

Highlight Tech Corp. and its Subsidiaries
Consolidated Financial Report and
CPA's Review Report
for the Three Months Ended Mar. 31, 2025 and 2024

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Highlight Tech Corp. and its Subsidiaries
Consolidated Financial Report and CPA's Review Report
for the Three Months Ended Mar. 31, 2025 and 2024
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To Highlight Tech Corp.,

Foreword

We have reviewed the accompanying consolidated balance sheets of Highlight Tech Corp. (the “Company”) and its subsidiaries (collectively, the “Group”) as of Mar. 31, 2025 and 2024 and the relevant consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the three months then ended, and notes to the consolidated financial statement(including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). It is the management’s responsibility to prepare financial statements that fairly present the Group’s consolidated financial position in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard (IAS) 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission (FSC). Our responsibility is to draw conclusions on the consolidated financial statements as per the review results.

Scope of the report

Except as stated in the “Basis for qualified conclusion” paragraph, we conducted the review in accordance with Standards on Review Engagements 2410 “Review of Financial Information”. The procedures performed when we reviewed the consolidated financial statements included inquiries (mainly from personnel in charge of financial and accounting affairs), analytical procedures, and other review procedures. The scope of review work is obviously smaller than that of audit work, so we might not be able to detect all the material matters that could have been identified through audit work, hence we were unable to express an audit opinion.

Basis for qualified conclusion

As stated in Notes 4(3)B and Note 6(6) to the consolidated financial statements, the financial statements of some of the non-material subsidiaries and investees using the equity method included in the consolidated financial statements above in the same period have not been reviewed by us. Their total assets as of Mar. 31, 2025 and 2024 were NT\$ 725,125 thousand and NT\$ 209,524 thousand, accounting for 9.09% and

2.88% of the total consolidated assets, respectively; their total liabilities are NT\$ 214,607 and NT\$ 0 thousand, accounting for 5.18% and 0% of the total liabilities, respectively; for the three months ended Mar. 31, 2025 and 2024, its total comprehensive income (which includes its share of profit or loss and other comprehensive income of associates and joint ventures recognized using the equity method) amount to NT\$ 27,640 thousand and NT\$ (762) thousand, accounting for 33.16% and (0.65%) of the total comprehensive income, respectively.

Qualified conclusion

According to our review results and other independent CPAs' review reports, except for the financial statements of the investees using the equity method described in "Basis for qualified conclusion" paragraph if reviewed by us may result in adjustment to the consolidated financial statements, we have not found any circumstances that the foregoing consolidated financial statements have not been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC, and as a result, are not a fair presentation of the Company's and its subsidiaries' consolidated financial position as of Mar. 31, 2025 and 2024, as well as consolidated financial performance and consolidated cash flows for the three months ended Mar. 31, 2025 and 2024.

Other matters - reference to reviews by other CPAs

As stated in Note 4(3) to the consolidated financial statements, the financial statements of some non-material subsidiaries included in the consolidated financial statements of the Company have not been reviewed by us but by other CPAs. Therefore, in the review report we issued on the consolidated financial statements, the amounts listed in the financial statements of the said subsidiaries were based on the review reports by other CPAs. The total assets of the said subsidiaries as of Mar. 31, 2025 and 2024, were NT\$ 1,357,866 thousand and NT\$ 1,117,149 thousand, accounting for 17.02% and 15.36% of the total consolidated assets, respectively. The operating revenue for the three months ended Mar. 31, 2025 and 2024, was NT\$ 158,816 thousand and NT\$ 178,938 thousand, accounting for 18.84% and 18.42% of the total consolidated operating revenue, respectively.

PwC Taiwan

Lin, Yung-Chih

Yu, Chih-Fan

Financial Supervisory Commission R.O.C.

Approval Document No.: Jing-Guang-Zheng-Shen-Zi No. 1050029592

Jing-Guang-Zheng-Shen-Zi No. 1110349013

May 8, 2025

Highlight Tech Corp. and its Subsidiaries
Consolidated Balance Sheet
Mar. 31, 2025, Dec. 31, 2024 and Mar. 31, 2024

Unit: NTD thousand

Assets			Notes	Mar. 31, 2025		Dec. 31, 2024		Mar. 31, 2024		
				Amount	%	Amount	%	Amount	%	
Current assets										
1100	Cash and cash equivalents	6(1)	\$	1,149,691	15	\$	1,232,128	16	805,649	11
1136	Financial assets at amortized cost - current	6(3)		22,002	-		21,942	-	47,851	1
1140	Contract assets - current	6(19)		397,661	5		403,088	5	301,489	4
1150	Notes receivable, net	6(4)		22,892	-		37,861	-	134,964	2
1170	Accounts receivable, net	6(4) and 7		695,942	9		807,215	10	724,637	10
1200	Other receivables			3,977	-		5,088	-	4,104	-
1220	Current income tax assets			6,326	-		60	-	73	-
130X	Inventories	6(5)		1,534,037	19		1,325,040	17	1,262,636	17
1410	Prepayments			101,817	1		85,031	1	83,662	1
1470	Other current assets			3,937	-		1,673	-	1,581	-
11XX	Total current assets			3,938,282	49		3,919,126	49	3,366,646	46
Non-current assets										
1517	Financial assets at FVTOCI - non-current	6(2)		6,007	-		6,007	-	6,007	-
1535	Financial assets at amortized cost - non-current	6(3) and 8		18,503	-		18,243	-	18,041	-
1550	Investments accounted for using equity method	6(6)		218,523	3		215,723	3	209,524	3
1600	Property, plant and equipment	6(7) and 8		3,468,999	44		3,476,393	44	3,313,558	46
1755	Right-of-use assets	6(8)		105,115	1		103,009	1	93,331	1
1780	Intangible assets	6(9)		104,960	1		97,735	1	101,818	1
1840	Deferred tax assets			43,847	1		49,430	1	44,536	1
1900	Other non-current assets	6(10) and 8		73,926	1		70,739	1	121,793	2
15XX	Total non-current assets			4,039,880	51		4,037,279	51	3,908,608	54
1XXX	Total assets		\$	7,978,162	100	\$	7,956,405	100	7,275,254	100

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Highlight Tech Corp. and its Subsidiaries
Consolidated Balance Sheet
Mar. 31, 2025, Dec. 31, 2024 and Mar. 31, 2024

Unit: NTD thousand

Liabilities and equity			Mar. 31, 2025		Dec. 31, 2024		Mar. 31, 2024	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 427,000	5	\$ 277,000	4	\$ 189,000	3
2110	Short-term notes payable		-	-	40,000	1	-	-
2120	Financial liabilities at fair value through profit or loss - current		-	-	-	-	205	-
2130	Contract liabilities - current	6(19)	199,793	3	189,729	2	107,331	1
2170	Accounts payable	7	449,584	6	425,087	5	406,056	5
2200	Other payables	6(12)	478,523	6	404,612	5	346,566	5
2230	Current income tax liabilities		53,152	1	40,157	1	54,699	1
2250	Current provisions		20,074	-	18,680	-	9,502	-
2280	Lease liabilities - current		25,465	-	24,166	-	19,961	-
2320	Long-term liabilities due within one year or one operating cycle	6(13) and 8	650,441	8	641,028	8	478,549	7
2399	Other current liabilities - others		6,898	-	10,953	-	21,866	-
21XX	Total current liabilities		2,310,930	29	2,071,412	26	1,633,735	22
Non-current liabilities								
2540	Long-term borrowings	6(13) and 8	1,742,454	22	1,865,258	24	1,872,540	26
2570	Deferred tax liabilities		21,352	-	20,592	-	18,756	-
2580	Lease liabilities - non-current		60,408	1	59,521	1	54,454	1
2600	Other non-current liabilities		5,322	-	5,426	-	8,431	-
25XX	Total non-current liabilities		1,829,536	23	1,950,797	25	1,954,181	27
2XXX	Total liabilities		4,140,466	52	4,022,209	51	3,587,916	49
Equity								
Equity attributable to owners of the parent company								
	Share capital	6(16)						
3110	Common stock		945,613	12	945,613	12	1,182,017	16
	Capital surplus	6(17)						
3200	Capital surplus		335,035	4	410,684	5	361,976	5
	Retained earnings	6(18)						
3310	Legal reserve		365,125	4	365,125	5	329,441	5
3320	Special reserves		64,768	1	64,768	1	64,768	1
3350	Undistributed earnings		1,254,437	16	1,309,105	16	1,097,341	15
	Other equity							
3400	Other equity		2,628	-	(7,270)	-	(16,688)	-
31XX	Total equity attributable to owners of the parent company		2,967,606	37	3,088,025	39	3,018,855	42
36XX	Non-controlling interests	4(3)	870,090	11	846,171	10	668,483	9
3XXX	Total equity		3,837,696	48	3,934,196	49	3,687,338	51
	Significant Contingent Liabilities and Unrecognized Commitments	9						
	Material events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$ 7,978,162	100	\$ 7,956,405	100	\$ 7,275,254	100

The accompanying notes are part of the consolidated financial statements. Please refer to them together with the statements.

Chairman:
Wu, Sheng Hsien

Manager:
Kou, Chung-Shan

Accounting Manager:
Huang, Hsiang-Chun

Highlight Tech Corp. and its Subsidiaries
Consolidated Statements of Comprehensive Income
For the three months ended Mar. 31, 2025 and 2024

Unit: NTD thousand (Except for earnings per share which is in NTD)

				For the three months ended Mar. 31			
				2025		2024	
Item	Notes	Amount	%	Amount	%	Amount	%
4000 Operating revenue	6(19) and 7	\$ 842,956	100	\$ 971,247	100		
5000 Operating costs	6(5)(22) and 7	(541,863)	(64)	(642,161)	(66)		
5900 Gross profit		<u>301,093</u>	<u>36</u>	<u>329,086</u>	<u>34</u>		
Operating expenses	6(22)						
6100 Selling and marketing expenses		(70,238)	(8)	(70,337)	(7)		
6200 Administrative expenses		(90,317)	(11)	(89,806)	(9)		
6300 Research and development expenses		(48,768)	(6)	(48,843)	(5)		
6450 Expected credit impairment losses	12(2)	(5,732)	(1)	(4,215)	(1)		
6000 Total operating expenses		<u>(215,055)</u>	<u>(26)</u>	<u>(213,201)</u>	<u>(22)</u>		
6900 Net operating income		<u>86,038</u>	<u>10</u>	<u>115,885</u>	<u>12</u>		
Non-operating income and expenses							
7100 Interest income		2,128	-	1,155	-		
7010 Other income		2,925	-	1,854	-		
7020 Other gains or losses	6(20)	5,351	1	8,226	1		
7050 Financial costs	6(21)	(13,588)	(1)	(10,404)	(1)		
7060 Share of profit or loss on associates and joint ventures accounted for using equity method	6(6)	<u>2,800</u>	<u>-</u>	<u>(762)</u>	<u>-</u>		
7000 Total non-operating income and expenses		<u>(384)</u>	<u>-</u>	<u>69</u>	<u>-</u>		
7900 Net income before tax		85,654	10	115,954	12		
7950 Income tax expense	6(24)	(14,156)	(1)	(25,171)	(3)		
8200 Profit		<u>\$ 71,498</u>	<u>9</u>	<u>\$ 90,783</u>	<u>9</u>		
Other comprehensive income							
Items that will not be reclassified to profit or loss							
8311 Re-measurement of the defined benefit plan		\$ 135	-	\$ -	-		
Items that may be reclassified subsequently to profit or loss							
8361 Exchange differences on translating the financial statements of foreign operations		13,581	1	33,060	4		
8399 Income tax related to items that may be reclassified	6(24)	(1,858)	-	(5,996)	(1)		
8360 Sum of items that may be reclassified subsequently to profit or loss		<u>11,723</u>	<u>1</u>	<u>27,064</u>	<u>3</u>		
8300 Other comprehensive income (net amount)		<u>\$ 11,858</u>	<u>1</u>	<u>\$ 27,064</u>	<u>3</u>		
8500 Total comprehensive income		<u>\$ 83,356</u>	<u>10</u>	<u>\$ 117,847</u>	<u>12</u>		
Profit attributable to:							
8610 Owners of the parent company		\$ 58,806	8	\$ 75,871	8		
8620 Non-controlling interests		12,692	1	14,912	1		
Profit		<u>\$ 71,498</u>	<u>9</u>	<u>\$ 90,783</u>	<u>9</u>		
Total comprehensive income attributable to:							
8710 Owners of the parent company		\$ 68,704	8	\$ 100,634	10		
8720 Non-controlling interests		14,652	2	17,213	2		
Total comprehensive income		<u>\$ 83,356</u>	<u>10</u>	<u>\$ 117,847</u>	<u>12</u>		
Earnings per share - basic							
9750 Earnings per share - basic	6(25)	<u>\$ 0.62</u>	<u>0.62</u>	<u>\$ 0.64</u>	<u>0.64</u>		
Earnings per share - diluted							
9850 Earnings per share - diluted	6(25)	<u>\$ 0.62</u>	<u>0.62</u>	<u>\$ 0.64</u>	<u>0.64</u>		

The accompanying notes are part of the consolidated financial statements. Please refer to them together with the statements.

