679	\$ -	\$ 19,722
Allowance for loss (lifetime expected credit losses)	-	-	-	-	-	-
Amortized cost	<u>\$ 13,548</u>	<u>\$ 81</u>	<u>\$ 414</u>	<u>\$ 5,679</u>	<u>\$ -</u>	<u>\$ 19,722</u>

The information on the change of allowance for accounts receivable is as follows:

	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Beginning balance	\$ -	\$ -
Add: Recognized impairment losses	323	-
Ending balance	<u>\$ 323</u>	<u>\$ -</u>

8. Property, Plant and Equipment

For self-use

	Equipment for R&D	Leasehold improvement	Office equipment	Total
<u>Cost</u>				
Balance on January 1, 2025	\$ 67,858	\$ 19,784	\$ 12,600	\$ 100,242
Addition	17,455	158	1,470	19,083
Balance on June 30, 2025	<u>\$ 85,313</u>	<u>\$ 19,942</u>	<u>\$ 14,070</u>	<u>\$ 119,325</u>
<u>Accumulated depreciation</u>				
Balance on January 1, 2025	\$ 50,634	\$ 4,397	\$ 5,980	\$ 61,011
Depreciation expense	3,071	3,310	1,115	7,496
Balance on June 30, 2025	<u>\$ 53,705</u>	<u>\$ 7,707</u>	<u>\$ 7,095</u>	<u>\$ 68,507</u>
June 30, 2025 - net	<u>\$ 31,608</u>	<u>\$ 12,235</u>	<u>\$ 6,975</u>	<u>\$ 50,818</u>
December 31, 2024 and January 1, 2025 - net	<u>\$ 17,224</u>	<u>\$ 15,387</u>	<u>\$ 6,620</u>	<u>\$ 39,231</u>
<u>Cost</u>				
Balance on January 1, 2024	\$ 51,725	\$ 740	\$ 8,702	\$ 61,167
Addition	-	19,784	4,572	24,356
Disposal	(142)	(740)	(750)	(1,632)
Balance on June 30, 2024	<u>\$ 51,583</u>	<u>\$ 19,784</u>	<u>\$ 12,524</u>	<u>\$ 83,891</u>
Balance on January 1, 2024	\$ 47,419	\$ 482	\$ 5,184	\$ 53,085
Depreciation expense	1,951	1,151	828	3,930
Disposal	(142)	(533)	(750)	(1,425)
Balance on June 30, 2024	<u>\$ 49,228</u>	<u>\$ 1,100</u>	<u>\$ 5,262</u>	<u>\$ 55,590</u>
June 30, 2024 - net	<u>\$ 2,355</u>	<u>\$ 18,684</u>	<u>\$ 7,262</u>	<u>\$ 28,301</u>

Depreciation expense is provided on a straight-line basis over the following useful lives:

Equipment for R&D	5 years
Leasehold improvement	3 years
Office equipment	5 years

9. Lease Agreements

(1) Right-of-use assets

	June 30, 2025	December 31, 2024	June 30, 2024
Right-of-use assets			
Carrying amount			
Buildings	<u>\$ 19,654</u>	<u>\$ 25,270</u>	<u>\$ 30,885</u>
	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025
Right-of-use assets added			<u>\$ -</u>
Depreciation expense of right-of-use assets	<u>\$ 2,808</u>	<u>\$ 2,808</u>	<u>\$ 3,015</u>

(2) Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Lease liabilities			
Carrying amount			
Current	<u>\$ 11,315</u>	<u>\$ 11,140</u>	<u>\$ 10,968</u>
Non-current	<u>\$ 8,720</u>	<u>\$ 14,422</u>	<u>\$ 20,036</u>

The discount rate range for the lease liabilities is as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Buildings	3.12%	3.12%	3.12%

(3) Significant leasing activities and terms

The Company leases buildings for office and parking space use, with lease terms of 2 years. At the end of the lease term, the Company has no option to purchase the leased buildings and has agreed not to sublease or transfer any part of the leased property without the lessor's consent.

