

Highlight Tech Corp. and its Subsidiaries
Consolidated Financial Report and
CPA's Review Report
for the Six Months Ended Jun. 30, 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 Six Months Ended Jun. 30, 2025 and 2024

Table of Contents

	Item	Page
1. Cover Page		1
2. Table of Contents		2
3. CPA's Review Report		3
4. Consolidated Balance Sheet		7
5. Consolidated Statements of Comprehensive Income		8
6. Income Consolidated Statements of Changes in Equity		9
7. Consolidated Statements of Cash Flows		11
8. Notes to Consolidated Financial Statements		12
(1) Organization and Operations		12
(2) Date and Procedures for Approval of the Financial Report		12
(3) Application of Newly Issued and Amended Standards and Interpretations		12
(4) Summary of Significant Accounting Policies		14
(5) Critical Accounting Judgments and Key Sources of Estimation and Uncertainty		19
(6) Summary of Significant Accounting Titles		19
(7) Related Party Transactions		19
(8) Pledged Assets		47
(9) Significant Contingent Liabilities and Unrecognized Commitments		48
(10) Major Disaster Loss		48
(11) Material Events After the Balance Sheet Date		48
(12) Others		48
(13) Additional Disclosures		59
(14) Segments Information		59

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 Jun. 30, 2025 and 2024, the related consolidated statements of comprehensive income for the three and six months then ended, and consolidated statements of changes in equity and cash flows for the six 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(7) 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 Jun. 30, 2025 and 2024 were NT\$ 499,238 thousand and NT\$ 208,448 thousand, accounting for 6.20% and 2.84% of the total consolidated assets, respectively; their total liabilities are NT\$ 217,847 and NT\$ 0

thousand, accounting for 5.10% and 0% of the total liabilities, respectively; for the three and six months ended Jun. 30, 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\$ 25,159 thousand, NT\$ (1,076) thousand, NT\$ 49,999 thousand and NT\$ (1,838) thousand, accounting for (430.95%), (0.89%), 64.50% and (0.77%) 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 partial non-material subsidiaries and 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 Jun. 30, 2025 and 2024, consolidated financial performance for the three and six months ended Jun. 30, 2025 and 2024, and consolidated cash flows for the six months ended Jun. 30, 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 Jun. 30, 2025 and 2024, were NT\$ 1,288,522 thousand and NT\$ 1,117,954 thousand, accounting for 15.99% and 15.21% of the total consolidated assets, respectively. The operating revenue for the three and six months ended Jun. 30, 2025 and 2024, was NT\$ 183,590 thousand, NT\$ 201,584 thousand, NT\$ 342,406 thousand and NT\$ 380,522 thousand, accounting for 20.43%, 20.79%, 19.66% and 19.60% 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

Aug. 5, 2025

Highlight Tech Corp. and its Subsidiaries
Consolidated Balance Sheet
Jun. 30, 2025, Dec. 31, 2024 and Jun. 30, 2024

Unit: NTD thousand

	Assets	Notes	Jun. 30, 2025		Dec. 31, 2024		Jun. 30, 2024	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,226,536	15	\$ 1,232,128	16	\$ 837,807	11
1136	Financial assets at amortized cost - current	6(3) and 8	25,674	1	21,942	-	17,876	-
1140	Contract assets - current	6(20)	409,080	5	403,088	5	338,420	5
1150	Notes receivable, net	6(4)	20,481	-	37,861	-	43,815	1
1170	Accounts receivable, net	6(4) and 7	715,435	9	807,215	10	751,000	10
1200	Other receivables		3,702	-	5,088	-	9,785	-
1220	Current income tax assets		419	-	60	-	149	-
130X	Inventories	6(5)	1,565,539	20	1,325,040	17	1,286,939	18
1410	Prepayments		101,117	1	85,031	1	92,790	1
1460	Net non-current assets held for sale	6(6)	240,390	3	-	-	-	-
1470	Other current assets		7,656	-	1,673	-	1,965	-
11XX	Total current assets		4,316,029	54	3,919,126	49	3,380,546	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)	8,186	-	18,243	-	18,213	-
1550	Investments accounted for using equity method	6(7)	211,006	3	215,723	3	208,448	3
1600	Property, plant and equipment	6(8) and 8	3,185,697	39	3,476,393	44	3,350,367	46
1755	Right-of-use assets	6(9)	107,105	1	103,009	1	87,533	1
1780	Intangible assets	6(10)	104,557	1	97,735	1	100,140	1
1840	Deferred tax assets		53,145	1	49,430	1	49,554	1
1900	Other non-current assets	6(11) and 8	65,079	1	70,739	1	148,351	2
15XX	Total non-current assets		3,740,782	46	4,037,279	51	3,968,613	54
1XXX	Total assets		\$ 8,056,811	100	\$ 7,956,405	100	\$ 7,349,159	100

(Continued on next page)

Highlight Tech Corp. and its Subsidiaries
Consolidated Balance Sheet
Jun. 30, 2025, Dec. 31, 2024 and Jun. 30, 2024

Unit: NTD thousand

	Liabilities and equity	Notes	Jun. 30, 2025		Dec. 31, 2024		Jun. 30, 2024	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 393,340	5	\$ 277,000	4	\$ 39,000	1
2110	Short-term notes payable		-	-	40,000	1	-	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	-	-	4	-
2130	Contract liabilities - current	6(20)	216,946	3	189,729	2	101,620	2
2170	Accounts payable	7	507,281	6	425,087	5	468,452	6
2200	Other payables	6(13)	550,930	7	404,612	5	380,855	5
2230	Current income tax liabilities		21,060	-	40,157	1	56,554	1
2250	Current provisions		19,443	-	18,680	-	9,586	-
2280	Lease liabilities - current		27,621	1	24,166	-	19,679	-
2320	Long-term liabilities due within one year or one operating cycle	6(14) and 8	869,707	11	641,028	8	499,657	7
2399	Other current liabilities - others		16,000	-	10,953	-	21,740	-
21XX	Total current liabilities		<u>2,622,328</u>	<u>33</u>	<u>2,071,412</u>	<u>26</u>	<u>1,597,147</u>	<u>22</u>
Non-current liabilities								
2540	Long-term borrowings	6(14) and 8	1,574,820	19	1,865,258	24	1,935,208	26
2570	Deferred tax liabilities		8,086	-	20,592	-	20,266	-
2580	Lease liabilities - non-current		61,363	1	59,521	1	48,868	1
2600	Other non-current liabilities		4,640	-	5,426	-	6,408	-
25XX	Total non-current liabilities		<u>1,648,909</u>	<u>20</u>	<u>1,950,797</u>	<u>25</u>	<u>2,010,750</u>	<u>27</u>
2XXX	Total liabilities		<u>4,271,237</u>	<u>53</u>	<u>4,022,209</u>	<u>51</u>	<u>3,607,897</u>	<u>49</u>
Equity								
Equity attributable to owners of the parent company								
3110	Share capital	6(17)						
	Common stock		945,613	12	945,613	12	1,182,017	16
3200	Capital surplus	6(18)						
	Capital surplus		327,643	4	410,684	5	362,766	4
3310	Retained earnings	6(19)						
	Legal reserve		397,457	5	365,125	5	365,125	5
3320	Special reserves		64,768	1	64,768	1	64,768	1
3350	Undistributed earnings		1,295,019	16	1,309,105	16	1,152,441	16
Other equity								
3400	Other equity		(73,785)	(1)	(7,270)	-	(10,918)	-
3500	Treasury shares	6(17)	(1,880)	-	-	-	-	-
31XX	Total equity attributable to owners of the parent company		<u>2,954,835</u>	<u>37</u>	<u>3,088,025</u>	<u>39</u>	<u>3,116,199</u>	<u>42</u>
36XX	Non-controlling interests	4(3)	<u>830,739</u>	<u>10</u>	<u>846,171</u>	<u>10</u>	<u>625,063</u>	<u>9</u>
3XXX	Total equity		<u>3,785,574</u>	<u>47</u>	<u>3,934,196</u>	<u>49</u>	<u>3,741,262</u>	<u>51</u>
Significant contingent liabilities and unrecognized commitments								
3X2X	Material events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 8,056,811</u>	<u>100</u>	<u>\$ 7,956,405</u>	<u>100</u>	<u>\$ 7,349,159</u>	<u>100</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