Chairman:
Wu, Sheng Hsien

Manager:
Kou, Chung-Shan
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Accounting Manager:
Huang, Hsiang-Chun

Highlight Tech Corp. and its Subsidiaries
Income Consolidated Statements of Changes in Equity
For the three months ended Mar. 31, 2025 and 2024

Unit: NTD thousand

		Equity attributable to owners of the parent company										Non-controlling interests		
		Retained earnings					Other equity					Total	Non-controlling interests	Total equity
		Common stock	Capital surplus	Legal reserve	Special reserves	Undistributed earnings	Exchange differences on translating the financial statements of foreign operations	Re-measurement of the defined benefit plan	Unearned compensation					
Notes														
<u>For the three months ended Mar. 31, 2024</u>														
Balance at Jan. 1, 2024		\$ 1,182,017	\$ 361,290	\$ 329,441	\$ 64,768	\$ 1,021,470	(\$ 46,423)	\$ 5,030	(\$ 58)	\$ 2,917,535	\$ 649,899	\$ 3,567,434		
Profit		-	-	-	-	75,871	-	-	-	75,871	14,912	90,783		
Other comprehensive income		-	-	-	-	-	24,763	-	-	24,763	2,301	27,064		
Total comprehensive income		-	-	-	-	75,871	24,763	-	-	100,634	17,213	117,847		
Changes in ownership interests of subsidiaries		-	686	-	-	-	-	-	-	686	1,371	2,057		
Balance at Mar. 31, 2024		<u>\$ 1,182,017</u>	<u>\$ 361,976</u>	<u>\$ 329,441</u>	<u>\$ 64,768</u>	<u>\$ 1,097,341</u>	<u>(\$ 21,660)</u>	<u>\$ 5,030</u>	<u>(\$ 58)</u>	<u>\$ 3,018,855</u>	<u>\$ 668,483</u>	<u>\$ 3,687,338</u>		
<u>For the three months ended Mar. 31, 2025</u>														
Balance at Jan. 1, 2025		\$ 945,613	\$ 410,684	\$ 365,125	\$ 64,768	\$ 1,309,105	(\$ 12,786)	\$ 5,574	(\$ 58)	\$ 3,088,025	\$ 846,171	\$ 3,934,196		
Profit		-	-	-	-	58,806	-	-	-	58,806	12,692	71,498		
Other comprehensive income		-	-	-	-	-	9,860	38	-	9,898	1,960	11,858		
Total comprehensive income		-	-	-	-	58,806	9,860	38	-	68,704	14,652	83,356		
Earnings appropriation and allocation for 2024	6(18)													
Cash dividends		-	-	-	-	(113,474)	-	-	-	(113,474)	(113,474)			
Cash dividends paid out from capital surplus	6(18)	-	(75,649)	-	-	-	-	-	-	(75,649)	(75,649)			
Cash contributions from non-controlling interests for subsidiary establishment and capital increase	4(3)	-	-	-	-	-	-	-	-	-	7,500	7,500		
Changes in ownership interests of subsidiaries		-	-	-	-	-	-	-	-	-	1,767	1,767		
Balance at Mar. 31, 2025		\$ 945,613	\$ 335,035	\$ 365,125	\$ 64,768	\$ 1,254,437	(\$ 2,926)	\$ 5,612	(\$ 58)	\$ 2,967,606	\$ 870,090	\$ 3,837,696		

The accompanying notes are part of the consolidated financial statements. Please refer to them together with the statements.

Chairman: Wu, Sheng Hsien

Manager: Kou, Chung-Shan

Accounting Manager: Huang, Hsiang-Chun

Highlight Tech Corp. and its Subsidiaries
Consolidated Statements of Cash Flows
For the three months ended Mar. 31, 2025 and 2024

Unit: NTD thousand

	Notes	For the three months ended Mar. 31 2025	2024
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 85,654	\$ 115,954
Adjustments			
Income and expenses			
Depreciation expenses	6(22)	62,708	53,378
Amortization expenses	6(22)	4,454	5,622
Expected credit impairment losses	12(2)	5,732	4,215
Valuation gains (losses) on financial assets at fair value through profit or loss		-	205
Interest expense	6(21)	13,588	10,404
Share-based payment	6(15)	1,767	2,057
Interest income		(2,128)	(1,155)
Share of profit or loss on associates and joint ventures accounted for using equity method	6(6)	(2,800)	762
Losses (gains) on disposal of property, plant and equipment	6(20)	5	(4)
Changes in operating assets and liabilities			
Net changes in operating assets			
Contract assets - current		5,427	(106,342)
Notes receivable		14,969	(3,770)
Accounts receivable (including related parties)		105,541	67,230
Other receivables		(398)	(1,194)
Inventories		(217,539)	106,197
Prepayments		(16,786)	(15,771)
Other current assets		(2,264)	3,367
Other non-current assets		(150)	(146)
Net changes in operating liabilities			
Contract liabilities - current		10,064	(23,184)
Accounts payable (including related parties)		24,497	(36,080)
Other payables		(71,142)	(118,228)
Current provisions		1,394	(1,353)
Other current liabilities		(4,055)	6,798
Net defined benefit liabilities		(27)	-
Other non-current liabilities		(90)	21
Cash inflow from operations		18,421	68,983
Interest received		3,637	2,667
Interest paid		(15,468)	(9,682)
Income tax paid		(2,152)	(14)
Net cash inflow from operating activities		4,438	61,954

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Highlight Tech Corp. and its Subsidiaries
Consolidated Statements of Cash Flows
For the three months ended Mar. 31, 2025 and 2024

	<u>Notes</u>	<u>For the three months ended Mar. 31</u>	
		<u>2025</u>	<u>2024</u>
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		(\$ 260)	(\$ 12,084)
Disposal of financial assets at amortized cost		-	12,041
Acquisition of property, plant and equipment	6(28)	(67,871)	(8,547)
Proceeds from disposal of property, plant and equipment		-	760
Acquisition of intangible assets	6(9)	(11,640)	(3,289)
Increase in refundable deposits		(2,094)	(59)
Decrease in refundable deposits		1,618	927
Increase in prepayment for land and equipment		(4,480)	(66,317)
Net cash outflow from investing activities		(84,727)	(76,568)
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings		1,018,500	369,000
Decrease in short-term borrowings		(868,500)	(987,000)
Decrease in short-term notes payable		(40,000)	-
New long-term borrowings		25,027	606,790
Repayment of long-term borrowings		(142,076)	(1,511)
Repayment of lease liabilities	6(29)	(8,188)	(5,659)
Increase in guarantee deposits		-	22
Decrease in guarantee deposits		-	(80)
Cash contributions from non-controlling interests for subsidiary establishment and capital increase		7,500	-
Net cash outflow from financing activities		(7,737)	(18,438)
Effect of changes in exchange rates on cash and cash equivalents		5,589	16,711
Decrease in cash and cash equivalents during the period		(82,437)	(16,341)
Opening balance of cash and cash equivalents		1,232,128	821,990
Ending balance of cash and cash equivalents		\$ 1,149,691	\$ 805,649

The accompanying notes are part of the consolidated financial statements. Please refer to them together with the statements.

Chairman:
Wu, Sheng Hsien

Manager:
Kou, Chung-Shan

Accounting Manager:
Huang, Hsiang-Chun

Highlight Tech Corp. and its Subsidiaries
Notes to Consolidated Financial Statements
Three Months Ended Mar. 31, 2025 and 2024
Unit: NTD thousand (unless otherwise specified)

1. Organization and Operations

Highlight Tech Corp. (the “Company”), which was incorporated in the Republic of China in April 1997, and its subsidiaries (collectively, the “Group”) mainly engage in the manufacturing of vacuum components for high-tech processes, the design and production of system modules, and the sales and maintenance of vacuum equipment.

Since December 2002, the Company’s stock has been listed on Taipei Exchange for trading.

2. Date and Procedures for Approval of the Financial Report

The consolidated financial statements were approved by the board of directors and authorized for issue on May 8, 2025.

3. Application of Newly Issued and Amended Standards and Interpretations

(1) The effect of adopting new or amended IFRS Accounting Standards as endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The table below summarizes the new, revised, and amended IFRS Accounting Standards endorsed by the FSC, applicable to 2025:

<u>New/ Revised/ Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	Jan. 1, 2025

As per the Group’s assessment, the above standards and interpretations have no material impact on the Group’s financial position and financial performance.

(2) The effect of not adopting new or amended IFRS Accounting Standards as endorsed by the FSC

The table below summarizes the new, revised, and amended IFRS Accounting Standards endorsed by the FSC, applicable to 2025:

<u>New/ Revised/ Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Partial amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	Jan. 1, 2026

As per the Group's assessment, the above standards and interpretations have no material impact on the Group's financial position and financial performance.

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

The table below summarizes the new, revised, and amended IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC:

New/ Revised/ Amended Standards and Interpretations	Effective date announced by IASB
Partial amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	Jan. 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments on Contracts Involving Natural Electricity"	Jan. 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	Jan. 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	Jan. 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	Jan. 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	Jan. 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	Jan. 1, 2027
Annual Improvements to IFRS Accounting Standards - Volume 11	Jan. 1, 2026

As per the Group's assessment, except for those mentioned below, the above standards and interpretations have no material impact on the Group's financial position and financial performance. The relevant amounts impacted will be disclosed when the assessment is completed:

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 "Presentation and Disclosure in Financial Statements" has replaced IAS 1, updated the structure of the statement of comprehensive income, added disclosures on management-defined performance measures, and enhanced the principles of aggregation and disaggregation used in the main financial statements and notes.

4. Summary of Significant Accounting Policies

Regarding significant accounting policies, the statement of compliance, basis of preparation, and basis of consolidation are described below. The remaining policies are consistent with Note 4 of the 2024 Consolidated Financial Statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

- A. The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended Dec. 31, 2024.

(2) Basis of preparation

- A. Except for the following major items, the consolidated financial statements have been prepared at historical cost:
 - (A) Financial assets and liabilities (including derivatives) at fair value through profit or loss were measured at fair value.
 - (B) Financial assets at fair value through other comprehensive income were measured at fair value.
 - (C) Defined benefit liabilities recognized at the net amount of pension plan assets, less the present value of defined benefit obligations.
- B. The preparation of the financial statements in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Bulletins (hereinafter referred to as IFRSs) as recognized by the Financial Supervisory Commission (FSC), requires the use of some critical accounting estimates. In the process of applying the Group’s accounting policies, management also needed to exercise its judgment. For items requiring meticulous judgment or involving complexity, or involving critical assumptions and estimates in the financial statements, please refer to Note 5 for details.

(3) Basis of consolidation

- A. The basis for preparation of consolidated financial statements are consistent with those of the year ended Dec. 31, 2024.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Nature of business	Shareholding percentage			Notes
			Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024	
Highlight Tech Corp.	Finesse Technology Co., Ltd.	Electronic components, mechanical equipment maintenance and sales of related components	30.32	30.32	33.29	Notes 1, 5
Highlight Tech Corp.	Highlight Tech Japan Co., Ltd.	Sales of electronic equipment, manufacturing of vacuum components, and sales and maintenance of vacuum equipment	100.00	100.00	100.00	-
Highlight Tech Corp.	TetraTrio Tech Co., Ltd.	Maintenance of mechanical equipment and electronic parts	75.00	-	-	Note 2
Highlight Tech Corp.	Highlight Tech International Corp.	A holding company that invests in businesses in Mainland China	100.00	100.00	100.00	-
Highlight Tech International Corp.	Highlight Tech (Shanghai) Corp.	Sales of electronic equipment, manufacturing of vacuum components, and sales and maintenance of vacuum equipment	100.00	100.00	100.00	-
Highlight Tech Corp.	Shanorm Tech Co., Ltd.	Maintenance of mechanical equipment and electronic parts and retail of mechanical appliances and electronic materials	100.00	100.00	100.00	-

Name of investor	Name of subsidiary	Nature of business	Shareholding percentage			Notes
			Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024	
Highlight Tech Corp.	Schmidt Scientific Taiwan Ltd.	Sales of medical equipment, electronic components, optical instruments, and automatic solar combined tabbers and stringers	60.96	60.96	57.17	Notes 3, 6
Finesse Technology Co., Ltd.			15.18	15.18	15.18	
Highlight Tech Corp.	Litho Med Trading Co., Ltd.	Wholesale and retail of medical equipment and machinery	100.00	100.00	-	Notes 4, 6
Finesse Technology Co., Ltd.	Finesse Technology Co., Ltd.	Semiconductor key subsystem development, material sourcing, manufacturing, assembly, testing, sales, and repair and maintenance services.	100.00	100.00	100.00	Note 5
Finesse Technology Co., Ltd.	Finesse Technology (Shanghai) Co., Ltd.	Electronic components, mechanical and electrical equipment maintenance and sales.	100.00	100.00	100.00	Note 5
Finesse Technology Co., Ltd.	Highlight Tech System International Limited	A holding company that invests in businesses in Mainland China	100.00	100.00	100.00	Note 5
Highlight Tech System International Limited	Highlight Tech System (Shanghai) Corp.	Mechanical equipment manufacturing, electronic component design, manufacturing wholesale and retail.	100.00	100.00	100.00	Note 5

Note 1: As the Company is the single largest shareholder of Finesse Technology Co., Ltd., and both parties' majority of board directorships and key management are the same, Finesse Technology is listed as a subsidiary. In 2024, Finesse Technology Co., Ltd. Made several capital increases in cash, but the Company did not subscribe according to the shareholding ratio, resulting in a decrease in the Company's shareholding ratio from 33.29% to 30.32%.