(4) Other leasing information

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Short-term lease expenses	\$ <u>-</u>	\$ <u>476</u>	\$ <u>-</u>	\$ <u>1,729</u>
Total amount of cash outflow from lease			\$ <u>5,875</u>	\$ <u>4,876</u>

10. Other Intangible Assets

	Computer software	Patents	Total
<u>Cost</u>			
Balance on January 1, 2025	\$ 78,972	\$ 2,857	\$ 81,829
Increase in current period	11,509	-	11,509
Disposal	(10,162)	-	(10,162)
Balance on June 30, 2025	\$ <u>80,319</u>	\$ <u>2,857</u>	\$ <u>83,176</u>
<u>Accumulated amortization</u>			
Balance on January 1, 2025	\$ 35,808	\$ 2,857	\$ 38,665
Amortization expense	13,023	-	13,023
Disposal	(10,162)	-	(10,162)
Balance on June 30, 2025	\$ <u>38,669</u>	\$ <u>2,857</u>	\$ <u>41,526</u>
June 30, 2025 - net	\$ <u>41,650</u>	\$ <u>-</u>	\$ <u>41,650</u>
December 31, 2024 and January 1, 2025 - net	\$ <u>43,164</u>	\$ <u>-</u>	\$ <u>43,164</u>
<u>Cost</u>			
Balance on January 1, 2024	\$ 72,924	\$ 2,857	\$ 75,781
Increase in current period	344	-	344
Disposal	(532)	-	(532)
Balance on June 30, 2024	\$ <u>72,736</u>	\$ <u>2,857</u>	\$ <u>75,593</u>
<u>Accumulated amortization</u>			
Balance on January 1, 2024	\$ 42,819	\$ 2,714	\$ 45,533
Amortization expense	10,048	143	10,191
Disposal	(532)	-	(532)
Balance on June 30, 2024	\$ <u>52,335</u>	\$ <u>2,857</u>	\$ <u>55,192</u>
June 30, 2024 - net	\$ <u>20,401</u>	\$ <u>-</u>	\$ <u>20,401</u>

Amortization expense is provided on a straight-line basis over the following useful lives:

Computer software	3 years
Patents	5 years

Amortization expenses classified by function:

For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
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	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Administrative expense	\$ 47	\$ 23	\$ 90	\$ 46
R&D expense	6,527	5,001	12,933	10,145
	<u>\$ 6,574</u>	<u>\$ 5,024</u>	<u>\$ 13,023</u>	<u>\$ 10,191</u>

11. Other Assets

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
Prepayment for test materials	\$ 1,633	\$ 376	\$ 225
Prepayment for technical services	1,372	-	-
Offset against business tax payable	1,110	2,555	1,567
Prepayment for software	655	320	198
Prepayment for insurance premium	89	223	79
Prepayments	-	-	1,300
Others	121	77	140
	<u>\$ 4,980</u>	<u>\$ 3,551</u>	<u>\$ 3,509</u>

12. Other Liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
Software fees payable	\$ 18,128	\$ 16,385	\$ 11,617
Salary and bonuses payable	10,990	13,360	9,287
Unused annual leave bonuses payable	5,867	6,666	5,353
Payables for equipment	5,740	990	6,220
Insurance premiums payable	1,568	1,413	1,438
Technical service fees payable	1,442	1,636	1,200
Service fees payable	1,245	1,181	1,248
Others	4,750	2,223	3,184
	<u>\$ 49,730</u>	<u>\$ 43,854</u>	<u>\$ 39,547</u>
<u>Non-current</u>			
Software fees payable	<u>\$ 13,389</u>	<u>\$ 12,516</u>	<u>\$ 5,062</u>

13. Post-Employment Benefit Plans

For the three months ended June 30, 2025 and 2024 and the six months ended June 30, 2025 and 2024, the retirement pension expenses recognized for the defined benefit plans were calculated based on the actuarially determined pension cost rate as of December 31, 2024 and 2023, respectively. The amounts were NT\$11,000, NT\$10,000, NT\$22,000 and NT\$38,000, respectively.