Accounting Manager:
Huang, Hsiang-Chun

Highlight Tech Corp. and its Subsidiaries
Consolidated Statements of Comprehensive Income
For the six months ended Jun. 30, 2025 and 2024

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

Item	Notes	For the three months ended Jun. 30				For the six months ended Jun. 30			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	6(20) and 7	\$ 898,831	100	\$ 969,827	100	\$ 1,741,787	100	\$ 1,941,074	100
5000 Operating costs	6(5)(23) and 7	(603,081)	(67)	(617,391)	(64)	(1,144,944)	(66)	(1,259,552)	(65)
5900 Gross profit		295,750	33	352,436	36	596,843	34	681,522	35
Operating expenses	6(23)								
6100 Selling and marketing expenses		(68,428)	(8)	(73,642)	(7)	(138,666)	(8)	(143,979)	(7)
6200 Administrative expenses		(88,838)	(10)	(103,096)	(11)	(179,155)	(10)	(192,902)	(10)
6300 Research and development expenses		(49,267)	(5)	(57,500)	(6)	(98,035)	(6)	(106,343)	(6)
6450 Expected credit impairment gain (loss)	12(2)	4,012	-	6,568	1	(1,720)	-	2,353	-
6000 Total operating expenses		(202,521)	(23)	(227,670)	(23)	(417,576)	(24)	(440,871)	(23)
6900 Net operating income		93,229	10	124,766	13	179,267	10	240,651	12
Non-operating income and expenses									
7100 Interest income		4,003	1	3,292	-	6,131	-	4,447	-
7010 Other income		3,883	-	4,129	1	6,808	-	5,983	-
7020 Other gains or losses	6(21)	(24,016)	(3)	3,014	-	(18,665)	(1)	11,240	1
7050 Financial costs	6(22)	(13,221)	(1)	(10,508)	(1)	(26,809)	(1)	(20,912)	(1)
7060 Share of profit or loss on associates and joint ventures accounted for using equity method	6(7)	11,462	1	(1,076)	-	14,262	1	(1,838)	-
7000 Total non-operating income and expenses		(17,889)	(2)	(1,149)	-	(18,273)	(1)	(1,080)	-
7900 Net income before tax		75,340	8	123,617	13	160,994	9	239,571	12
7950 Income tax (expenses) benefits	6(25)	6,039	1	(9,227)	(1)	(8,117)	-	(34,398)	(2)
8200 Profit		\$ 81,379	9	\$ 114,390	12	\$ 152,877	9	\$ 205,173	10
Other comprehensive income									
8311 Items that will not be reclassified to profit or loss		\$ -	-	\$ -	-	\$ 135	-	\$ -	-
8361 Exchange differences on translating the financial statements of foreign operations		(102,369)	(12)	7,438	-	(88,788)	(5)	40,498	2
8370 Share of other comprehensive income of associates and joint ventures recognized using the equity method - items that may be reclassified subsequently to profit or loss	6(7)	(3,350)	-	-	-	(3,350)	(1)	-	-
8399 Income tax related to items that may be reclassified	6(25)	18,502	2	(1,547)	-	16,644	1	(7,543)	-
8360 Sum of items that may be reclassified subsequently to profit or loss		(87,217)	(10)	5,891	-	(75,494)	(5)	32,955	2
8300 Other comprehensive income (net amount)		(\$ 87,217)	(10)	\$ 5,891	-	(\$ 75,359)	(5)	\$ 32,955	2
8500 Total comprehensive income		(\$ 5,838)	(1)	\$ 120,281	12	\$ 77,518	4	\$ 238,128	12
Profit attributable to:									
8610 Owners of the parent company		\$ 72,914	8	\$ 90,784	10	\$ 131,720	8	\$ 166,655	8
8620 Non-controlling interests		8,465	1	23,606	2	21,157	1	38,518	2
Profit		\$ 81,379	9	\$ 114,390	12	\$ 152,877	9	\$ 205,173	10
Total comprehensive income attributable to:									
8710 Owners of the parent company		(\$ 3,499)	(1)	\$ 96,554	10	\$ 65,205	3	\$ 197,188	10
8720 Non-controlling interests		(2,339)	-	23,727	2	12,313	1	40,940	2
Total comprehensive income		(\$ 5,838)	(1)	\$ 120,281	12	\$ 77,518	4	\$ 238,128	12
Earnings per share - basic									
9750 Earnings per share - basic	6(26)	\$ 0.77		\$ 0.77		\$ 1.39		\$ 1.41	
Earnings per share - diluted									
9850 Earnings per share - diluted	6(26)	\$ 0.77		\$ 0.77		\$ 1.38		\$ 1.40	

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
Income Consolidated Statements of Changes in Equity
For the six months ended Jun. 30, 2025 and 2024