Note 2: In the first quarter of 2025, the Company established TetraTrio Tech Co., Ltd. as a subsidiary through a cash investment, acquiring a 75% equity interest.

Note 3: During the third quarter of 2024, the Company acquired non-controlling interests in its subsidiary, Schmidt Scientific Taiwan Ltd., in cash, so its shareholding increased from 57.17% to 60.96%. Please refer to Note 6(27) for details.

Note 4: The Group acquired 100% of equity and gained control over Litho Med Trading Co., Ltd. in July 2024. Please refer to the details in Note 6(28).

Note 5: The financial statements of Finesse Technology Co., Ltd. and its subsidiaries for the three months ended Mar. 31, 2025 and 2024, were reviewed by CPAs appointed by the company.

Note 6: The financial statements of non-significant subsidiaries for the three months ended Mar. 31, 2025, have not been reviewed by CPAs.

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

D. Adjustment and treatment methods of subsidiaries' different accounting periods: None.

E. Major restrictions: None.

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

The Group's total non-controlling interests as of Mar. 31, 2025, Dec. 31, 2024, and Mar. 31, 2024 were \$870,090, \$846,171, and \$668,483 respectively. The information on the non-controlling interests that are material to the Group and its subsidiaries is as follows:

Name of subsidiary	Principal business premises	Non-controlling interests					
		Mar. 31, 2025		Dec. 31, 2024		Mar. 31, 2024	
		Amount	Shareholding (%)	Amount	Shareholding (%)	Amount	Shareholding (%)
Finesse Technology Co., Ltd.	Taiwan	\$ 834,515	69.68%	\$ 818,121	69.68%	\$ 629,475	66.71%

Aggregate financial information of subsidiaries:

Balance sheet

	Finesse Technology Co., Ltd. and its Subsidiaries	
	Mar. 31, 2025	Mar. 31, 2024
Current assets	\$ 1,026,635	\$ 808,078
Non-current assets	363,435	352,887
Current liabilities	(174,826)	(190,585)
Non-current liabilities	(20,208)	(26,781)
Total net assets	<u>\$ 1,195,036</u>	<u>\$ 943,599</u>

Statement of comprehensive income

	Finesse Technology Co., Ltd. and its Subsidiaries	
	For the three months ended Mar. 31	
	2025	2024
Revenue	\$ 159,341	\$ 182,722
Net income before tax	19,332	28,086
Income tax expense	(2,960)	(5,520)
Profit	16,372	22,566
Current period other comprehensive income (net amount after tax)	2,786	3,449
Total comprehensive income	<u>\$ 19,158</u>	<u>\$ 26,015</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 13,349</u>	<u>\$ 17,355</u>
Payment of dividends to non-controlling interests	<u>\$ -</u>	<u>\$ -</u>

Statement of cash flows

	Finesse Technology Co., Ltd. and its Subsidiaries	
	For the three months ended Mar. 31	
	2025	2024
Net cash inflow (outflow) from operating activities	(\$ 6,339)	\$ 35,851
Net cash outflow from investing activities	(19,562)	(8,125)
Net cash outflow from financing activities	(1,871)	(2,069)
Effect of changes in exchange rates on cash and cash equivalents	2,515	2,606
Increase (decrease) in cash and cash equivalents during the period	<u>(25,257)</u>	<u>28,263</u>
Opening balance of cash and cash equivalents	<u>548,412</u>	<u>324,021</u>

	Finesse Technology Co., Ltd. and its Subsidiaries	
	For the three months ended Mar. 31	
	2025	2024
Ending balance of cash and cash equivalents	\$ 523,155	\$ 352,284

(4) Employee benefits

Pension costs for the interim period are calculated at the pension cost rate actuarially determined at the end of the prior fiscal year, from the beginning of the year to the end of the current period. If there are major market fluctuations, major reductions, settlement, or other major one-off events after the balance sheet date, adjustments will be made and relevant information will be disclosed in accordance with the aforementioned policy.

(5) Income Tax

A. As for the income tax expense for the interim period, the estimated annual average effective tax rate was adopted to calculate the pre-tax profit or loss for the interim period, and relevant information was disclosed in alignment with the aforementioned policies.

B. When a tax rate change occurs during an interim period, The Group recognizes the entire impact of the change in the period the change occurs. For income tax related to items recognized outside profit or loss, the impact of the change is recognized in other comprehensive income or equity. For income tax related to items recognized in profit or loss, the impact of the change is recognized in profit or loss.

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

No significant changes occurred during this period. Please refer to Note 5 of the 2024 Consolidated Financial Statements.

6. Summary of Significant Accounting Titles

(1) Cash and cash equivalents

	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Cash on hand and petty cash	\$ 1,166	\$ 1,064	\$ 789
Check deposits and demand deposits	883,125	1,201,064	784,860
Time deposits	265,400	30,000	20,000
	<u>\$ 1,149,691</u>	<u>\$ 1,232,128</u>	<u>\$ 805,649</u>

A. The financial institutions the Group works with have great credit ratings. The Group also works with various financial institutions at the same time to diversify credit risks. Therefore, the probability of default is expected to be low.

B. The Group did not pledge cash or cash equivalents.

(2) Financial assets at fair value through other comprehensive income

Item	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Non-current items:			
Equity instruments			
Non-TWSE/TPEX listed			
stocks and stocks not			
listed on the emerging			
stock market	\$ 6,007	\$ 6,007	\$ 6,007

(3) Financial assets at amortized cost

Item	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Current items:			
Time deposits with original			
maturity date of more			
than 3 months	\$ 22,002	\$ 21,942	\$ 47,851
Non-current items:			
Time deposits with original			
maturity date of more			
than 1 year	\$ 18,503	\$ 18,243	\$ 18,041

A. With the collateral or other credit enhancements held aside, the maximum amounts of the exposures to the credit risk arising from the Group's financial assets at amortized cost as of Mar. 31, 2025, Dec. 31, 2024, and Mar. 31, 2024 were equivalent to their carrying amounts, respectively.

B. Please refer to Note 8 for information on how the Group pledged financial assets at amortized cost as collateral.

C. Please refer to Note 12(2) for information on the credit risk of financial assets at amortized cost. The trading counterparties of the Group's certificates of deposit are all financial institutions with great credit quality, and the probability of default is expected to be low.

(4) Notes and accounts receivable

	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Notes receivable	\$ 22,892	\$ 37,861	\$ 134,964
Accounts receivable	\$ 727,556	\$ 833,097	\$ 753,776
Less: Allowance for uncollectible amounts	(31,614)	(25,882)	(29,139)
	<u>\$ 695,942</u>	<u>\$ 807,215</u>	<u>\$ 724,637</u>

- A. Please refer to Note 12(2) for information on an aging analysis of accounts and notes receivable.
- B. The balances of accounts and notes receivable as of Mar. 31, 2025, Dec. 31, 2024, and Mar. 31, 2024 were all from contracts with customers. In addition, the balance of receivables from the contracts with customers as of Jan. 1, 2024 was \$952,200.
- C. With the collateral or other credit enhancements held aside, the maximum amounts of the exposures to the credit risk arising from the Group's notes and accounts receivable as of Mar. 31, 2025, Dec. 31, 2024, and Mar. 31, 2024 were equivalent to their carrying amounts, respectively.

(5) Inventories

	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Raw materials	\$ 529,128	\$ 425,764	\$ 409,414
Work in progress	369,586	271,742	256,534
Finished goods	452,583	456,725	434,095
Merchandise	182,740	170,809	162,593
	<u>\$ 1,534,037</u>	<u>\$ 1,325,040</u>	<u>\$ 1,262,636</u>

The inventory costs recognized by the Group in expenses for this period:

	For the three months ended Mar. 31	
	2025	2024
Cost of inventory sold	\$ 537,740	\$ 625,270
Inventory valuation losses	2,899	16,891
Others	1,224	-
	<u>\$ 541,863</u>	<u>\$ 642,161</u>

(6) Investments accounted for using equity method

	2025	2024
Jan. 1	\$ 215,723	\$ 210,286
Share of investment income and loss using the equity method	2,800	(762)
Mar. 31	<u>\$ 218,523</u>	<u>\$ 209,524</u>

	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Associate:			
Htc & Solar Tech Service Limited	<u>\$ 218,523</u>	<u>\$ 215,723</u>	<u>\$ 209,524</u>

The above associates are not material to the Group.

Investments using the equity method were calculated based on financial statements that have not been reviewed by CPAs, except for the financial statements as of Dec. 31, 2024, which were reviewed by CPAs.

(7) Property, plant and equipment

2025

	Land	Buildings, and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	Unfinished construction and equipment acceptance	Total
Jan. 1									
Costs	\$ 1,169,343	\$ 2,270,620	\$ 812,019	\$ 6,732	\$ 49,824	\$ 18,184	\$ 335,633	\$ 83,316	\$ 4,745,671
Accumulated depreciation	-	(649,973)	(438,853)	(4,032)	(33,469)	(10,852)	(132,099)	-	(1,269,278)
	<u>\$ 1,169,343</u>	<u>\$ 1,620,647</u>	<u>\$ 373,166</u>	<u>\$ 2,700</u>	<u>\$ 16,355</u>	<u>\$ 7,332</u>	<u>\$ 203,534</u>	<u>\$ 83,316</u>	<u>\$ 3,476,393</u>
Jan. 1	\$ 1,169,343	\$ 1,620,647	\$ 373,166	\$ 2,700	\$ 16,355	\$ 7,332	\$ 203,534	\$ 83,316	\$ 3,476,393
Additions	-	7,769	17,269	210	485	119	5,110	251	31,213
Disposal	-	-	(5)	-	-	-	-	-	(5)
Transfer	-	30,240	9,266	-	-	-	1,349	(30,327)	10,528
Depreciation expenses	-	(21,261)	(20,989)	(264)	(1,093)	(407)	(10,571)	-	(54,585)
Net exchange difference	-	1,144	332	37	80	-	761	3,101	5,455
Mar. 31	<u>\$ 1,169,343</u>	<u>\$ 1,638,539</u>	<u>\$ 379,039</u>	<u>\$ 2,683</u>	<u>\$ 15,827</u>	<u>\$ 7,044</u>	<u>\$ 200,183</u>	<u>\$ 56,341</u>	<u>\$ 3,468,999</u>
Mar. 31									
Costs	\$ 1,169,343	\$ 2,316,220	\$ 837,037	\$ 7,035	\$ 50,522	\$ 18,303	\$ 342,372	\$ 56,341	\$ 4,797,173
Accumulated depreciation	-	(677,681)	(457,998)	(4,352)	(34,695)	(11,259)	(142,189)	-	(1,328,174)
	<u>\$ 1,169,343</u>	<u>\$ 1,638,539</u>	<u>\$ 379,039</u>	<u>\$ 2,683</u>	<u>\$ 15,827</u>	<u>\$ 7,044</u>	<u>\$ 200,183</u>	<u>\$ 56,341</u>	<u>\$ 3,468,999</u>

2024

	Land	Buildings, and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	Unfinished construction and equipment acceptance	Total
Jan. 1									
Costs	\$ 1,169,343	\$ 2,226,309	\$ 719,714	\$ 7,396	\$ 45,380	\$ 18,034	\$ 194,033	\$ 8,077	\$ 4,388,286
Accumulated depreciation	-	(543,616)	(393,767)	(3,809)	(28,925)	(9,266)	(101,109)	-	(1,080,492)
	<u>\$ 1,169,343</u>	<u>\$ 1,682,693</u>	<u>\$ 325,947</u>	<u>\$ 3,587</u>	<u>\$ 16,455</u>	<u>\$ 8,768</u>	<u>\$ 92,924</u>	<u>\$ 8,077</u>	<u>\$ 3,307,794</u>
Jan. 1	\$ 1,169,343	\$ 1,682,693	\$ 325,947	\$ 3,587	\$ 16,455	\$ 8,768	\$ 92,924	\$ 8,077	\$ 3,307,794
Additions	-	500	8,398	-	1,162	-	5,741	2,010	17,811
Disposal	-	-	-	(756)	-	-	-	-	(756)
Transfer	-	405	33,214	149	1,195	-	(1,853)	(1,228)	31,882
Depreciation expenses	-	(21,174)	(19,337)	(257)	(1,275)	(395)	(6,545)	-	(48,983)
Net exchange difference	-	3,874	731	87	132	-	951	35	5,810
Mar. 31	<u>\$ 1,169,343</u>	<u>\$ 1,666,298</u>	<u>\$ 348,953</u>	<u>\$ 2,810</u>	<u>\$ 17,669</u>	<u>\$ 8,373</u>	<u>\$ 91,218</u>	<u>\$ 8,894</u>	<u>\$ 3,313,558</u>
Mar. 31									
Costs	\$ 1,169,343	\$ 2,247,428	\$ 758,237	\$ 5,967	\$ 47,523	\$ 18,034	\$ 199,749	\$ 8,894	\$ 4,455,175
Accumulated depreciation	-	(581,130)	(409,284)	(3,157)	(29,854)	(9,661)	(108,531)	-	(1,141,617)
	<u>\$ 1,169,343</u>	<u>\$ 1,666,298</u>	<u>\$ 348,953</u>	<u>\$ 2,810</u>	<u>\$ 17,669</u>	<u>\$ 8,373</u>	<u>\$ 91,218</u>	<u>\$ 8,894</u>	<u>\$ 3,313,558</u>

- A. Please refer to Note 8 for information on property, plant and equipment pledged as collateral.
- B. The Group's transfer of property, plant and equipment during the three months ended Mar. 31, 2025 and 2024 was from prepayments for equipment (under other non-current assets).