14. Equity

(1) Capital Stock - Common Stock

	June 30, 2025	December 31, 2024	June 30, 2024
Number of shares (1,000 shares)	<u>40,000</u>	<u>30,000</u>	<u>30,000</u>
Authorized share capital	<u>\$ 400,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>
Number of issued and fully paid shares (1,000 shares)	<u>30,015</u>	<u>29,426</u>	<u>29,426</u>
Share capital of issued shares	<u>\$ 300,145</u>	<u>\$ 294,260</u>	<u>\$ 294,260</u>

On May 13, 2025, the Company's shareholders' meeting resolved to capitalize the additional paid-in capital and issue 589 thousand new shares with a par value of NT\$10 per share. After the capital increase, the paid-in capital amounted to NT\$300,145 thousand. June 18, 2025 was set as the base date for the capital increase, and the change of registration was completed on June 23, 2025.

On February 27, 2024, the Company's board of directors resolved to issue 2,616,000 new shares in a cash capital increase before the initial public offering, with the par value of NT\$10 per share and the issue price of NT\$75 per share, resulting in a paid-in capital of NT\$294,260,000 after the increase. The Taiwan Stock Exchange approved the registration of this cash capital increase on March 26, 2024, and the board of directors authorized the chairman to set May 13, 2024, as the base date for the capital increase, of which the registration of change was completed on May 27, 2024.

(2) Additional Paid-in Capital

	June 30, 2025	December 31, 2024	June 30, 2024
<u>It may be used to offset losses, to make cash payments or to increase the capital of the Company</u>			
Share premium	<u>\$ 206,283</u>	<u>\$ 212,168</u>	<u>\$ 212,168</u>

This type of additional paid-in capital can be used to offset losses and, when the Company has no losses, it may be distributed as cash or converted into share capital. However, when converting into share capital, it is limited to a certain percentage of the paid-in capital each year.

(3) Retained Earnings and Dividend Policy

The Company, following the amendment to its articles of incorporation approved at the shareholders' meeting on June 6, 2023, adheres to the revised earnings distribution policy. If there are net profits after tax for the period, prior losses must be covered first (including the amount of adjusted unappropriated earnings), followed by a mandatory allocation of 10% to the legal reserve; however, this is not required if the legal reserve has already reached the total capital amount of the Company. Subsequently, special reserves are allocated or reversed according to laws or regulations. The remaining profits, along with the beginning unappropriated earnings (including the amount of adjusted unappropriated earnings), are proposed by the board of directors for shareholders' dividend distribution. If the Company decides to distribute dividends and bonuses or to allocate or partially distribute the legal reserve and capital reserve in cash, such decisions are authorized by a two-thirds majority of directors present at the board meeting, with more than half in agreement, and subsequently reported to the shareholders' meeting.

The employee and director compensation distribution policy outlined in the Company's articles of incorporation can be found in Note 16 (7) on "Compensation to Employees and Directors".

The board is authorized to propose distributions ranging from 0% to 100% of available profits, taking into account factors such as the prevailing and prospective investment landscape, funding requirements, domestic and international competition, and capital budgeting, all while striking a balance between shareholder interests and long-term financial planning. Furthermore, the cash dividend percentage should not fall below 10% of the total cash and stock dividends distributed for the year.

The legal reserve must be allocated until it reaches the total paid-in capital amount. It can be used to cover losses. If there are no losses, the part of the legal reserve exceeding 25% of the total paid-in capital can be allocated to increase capital or distributed in cash.

The Company's earnings distribution plans for 2024 and 2023 are as follows:

	2024	2023
Legal reserve	<u>\$ 2,774</u>	<u>\$ 3,201</u>
Cash dividends	<u>\$ 29,132</u>	<u>\$ 26,810</u>
Cash dividends per share (NT\$)	\$ 0.99	\$ 1.00

The aforementioned cash dividends were respectively resolved by the board of directors on February 25, 2025 and February 27, 2024, while the remaining items in the earnings distribution plan were approved by the shareholders at the general meetings held on May 13, 2025 and May 21, 2024.