Unit: NTD thousand

Notes	Equity attributable to owners of the parent company											Non-controlling interests	Total equity		
	Retained earnings					Other 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	Treasury shares	Total					
For the six months ended Jun. 30, 2024															
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	-	-	-	-	166,655	-	-	-	-	166,655	38,518	205,173			
Other comprehensive income	-	-	-	-	-	30,533	-	-	-	30,533	2,422	32,955			
Total comprehensive income	-	-	-	-	166,655	30,533	-	-	-	197,188	40,940	238,128			
Earnings appropriation and allocation for 2023	6(19)	Legal reserve											-		
Cash dividends from subsidiaries		-	-	35,684	-	(35,684)	-	-	-	-	(57,159)	(57,159)			
Changes in ownership interests of subsidiaries	-	1,476	-	-	-	-	-	-	-	1,476	2,955	4,431			
Cash capital reduction by subsidiary	-	-	-	-	-	-	-	-	-	-	(11,572)	(11,572)			
Balance at Jun. 30, 2024	\$ 1,182,017	\$362,766	\$ 365,125	\$ 64,768	\$ 1,152,441	(\$ 15,890)	\$ 5,030	(\$ 58)	\$ -	\$ 3,116,199	\$ 625,063	\$ 3,741,262			
For the six months ended Jun. 30, 2025															
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	-	-	-	-	131,720	-	-	-	-	131,720	21,157	152,877			
Other comprehensive income	-	-	-	-	-	(66,556)	41	-	-	(66,515)	(8,844)	(75,359)			
Total comprehensive income	-	-	-	-	131,720	(66,556)	41	-	-	65,205	12,313	77,518			
Earnings appropriation and allocation for 2024	6(19)	Cash dividends											-		
Legal reserve		-	-	32,332	-	(32,332)	-	-	-	-	(113,474)	-	(113,474)		
Cash dividends paid out from capital surplus	6(19)	-	(75,649)	-	-	-	-	-	-	-	(75,649)	-	(75,649)		
Cash dividends from subsidiaries		-	-	-	-	-	-	-	-	-	-	(53,854)	(53,854)		
Cash contributions from non-controlling interests for subsidiary establishment and capital increase	4(3)	-	-	-	-	-	-	-	-	-	-	7,500	7,500		
Exercise of employee stock options of subsidiaries		-	-	-	-	-	-	-	-	-	-	28,728	28,728		
Changes in ownership interests of subsidiaries	-	(7,392)	-	-	-	-	-	-	-	-	(7,392)	(10,119)	(17,511)		
Repurchase treasury shares	6(17)	-	-	-	-	-	-	-	-	-	(1,880)	(1,880)	-		
Balance at Jun. 30, 2025	\$ 945,613	\$327,643	\$ 397,457	\$ 64,768	\$ 1,295,019	(\$ 79,342)	\$ 5,615	(\$ 58)	(\$ 1,880)	\$ 2,954,835	\$ 830,739	\$ 3,785,574			

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 six months ended Jun. 30, 2025 and 2024

Unit: NTD thousand

	Notes	For the six months ended Jun. 30	
		2025	2024
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 160,994	\$ 239,571
Adjustments			
Income and expenses			
Depreciation expenses	6(23)	122,720	110,543
Amortization expenses	6(23)	8,689	10,828
Expected credit impairment losses (gains)	12(2)	1,720	(2,353)
Valuation gains (losses) on financial assets at fair value through profit or loss		-	4
Interest expense	6(22)	26,809	20,912
Share-based payment	6(16)	2,036	4,431
Interest income		(6,131)	(4,447)
Share of profit or loss on associates and joint ventures	6(7)	14,262)	1,838
accounted for using equity method		(14,262)	-
Gain on disposal of investments	6(21)	4,291)	-
Losses (gains) on disposal of property, plant and equipment	6(21)	4 (150)	150)
Changes in operating assets and liabilities			
Net changes in operating assets			
Contract assets - current		(5,992)	(143,273)
Notes receivable		17,380	87,379
Accounts receivable (including related parties)		90,827	46,920
Other receivables		604 (5,912)	5,912)
Inventories		(245,952)	81,894
Prepayments		(16,086)	(24,899)
Other current assets		(5,983)	2,983
Net changes in operating liabilities			
Contract liabilities - current		27,217 (28,895)	(28,895)
Accounts payable (including related parties)		82,194	26,316
Other payables		(59,178)	(83,826)
Current provisions		763 (1,269)	1,269)
Other current liabilities		5,047	6,672
Net defined benefit liabilities		(24)	(47)
Other non-current liabilities		255 (1,985)	(1,985)
Cash inflow from operations		189,360	343,235
Interest received		6,913	4,996
Interest paid		(28,276)	(19,295)
Dividend received		6,531	-
Income tax paid		(29,271)	(20,905)
Income tax refund		-	7,958
Net cash inflow from operating activities		<u>145,257</u>	<u>315,989</u>

(Continued on next page)

Highlight Tech Corp. and its Subsidiaries
Consolidated Statements of Cash Flows
For the six months ended Jun. 30, 2025 and 2024

Unit: NTD thousand

	Notes	For the six months ended Jun. 30	
		2025	2024
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		(\$ 14,439)	(\$ 12,084)
Disposal of financial assets at amortized cost		18,265	41,225
Acquisition of property, plant and equipment	6(29)	(85,869)	(92,248)
Proceeds from disposal of property, plant and equipment		4	1,244
Acquisition of intangible assets	6(10)	(15,810)	(6,868)
Increase in refundable deposits		(2,401)	(595)
Decrease in refundable deposits		3,905	2,068
Increase in prepayment for land and equipment		(17,930)	(118,764)
Disposal of investments accounted for using the equity method		13,389	-
Net cash outflow from investing activities		<u>(100,886)</u>	<u>(186,022)</u>
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings		1,999,840	508,000
Decrease in short-term borrowings		(1,883,500)	(1,276,000)
Decrease in short-term notes payable		(40,000)	-
New long-term borrowings		475,150	798,680
Repayment of long-term borrowings		(534,158)	(109,625)
Cash dividends paid out by subsidiary		-	(57,159)
Repayment of lease liabilities	6(30)	(14,420)	(10,603)
Increase in guarantee deposits		-	21
Decrease in guarantee deposits		-	(80)
Non-controlling interests acquired		(67)	-
Cash contributions from non-controlling interests for subsidiary establishment and capital increase		7,500	-
Repurchase of treasury shares (including subsidiaries)		(21,360)	-
Exercise of employee stock options of subsidiaries		<u>28,728</u>	<u>-</u>
Net cash inflow (outflow) from financing activities		<u>17,713</u>	<u>(146,766)</u>
Effect of changes in exchange rates on cash and cash equivalents		(67,676)	32,616
Increase (decrease) in cash and cash equivalents during the period		(5,592)	15,817
Opening balance of cash and cash equivalents		<u>1,232,128</u>	<u>821,990</u>
Ending balance of cash and cash equivalents		<u>\$ 1,226,536</u>	<u>\$ 837,807</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

Accounting Manager:
Huang, Hsiang-Chun

Highlight Tech Corp. and its Subsidiaries
Notes to Consolidated Financial Statements
Six Months Ended Jun. 30, 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 Aug. 5, 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:

New/ Revised/ Amended Standards and Interpretations	Effective date announced by IASB
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 2026:

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

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

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
			Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024	
Highlight Tech Corp.	Finesse Technology Co., Ltd.	Electronic components, mechanical equipment maintenance and sales of related components	29.90	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	Note 6

Name of investor	Name of subsidiary	Nature of business	Shareholding percentage			Notes
			Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024	
Highlight Tech Corp.	Schmidt Scientific Taiwan Ltd.	Sales of medical equipment, electronic components, optical instruments, and automatic solar combined tabbers and stringers	61.12	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%. In the second quarter of 2025, Finesse Technology Co., Ltd. repurchased treasury shares and employees exercised stock options, resulting in a decrease in the Company's shareholding ratio from 30.32% to 29.90%.

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 and the second quarter of 2025, 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% and 61.12%, respectively. 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 six months ended Jun. 30, 2025 and 2024, were reviewed by CPAs appointed by the company.