(8) Lease transactions - lessee

- A. The assets leased by the Group included land, buildings, and company cars over lease terms of usually one to ten years. Each lease contract is negotiated individually and contains various terms and conditions, and no other restrictions are imposed except that the assets leased may not be used as collateral for loans.
- B. The information on the carrying amounts of the right-of-use assets and the depreciation expenses recognized is as follows:

	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 23,423	\$ 23,564	\$ 23,719
Buildings	48,414	50,161	45,818
Transportation equipment (company cars)	31,997	27,941	23,794
Other equipment	1,281	1,343	-
	<u>\$ 105,115</u>	<u>\$ 103,009</u>	<u>\$ 93,331</u>

	For the three months ended Mar. 31	
	2025	2024
	Depreciation expenses	Depreciation expenses
Land	\$ 422	\$ 307
Buildings	3,553	542
Transportation equipment (company cars)	4,088	3,546
Other equipment	60	-
	<u>\$ 8,123</u>	<u>\$ 4,395</u>

- C. The additions of the Group's right-of-use assets during the three months ended Mar. 31, 2025 and 2024 were \$7,805 and \$32,893, respectively.
- D. The information on the profit or loss items related to lease contracts is as follows:

	For the three months ended Mar. 31	
	2025	2024
Items affecting current profit or loss		
Interest expense on lease liability	\$ 440	\$ 949
Expenses related to short- term lease contracts	702	1,914
Expenses related to leasing of low-value assets	461	290

	For the three months ended Mar. 31	
	2025	2024
Gains from lease modification	-	-

E. The Group's total cash outflows from leases during the three months ended Mar. 31, 2025 and 2024 were \$9,350 and \$7,863, respectively.

(9) Intangible assets

	2025				
	Goodwill	Customer relations	Computer software	Professional technologies	Total
Jan. 1					
Costs	\$ 51,471	\$ 56,047	\$ 82,250	\$ 7,500	\$ 197,268
Accumulated amortization	-	(50,877)	(41,402)	(7,254)	(99,533)
	<u>\$ 51,471</u>	<u>\$ 5,170</u>	<u>\$ 40,848</u>	<u>\$ 246</u>	<u>\$ 97,735</u>
Jan. 1	\$ 51,471	\$ 5,170	\$ 40,848	\$ 246	\$ 97,735
Additions	-	-	11,640	-	11,640
Amortization expenses	-	(259)	(4,098)	(97)	(4,454)
Net exchange difference	-	-	39	-	39
Mar. 31	<u>\$ 51,471</u>	<u>\$ 4,911</u>	<u>\$ 48,429</u>	<u>\$ 149</u>	<u>\$ 104,960</u>
Mar. 31					
Costs	\$ 51,471	\$ 56,047	\$ 89,666	\$ 7,500	\$ 204,684
Accumulated amortization	-	(51,136)	(41,237)	(7,351)	(99,724)
	<u>\$ 51,471</u>	<u>\$ 4,911</u>	<u>\$ 48,429</u>	<u>\$ 149</u>	<u>\$ 104,960</u>

2024						
	Goodwill	Customer relations	Computer software	Professional technologies	Royalties	Total
Jan. 1						
Costs	\$ 51,471	\$ 56,047	\$ 70,217	\$ 7,500	\$ 500	\$ 185,235
Accumulated amortization	- (49,844)	(24,653)	(6,772)	(500)	(81,269)	
	<u>\$ 51,471</u>	<u>\$ 6,203</u>	<u>\$ 45,564</u>	<u>\$ 728</u>	<u>\$ -</u>	<u>\$ 103,966</u>
Jan. 1	\$ 51,471	\$ 6,203	\$ 45,564	\$ 728	\$ -	\$ 103,966
Additions	-	-	3,289	-	-	3,289
Amortization expenses	- (258)	(5,171)	(193)	-	(5,622)	
Net exchange difference	-	-	94	91	-	185
Mar. 31	<u>\$ 51,471</u>	<u>\$ 5,945</u>	<u>\$ 43,776</u>	<u>\$ 626</u>	<u>\$ -</u>	<u>\$ 101,818</u>
Mar. 31						
Costs	\$ 51,471	\$ 56,047	\$ 73,600	\$ 7,500	\$ 500	\$ 189,118
Accumulated amortization	- (50,102)	(29,824)	(6,874)	(500)	(87,300)	
	<u>\$ 51,471</u>	<u>\$ 5,945</u>	<u>\$ 43,776</u>	<u>\$ 626</u>	<u>\$ -</u>	<u>\$ 101,818</u>

A. The details of amortization of intangible assets are as follows:

	For the three months ended Mar. 31	
	2025	2024
Operating costs	\$ 1,298	\$ 982
Selling and marketing expenses	382	796
Administrative expenses	961	1,601
Research and development expenses	1,813	2,243
	<u>\$ 4,454</u>	<u>\$ 5,622</u>

- B. The goodwill generated by the Group's acquisition of Finesse Technology Co., Ltd. came from the benefits brought by the expected benefits of the business integration and growth of mechanical equipment maintenance.
- C. The goodwill generated by the Group's acquisition of Shanorm Tech Co., Ltd. came from the expected benefits of the business integration and growth of vacuum pump maintenance as well as sales of used machines and spare parts.

D. The Group did not recognize any impairment loss of goodwill for the three months ended Mar. 31, 2025 and 2024.

E. Goodwill allocated to the Group's cash-generating units identified by operating segments:

	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Finesse Technology Co., Ltd.	\$ 36,738	\$ 36,738	\$ 36,738
Shanorm Tech Co., Ltd.	14,733	14,733	14,733
	<u>\$ 51,471</u>	<u>\$ 51,471</u>	<u>\$ 51,471</u>

(10) Other non-current assets

	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Prepayment for land and equipment	\$ 56,696	\$ 54,202	\$ 110,935
Refundable deposits	16,848	16,305	10,642
Others	382	232	216
	<u>\$ 73,926</u>	<u>\$ 70,739</u>	<u>\$ 121,793</u>

(11) Short-term borrowings

Category of borrowings	Mar. 31, 2025	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	<u>\$ 427,000</u>	1.95%~2.33%	-
Category of borrowings	Dec. 31, 2024	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	<u>\$ 277,000</u>	1.91%~2.231%	-
Category of borrowings	Mar. 31, 2024	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	<u>\$ 189,000</u>	1.69%~2.05%	-

(12) Other payables

	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Salaries and bonuses payable	\$ 76,051	\$ 138,534	\$ 94,969
Remuneration payable to directors, supervisors and employees	85,602	74,377	109,789
Equipment payable	11,302	53,052	48,093
Travel allowances payable to employees	14,028	13,960	14,276
Unused annual leave payable	12,108	20,173	18,144
Labor and health insurance expenses payable	6,012	5,904	5,720
Utility bill payable	4,601	2,462	2,180

	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Pension payable	4,506	4,505	4,377
Dividends payable	189,123	-	-
Others	75,190	91,645	49,018
	<u>\$ 478,523</u>	<u>\$ 404,612</u>	<u>\$ 346,566</u>

(13) Long-term borrowings

Category of borrowings	Borrowing period and repayment method	Interest rate range	Collateral	Mar. 31, 2025
Long-term bank borrowings				
Secured borrowings	From Feb. 26, 2020 through Feb. 26, 2040, and interest will be paid monthly.	1.375%~2.075%	Land and buildings	
				\$ 1,696,861
Credit borrowings	From Nov. 1, 2023 through Jul. 19, 2029, and interest will be paid monthly.	1.7136%~2.22%	-	
				<u>696,034</u>
				2,392,895
Less: Long-term borrowings due within one year or one operating cycle				(<u>650,441</u>)
				<u>\$ 1,742,454</u>

Category of borrowings	Borrowing period and repayment method	Interest rate range	Collateral	Dec. 31, 2024
Long-term bank borrowings				
Secured borrowings	From Feb. 26, 2020 through Feb. 26, 2040, and interest will be paid monthly.	1.375%~2.075%	Land and buildings	
				\$ 1,806,673
Credit borrowings	From Nov. 1, 2023 through Jul. 19, 2029, and interest will be paid monthly.	1.72%~2.036%	-	
				<u>699,613</u>
				2,506,286
Less: Long-term borrowings due within one year or one operating cycle				(<u>641,028</u>)
				<u>\$ 1,865,258</u>

Category of borrowings	Borrowing period and repayment method	Interest rate range	Collateral	Mar. 31, 2024
Long-term bank borrowings				
Secured borrowings	From Feb. 26, 2020 through Feb. 26, 2040, and interest will be paid monthly.	1.375%~2.2%	Land and buildings	\$ 2,097,355
Credit borrowings	From Nov. 1, 2023 through Oct. 31, 2028, and interest will be paid monthly.	1.72%~2.22%	-	<u>253,734</u>
				2,351,089
Less: Long-term borrowings due within one year or one operating cycle				(<u>478,549</u>)
				<u>\$ 1,872,540</u>

Please refer to Note 8 for information on collateral for long-term borrowings.

(14) Pension

A. Defined benefit plans

- (A) The Company and domestic subsidiaries established the defined benefit pension regulations in accordance with the Labor Standards Act, which were applicable to all formal employees who were employed prior to the enforcement of the Labor Pension Act on Jul. 1, 2005 and to the formal employees who still chose the old pension scheme under the Labor Standards Act after the Labor Pension Act took effect. Pension is paid to employees who have met the retirement criteria based on the number of years of service and the average monthly salary of the last six months prior to retirement. Two units are granted for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. The Company makes a contribution, equal to 2% of the total salaries per month, to a pension fund and deposits it in the account in the name of the Labor Pension Funds Supervisory Committee with the Bank of Taiwan. In addition, the Company assesses the balance of the aforementioned labor pension reserve account at the end of each year. If the account balance is insufficient to pay the pension calculated in the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make a contribution to make up for the difference by the end of March of the following year.
- (B) The Group's pension costs under the above pension plan for the three months ended Mar. 31, 2025 and 2024 were \$1 and \$4, respectively.
- (C) The Group's estimated contributions to the pension plan for the year ended Dec. 31,

2025 amount to \$114.

B. Defined contribution plans

(A) Effective on Jul. 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan under the Labor Pension Act, covering all employees of R.O.C. nationality. Under the Labor Pension Act, the Company and its domestic subsidiaries make a monthly contribution, equal to 6% of the employees' monthly salaries to their individual pension accounts with the Bureau of Labor Insurance. Employee pensions are paid monthly or in lump sum based on the amounts in their individual pension accounts and the benefits accumulated.

(B) The Group's pension costs under the above pension plan for the three months ended Mar. 31, 2025 and 2024 were \$10,576 and \$9,474, respectively.

(15) Share-based payment

Subsidiary - Finesse Technology Co., Ltd.

A. The share-based payment agreement for the three months ended Mar. 31, 2025 and 2024 is as follows:

Type of agreement	Grant date	Quantity granted	Vesting conditions
Employee stock option plan	Apr. 3, 2023	2,000	2-3 years of service

B. An employee stock option plan with 2,000 units was issued on Apr. 3, 2023:

	For the three months ended Mar. 31			
	2025		2024	
	Number of stock options	Weighted average strike price (NTD)	Number of stock options	Weighted average strike price (NTD)
Stock options outstanding at the beginning of the period	2,000	\$ 45.00	2,000	\$ 45.00
Stock options granted in this period	-	-	-	-
Stock options outstanding at the end of the period	<u>2,000</u>	<u>45.00</u>	<u>2,000</u>	<u>45.00</u>
Exercisable stock options at the end of the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- C. As for the above share-based payment - employee stock options, the Black-Scholes model was adopted to estimate the fair value of the stock options. The relevant information is as follows:

Type of agreement	Grant date	Stock price (Note)	Strike price	Expected volatility	Expected duration	Expected dividends	Risk-free rate	Fair value per unit
Employee stock option plan	Apr. 3, 2023	-	45.00	40.92%~ 41.94%	3 - 3.5 years	-	1.0626%~ 1.0839%	42.60

Note: Finesse Technology Co., Ltd. undertook a public offering on Sept. 22, 2023.

- D. On Nov. 6, 2024, the Board of Directors of Finesse Technology Co., Ltd. decided to conduct a cash capital increase before the initial TWSE/TPEX listing, retaining 390 thousand shares for employees to subscribe to. The grant date is on Nov. 28, 2024. Finesse Technology Co., Ltd. recognized a compensation cost of NT\$ 4,884 thousand in 2024 for the aforementioned employee stock options reserved from the cash capital increase.
- E. The expenses incurred for share-based payment are as follows:

	For the three months ended Mar. 31	
	2025	2024
Employee stock options	\$ 1,767	\$ 2,057

(16) Share capital

- A. As of Mar. 31, 2025, the Group's authorized capital was \$2,500 thousand and paid-in capital was \$945,613, totaling 94,561,343 shares, at a par value of \$10 per share. The Company has received all the capital payments for the shares issued.