In addition, on May 13, 2025, the general shareholders' meeting resolved to increase capital by NT\$5,885 thousand through the additional paid-in capital.

For details of the earnings distribution resolved by the shareholders' meeting, please refer to the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

(4) Treasury Stock

Reason for repurchase	Shares transferred to employees (thousand shares)
Shares as of Jan. 1, 2025	-
Increase in current period	540
Shares as of June 30, 2025	540

On May 7, 2025, the Company's Board of Directors resolved to repurchase 1,000 thousand treasury shares, with a price range between NT\$52 and NT\$119. As of June 30, 2025, 540 thousand shares had been repurchased, accounting for 1.8% of the Company's outstanding shares.

Treasury shares held by the Company may not be pledged, nor are they entitled to dividends or voting rights in accordance with the Securities and Exchange Act.

15. Revenue

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Revenue from Customer Contracts				
Income from technical services	\$ 16,268	\$ 12,743	\$ 30,194	\$ 28,818
Income from royalties	28,764	32,263	84,481	76,077
	<u>\$ 45,032</u>	<u>\$ 45,006</u>	<u>\$ 114,675</u>	<u>\$ 104,895</u>

(1) Description of Customer Contracts

1. Income from Technical Services

Income from technical services is recognized for providing customers with silicon intellectual property (IP) design services for integrated circuits upon the delivery of services or silicon IP to the customers.

2. Income from Royalties

Income from royalties arises from licensing standardized silicon IP for integrated circuits to customers. Royalties are collected based on the contract terms after the customer commences mass production using the licensed silicon IP.

(2) Contract Balances

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
Accounts receivable (Note 7)	<u>\$ 11,782</u>	<u>\$ 17,063</u>	<u>\$ 19,722</u>	<u>\$ 16,486</u>

(3) Breakdown of Customer Contract Revenue

Main Markets	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Mainland China (including Hong Kong)	\$ 16,279	\$ 15,139	\$ 46,771	\$ 48,471
Taiwan	11,748	11,162	23,432	20,194
Korea	10,258	10,043	23,119	15,686
Singapore	3,625	7,491	15,216	15,382
USA	3,122	649	5,757	2,219
Others	-	522	380	2,943
	<u>\$ 45,032</u>	<u>\$ 45,006</u>	<u>\$ 114,675</u>	<u>\$ 104,895</u>

16. Net Income from Continuing Operations

(1) Income from interests

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Bank deposits	<u>\$ 1,521</u>	<u>\$ 987</u>	<u>\$ 2,922</u>	<u>\$ 1,692</u>

(2) Other income

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Others	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ -</u>	<u>\$ 38</u>

(3) Other profits and losses

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Net foreign currency exchange gain (loss)	(\$ 1,364)	\$ 259	(\$ 1,213)	\$ 953
Loss on disposal of property, plant and equipment	-	(207)	-	(207)
	<u>(\$ 1,364)</u>	<u>\$ 52</u>	<u>(\$ 1,213)</u>	<u>\$ 746</u>

(4) Finance costs

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Interest in lease liabilities	<u>\$ 163</u>	<u>\$ 248</u>	<u>\$ 348</u>	<u>\$ 249</u>

(5) Depreciation and amortization

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Depreciation expense classified by function				
Operating expenses	<u>\$ 6,739</u>	<u>\$ 5,305</u>	<u>\$ 13,112</u>	<u>\$ 6,945</u>
Amortization expense classified by function				
Operating expenses	<u>\$ 6,574</u>	<u>\$ 5,024</u>	<u>\$ 13,023</u>	<u>\$ 10,191</u>

Amortization expense of intangible assets is allocated to the respective line items in the financial statements, as detailed in Note 10.