Note 6: The financial statements of non-significant subsidiaries for the six months ended Jun. 30, 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 Jun. 30, 2025, Dec. 31, 2024, and Jun. 30, 2024 were \$830,739, \$846,171, and \$625,063 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					
		Jun. 30, 2025		Dec. 31, 2024		Jun. 30, 2024	
		Amount	Shareholding (%)	Amount	Shareholding (%)	Amount	Shareholding (%)
Finesse Technology Co., Ltd.	Taiwan	\$ 793,841	70.10%	\$ 818,121	69.68%	\$ 596,944	66.71%

Aggregate financial information of subsidiaries:

Balance sheet

	Finesse Technology Co., Ltd. and its Subsidiaries	
	Jun. 30, 2025	Jun. 30, 2024
Current assets	\$ 1,037,384	\$ 804,001
Non-current assets	356,459	350,816
Current liabilities	(253,967)	(235,935)
Non-current liabilities	(18,138)	(24,049)
Total net assets	<u>\$ 1,121,738</u>	<u>\$ 894,833</u>

Statement of comprehensive income

	Finesse Technology Co., Ltd. and its Subsidiaries	
	For the six months ended Jun. 30	
	2025	2024
Revenue	\$ 342,751	\$ 388,048
Net income before tax	25,303	70,205
Income tax benefits (expenses)	1,034	(13,273)
Profit	26,337	56,932
Current period other comprehensive income (net amount after tax)	(12,705)	3,633
Total comprehensive income	<u>\$ 13,632</u>	<u>\$ 60,565</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 9,507</u>	<u>\$ 40,400</u>
Payment of dividends to non-controlling interests	<u>\$ -</u>	<u>\$ 57,159</u>

Statement of cash flows

	Finesse Technology Co., Ltd. and its Subsidiaries	
	For the six months ended Jun. 30	
	2025	2024
Net cash inflow (outflow) from operating activities	\$ 49,468	\$ 53,191
Net cash inflow (outflow) from investing activities	(26,718)	(11,716)
Net cash inflow (outflow) from financing activities	(71,780)	(89,823)
Effect of changes in exchange rates on cash and cash equivalents	(2,823)	2,604
Net increase (decrease) in cash and cash equivalents	(51,853)	(45,744)
Opening balance of cash and cash equivalents	<u>548,412</u>	<u>324,021</u>

Finesse Technology Co., Ltd. and its Subsidiaries	
For the six months ended Jun. 30	
	2025
Ending balance of cash and cash equivalents	\$ 496,559
	\$ 278,277

(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

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Cash on hand and petty cash	\$ 727	\$ 1,064	\$ 761
Check deposits and demand deposits	1,064,089	1,201,064	808,641
Time deposits	161,720	30,000	28,405
	<u>\$ 1,226,536</u>	<u>\$ 1,232,128</u>	<u>\$ 837,807</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	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 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	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Current items:			
Time deposits with original maturity date of more than 3 months			
3 months	\$ 25,674	\$ 21,942	\$ 17,876
Non-current items:			
Time deposits with original maturity date of more than 1 year			
1 year	\$ 8,186	\$ 18,243	\$ 18,213

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 Jun. 30, 2025, Dec. 31, 2024, and Jun. 30, 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

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Notes receivable	\$ 20,481	\$ 37,861	\$ 43,815
Accounts receivable	\$ 742,269	\$ 833,097	\$ 774,086
Less: Allowance for uncollectible amounts	(26,834)	(25,882)	(23,086)
	<u>\$ 715,435</u>	<u>\$ 807,215</u>	<u>\$ 751,000</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 Jun. 30, 2025, Dec. 31, 2024, and Jun. 30, 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 Jun. 30, 2025, Dec. 31, 2024, and Jun. 30, 2024 were equivalent to their carrying amounts, respectively.

(5) Inventories

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Raw materials	\$ 528,063	\$ 425,764	\$ 416,218
Work in progress	444,870	271,742	295,194
Finished goods	407,537	456,725	437,985
Merchandise	185,069	170,809	137,542
	<u>\$ 1,565,539</u>	<u>\$ 1,325,040</u>	<u>\$ 1,286,939</u>

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

	For the three months ended Jun. 30	
	2025	2024
Cost of inventory sold	\$ 597,941	\$ 607,669
Inventory (gain from inventory price recovery) valuation losses	(3,794)	(2,385)
Others	8,934	12,107
	<u>\$ 603,081</u>	<u>\$ 617,391</u>
For the six months ended Jun. 30		
	2025	
	2024	
Cost of inventory sold	\$ 1,135,681	\$ 1,232,939
Inventory (gain from inventory price recovery) valuation losses	(895)	14,506
Others	10,158	12,107
	<u>\$ 1,144,944</u>	<u>\$ 1,259,552</u>

The Group already provided allowances for inventory valuation losses, thus resulting in gains on inventory value recovery.

(6) Non-current assets held for sale

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. Non-current assets held for sale amounted to \$240,390 as of Jun. 30, 2025.

A. Non-current assets held for sale:

	Jun. 30, 2025
Land	<u>\$ 240,390</u>

B. After assessment, the carrying amount of the non-current assets held for sale was lower than their fair value less costs to sell. As a result, no impairment was recognized.

(7) Investments accounted for using equity method

	2025	2024
Jan. 1	\$ 215,723	\$ 210,286
Disposal of investments accounted for using the equity method	(9,098)	-
Share of investment income and loss using the equity method	14,262	(1,838)
Issue of cash dividends	(6,531)	-
Changes in other equity interests	(3,350)	-
Jun. 30	<u>\$ 211,006</u>	<u>\$ 208,448</u>

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Associate: Htc & Solar Tech Service Limited	<u>\$ 211,006</u>	<u>\$ 215,723</u>	<u>\$ 208,448</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 a CPA as of Jun. 30, 2024.

(8) 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											
Additions	-	8,211	26,723	210	794	339	12,595	1,865	50,737		
Disposal	-	-	(8)	-	-	-	-	-	(8)		
Transfer	(240,390)	30,491	12,403	-	-	903	13,137	(31,736)	(215,192)		
Depreciation expenses	-	(42,276)	(41,888)	(496)	(2,086)	(824)	(21,424)	-	(108,994)		
Net exchange difference	-	(7,759)	(2,033)	(240)	(519)	-	(4,990)	(1,698)	(17,239)		
Jun. 30	<u>\$ 928,953</u>	<u>\$ 1,609,314</u>	<u>\$ 368,363</u>	<u>\$ 2,174</u>	<u>\$ 14,544</u>	<u>\$ 7,750</u>	<u>\$ 202,852</u>	<u>\$ 51,747</u>	<u>\$ 3,185,697</u>		
Jun. 30											
Costs	\$ 928,953	\$ 2,254,811	\$ 799,864	\$ 6,275	\$ 48,830	\$ 19,427	\$ 349,477	\$ 51,747	\$ 4,459,384		
Accumulated depreciation	-	(645,497)	(431,501)	(4,101)	(34,286)	(11,677)	(146,625)	-	(1,273,687)		
	<u>\$ 928,953</u>	<u>\$ 1,609,314</u>	<u>\$ 368,363</u>	<u>\$ 2,174</u>	<u>\$ 14,544</u>	<u>\$ 7,750</u>	<u>\$ 202,852</u>	<u>\$ 51,747</u>	<u>\$ 3,185,697</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									
Additions	\$ 1,169,343	\$ 1,682,693	\$ 325,947	\$ 3,587	\$ 16,455	\$ 8,768	\$ 92,924	\$ 8,077	\$ 3,307,794
Disposal	-	2,059	19,254	-	1,721	-	18,908	36,335	78,277
Transfer	-	-	(336)	(756)	(2)	-	-	-	(1,094)
Depreciation expenses	-	(315)	43,653	149	1,639	-	13,348	(757)	57,717
Net exchange difference	-	(42,510)	(39,413)	(576)	(2,669)	(793)	(13,769)	-	(99,730)
	<u>-</u>	<u>4,827</u>	<u>936</u>	<u>141</u>	<u>160</u>	<u>-</u>	<u>1,296</u>	<u>43</u>	<u>7,403</u>
Jun. 30	<u>\$ 1,169,343</u>	<u>\$ 1,646,754</u>	<u>\$ 350,041</u>	<u>\$ 2,545</u>	<u>\$ 17,304</u>	<u>\$ 7,975</u>	<u>\$ 112,707</u>	<u>\$ 43,698</u>	<u>\$ 3,350,367</u>
Jun. 30									
Costs	\$ 1,169,343	\$ 2,253,394	\$ 761,377	\$ 6,023	\$ 48,261	\$ 18,034	\$ 225,671	\$ 43,698	\$ 4,525,801
Accumulated depreciation	-	(606,640)	(411,336)	(3,478)	(30,957)	(10,059)	(112,964)	-	(1,175,434)
	<u>\$ 1,169,343</u>	<u>\$ 1,646,754</u>	<u>\$ 350,041</u>	<u>\$ 2,545</u>	<u>\$ 17,304</u>	<u>\$ 7,975</u>	<u>\$ 112,707</u>	<u>\$ 43,698</u>	<u>\$ 3,350,367</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 six months ended Jun. 30, 2025 was from inventories, non-current assets held for sale, and prepayments for equipment (under other non-current assets); the transfer of property, plant and equipment during the six months ended Jun. 30, 2024 was from prepayments for equipment (under other non-current assets).