The number of outstanding shares of the Company's common stock at the beginning and end of the period is adjusted as follows:

	2025	2024
Jan. 1	\$ 94,561,343	\$ 118,201,679
Mar. 31	\$ 94,561,343	\$ 118,201,679

- B. To increase the return on shareholders' equity and adjust the capital structure, the shareholders' meeting approved a cash capital reduction on Jun. 7, 2024 to return shareholders' shares. The amount of capital reduction was \$236,404 and with 23,640 thousand shares canceled and a capital reduction ratio of 20%. The above-mentioned

capital reduction proposal has been approved by the competent authority and taken effect on Jul. 18, 2024, with the record date of capital reduction on Jul. 19, 2024.

(17) Capital surplus

According to the Company Act, the capital surplus, including the income derived from issuing shares in excess of par and endowments, in addition to being used to offset a deficit, where the Company has no cumulative deficit, may be used to issue new shares or pay out cash in proportion to the shareholders' shareholdings. In addition, as per the Securities and Exchange Act, where the capital surplus above is used for capitalization, the total amount should not exceed 10% of the paid-in capital each year. The Company should not use the capital surplus to offset capital losses, unless the surplus reserve is insufficient to offset such losses.

	Additional paid-in capital	Employee stock options	Changes in ownership interests in subsidiaries and associates recognized	Exercise of disgorgement by the Company	Expired stock options	Total
January 1, 2025	\$297,538	\$ 2,765	\$ 94,931	\$ 215	\$ 15,235	\$ 410,684
Cash dividends paid out from capital surplus	(75,649)	-	-	-	-	(75,649)
Mar. 31, 2025	<u>\$221,889</u>	<u>\$ 2,765</u>	<u>\$ 94,931</u>	<u>\$ 215</u>	<u>\$ 15,235</u>	<u>\$ 335,035</u>

	Additional paid-in capital	Employee stock options	Changes in ownership interests in subsidiaries and associates recognized	Exercise of disgorgement by the Company	Expired stock options	Total
Jan. 1, 2024	\$297,538	\$ 2,765	\$ 45,537	\$ 215	\$ 15,235	\$ 361,290
Changes in ownership interests in subsidiaries and associates recognized in proportion to shareholdings	-	-	686	-	-	686
Mar. 31, 2024	<u>\$297,538</u>	<u>\$ 2,765</u>	<u>\$ 46,223</u>	<u>\$ 215</u>	<u>\$ 15,235</u>	<u>\$ 361,976</u>

(18) Retained earnings

- A. The Company's profit distribution is made after the end of each half of the fiscal year. If there is a surplus in the final accounts of each half of the fiscal year, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, the Company will estimate the retained employee compensation and director remuneration before setting aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. In addition, the special reserve shall be set aside or reversed in accordance with laws and regulations,

and the balance shall be added to the accumulated undistributed surplus of previous years as dividends and bonuses available for distribution of shareholders. The amount of distribution shall be prepared by the board of directors with a surplus distribution plan and when the distribution is made in cash, it shall be resolved by the board of directors; when the distribution is made by issuing new shares, the distribution shall be submitted to the shareholders' meeting for resolution. If there is a surplus in the final accounts of a fiscal year, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, the Company will set aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. In addition, after the special reserve shall be set aside or reversed in accordance with laws and regulations, the remaining balance is included in the cumulative undistributed earnings for the first half of the fiscal year, the amount of distribution shall be prepared by the board of directors with a surplus distribution plan and when the distribution is made in cash, it shall be resolved by the board of directors; when the distribution is made by issuing new shares, the distribution shall be submitted to the shareholders' meeting for resolution.

Pursuant to Paragraph 5, Article 240 of the Company Act, the Company authorizes the board of directors to resolve to distribute the dividends and bonuses or all or part of the legal reserve and capital surplus as stipulated in Paragraph 1, Article 241 of the Company Act in the form of cash with a majority vote of attending directors at a board meeting attended by two-thirds of all directors, which shall be reported to the shareholders' meeting.

- B. For the employee compensation and directors' remuneration distribution policy stipulated in the Company's Articles of Incorporation, please refer to Note 6(24).
- C. The legal reserve shall not be appropriated when its balance reaches the amount of the Company's total paid-in capital. The legal reserve may be used to make up for losses. When the Company does not suffer losses, the part of the legal reserve in excess of 25% of the total paid-in capital can be distributed in cash in addition to being used to replenish the capital.
- D. The Company set aside and reversed a special reserve in accordance with the FSC Letters Jin-Guan-Zheng-Fa-Zi No. 1010012865, Jin-Guan-Zheng-Fa-Zi No. 1010047490, Jin-Guan-Zheng-Fa-Zi No. 1030006415, and the directive, entitled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."
- E. Special reserves

- (A) In accordance with the FSC Letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 dated Mar. 31, 2021, when IFRSs are adopted for the first time, for the cumulative translation adjustments (gains) under shareholders' equity, a special reserve shall be set aside in the same amount of the portion reclassified to retained earnings for application of the exemption as in IFRS 1. As the increase in retained earnings generated due to the first-time application of IFRSs was insufficient to be recognized, the increase in retained earnings generated due to the conversion to IFRSs by \$50,031 was recognized in special reserves.
- (B) The appraised cost of the Company's acquisition of property from a related party in 2017 was lower than the actual transaction price. Therefore, the Company set aside a special reserve of \$14,737 for the difference in accordance with the provisions of the Securities and Exchange Act.

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

	2024		2023	
	Amount	Dividends per share (NTD)	Amount	Dividends per share (NTD)
Legal reserve provided	\$ 32,332		\$ 35,684	
Cash dividends distributed from capital surplus	75,649	\$ 0.80	-	\$ -
Cash dividends distributed from earnings	113,474	1.20	-	-
Total	<u>\$ 221,455</u>	<u>\$ 2.00</u>	<u>\$ 35,684</u>	<u>\$ -</u>

As for the surplus distribution plans for the fiscal year 2024, except for the cash dividend which has been resolved by the Board of Directors on Mar. 4, 2025 and only required to be reported to the shareholders' meeting, the remaining distribution plans haven't been resolved by the Shareholders' Meeting as of May 8, 2025.

The surplus distribution plans for the fiscal year 2023 has been resolved by the Board of Directors on Mar. 8, 2024 and the Shareholders' Meeting on Jun. 7, 2024.

(19) Operating revenue

	For the three months ended Mar. 31	
	2025	2024
Merchandise sales revenue	\$ 534,970	\$ 503,988
Service income	304,820	387,676
Others	3,166	79,583
	<u>\$ 842,956</u>	<u>\$ 971,247</u>

A. Breakdown of revenue from customer contracts

The Group's revenue comes from the provision of goods or services that are gradually transferred over time or at a certain point in time. The revenue can be mainly divided into the types below:

For the three months ended Mar. 31, 2025	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Total
Segment revenue	\$ 554,109	\$ 171,115	\$ 159,341	\$ 92,340	\$ 976,905
Income from inter-segment transactions	(128,513)	(2,422)	(525)	(2,489)	(133,949)
Revenue from contracts with external customers	<u>\$ 425,596</u>	<u>\$ 168,693</u>	<u>\$ 158,816</u>	<u>\$ 89,851</u>	<u>\$ 842,956</u>
Timing of revenue recognition					
Revenue recognized at a point in time	\$ 228,850	\$ 168,461	\$ 88,154	\$ 52,671	\$ 538,136
Revenue recognized gradually over time	<u>196,746</u>	<u>232</u>	<u>70,662</u>	<u>37,180</u>	<u>304,820</u>
	<u>\$ 425,596</u>	<u>\$ 168,693</u>	<u>\$ 158,816</u>	<u>\$ 89,851</u>	<u>\$ 842,956</u>

For the three months ended Mar. 31, 2024	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Total
Segment revenue	\$ 579,485	\$ 243,242	\$ 182,722	\$ 33,478	\$ 1,038,927
Income from inter-segment transactions	(60,292)	(1,546)	(3,784)	(2,058)	(67,680)
Revenue from contracts with external customers	<u>\$ 519,193</u>	<u>\$ 241,696</u>	<u>\$ 178,938</u>	<u>\$ 31,420</u>	<u>\$ 971,247</u>
Timing of revenue recognition					
Revenue recognized at a point in time	\$ 271,203	\$ 241,696	\$ 58,862	\$ 11,810	\$ 583,571
Revenue recognized gradually over time	<u>247,990</u>	<u>-</u>	<u>120,076</u>	<u>19,610</u>	<u>387,676</u>
	<u>\$ 519,193</u>	<u>\$ 241,696</u>	<u>\$ 178,938</u>	<u>\$ 31,420</u>	<u>\$ 971,247</u>

B. Contract assets and contract liabilities

The contract assets and contract liabilities related to the revenue from contracts with customers recognized by the Group are as follows:

	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024	Jan. 1, 2024
Contract assets	<u>\$ 397,661</u>	<u>\$ 403,088</u>	<u>\$ 301,489</u>	<u>\$ 195,147</u>
Contract liabilities	<u>\$ 199,793</u>	<u>\$ 189,729</u>	<u>\$ 107,331</u>	<u>\$ 130,515</u>

The opening balances of contract liabilities on Jan. 1, 2025 and 2024 were recognized in revenue of \$107,331 and \$84,750 for the three months ended Mar. 31, 2025 and 2024, respectively.

Please refer to Note 12(2) for information on the credit risk of contract assets.

(20) Other gains or losses

	For the three months ended Mar. 31	
	2025	2024
Gains on disposal of property, plant and equipment	(\$ 5)	\$ 4
Foreign currency exchange gains	5,683	9,271
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	- (	205)
Others	(327)	(844)
	<u>\$ 5,351</u>	<u>\$ 8,226</u>

(21) Financial costs

	For the three months ended Mar. 31	
	2025	2024
Interest on bank borrowings	\$ 13,148	\$ 9,455
Interest on lease liabilities	440	949
	<u>\$ 13,588</u>	<u>\$ 10,404</u>

(22) Depreciation and amortization

	For the three months ended Mar. 31	
	2025	2024
An analysis of depreciation expenses by function		
Operating costs	\$ 37,485	\$ 33,676
Operating expenses	25,223	19,702
	<u>\$ 62,708</u>	<u>\$ 53,378</u>
An analysis of amortization expenses by function		
Operating costs	\$ 1,298	\$ 1,418
Operating expenses	3,156	4,204
	<u>\$ 4,454</u>	<u>\$ 5,622</u>

(23) Employee benefits expenses

	For the three months ended Mar. 31	
	2025	2024
Salaries and wages expenses	\$ 179,700	\$ 178,298
Labor and health insurance expenses	16,783	14,756
Pension expense	10,648	9,478
Other personnel expenses	11,857	10,474
	<u>\$ 218,988</u>	<u>\$ 213,006</u>

- A. If the Company makes a profit in a year, it shall allocate 10-15% of the balance as employee compensation, which shall be distributed in stock or cash after a resolution is adopted by the Board of Directors. The recipients may include employees at the controlling company or subsidiaries who met certain criteria. The Company may allocate no more than 2% of said balance as directors' remuneration after a resolution is adopted by the Board of Directors. Employee compensation and directors' remuneration distribution proposal shall be reported to the shareholders' meeting.
- B. For the three months ended Mar. 31, 2025 and 2024, the Company's estimated employee compensation amounted to \$7,280 and \$12,089, respectively; estimated director remuneration amounted to \$1,456 and \$2,121, respectively, and the aforementioned amounts were recognized in salaries and wages.

The employee compensation and director remuneration distributed for 2024 as approved by the board of directors by resolution were \$40,985 and \$8,197, respectively, and the amounts recognized in the 2024 financial statements were the same. As of Mar. 31, 2025, the remuneration had not yet been distributed.

Please visit the Market Observation Post System (MOPS) for information on employee compensation and director remuneration approved by the Company's board of directors.

(24) Income Tax

A. Income tax expense

(A) Components of income tax expenses:

	For the three months ended Mar. 31	
	2025	2024
Current income tax:		
Income tax from current income	\$ 10,056	\$ 29,109
Income tax overestimates for prior years	(4,101)	-
Total current income tax	<u>5,955</u>	<u>29,109</u>
Deferred tax:		

	For the three months ended Mar. 31	
	2025	2024
Initial arising and reversal of temporary differences	8,201	(3,938)
Income tax expense	<u>\$ 14,156</u>	<u>\$ 25,171</u>

(B) The amount of income tax related to other comprehensive income:

	For the three months ended Mar. 31	
	2025	2024
Exchange differences on translating foreign operations	<u>(\$ 1,858)</u>	<u>(\$ 5,996)</u>

- B. The Company's profit-seeking enterprise income tax returns filed up to 2023 were approved by the tax authority.
- C. The profit-seeking enterprise income tax returns filed by the Company's subsidiaries: Finesse Technology Co., Ltd., Shanorm Tech Co., Ltd., and Schmidt Scientific Taiwan Ltd. up to 2022 have been approved by the tax authority.