(6) Employee benefits expenses

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Short-term employee benefits	\$ 25,985	\$ 23,596	\$ 57,489	\$ 50,797
Benefits after retirement				
Defined contribution plan	1,129	1,041	2,253	2,000
Defined benefit plan (Note 13)	<u>11</u>	<u>10</u>	<u>22</u>	<u>38</u>
	27,125	24,647	59,764	52,835
Share-based payments (Note 19)				
Equity delivery	<u>-</u>	<u>6,307</u>	<u>-</u>	<u>6,307</u>
Total of employee benefit expenses	<u>\$ 27,125</u>	<u>\$ 30,954</u>	<u>\$ 59,764</u>	<u>\$ 59,142</u>
Classified by function				
Operating cost	\$ -	\$ 85	\$ 148	\$ 289
Operating expenses	<u>27,125</u>	<u>30,869</u>	<u>59,616</u>	<u>58,853</u>
	<u>\$ 27,125</u>	<u>\$ 30,954</u>	<u>\$ 59,764</u>	<u>\$ 59,142</u>

(7) Compensation to Employees and Directors

The Company allocates 5% to 15% and no more than 5% of its earnings before tax (before distributing employee and director compensation) respectively to its employees and directors in accordance with its Articles of Incorporation. Pursuant to the amendments to the Securities and Exchange Act in August 2024, the Company amended its Articles of Incorporation at the 2025 Annual General Meeting to specify that 0.1% of the annual employee compensation shall be allocated to grassroots employees. The estimated amounts of employee compensation (including

non-executive employee compensation) and director compensation for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024 are as follows:

Estimated Proportion

	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Compensation to employees	15%	15%
Compensation to directors	5%	5%

Amount

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Compensation to employees	(\$ 737)	(\$ 645)	\$ 2,583	\$ 2,635
Compensation to directors	(\$ 246)	(\$ 216)	\$ 861	\$ 878

If the amounts change after the date the financial statements are authorized for issue, they will be treated as changes in accounting estimates and adjusted in the subsequent year.

The employee and director compensation for 2024 and 2023 were approved by the Board of Directors on February 25, 2025 and February 27, 2024, respectively, as follows:

	2024	2023
Compensation to employees	\$ 6,488	\$ 4,672
Compensation to directors	2,162	1,557

The amounts of employee compensation and director compensation approved by the Board of Directors for 2024 and 2023 are consistent with the amounts recognized in the financial reports for 2024 and 2023.

For information on the resolutions of employee and director compensation by the Company's board, please refer to the Market Observation Post System of the Taiwan Stock Exchange.

(8) Foreign currency exchange gains (losses)

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Total foreign currency exchange gains	\$ 2,701	\$ 642	\$ 3,351	\$ 1,564
Total foreign currency exchange losses	(4,065)	(383)	(4,564)	(611)

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Net foreign currency exchange gain(loss)	(\$ 1,364)	\$ 259	(\$ 1,213)	\$ 953

17. Income Tax

- (1) The main components of the income tax expense recognized in profit or loss are:

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Income tax				
Currently Generated	\$ 1,332	\$ 677	\$ 4,000	\$ 3,226
Income tax expense recognized in profit or loss	\$ 1,332	\$ 677	\$ 4,000	\$ 3,226

- (2) Income Tax Assessments

The Company's income tax filings up to 2023 have been approved by the tax authorities.

18. Earnings Per Share

Unit: NT\$ per share

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Basic earnings per share	(\$ 0.18)	(\$ 0.14)	\$ 0.33	\$ 0.39
Diluted earnings per share	(\$ 0.18)	(\$ 0.14)	\$ 0.33	\$ 0.39

The impact of stock dividends has been retrospectively adjusted in the calculation of earnings per share (EPS). The base date for the issuance of stock dividends was set on June 18, 2025. Due to the retrospective adjustment, the basic and diluted EPS for the three months ended June 30, 2024 and the six months ended June 30, 2024 have changed as follows:

Unit: NT\$ per share

	<u>Before Retrospective Adjustment</u>		<u>After Retrospective Adjustment</u>	
	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2024	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2024
Basic earnings per share	(\$ 0.15)	\$ 0.39	(\$ 0.14)	\$ 0.39
Diluted earnings per share	(\$ 0.15)	\$ 0.39	(\$ 0.14)	\$ 0.39