(9) 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:

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 20,717	\$ 23,564	\$ 23,319
Buildings	53,179	50,161	42,050
Transportation equipment (company cars)	31,987	27,941	22,164
Other equipment	1,222	1,343	-
	<u>\$ 107,105</u>	<u>\$ 103,009</u>	<u>\$ 87,533</u>

	For the three months ended Jun. 30	
	2025	2024
	Depreciation expenses	Depreciation expenses
Land	\$ 412	\$ 594
Buildings	911	2,318
Transportation equipment (company cars)	4,220	3,506
Other equipment	60	-
	<u>\$ 5,603</u>	<u>\$ 6,418</u>
For the six months ended Jun. 30		
	2025	2024
	Depreciation expenses	Depreciation expenses
	\$ 834	\$ 901
Land	4,464	2,860
Buildings	8,308	7,052
Transportation equipment (company cars)	120	-
Other equipment	<u>\$ 13,726</u>	<u>\$ 10,813</u>

- C. The additions of the Group's right-of-use assets during the six months ended Jun. 30, 2025 and 2024 were \$20,588 and \$33,862, respectively.

D. The information on the profit or loss items related to lease contracts is as follows:

	For the three months ended Jun. 30	
	2025	2024
<u>Items affecting current profit or loss</u>		
Interest expense on lease liability	\$ 442	\$ 379
Expenses related to short-term lease contracts	758	1,379
Expenses related to leasing of low-value assets	528	860
For the six months ended Jun. 30		
	2025	2024
<u>Items affecting current profit or loss</u>		
Interest expense on lease liability	\$ 882	\$ 1,027
Expenses related to short-term lease contracts	1,460	3,293
Expenses related to leasing of low-value assets	989	1,150

E. The Group's total cash outflows from leases during the six months ended Jun. 30, 2025 and 2024 were \$16,869 and \$15,046, respectively.

(10) 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	-	-	15,810	-	15,810
Amortization expenses	-	(517)	(7,979)	(193)	(8,689)
Net exchange difference	-	-	(299)	-	(299)
Jun. 30	<u>\$ 51,471</u>	<u>\$ 4,653</u>	<u>\$ 48,380</u>	<u>\$ 53</u>	<u>\$ 104,557</u>
Jun. 30 Costs	\$ 51,471	\$ 56,047	\$ 90,996	\$ 7,500	\$ 206,014

	2025					
	Goodwill	Customer relations	Computer software	Professional technologies	Total	
Accumulated amortization	-	(51,394)	(42,616)	(7,447)	(101,457)	
	<u>\$ 51,471</u>	<u>\$ 4,653</u>	<u>\$ 48,380</u>	<u>\$ 53</u>	<u>\$ 104,557</u>	
	2024					
	Goodwill	Customer relations	Computer software	Professional technologies	Royalties	Total
Jan. 1 Costs	\$ 51,471	\$ 56,047	\$ 70,217	\$ 7,500	\$ 500	\$ 185,735
Accumulated amortization	-	(49,844)	(24,653)	(6,772)	(500)	(81,769)
	<u>\$ 51,471</u>	<u>\$ 6,203</u>	<u>\$ 45,564</u>	<u>\$ 728</u>	<u>\$ -</u>	<u>\$ 103,966</u>
Jan. 1 Additions	\$ 51,471	\$ 6,203	\$ 45,564	\$ 728	\$ -	\$ 103,966
Amortization expenses	-	-	6,868	-	-	6,868
Net exchange difference	-	(517)	(10,022)	(289)	- (10,828)	
Jun. 30	\$ 51,471	\$ 5,686	\$ 42,544	\$ 439	\$ -	\$ 100,140
Jun. 30 Costs	\$ 51,471	\$ 56,047	\$ 77,219	\$ 7,500	\$ 500	\$ 192,737
Accumulated amortization	-	(50,361)	(34,675)	(7,061)	(500)	(92,597)
	<u>\$ 51,471</u>	<u>\$ 5,686</u>	<u>\$ 42,544</u>	<u>\$ 439</u>	<u>\$ -</u>	<u>\$ 100,140</u>

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

	For the three months ended Jun. 30	
	2025	2024
Operating costs	\$ 1,190	\$ 1,945
Selling and marketing expenses	382	495
Administrative expenses	980	1,118
Research and development expenses	1,683	1,648
	<u>\$ 4,235</u>	<u>\$ 5,206</u>

	For the six months ended Jun. 30	
	2025	2024
Operating costs	\$ 2,488	\$ 3,614
Selling and marketing expenses	764	1,033
Administrative expenses	1,941	2,290
Research and development expenses	3,496	3,891
	<u>\$ 8,689</u>	<u>\$ 10,828</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 six months ended Jun. 30, 2025 and 2024.
- E. Goodwill allocated to the Group's cash-generating units identified by operating segments:

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 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>

(11) Other non-current assets

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Prepayment for land and equipment	\$ 50,028	\$ 54,202	\$ 138,371
Refundable deposits	14,717	16,305	9,980
Others	334	232	-
	<u>\$ 65,079</u>	<u>\$ 70,739</u>	<u>\$ 148,351</u>

(12) Short-term borrowings

Category of borrowings	Jun. 30, 2025	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	\$ 393,340	1.9%~2.455%	-
Category of borrowings	Dec. 31, 2024	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	\$ 277,000	1.91%~2.231%	-
Category of borrowings	Jun. 30, 2024	Interest rate range	Collateral
Bank borrowings			