(25) Earnings per share

	For the three months ended Mar. 31, 2025		
	Amount after tax	Weighted average number of issued shares (in thousands)	Earnings per share (NTD)
<u>Earnings per share - basic</u>			
Current net income attributable to ordinary shareholders of the parent company	<u>\$ 58,806</u>	<u>94,561</u>	<u>\$ 0.62</u>
<u>Earnings per share - diluted</u>			
Effect of potentially dilutive ordinary shares Employee compensation	<u>-</u>	<u>747</u>	
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	<u>\$ 58,806</u>	<u>95,308</u>	<u>\$ 0.62</u>

For the three months ended Mar. 31, 2024			
	Amount after tax	Weighted average number of issued shares (in thousands)	Earnings per share (NTD)
<u>Earnings per share - basic</u>			
Current net income attributable to ordinary shareholders of the parent company	\$ 75,871	118,202	\$ 0.64
<u>Earnings per share - diluted</u>			
Effect of potentially dilutive ordinary shares Employee compensation	-	849	
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	\$ 75,871	119,051	\$ 0.64

(26) Transactions with non-controlling interests

Acquisition of additional equity in subsidiary

During the third quarter of 2024, the Company acquired non-controlling interests in its subsidiary, Schmidt Scientific Taiwan Ltd., in cash, so its shareholding increased from 57.17% to 60.96%. With this transaction, the non-controlling interests decreased by \$2,268 and the equity attributable to the parent company increased by \$2,268.

(27) Business combination

- A. The Group acquired 100% of the equity of Litho Med Trading Co., Ltd. on Jul. 1, 2024, at an acquisition price \$100 thousand, in cash and gained control over Litho Med Trading Co., Ltd.
- B. The information on the consideration paid for the acquisition of Litho Med Trading Co., Ltd. and the assets acquired and the liabilities assumed at the fair value on the acquisition date is as follows:

	Jun. 30, 2024
Acquisition consideration	
Cash	\$ 100,000
Fair value of identifiable assets acquired and liabilities assumed	
Cash	39,958
Accounts receivable	8,011
Current income tax assets	6
Inventories	10,880
Prepayments	532

	Jun. 30, 2024
Other current assets	44
Property, plant and equipment	70,000
Other non-current assets	6,300
Short-term borrowings	(5,000)
Notes payable	(1,621)
Accounts payable	(4,578)
Other payables	(16,275)
Long-term liabilities due within one year or one operating cycle	(5,888)
Other current liabilities	(17)
Long-term borrowings	(2,352)
Total identifiable net assets	100,000
	\$ -

- C. Since the Group merged Litho Med Trading Co., Ltd. on Jul. 1, 2024, the operating revenue and the net income before tax contributed by the company were \$68,225 and \$18,988, respectively, as of Dec. 31, 2024. If it is assumed that Litho Med Trading Co., Ltd. has been merged into the Group since Jan. 1, 2024, the Group's operating revenue and net income before tax would have been \$995,079 and \$136,805, respectively for the three months ended Mar. 31, 2024.

(28) Supplementary information on cash flows

- A. Investing activities with partial cash payment:

	For the three months ended Mar. 31	
	2025	2024
Purchase of property, plant and equipment	\$ 31,213	\$ 17,811
Add: Equipment payable at the beginning of the period	53,052	38,829
Less: Equipment payable at the end of the period	(11,302)	(48,093)
Cash paid in this period	\$ 72,963	\$ 8,547

- B. Financing activities with no cash flow effects

	For the three months ended Mar. 31	
	2025	2024
Cash dividends declared but yet to be paid	\$ 189,123	\$ -

(29) Changes in liabilities from financing activities

For the three months ended Mar. 31, 2025						
	Short-term borrowings	Short-term notes payable	Long-term borrowings	Lease liabilities	Guarantee deposits	Total
Jan. 1	\$ 277,000	\$ 40,000	\$ 2,506,286	\$ 83,687	\$ 1,361	\$ 2,908,334
Changes in cash flows of financing activities	150,000	(40,000)	(117,049)	(8,188)	-	(15,237)
Acquisition of right-of-use assets	-	-	-	7,805	-	7,805
Impact from change in exchange rate	-	-	3,658	2,283	12	5,953
Other non-cash changes	-	-	-	286	-	286
Mar. 31	<u>\$ 427,000</u>	<u>\$ -</u>	<u>\$ 2,392,895</u>	<u>\$ 85,873</u>	<u>\$ 1,373</u>	<u>\$ 2,907,141</u>

For the three months ended Mar. 31, 2024					
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits	Total
Jan. 1	\$ 807,000	\$ 1,745,810	\$ 46,002	\$ 1,134	\$ 2,599,946
Changes in cash flows of financing activities	(618,000)	605,279	(5,659)	(58)	(18,438)
Acquisition of right-of-use assets	-	-	32,893	-	32,893
Impact from change in exchange rate	-	-	1,179	32	1,211
Mar. 31	<u>\$ 189,000</u>	<u>\$ 2,351,089</u>	<u>\$ 74,415</u>	<u>\$ 1,108</u>	<u>\$ 2,615,612</u>

7. Related Party Transactions

(1) Name of related parties and relationship

Name of related party	Relationship with the Group
Htc & Solar Tech Service Limited	Associate

(2) Significant transactions with related parties

A. Operating revenue

	For the three months ended Mar. 31	
	2025	2024
Sales revenue:		
Associate	<u>\$ 8</u>	<u>\$ 326</u>

- (A) The Group's revenue is from the sales of various types of components and customized products, as well as cleaning. There is no major difference in the unit price of the various components sold from that offered to regular customers; the customized products and the parts of each customer's customized products for maintenance and replacement are different, so the prices cannot be compared.
- (B) The Group's collection of the sales revenue from the above-mentioned related parties is open account (O/A) with net 90 days. O/A with net 30 days to 120 days for general customers

B. Purchases

	For the three months ended Mar. 31	
	2025	2024
Merchandise purchase:		
Associate	<u>\$ 184</u>	<u>\$ 153</u>

- (A) The Group's purchases from related parties mainly include parts. Since the Company does not purchase the same products from other non-related parties, the prices cannot be compared.
- (B) The Group's purchases from the above-mentioned related parties are based on O/A with net 90 days after acceptance, and there is no major difference from general suppliers.

C. Receivables from related parties

	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Accounts receivable:			
Associate	<u>\$ 9</u>	<u>\$ 28</u>	<u>\$ 342</u>

Amounts receivable from related parties mainly arise from sales, and each amount from the sales is due at the end of two full months after each sale date. The receivables are not interest-bearing and unsecured. No allowance for losses was provided for receivables from related parties.

D. Payables to related parties

	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Accounts payable:			
Associate	\$ 5,822	\$ 5,962	\$ 6,970

Amounts payable to related parties mainly arise from purchases, and each amount from the purchases is due at the end of two full months after each purchase date. The payables are not interest-bearing.

(3) Transactions with other related parties

The processing and maintenance fees paid by the Group to its associates during the three months ended Mar. 31, 2025 and 2024 were \$4,024 and \$3,797, respectively, which were recognized in production overheads.

(4) Information on remuneration of key management personnel

	For the three months ended Mar. 31	
	2025	2024
Short-term employee benefits	\$ 12,678	\$ 11,755
Post-employment benefits	255	207
	<u>\$ 12,933</u>	<u>\$ 11,962</u>

8. Pledged Assets

The details of the assets pledged by the Group as collateral are as follows:

Asset	Book value			Purpose
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024	
Land	\$ 960,580	\$ 960,580	\$ 960,582	Long-term borrowings
Buildings, and structures	1,473,136	1,450,209	1,488,946	Long-term borrowings
Financial assets at amortized cost - current	7,026	7,041	3,035	Short-term borrowings and customs guarantee
Refundable deposits				Leases and golf club membership certificates
	<u>16,848</u>	<u>16,305</u>	<u>10,642</u>	
	<u>\$ 2,457,590</u>	<u>\$ 2,434,135</u>	<u>\$ 2,463,205</u>	

9. Significant Contingent Liabilities and Unrecognized Commitments

As of Mar. 31, 2025, the amount of the performance guarantees provided by the banks entrusted by the Group for the purchase of goods from suppliers was \$10 thousand.

10. Major Disaster Loss

None.

11. Material Events After the Balance Sheet Date

- (1) On May 8, 2025, the board of directors resolved to dispose of a portion of the land it holds under Land Parcel No. 3, Xinjing Section, Xinshi District, Tainan City, and Land Parcel No. 6, Shanjing Section, Shanhua District, Tainan City, in order to activate assets and increase the efficiency of capital utilization. To proceed cautiously with this asset disposal, the proposal will be submitted to the Board of Directors for discussion once the market price per ping (a Taiwanese unit of area equivalent to 3.3 square meters) reaches at least NT\$200.
- (2) To protect the company's credit and shareholders' equity, the board of directors of the company resolved on May 8, 2025, to repurchase treasury shares. The maximum total amount for the share repurchase is NT\$1,800,643, the planned repurchase period is from May 9, 2025, to Jul. 8, 2025, and the planned repurchase quantity is 2,000 thousand shares. The repurchase price range is NT\$32 to NT\$65 per share. If the company's stock price falls below the lower limit of this range, the repurchase will continue.

12. Others

(1) Capital management

The Group's capital management is to optimize the balances of debts and equity to make effective use of capital and ensure the smooth operation of each company. The Group's capital structure is composed of liabilities and equity without the need for compliance with other external capital requirements. The Group's main management reviews the capital structure quarterly, including considering the costs of various types of capital and relevant risks while investing in financial products to increase the Company's income and manage the capital structure.

(2) Financial instruments

A. Categories of financial instruments

	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income			
Designated equity instrument investments selected	<u>\$ 6,007</u>	<u>\$ 6,007</u>	<u>\$ 6,007</u>
Financial assets at amortized cost			
Cash and cash equivalents	\$ 1,149,691	\$ 1,232,128	\$ 805,649
Financial assets at amortized cost	40,505	40,185	65,892
Notes receivable	22,892	37,861	134,964
Accounts receivable (including related parties)	695,942	807,215	724,637
Other receivables	3,977	5,088	4,104
Refundable deposits	<u>16,848</u>	<u>16,305</u>	<u>10,642</u>
	<u>\$ 1,929,855</u>	<u>\$ 2,138,782</u>	<u>\$ 1,745,888</u>
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 427,000	\$ 277,000	\$ 189,000
Short-term notes payable	-	40,000	-
Accounts payable (including related parties)	449,584	425,087	406,056
Other payables	478,523	404,612	346,566
Long-term borrowings (due within one year or one operating cycle)	2,392,895	2,506,286	2,351,089
Guarantee deposits	1,373	1,361	1,108
	<u>\$ 3,749,375</u>	<u>\$ 3,654,346</u>	<u>\$ 3,293,819</u>
Lease liabilities	<u>\$ 85,873</u>	<u>\$ 83,687</u>	<u>\$ 74,415</u>

B. Risk management policy

The Group's financial management department provides services to various business units, coordinates the operations in the domestic and international financial markets, and supervises and manages the financial risks related to the Group's operations through the internal reports on risk exposure analyses based on the degree and breadth of risks. These risks include market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

C. Nature and level of material financial risks

(A) Market risk

Exchange rate risk

- a. The Group operates business across borders and is therefore subject to exchange rate risks arising from transactions in currencies that are different from the functional currencies (USD and CNY) used by the Company and its subsidiaries. The relevant exchange rate risks arise from future business transactions and assets and liabilities recognized.
- b. The Group's management has formulated policies to require each company of the Group to manage the exchange rate risks arising from their functional currencies. Each company should hedge its overall exchange rate risks through the Group's finance department. Exchange rate risks are measured through a forecast of highly probable USD and CNY expenditures and forward exchange agreements are used to reduce the impact of exchange rate fluctuations on expected inventory purchase costs.
- c. The Group's business involves certain non-functional currencies (the functional currency used by the Company and some of its subsidiaries is NTD, and the functional currencies used by some of its subsidiaries are CNY and USD). Therefore, the Group is subject to exchange rate fluctuations. The information on foreign-currency assets and liabilities affected by significant exchange rate fluctuations is as follows:

Mar. 31, 2025			
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary item</u>			
USD: NTD	\$ 6,967	33.2050	\$ 231,339
USD: CNY	697	7.1782	23,144
CNY: NTD	11,156	4.6258	51,605
JPY: NTD	115,120	0.2227	25,637
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD: NTD	\$ 878	33.2050	\$ 29,154
JPY: NTD	66,338	0.2227	14,773

Dec. 31, 2024			
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary item</u>			
USD: NTD	\$ 6,615	32.7850	\$ 216,873
USD: CNY	538	7.1884	17,649
CNY: NTD	7,480	4.4780	33,495
JPY: NTD	98,969	0.2099	20,774
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD: NTD	\$ 327	32.7850	\$ 10,721
JPY: NTD	72,089	0.2099	15,131

Mar. 31, 2024			
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary item</u>			
USD: NTD	\$ 6,530	32.0000	\$ 208,958
USD: CNY	1,032	7.0950	33,019
CNY: NTD	14,401	4.5102	64,951
JPY: NTD	174,223	0.2115	36,848
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD: NTD	\$ 1,343	32.0000	\$ 23,915
JPY: NTD	74,500	0.2115	42,992

- d. The aggregate amounts of (realized and unrealized) exchange gains or losses of the Group's monetary items recognized for the three months ended Mar. 31, 2025 and 2024 due to the significant impact of exchange rate fluctuations were \$5,683 and \$9,271, respectively.
- e. The analysis of the Group's foreign currency market risk due to significant exchange rate fluctuations is as follows:

Mar. 31, 2025					
Sensitivity analysis					
	Movement (%)	Impact on profit or loss		Impact on other comprehensive income	
(Foreign currency: Functional currency)					
Financial assets					
Monetary item					
USD: NTD	±1%	\$	2,313	\$	-
USD: CNY	±1%		231		-
CNY: NTD	±1%		516		-
JPY: NTD	±1%		256		-
Financial liabilities					
Monetary item					
USD: NTD	±1%	\$	292	\$	-
JPY: NTD	±1%		148		-
Dec. 31, 2024					
Sensitivity analysis					
	Movement (%)	Impact on profit or loss		Impact on other comprehensive income	
(Foreign currency: Functional currency)					
Financial assets					
Monetary item					
USD: NTD	±1%	\$	2,169	\$	-
USD: CNY	±1%		176		-
CNY: NTD	±1%		335		-
JPY: NTD	±1%		208		-
Financial liabilities					
Monetary item					
USD: NTD	±1%	\$	107	\$	-
JPY: NTD	±1%		151		-

		Mar. 31, 2024		
		Sensitivity analysis		
		Movement (%)	Impact on profit or loss	Impact on other comprehensive income
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary item</u>				
USD: NTD	±1%	\$	2,090	\$ -
USD: CNY	±1%		330	-
CNY: NTD	±1%		650	-
JPY: NTD	±1%		368	-
<u>Financial liabilities</u>				
<u>Monetary item</u>				
USD: NTD	±1%	\$	239	\$ -
JPY: NTD	±1%		430	-

Price risks

The Group's equity instruments exposed to the price risk are its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risk of equity instrument investment, the Group has diversified its investment portfolio, and the method of the diversification is based on the limits it set.