The net income for the period and the weighted average number of ordinary shares used in the calculation of earnings per share are as follows:

Net Income for the Period

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
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	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Net income	(\$ 5,265)	(\$ 4,118)	\$ 9,775	\$ 10,828
Net income for the calculation of basic and diluted earnings per share	(\$ 5,265)	(\$ 4,118)	\$ 9,775	\$ 10,828

Number of shares

Unit: Thousands of shares

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Weighted average number of common shares for the calculation of basic earnings per share	29,804	28,783	29,909	28,064
Influence of potential common shares with dilutive effect:				
Employee compensation	-	-	47	39
Weighted average number of common shares for the calculation of diluted earnings per share	<u>29,804</u>	<u>28,783</u>	<u>29,956</u>	<u>28,103</u>

If the Company opts to distribute employee compensation in the form of stocks or cash, the diluted earnings per share are calculated assuming the employee compensation is issued in stocks and included in the weighted average number of shares outstanding for the dilution effect when such potential ordinary shares have a diluting effect. This consideration of the dilution effect of such potential ordinary shares continues until the number of shares to be issued for employee compensation is determined in the following year.

19. Share-based Payment Agreement

Employee Subscription Reserved from Cash Capital Increase

The Company's board of directors resolved at the meeting on February 27, 2024 to conduct a cash capital increase, reserving 10% of the total new shares issued for employee subscription, totaling 262 thousand shares. The grant date was May 6, 2024.

The relevant information on the employee stock options is as follows.

	For the Six Months Ended June 30, 2024	
Employee Stock Options	Unit (NT\$ thousand)	Weighted-Average Exercise Price (NT\$)
Outstanding at the beginning of the period	-	\$ -
Granted employee stock options	262	75
Exercised employee stock options	(172)	75

Abandoned employee stock options	(90)	75
Outstanding at the end of the period	<u>-</u>	
Exercisable at the end of the period	<u>-</u>	

The fair value of the employee stock options granted by the Company was calculated using the Black-Scholes valuation model, with the following parameters applied.

	May 6, 2024
Share price as of the granting (NT\$/share)	NT\$ 111.66
Exercise Price (NT\$/share)	75
Fair value of share options (NT\$/share)	36.67
Expected price volatility	27.341%
Risk-free interest rate	1.225%
Expected duration	4 days

The recognized compensation costs for the three months ended June 30, 2024 and the six months ended June 30, 2024 were both NT\$6,307 thousand.

20. Capital Risk Management

The company conducts capital management to ensure that, under the premise of continuing operations, the debt and equity amounts are optimized to maximize shareholder equity. The overall strategy of the Company has not changed.

The capital structure of the Company consists of equity (i.e. share capital, additional paid-in capital and retained earnings).

The Company is not subject to any external capital requirements.

The Company's senior management regularly reviews the capital structure, including the cost and associated risks of various forms of capital. Based on the recommendations of senior management, the Company aims to balance its overall capital structure through dividend payments, issuing new shares, repurchasing shares, and issuing new debt or repaying existing debt.

21. Financial Instruments

(1) Fair value of financial instruments that are not at fair value

The Company's management believes that the carrying amounts of financial assets and liabilities not measured at fair value approximate their fair values.

(2) Categories of financial instruments

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Financial assets</u>			
At amortized cost (Note 1)	\$ 452,137	\$ 530,839	\$ 529,050

Financial liability

At amortized cost (Note 2)	46,262	36,344	29,969
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Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, accounts receivable, other receivables, and refundable deposits.

Note 2: The balance consists of other liabilities, excluding financial liabilities measured at amortized cost such as salaries and bonuses payable, and unpaid leave bonuses.

(3) Financial Risk Management Objectives and Policies

The Company's primary financial instruments include equity investments and accounts receivable. The financial management department of the Company provides services to business units, coordinating access to domestic and international financial markets, and managing the Company's financial risks related to its operations through internal risk reports that analyze exposures by level and breadth of risk. These risks include market risk (including exchange rate risk and interest rate risk), credit risk, and liquidity risk.