Credit borrowings	<u>\$ 39,000</u>	2.135%	-
-------------------	------------------	--------	---

(13) Other payables

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Salaries and bonuses payable	\$ 97,655	\$ 138,534	\$ 123,107
Remuneration payable to directors, supervisors and employees	87,703	74,377	97,885
Equipment payable	17,920	53,052	24,858
Travel allowances payable to employees	11,399	13,960	15,401
Unused annual leave payable	14,140	20,173	19,138
Labor and health insurance expenses payable	6,056	5,904	5,771
Utility bill payable	5,714	2,462	3,572
Pension payable	4,438	4,505	4,369
Dividends payable and distribution of capital surplus	242,977	-	-
Others	<u>62,928</u>	<u>91,645</u>	<u>86,754</u>
	<u>\$ 550,930</u>	<u>\$ 404,612</u>	<u>\$ 380,855</u>

(14) Long-term borrowings

Category of borrowings	Borrowing period and repayment method	Interest rate range	Collateral	Jun. 30, 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	\$ 1,587,045
Credit borrowings	From Nov. 1, 2023 through Jul. 19, 2029, and interest will be paid monthly.	1.72% - 2.22%	-	<u>857,482</u>
Less: Long-term borrowings due within one year or one operating cycle				<u>(869,707)</u>
				<u>\$ 1,574,820</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>
				<u>2,506,286</u>
Less: Long-term borrowings due within one year or one operating cycle				<u>(641,028)</u>
				<u><u>\$ 1,865,258</u></u>
Category of borrowings	Borrowing period and repayment method	Interest rate range	Collateral	Jun. 30, 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	\$ 2,001,332
Credit borrowings	From Nov. 1, 2023 through Oct. 31, 2028, and interest will be paid monthly.	1.72% - 2.22%	-	
				<u>433,533</u>
				<u>2,434,865</u>
Less: Long-term borrowings due within one year or one operating cycle				<u>(499,657)</u>
				<u><u>\$ 1,935,208</u></u>

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

(15) 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 and six months ended Jun. 30, 2025 and 2024 were \$0, \$3, \$1, and \$7, respectively.
- (C) The Group's estimated contributions to the pension plan for the year ended Dec. 31, 2026 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 and six months ended Jun. 30, 2025 and 2024 were \$10,159, \$10,686, \$20,735, and \$20,160, respectively.

(16) Share-based payment

Subsidiary - Finesse Technology Co., Ltd.

A. The share-based payment agreement for the six months ended Jun. 30, 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 six months ended Jun. 30			
	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

	For the six months ended Jun. 30			
	2025		2024	
	Number of stock options	Weighted average strike price (NTD)	Number of stock options	Weighted average strike price (NTD)
Stock options exercised in this period	(792)	36.25	-	-
Stock options outstanding at the end of the period	1,208	36.25	2,000	45.00
Exercisable stock options at the end of the period	-	-	-	-

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 \$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 six months ended Jun. 30	
	2025	
	\$	\$
Employee stock options	2,036	4,431

(17) Share capital

A. As of Jun. 30, 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
Jun. 30	<u>94,561,343</u>	<u>118,201,679</u>

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.

C. Treasury shares

(A) Reasons for and number of shares repurchased:

		Jun. 30, 2025	
Name of the investee company	Reason for repurchase	Number of shares	Carrying amount
The Company	Protect the company's credit and shareholders' equity	43,000	\$ 1,880

(B) According to the Securities and Exchange Act, the number of shares repurchased by a company may not exceed ten percent of the total number of issued shares of the company. The total amount of the shares repurchased may not exceed the amount of the retained earnings plus premium on capital stock plus realized capital surplus.

(C) The treasury shares held by the Company may not be pledged and no shareholders' rights may be exercised before the transfer is completed. in accordance with the Securities and Exchange Act.

(D) According to the Securities and Exchange Act, shares repurchased to protect the company's credit and shareholders' equity shall be registered for cancellation within six months from the date of their repurchase.

(18) 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
Changes in ownership interests of subsidiaries	-	-	(7,392)	-	-	(7,392)
Cash dividends paid out from capital surplus	(75,649)	-	-	-	-	(75,649)
Jun. 30, 2025	<u>\$ 221,889</u>	<u>\$ 2,765</u>	<u>\$ 87,539</u>	<u>\$ 215</u>	<u>\$ 15,235</u>	<u>\$ 327,643</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	-	-	1,476	-	-	1,476
Jun. 30, 2024	<u>\$ 297,538</u>	<u>\$ 2,765</u>	<u>\$ 47,013</u>	<u>\$ 215</u>	<u>\$ 15,235</u>	<u>\$ 362,766</u>

(19) 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 paid out from capital surplus	75,649	\$ 0.80	-	\$ -
Cash dividends distributed from earnings	113,474	1.20	-	-
	<u>\$ 221,455</u>	<u>\$ 2.00</u>	<u>\$ 35,684</u>	<u>\$ -</u>

The surplus distribution plans for the fiscal year 2024 has been resolved by the Board of Directors on Mar. 4, 2025 and the Shareholders' Meeting on May 27, 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.

(20) Operating revenue

	For the three months ended Jun. 30	
	2025	2024
Merchandise sales revenue	\$ 591,908	\$ 631,583
Service income	302,905	336,865
Others	4,018	1,379
	<u>\$ 898,831</u>	<u>\$ 969,827</u>
For the six months ended Jun. 30		
	2025	2024
Merchandise sales revenue	\$ 1,176,595	\$ 1,246,457
Service income	558,008	691,772
Others	7,184	2,845
	<u>\$ 1,741,787</u>	<u>\$ 1,941,074</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:

	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Total
For the three months ended Jun. 30, 2025					
Segment revenue	\$ 495,219	\$ 144,995	\$ 183,410	\$ 118,119	\$ 941,743
Income from inter-segment transactions	(38,503)	(2,074)	141	(2,476)	(42,912)
Revenue from contracts with external customers	\$ 456,716	\$ 142,921	\$ 183,551	\$ 115,643	\$ 898,831
For the three months ended Jun. 30, 2024					
Segment revenue	\$ 607,187	\$ 184,317	\$ 205,326	\$ 41,364	\$ 1,038,194
Income from inter-segment transactions	(55,760)	(1,746)	(2,974)	(7,887)	(68,367)
Revenue from contracts with external customers	\$ 551,427	\$ 182,571	\$ 202,352	\$ 33,477	\$ 969,827
For the six months ended Jun. 30, 2025					
Segment revenue	\$ 1,049,328	\$ 316,110	\$ 342,751	\$ 210,459	\$ 1,918,648
Income from inter-segment transactions	(167,016)	(4,496)	(384)	(4,965)	(176,861)
Revenue from contracts with external customers	\$ 882,312	\$ 311,614	\$ 342,367	\$ 205,494	\$ 1,741,787
For the six months ended Jun. 30, 2024					
Segment revenue	\$ 1,186,672	\$ 427,559	\$ 388,048	\$ 74,841	\$ 2,077,120
Income from inter-segment transactions	(116,052)	(3,292)	(7,526)	(9,176)	(136,046)
Revenue from contracts with external customers	\$ 1,070,620	\$ 424,267	\$ 380,522	\$ 65,665	\$ 1,941,074

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:

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024	Jan. 1, 2024
Contract assets	\$ 409,080	\$ 403,088	\$ 338,420	\$ 195,147
Contract liabilities	\$ 216,946	\$ 189,729	\$ 101,620	\$ 130,515

- (A) The opening balances of contract liabilities on Jan. 1, 2025 and 2024 were recognized in revenue of \$130,515 and \$121,295 for the six months ended Jun. 30, 2025 and 2024, respectively.
- (B) Please refer to Note 12(2) for information on the credit risk of contract assets.