Interest rate risks from cash flows and fair values

The Group's interest rate risk mainly arises from long-term borrowings at floating interest rates, which exposes the Group to cash flow interest rate risk. The risk is partially offset by the Group's cash and cash equivalents at floating interest rates. The Group's borrowings at floating interest rates taken out during the three months ended Mar. 31, 2025 and 2024 were mainly denominated in NTD.

(B) Credit risk

- a. The Group's credit risk is the risk of financial loss suffered arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle accounts receivable in accordance with the payment terms.
- b. The Group has established a credit risk management mechanism from a group-wide perspective. Only banks and financial institutions with their credit ratings independently determined at "A" or higher can be accepted as transaction counterparties. In accordance with the internal credit policy, each operating

entity within the Group must conduct management and credit risk analysis of each new customer before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors. Individual risk limits are set by the board of directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.

- c. The Group adopts IFRS 9 to set the premise and assumption that when a contract payment is past due by more than 90 days in accordance with the agreed payment terms, it is deemed to have been in default.
- d. The Group adopts IFRS 9 to set the premise and assumption that when a contract payment is past due by more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.
- e. The Group adopts a simplified approach to estimate expected credit losses using a loss ratio method.
- f. The Group incorporates the forward-looking considerations in the Taiwan Institute of Economic Research' Business Indicator Report and adjusts the loss ratio set based on historical and present information for a specific period, to estimate an allowance for losses on contract assets, notes receivable, and accounts receivable; the loss ratio methods used as of Mar. 31, 2025, Dec. 31, 2024, and Mar. 31, 2024 are as follows:

	Not past due	Past due for less than 90 days	Past due for less than 180 days	Past due for 181 days or more	Total
<u>Mar. 31, 2025</u>					
Expected loss ratio	0%~0.27%	0%~11.59%	0.68%~100%	38.74%~100%	
Total book value	\$1,021,507	\$ 73,095	\$ 29,607	\$ 23,900	\$1,148,109
Allowance for losses	\$ 1,107	\$ 2,597	\$ 5,695	\$ 22,215	\$ 31,614
	Not past due	Past due for less than 90 days	Past due for less than 180 days	Past due for 181 days or more	Total
<u>Dec. 31, 2024</u>					
Expected loss ratio	0%~0.27%	0%~11.59%	0.68%~100%	38.74%~100%	
Total book value	\$1,162,111	\$ 81,454	\$ 9,707	\$ 20,774	\$1,274,046
Allowance for losses	\$ 1,382	\$ 2,143	\$ 2,260	\$ 20,097	\$ 25,882

	Not past due	Past due for less than 90 days	Past due for less than 180 days	Past due for 181 days or more	Total
Mar. 31, 2024					
Expected loss ratio	0%~0.37%	0%~11.59%	0.68%~100%	52.78%~100%	
Total book value	\$1,041,641	\$ 106,078	\$ 20,952	\$ 21,558	\$1,190,229
Allowance for losses	\$ 1,134	\$ 3,223	\$ 4,624	\$ 20,158	\$ 29,139

- g. The table of the changes in the Group's allowance for losses on account receivable with a simplified approach is as follows:

	For the three months ended Mar. 31	
	2025	2024
	Accounts receivable	Accounts receivable
Jan. 1	\$ 25,882	\$ 24,924
Provision for impairment loss	5,732	4,215
Mar. 31	<u>\$ 31,614</u>	<u>\$ 29,139</u>

(C) Liquidity risk

- a. Cash flow forecasts are made by each operating entity of the Group and aggregated by the Group's finance department. The Group's finance department monitors the forecasts on the group-wide liquidity needs to ensure that the Group has sufficient funds to meet operational needs and maintain sufficient undrawn borrowing commitment at all times so that it will not violate relevant borrowing limit requirements or terms. The forecasts take into account the Group's debt financing plans, compliance with debt terms, and alignment with financial ratio targets in the internal balance sheet.
- b. Borrowings from banks are an important source of liquidity for the Group. As of Mar. 31, 2025, Dec. 31, 2024, and Mar. 31, 2024, the Group's undrawn bank financing commitment amounted to \$1,827,380, \$1,553,243, and \$1,890,871, respectively.
- c. The table below details the Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis, which are grouped by maturity dates. Non-derivative financial liabilities were analyzed based on the remaining period from the balance sheet date to the contract maturity date; derivative financial liabilities were analyzed based on the remaining period from the balance sheet date to the expected maturity date. The contractual cash flows disclosed in the table below are undiscounted amounts.

Mar. 31, 2025	Less than 1 year	More than 1 year
Non-derivative financial liabilities:		
Non-interest-bearing liabilities	\$ 928,107	\$ 1,373
Lease liabilities	25,901	60,547
Floating interest rate instruments	1,096,674	1,784,207
Dec. 31, 2024	Less than 1 year	More than 1 year
Non-derivative financial liabilities:		
Non-interest-bearing liabilities	\$ 829,699	\$ 1,361
Lease liabilities	25,910	60,254
Floating interest rate instruments	957,147	1,911,880
Instruments at fixed rates	40,783	-
Mar. 31, 2024	Less than 1 year	More than 1 year
Non-derivative financial liabilities:		
Non-interest-bearing liabilities	\$ 752,622	\$ 1,108
Lease liabilities	22,352	60,959
Floating interest rate instruments	703,617	1,992,953

(3) Fair value information

- A. The fair value levels of the financial instruments and non-financial instruments measured using the valuation technique are defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date. An active market refers to a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly or indirectly for assets or liabilities.

Level 3: Unobservable inputs for assets or liabilities.

- B. Financial and non-financial instruments at fair value are classified by the Group based on the nature, characteristics, risks, and levels of fair values of assets and liabilities. The relevant information is as follows:

- (A) The Group classified assets and liabilities by nature. The relevant information is as follows:

Mar. 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 6,007	\$ 6,007
Dec. 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 6,007	\$ 6,007
Mar. 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 6,007	\$ 6,007

- (B) The methods and assumptions used by the Group to measure fair values are as follows:

Where the Group uses market quoted prices as fair value inputs (i.e. Level 1), the tools are classified by characteristics as follows:

	Open-end funds
Market quoted prices	Net value

- C. The table below shows the changes in Level 3 fair values during the three months ended Mar. 31, 2025 and 2024:

	For the three months ended Mar. 31	
	2025	2024
	Equity securities	Equity securities
Equity instrument investments at fair value through other comprehensive income		

	For the three months ended Mar. 31	
	2025	2024
	Equity securities	Equity securities
Opening and closing balances	\$ 6,007	\$ 6,007

- D. There was no transfer in/out to/from Level 3 fair values during the three months ended Mar. 31, 2025 and 2024.
- E. In the Group's valuation process for fair values classified as at Level 3, the finance department is responsible for independent fair value verification for financial instruments, uses data from independent sources to make the valuation results close to the market level, and confirms that the source of the data is independent, reliable, consistent with other resources, and representative of the executable price, while regularly calibrating the valuation model, conducting back-testing, updating the inputs and data required by the valuation model, and making any other necessary fair value adjustments to ensure that the valuation results are reasonable.
- F. The quantitative information on the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input changes are stated as follows:

	Fair value on Mar. 31, 2025	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Non-TWSE/TPEX listed stocks	\$ 6,007	Net asset value method	Not applicable	-	Not applicable

	Fair value on Dec. 31, 2024	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Non-TWSE/TPEX listed stocks	\$ 6,007	Net asset value method	Not applicable	-	Not applicable

	Fair value on Mar. 31, 2024	Valuation technique	Significant unobservable inputs	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Non-TWSE/TPEX listed stocks	\$ 6,007	Net asset value method	Not applicable	-	Not applicable

- G. The Group has selected a valuation model and valuation parameters after prudent evaluation, but different valuation results may occur due to the use of different valuation models or valuation parameters. For financial assets and financial liabilities classified as at Level 3, if the valuation parameters change, the effect on the current profit or loss or other comprehensive income is as follows:

			Mar. 31, 2025			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets	Input	Change				
Equity instruments	Market-to-book ratio; discount for lack of marketability	±1%				
			\$ -	\$ -	\$ 60	(\$ 60)
			Dec. 31, 2024			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets	Input	Change				
Equity instruments	Market-to-book ratio; discount for lack of marketability	±1%				
			\$ -	\$ -	\$ 60	(\$ 60)
			Mar. 31, 2024			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets	Input	Change				
Equity instruments	Market-to-book ratio; discount for lack of marketability	±1%				
			\$ -	\$ -	\$ 60	(\$ 60)

13. Additional Disclosures

(1) Information on Significant Transactions

- A. Loaning funds to others: None.
- B. Endorsements/Guarantees provided: Please refer to Table 1.
- C. Holding of significant securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): Please refer to Table 2.
- D. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital or more: None.
- F. Business relationship and significant transactions between the parent company and its subsidiaries: None.

(2) Information on Investees

Information on names and locations of investees (excluding investees in Mainland China): Please refer to Table 3.

(3) Information on Investments in Mainland China

- A. Basic information: Please refer to Table 4.
- B. Significant transactions with investees in Mainland China, either directly or indirectly, through a business in a third region: None.

14. Segments Information

(4) General information

The Group's management has identified reportable segments based on the reporting information used by the board of directors in making decisions.

The Group as a whole belongs to an operating segment for manufacturing, maintaining, and trading electronic components. The information provided to chief operating decision makers to allocate resources and evaluate segment performance is focused on the operating results of the Group. The information on the Group's segment assets and liabilities is not provided to the main management for decision-making purposes, so there is no need to disclose segment assets and liabilities.

(5) Evaluation of segment information

The Group's board of directors evaluates the performance of each operating segment based on its profit and loss. Interest income and expenses were not apportioned to the operating segments as this task is managed by the finance department, which is responsible for the Company's cash position.

(6) Information on segment profit or loss, assets, and liabilities

The information on reportable segments provided to the chief operating decision-maker is as follows:

For the three months ended Mar. 31, 2025	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Reconciliation and write-off	Consolidated
External revenue	\$ 425,596	\$ 168,693	\$ 158,816	\$ 89,851	\$ -	\$ 842,956
Inter-segment revenue	128,513	2,422	525	2,489	(133,949)	-
Segment revenue	<u>\$ 554,109</u>	<u>\$ 171,115</u>	<u>\$ 159,341</u>	<u>\$ 92,340</u>	<u>(\$ 133,949)</u>	<u>\$ 842,956</u>
Segment profit or loss	<u>\$ 50,604</u>	<u>\$ 10,634</u>	<u>\$ 16,274</u>	<u>\$ 7,195</u>	<u>\$ 1,331</u>	<u>\$ 86,038</u>

For the three months ended Mar. 31, 2024	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Reconciliation and write-off	Consolidated
External revenue	\$ 519,193	\$ 241,696	\$ 178,938	\$ 31,420	\$ -	\$ 971,247
Inter-segment revenue	60,292	1,546	3,784	2,058	(67,680)	-
Segment revenue	<u>\$ 579,485</u>	<u>\$ 243,242</u>	<u>\$ 182,722</u>	<u>\$ 33,478</u>	<u>(\$ 67,680)</u>	<u>\$ 971,247</u>
Segment profit or loss	<u>\$ 61,266</u>	<u>\$ 32,586</u>	<u>\$ 23,447</u>	<u>(\$ 2,715)</u>	<u>\$ 1,301</u>	<u>\$ 115,885</u>

Segment profit (loss) refers to the profit earned by each segment, excluding non-operating income and expenditures and income tax expenses. The amounts measured are provided to the chief operating decision maker to allocate resources to the segment and measure its performance.