1. Market Risk

The Company's operating activities expose it to the primary financial risks of changes in foreign exchange rates (see below (1)) and interest rates (see below (2)).

There has been no change in the company's exposure to market risks related to financial instruments and the ways in which it manages and measures such exposures.

(1) Exchange Rate Risk

The Company engages in transactions denominated in foreign currencies, thus exposing it to exchange rate fluctuations.

The Company's monetary assets and liabilities denominated in non-functional currencies as of the balance sheet date are detailed in Note 23.

Sensitivity Analysis

The company is mainly affected by fluctuations in the US dollar exchange rate.

The following table illustrates the sensitivity analysis when the New Taiwan Dollar (functional currency) appreciates or depreciates by 1% against the relevant foreign currencies. The 1% sensitivity rate is used internally by the Company to report exchange rate risks to senior management and represents management's assessment of the reasonably possible range of changes in foreign exchange rates. The sensitivity analysis only includes foreign currency monetary items outstanding and adjusts their period-end conversion by a 1% change in exchange rates. Positive figures in the table indicate an increase in pre-tax profit when the New Taiwan Dollar depreciates by 1% relative to the relevant currencies; a 1% appreciation of the New Taiwan Dollar against these currencies would have the opposite effect on pre-tax profit by the same amount.

	USD Impact	
	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Gain and loss	\$ <u>41</u>	\$ <u>150</u>

The Company's decreased sensitivity to exchange rates during the period is mainly due to an decrease in net assets denominated in US dollars.

(2) Interest Rate Risk

The carrying amounts of the Company's financial assets with exposure to interest rates at the end of the reporting period were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Fair value interest rate risk			
Financial assets	\$ 333,100	\$ 424,200	\$ 359,200
Financial liabilities	20,035	25,562	31,004
Cash flow rate risk			
Financial assets	100,524	78,696	141,137

Sensitivity Analysis

The following sensitivity analysis is determined based on the interest rate exposure of non-derivative financial instruments at the

balance sheet date. For floating-rate assets, the analysis assumes that the amount of assets outstanding at the balance sheet date was outstanding for the entire reporting period.

If the annual interest rate increased by 1%, with all other variables held constant, the Company's pre-tax net income for the six months ended June 30, 2025, and 2024, would increase by NT\$503 thousand and NT\$706 thousand, respectively.

The Company's decreased sensitivity to interest rates during the period is mainly due to a reduction in variable-rate financial assets.

2. Credit Risk

Credit risk refers to the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. As of the balance sheet date, the maximum exposure to credit risk resulting from the non-performance of its counterparts is primarily from the carrying amounts of financial assets recognized on the balance sheet.

The Company's accounts receivable are diversified across numerous clients, industries, and geographical regions. The Company continually assesses the financial condition of its clients with accounts receivable.

The Company's credit risk is primarily concentrated on the top 5 customers. As of June 30, 2025, December 31, 2024, and June 30, 2024, the accounts receivable from these customers accounted for 56%, 60%, and 40% of the total accounts receivable, respectively.

3. Liquidity Risk

The Company manages and mitigates the impact of fluctuations in cash flow by maintaining sufficient levels of cash and cash equivalents to support its operations.

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

June 30, 2025

	Request pay-as-you-go or less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
Non-derivative financial liability					
No interest-bearing liabilities	\$ 9,813	\$ 7,411	\$ 15,649	\$ 13,389	\$ 46,262
Lease liabilities	<u>979</u>	<u>1,958</u>	<u>8,812</u>	<u>8,811</u>	<u>20,560</u>

\$ 10,792	\$ 9,369	\$ 24,461	\$ 22,200	\$ 66,822
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December 31, 2024