(21) Other gains or losses

	For the three months ended Jun. 30	
	2025	2024
Gains on disposal of property, plant and equipment	\$ 1	\$ 146
Foreign currency exchange (losses) gains	(28,440)	8,278
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	296 (91)	
Gain on disposal of investments	4,291	-
Others	(164) (5,319)	
	<u>(\$ 24,016)</u>	<u>\$ 3,014</u>
	For the six months ended Jun. 30	
	2025	2024
Gains (losses) on disposal of property, plant and equipment	(\$ 4) \$ 150	
Foreign currency exchange (losses) gains	(22,757)	17,549
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	296 (296)	
Gain on disposal of investments	4,291	-
Others	(491) (6,163)	
	<u>(\$ 18,665)</u>	<u>\$ 11,240</u>

(22) Financial costs

	For the three months ended Jun. 30	
	2025	2024
Interest on bank borrowings	\$ 12,779	\$ 10,129
Interest on lease liabilities	442	379
	<u>\$ 13,221</u>	<u>\$ 10,508</u>
	For the six months ended Jun. 30	
	2025	2024
Interest on bank borrowings	\$ 25,927	\$ 19,885
Interest on lease liabilities	882	1,027
	<u>\$ 26,809</u>	<u>\$ 20,912</u>

(23) Depreciation and amortization

	For the three months ended Jun. 30	
	2025	2024
An analysis of depreciation expenses by function		
Operating costs	\$ 42,404	\$ 39,972
Operating expenses	<u>17,608</u>	<u>17,193</u>
	<u><u>\$ 60,012</u></u>	<u><u>\$ 57,165</u></u>
An analysis of amortization expenses by function		
Operating costs	\$ 1,190	\$ 1,379
Operating expenses	<u>3,045</u>	<u>3,827</u>
	<u><u>\$ 4,235</u></u>	<u><u>\$ 5,206</u></u>
	For the six months ended Jun. 30	
	2025	2024
An analysis of depreciation expenses by function		
Operating costs	\$ 79,889	\$ 73,648
Operating expenses	<u>42,831</u>	<u>36,895</u>
	<u><u>\$ 122,720</u></u>	<u><u>\$ 110,543</u></u>
An analysis of amortization expenses by function		
Operating costs	\$ 2,488	\$ 2,797
Operating expenses	<u>6,201</u>	<u>8,031</u>
	<u><u>\$ 8,689</u></u>	<u><u>\$ 10,828</u></u>

(24) Employee benefits expenses

	For the three months ended Jun. 30	
	2025	2024
Salaries and wages expenses	\$ 187,273	\$ 207,917
Labor and health insurance expenses	<u>16,074</u>	<u>15,096</u>
Pension expense	<u>10,088</u>	<u>10,689</u>
Other personnel expenses	<u>9,676</u>	<u>11,921</u>
	<u><u>\$ 223,111</u></u>	<u><u>\$ 245,623</u></u>
	For the six months ended Jun. 30	
	2025	2024
Salaries and wages expenses	\$ 366,973	\$ 386,215
Labor and health insurance expenses	<u>32,857</u>	<u>29,852</u>
Pension expense	<u>20,736</u>	<u>20,167</u>
Other personnel expenses	<u>21,533</u>	<u>22,395</u>
	<u><u>\$ 442,099</u></u>	<u><u>\$ 458,629</u></u>

A. If the Company has an annual profit (referring to pre-tax profit before the appropriation of employee compensation and director remuneration), it shall allocate no less than 8% for employee compensation (of which no less than 30% shall be distributed to rank-and-file employees) and no more than 2% for director remuneration. However, if the Company has accumulated losses, the profit shall first be reserved to cover such losses.

The above employee compensation may be distributed in the form of stock or cash. Eligible recipients may include employees of controlled or subordinate companies that meet specific conditions, with the conditions and distribution methods to be determined by the Board of Directors.

The two preceding items shall be resolved by the Board of Directors and reported to the Shareholders' Meeting.

B. For the three and six months ended Jun. 30, 2025 and 2024, the Company's estimated employee compensation amounted to \$7,205, \$11,957, \$14,485, and \$24,046, respectively; estimated director remuneration amounted to \$1,441, \$2,218, \$2,897, and \$4,339, 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 Jun. 30, 2025, the employee compensation 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.

(25) Income tax

A. Income tax expenses (benefits)

(A) Components of income tax expenses:

	For the three months ended Jun. 30	
	2025	2024
Current income tax:		
Income tax from current income	\$ 11,327	\$ 20,854
A surtax on unappropriated retained earnings	522	12,214
Income tax overestimates for prior years	(10,111)	(18,786)
Total current income tax	1,738	14,282
Deferred tax:		
Initial arising and reversal of temporary differences	(7,777)	(5,055)
Income tax (benefits) expenses	(\$ 6,039)	\$ 9,227

	For the six months ended Jun. 30	
	2025	2024
Current income tax:		
Income tax from current income	\$ 21,383	\$ 49,963
A surtax on unappropriated retained earnings	522	12,214
Income tax overestimates for prior years	(14,212)	(18,786)
Total current income tax	<u>7,693</u>	<u>43,391</u>
Deferred tax:		
Initial arising and reversal of temporary differences	424	(8,993)
Income tax expense	<u>\$ 8,117</u>	<u>\$ 34,398</u>

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

	For the three months ended Jun. 30	
	2025	2024
Exchange differences on translating foreign operations	(\$ 18,502)	\$ 1,547
	<u>For the six months ended Jun. 30</u>	
	<u>2025</u>	<u>2024</u>
Exchange differences on translating foreign operations	(\$ 16,644)	\$ 7,543

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 2023 have been approved by the tax authority.

(26) Earnings per share

	For the three months ended Jun. 30, 2025		
	Weighted average Amount after tax	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	\$ 72,914	94,559	\$ 0.77
<u>Earnings per share - diluted</u>			
Effect of potentially dilutive ordinary shares			

For the three months ended Jun. 30, 2025			
	Weighted average		
Amount after tax	number of issued shares (in thousands)	Earnings per share (NTD)	
	-	164	
Employee compensation			
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	\$ 72,914	94,723	\$ 0.77
For the three months ended Jun. 30, 2024			
	Weighted average		
Amount after tax	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	\$ 90,784	118,202	\$ 0.77
<u>Earnings per share - diluted</u>			
Effect of potentially dilutive ordinary shares			
Employee compensation		-	243
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	\$ 90,784	118,445	\$ 0.77
For the six months ended Jun. 30, 2025			
	Weighted average		
Amount after tax	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	\$ 131,720	94,560	\$ 1.39
<u>Earnings per share - diluted</u>			
Effect of potentially dilutive ordinary shares			
Employee compensation		-	614
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	\$ 131,720	95,174	\$ 1.38

	For the six months ended Jun. 30, 2024		
	Amount after tax	Weighted average number of issued shares (in thousands)	Earnings per share (in thousands) (NTD)
<u>Earnings per share - basic</u>			
Current net income attributable to ordinary shareholders of the parent company	\$ 166,655	118,202	\$ 1.41
<u>Earnings per share - diluted</u>			
Effect of potentially dilutive ordinary shares			
Employee compensation		-	768
Current net income attributable to ordinary shareholders of the parent company, plus effect of potential ordinary shares	\$ 166,655	118,970	\$ 1.40

(27) 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.
- During the second quarter of 2025, the Company acquired non-controlling interests in its subsidiary, Schmidt Scientific Taiwan Ltd., in cash, so its shareholding increased from 60.96% to 61.12%. With this transaction, the non-controlling interests decreased by \$188 and the equity attributable to the parent company increased by \$188.