(7) Information on the reconciliation of segment profit or loss

Inter-segment sales are conducted on an arm's length basis. The external revenue that the Company presented to the chief operating decision-maker is measured in the same manner as used for the revenue in the income statement.

The reconciliation of segment profit or loss and pre-tax profit or loss of continuing operations for the three months ended Mar. 31, 2025 and 2024 is as follows:

	For the three months ended Mar. 31	
	2025	2024
Segment income	\$ 86,038	\$ 115,885
Interest income	2,128	1,155
Other income	2,925	1,854
Other gains or losses	5,351	8,226
Financial costs	(13,588)	(10,404)
Share of profit or loss on associates accounted for using equity method	2,800	(762)
Net income before tax	<u>\$ 85,654</u>	<u>\$ 115,954</u>

Highlight Tech Corp. and its Subsidiaries
Endorsement/Guarantee Provided
Mar. 31, 2025

Table 1

Unit: NTD thousand (unless otherwise specified)

No. (Note 1)	Endorsement/ Guarantee Provider	Party Endorsed/Guaranteed		Limit of Endorsement/ Guarantee for Single Enterprise (Note 3)	Maximum Endorsement/ Guarantee Balance in this Period	Ending Balance of Endorsements/ Guarantees Provided	Amount Actually Drawn	Amount of Property- Backed Endorsements/ Guarantees	Ratio of Accumulated Endorsement/ Guarantee Amount to the Net Worth as Shown Through Financial Statement of the Most Recent Term	Upper Limit on Endorsements/ Guarantees (Notes 4 & 5)	Parent Company to Subsidiary	Subsidiary to Parent Company	To Entity in Mainland China	Remarks
		Company Name	Relationship (Note 2)											
0	Highlight Tech Corp.	HIGHLIGHT TECH JAPAN Co., Ltd	3	\$ 890,282	\$ 133,620	\$ 133,620	\$ 75,165	\$ -	4.50%	\$ 1,483,803	Y	N	N	-
0	Highlight Tech Corp.	Litho Med Trading Co., Ltd.	3	593,521	30,000	30,000	-	-	1.01%	1,483,803	Y	N	N	-
0	Highlight Tech Corp.	TetraTrio Tech Co., Ltd.	3	593,521	300,000	300,000	-	-	10.11%	1,483,803	Y	N	N	-

Note 1: How the fields should be entered is stated below:

- (1) The issuer is coded "0".
- (2) The investees are coded sequentially beginning from "1" by each individual company.

Note 2: (1) A company with which it does business.

- (2) A company in which the Company directly or indirectly holds more than fifty percent (50%) of the voting shares.
- (3) A company that directly or indirectly holds more than fifty percent (50%) of the voting shares in the Company.
- (4) A company in which the Company directly or indirectly holds more than ninety percent (90%) of the voting shares.

Note 3: The limit of endorsement/guarantee for a single enterprise is 20% of the net worth of the Company or any of its subsidiaries at the end of the period, but for a single overseas associate, it shall not exceed 30% of the net worth of the Company or any of its subsidiaries at the end of the period.

Note 4: The upper limit of endorsements/guarantees provided to external entities is 50% of the Company's net worth at the end of the period.

Note 5: The upper limit of endorsements/guarantees provided to external entities by a subsidiary is 50% of the subsidiary's net worth at the end of the period.

Note 6: The total external endorsements/guarantees provided by the Company and its subsidiaries are limited to no more than 50% of the net consolidated worth at the end of the period, and the total endorsements/guarantees provided to a single enterprise is limited to no more than 20% of the net consolidated worth at the end of the period, except for a single overseas associate, which shall not exceed 30% of the net consolidated worth at the end of the period.

Highlight Tech Corp. and its Subsidiaries

Holding of significant securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture)

Mar. 31, 2025

Table 2

Unit: NTD thousand (unless otherwise specified)

Type and Name of Marketable Securities (Note 1)					End of Period				
Holding Company	Type	Name	Marketable Securities Relationship with Securities Issuer (Note 2)	Classification	Number of Shares (par Value)/Number of Units (Share)	Carrying Amount (Note 3)	Shareholding Ratio	Fair Value	Remarks
Shanorm Tech Co., Ltd.	Stocks	ProMOS Technologies Inc.	-	Financial assets at FVTOCI - non-current	2,210	\$ 22	-	\$ 22	-
Schmidt Scientific Taiwan Ltd.	Stocks	Syntec Scientific Corporation	-	Financial assets at FVTOCI - non-current	598,500	5,985	4.52%	5,985	-

Table 3

Highlight Tech Corp. and its Subsidiaries											
Information on Investees											
For the three months ended Mar. 31, 2025											
Unit: NTD thousand (unless otherwise specified)											
Name of Investor	Name of Investee		Main Business Activities	Initial Investment Amount		Held at the End of Period			Current Profit or Loss of Investee (Note 2(2))	Investment Income or Loss Recognized in this Period (Note 2(3))	Remarks
	(Notes 1 & 2)	Location		End of Current Period	End of Last Year	Number of Shares	Percentage (%)	Carrying Amount			
Highlight Tech Corp.	Highlight Tech International Corp.	British Virgin Islands	Holding company of indirect investment in Mainland China	\$ 924,759 (USD 27,850 thousand)	\$ 1,057,579 (USD 31,850 thousand)	23,414,695	100.00	721,510	\$ 8,261	\$ 8,261	Subsidiary
Highlight Tech Corp.	Finesse Technology Co., Ltd.	Hsinchu County	Electronic components, mechanical equipment maintenance and sales of related components	217,061	217,061	10,189,353	30.32	397,259	16,372	4,964	Subsidiary
Highlight Tech Corp.	Shanorm Tech Co., Ltd.	Hsinchu County	Maintenance of mechanical equipment and electronic parts and retail of mechanical appliances and electronic materials	114,831	114,831	8,600,000	100.00	111,210	1,525	1,525	Subsidiary
Highlight Tech Corp.	Schmidt Scientific Taiwan Ltd.	Taipei City	Sales and maintenance of medical equipment, electronic parts, optical instruments, semiconductor and optoelectronic process facilities, testing equipment, and automatic solar cell stringer machines	1,586	1,586	2,551,120	60.96	71,824	5,578	3,400	Subsidiary
Highlight Tech Corp.	HIGHLIGHT TECH JAPAN Co., Ltd.	Japan	Sales of electronic equipment, manufacturing of vacuum components, and sales and maintenance of vacuum equipment	44,317 (JPY 199,000 thousand)	22,270 (JPY 100,000 thousand)	19,900	100.00	25,630 (	4,445) (	4,445)	Subsidiary
Highlight Tech Corp.	Litho Med Trading Co., Ltd.	Tainan City	Wholesale and retail of medical equipment and machinery	50,000	50,000	5,000,000	100.00	66,399	2,975	2,975	Subsidiary
Highlight Tech Corp.	TetraTrio Tech Co., Ltd.	Tainan City	Maintenance of mechanical equipment and electronic parts	22,500	-	2,250,000	75.00	22,359 (	188) (	141)	Subsidiary
Highlight Tech Corp.	Htc & Solar Tech Service Limited	Hsinchu County	Equipment maintenance and cleaning business	117,024	117,024	12,322,052	35.81	218,523	7,817	2,800	Investees accounted for using the equity method

Name of Investor	Name of Investee		Location	Main Business Activities	Initial Investment Amount		Held at the End of Period			Current Profit or Loss of Investee (Note 2(2))	Investment Income or Loss Recognized in this Period (Note 2(3))	Remarks
	(Notes 1 & 2)				End of Current Period	End of Last Year	Number of Shares	Percentage (%)	Carrying Amount			
Finesse Technology Co., Ltd.	Schmidt Scientific Taiwan Ltd.		Taipei City	Sales and maintenance of medical equipment, electronic parts, optical instruments, semiconductor and optoelectronic process facilities, testing equipment, and automatic solar cell stringer machines	\$ -	\$ -	635,270	15.18	\$ 17,875	\$ 5,578	\$ 847	Subsidiary
Finesse Technology Co., Ltd.	Highlight Tech System International Limited		Samoa	Holding company of indirect investment in Mainland China	31,545 (USD 950 thousand)	31,545 (USD 950 thousand)	950,000	100.00	86,673	4,558	4,558	Subsidiary
Finesse Technology Co., Ltd.	Finesse Technology Co., Ltd.		Japan	Key subsystem development, material sourcing, manufacturing, assembly, testing, sales and maintenance services for semiconductor equipment.	20,043 (JPY 90,000 thousand)	20,043 (JPY 90,000 thousand)	9,000	100.00	17,295 (	153) (	153)	Subsidiary

Note 1: If a public issuer has a foreign holding company and takes the consolidated financial statements as the main financial report in accordance with local laws and regulations, it may disclose relevant information only on the holding company as for the requirement for the disclosure of information on the foreign investees.

Note 2: If the situation is not as stated in Note 1, please enter the fields according to the rules below:

(1) The fields “Name of investee”, “Location”, “Main business activities”, “Initial investment amount”, and “Shareholding at the end of the period” should be entered in order according to the investments by the company (public issuer) and investments by each directly or indirectly controlled investee; and the relationship between each investee and the company (public issuer) (such as a subsidiary or sub-subsidiary) should be indicated in the Remarks field.

(2) As for the field “Current profit or loss of investee”, current profit or loss of each investee should be entered.

(3) As for the field “Investment income or loss recognized in this period”, it is only necessary to enter the amount of profit and loss of each subsidiary recognized by the company (public issuer) as a direct investment and each investees accounted for using the equity method. As for the field “Current profit or loss of each subsidiary recognized as a direct investment”, it is necessary to confirm that the amount of current profit and loss of each subsidiary has included the investment income and loss from such subsidiaries’ investments that should be recognized in accordance with regulations.

Note 3: Please refer to Table 4 for relevant information on investees in mainland China.

Note 4: It is only necessary to list the amount of profit and loss of each subsidiary recognized by the Company as a direct reinvestment and each subsidiaries accounted for using the equity method.

Highlight Tech Corp. and its Subsidiaries
Information on investments in Mainland China - Basic Information
For the three months ended Mar. 31, 2025

Table 4

Unit: NTD thousand (unless otherwise specified)

Name of Investee	Main Business Activities	Paid-in Capital (Note 3)	Method of Investments (Note 1)	Cumulative Amount of Remittance from Taiwan to Mainland China, Beginning of Current Period	Amount Remitted from Taiwan to Mainland China/Amount Remitted Back to Taiwan for Current Period		Cumulative Amount of Remittance from Taiwan to Mainland China, End of Current Period	Current Profit or Loss on Investees	Shareholding of the Company (Direct or Indirect)	Investment Income or Loss Recognized in the Current Period (Note 2)	Carrying Amount of Investments at the End of the Period	Cumulative Amount of Investment Income Repatriated to Taiwan as of the Current Period	Remarks
					Outflow	Inflow							
Highlight Tech (Shanghai) Corp.	Sales of electronic equipment, manufacturing of vacuum components, and sales and maintenance of vacuum equipment	\$ 838,426 (USD 25,250 thousand)	Highlight Tech International Corp.	\$ 971,246 (USD 29,250 thousand)	-	\$ 130,820 (USD 4,000 thousand)	\$ 838,426 (USD 25,250 thousand)	\$ 8,190	100%	\$ 8,190	\$ 715,301	\$ -	Note 1(2) Note 2(2)
Highlight Tech System (Shanghai) Corp.	Surface treatment, automatic control equipment engineering, mechanical equipment manufacturing, electronic component design, manufacturing wholesale and retail.	29,885 (USD 900 thousand)	Highlight Tech System International Limited	29,885 (USD 900 thousand)	-	-	29,885 (USD 900 thousand)	4,547	100%	4,547	85,771	-	Note 1(2) Note 2(1)
Finesse Technology (Shanghai) Co., Ltd.	Electronic components, mechanical and electrical equipment maintenance and sales.	9,962 (USD 300 thousand)	Finesse Technology Co., Ltd.	9,962 (USD 300 thousand)	-	-	9,962 (USD 300 thousand)	392	100%	392	34,391	-	Note 1(1) Note 2(1)

Company Name	Cumulative Amount of Remittance from Taiwan to Mainland China, End of Current Period	Investment Amount Approved by the Investment Commission of MOEA	Limit on Investments in Mainland China imposed by the Investment Commission
The Company	\$ 838,426 (USD 25,250 thousand)	\$ 1,250,168 (USD 37,650 thousand)	\$ 1,780,563
Finesse Technology Co., Ltd.	39,846 (USD 1,200 thousand)	39,846 (USD 1,200 thousand)	717,021

Note 1: Investment methods are divided into the following three types, just enter the code:

- (1) Direct investment in Mainland China.
- (2) Indirect investment in mainland China through third-region companies (please indicate the investment companies in the third regions).
- (3) Other methods.

Note 2: The basis of recognizing investment income or loss is divided into the three types below, which should be indicated.

- (1) Financial statements reviewed by an international accounting firm with a partnership with an accounting firm in the Republic of China.
- (2) Financial statements reviewed by CPAs appointed by the parent company in Taiwan.
- (3) Others.

Note 3: Relevant figures in this table should be presented in NTD, and USD were translated into NTD at an exchange rate of US\$1 to NT\$33.205.