	Request pay-as-you-go or less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
Non-derivative financial liability					
No interest-bearing liabilities	\$ 5,374	\$ 2,946	\$ 15,508	\$ 12,516	\$ 36,344
Lease liabilities	979	1,958	8,811	14,686	26,434
	<u>\$ 6,353</u>	<u>\$ 4,904</u>	<u>\$ 24,319</u>	<u>\$ 27,202</u>	<u>\$ 62,778</u>

June 30, 2024

	Request pay-as-you-go or less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
Non-derivative financial liability					
No interest-bearing liabilities	\$ 16,690	\$ 7,124	\$ 1,093	\$ 5,062	\$ 29,969
Lease liabilities	979	1,958	8,811	20,560	32,308
	<u>\$ 17,669</u>	<u>\$ 9,082</u>	<u>\$ 9,904</u>	<u>\$ 25,622</u>	<u>\$ 62,277</u>

22. Related Party Transactions

Compensation to executive management

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Short-term employee benefits	\$ 2,289	\$ 2,649	\$ 5,852	\$ 6,752
Share-based payments	-	990	-	990
	<u>\$ 2,289</u>	<u>\$ 3,639</u>	<u>\$ 5,852</u>	<u>\$ 7,742</u>

Compensation for directors and other key management personnel is determined by the compensation committee based on individual performance and market trends.

23. Information on Foreign Currency Assets with Significant Effects

The information below is expressed in a foreign currency other than the company's functional currency, and the disclosed exchange rate refers to the exchange rate at which the foreign currency is converted into the functional currency. Significant foreign currency assets are as follows:

Unit: In thousands of different foreign currencies						
	June 30, 2025		December 31, 2024		June 30, 2024	
	Foreign Currency	Exchange Rate	Foreign Currency	Exchange Rate	Foreign Currency	Exchange Rate
Foreign Currency Assets						
<u>Monetary items</u>						
USD	\$ 1,213	29.300	\$ 932	32.785	\$ 964	32.450
Foreign Currency Liabilities						
<u>Monetary items</u>						
USD	\$ 1,073	29.300	\$ 887	32.785	\$ 503	32.450

Significant realized and unrealized foreign exchange gains and losses are as follows:

Foreign Currency	For the Three Months Ended June 30, 2025		For the Three Months Ended June 30, 2024	
	Exchange Rate	Net Exchange Profit (Loss)	Exchange Rate	Net Exchange Profit (Loss)
USD	30.823 (USD:NTD)	(\$ 1,364)	32.355 (USD:NTD)	\$ 259

Foreign Currency	For the Six Months Ended June 30, 2025		For the Six Months Ended June 30, 2024	
	Exchange Rate	Net Exchange Profit (Loss)	Exchange Rate	Net Exchange Profit (Loss)
USD	31.859 (USD:NTD)	(\$ 1,213)	31.901 (USD:NTD)	\$ 953

24. Additional Disclosures

Other than the items listed below, the Company has no other significant transactions, re-investments, or investment information in Mainland China that need to be disclosed.

Marketable securities held:

Held Company Name	Marketable Securities Type	Marketable Securities Name	Relationship with the Company	Financial Statement Account	At the End of Period				Note
					Shares (thousand)	Carrying Value	Percentage of Ownership (%)	Net Value of Equity/Market Price/Book Value	
The Company	Stock	Favepc Inc.	The chairman of the company is a director of that company	Financial assets mandatorily measured at the fair value through profit or loss - non-current	2,350	\$ -	13	\$ -	Note

Note: As of the end of June 2025, the listed securities did not provide any guarantees, collateral for loans, or other restrictions as per agreements

25. Operating Segments Information

The operating decision-makers of the Company allocate resources and assess the performance of segments based on different regulatory environments. All operating segments that meet the definition have similar economic characteristics; therefore, the Company is reported as a single operating segment. Furthermore, the segment information provided for review by the operating decision-makers is measured on the same basis as the financial statements. Therefore, the segment revenues and operating results to be reported for the six months ended June 30, 2025, and 2024, can be referenced from the statements of comprehensive income for the same periods. The segment assets to be reported as of June 30, 2025, and December 31, 2024, and June 30, 2024, can be referenced from the balance sheets as of those dates.