(28) Business combination

- 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.
- 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

	Jun. 30, 2024
Accounts receivable	8,011
Current income tax assets	6
Inventories	10,880
Prepayments	532
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
	<u>\$</u> -

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 \$1,988,738 and \$281,273, respectively for the six months ended Jun. 30, 2024.

(29) Supplementary information on cash flows

A. Investing activities with partial cash payment:

	For the six months ended Jun. 30	
	2025	2024
Purchase of property, plant and equipment	\$ 50,737	\$ 78,277
Add: Equipment payable at the beginning of the period	53,052	38,829
Less: Equipment payable at the end of the period	(17,920)	(24,858)
Cash paid in this period	<u>\$ 85,869</u>	<u>\$ 92,248</u>

B. Financing activities with no cash flow effects

	For the six months ended Jun. 30	
	2025	2024
Cash dividends declared but yet to be paid	\$ 242,977	\$ -

(30) Changes in liabilities from financing activities

For the six months ended Jun. 30, 2025						
	Short-term		Lease		Guarantee	
	Short-term borrowings	notes payable	Long-term borrowings	liabilities	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	116,340	(40,000)	(59,008)	(14,420)	-	2,912
Acquisition of right- of-use assets	-	-	-	20,588	-	20,588
Impact from change in exchange rate	-	-	-	(1,753)	(87)	(1,840)
Other non-cash changes	-	-	(2,751)	882	-	(1,869)
Jun. 30	<u>\$ 393,340</u>	<u>\$ -</u>	<u>\$ 2,444,527</u>	<u>\$ 88,984</u>	<u>\$ 1,274</u>	<u>\$ 2,928,125</u>

For the six months ended Jun. 30, 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	(768,000)	689,055	(10,603)	(59)	(89,607)
Acquisition of right- of-use assets	-	-	33,862	-	33,862
Impact from change in exchange rate	-	-	(714)	40	(674)
Jun. 30	<u>\$ 39,000</u>	<u>\$ 2,434,865</u>	<u>\$ 68,547</u>	<u>\$ 1,115</u>	<u>\$ 2,543,527</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 Jun. 30	
	2025	2024
Sales revenue: Associate	\$ 172	\$ 270

	For the six months ended Jun. 30	
	2025	2024
Sales revenue:		
Associate	\$ 180	\$ 596

- (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 Jun. 30	
	2025	2024
Merchandise purchase:		
Associate	\$ 227	\$ 443
	For the six months ended Jun. 30	
	2025	2024
Merchandise purchase:		
Associate	\$ 411	\$ 596

- (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

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Accounts receivable:			
Associate	\$ 181	\$ 28	\$ 283

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

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Accounts payable:			
Associate	\$ 5,261	\$ 5,962	\$ 5,579

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 and six months ended Jun. 30, 2025 and 2024, were \$5,087, \$4,117, \$9,111, and \$7,914, respectively, which were recognized in production and R&D overheads.

(4) Information on remuneration of key management personnel

	For the three months ended Jun. 30	
	2025	2024
Short-term employee benefits	\$ 21,531	\$ 18,347
Post-employment benefits	255	152
	\$ 21,786	\$ 18,499
For the six months ended Jun. 30		
	2025	
	\$ 34,209	\$ 30,102
Short-term employee benefits	510	359
Post-employment benefits		
	\$ 34,719	\$ 30,461

8. Pledged Assets

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

Asset	Book value			Purpose
	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024	
Non-current assets held for sale - Land	\$ 240,390	\$ -	\$ -	Long-term borrowings
Land	720,190	960,580	960,580	Long-term borrowings
Buildings, and structures	1,458,645	1,450,209	1,478,125	Long-term borrowings
Financial assets at amortized cost - current	3,000	7,041	3,035	Short-term borrowings and customs guarantee
Refundable deposits				Leases and golf club membership certificates
	14,717	16,305	9,980	
	\$ 2,436,942	\$ 2,434,135	\$ 2,451,720	

9. Significant Contingent Liabilities and Unrecognized Commitments

As of Jun. 30, 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

On Aug. 5, 2025, the Company's Board of Directors resolved to authorize the Chairman to proceed with the disposal of certain land parcels, namely Parcel No. 3, Xinjing Section, Xinshi District, Tainan City, and Land Parcel No. 6, Shanjing Section, Shanhua District, Tainan City. The Chairman is authorized to dispose of the land either through public tender or by selecting a suitable buyer based on market conditions and appraisal results, and to handle the transaction and subsequent contract execution in accordance with the Company's "Procedures for Acquisition and Disposal of Assets".

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

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
<u>Financial assets</u>			
Financial assets at fair value			
through other			
comprehensive income			
Designated equity			
instrument investments			
selected	\$ 6,007	\$ 6,007	\$ 6,007
Financial assets at amortized			
cost			

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Cash and cash equivalents	\$ 1,226,536	\$ 1,232,128	\$ 837,807
Financial assets at amortized cost	33,860	40,185	36,089
Notes receivable	20,481	37,861	43,815
Accounts receivable (including related parties)	715,435	807,215	751,000
Other receivables	3,702	5,088	9,785
Refundable deposits	14,717	16,305	9,980
	<u>\$ 2,014,731</u>	<u>\$ 2,138,782</u>	<u>\$ 1,688,476</u>

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 393,340	\$ 277,000	\$ 39,000
Short-term notes payable	-	40,000	-
Accounts payable (including related parties)	507,281	425,087	468,452
Other payables	550,930	404,612	380,855
Long-term borrowings (due within one year or one operating cycle)	2,444,527	2,506,286	2,434,865
Guarantee deposits	1,274	1,361	1,115
	<u>\$ 3,897,352</u>	<u>\$ 3,654,346</u>	<u>\$ 3,324,287</u>
Lease liabilities	<u>\$ 88,984</u>	<u>\$ 83,687</u>	<u>\$ 68,547</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

- 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:

Jun. 30, 2025						
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)			
(Foreign currency:						
Functional currency)						
Financial assets						
<u>Monetary item</u>						
USD: NTD	\$ 10,155	29.3000	\$ 297,537			
USD: CNY	877	7.1586	25,702			
CNY: NTD	10,364	4.0930	42,418			
JPY: NTD	194,543	0.2034	39,570			
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD: NTD	\$ 1,493	29.3000	\$ 43,745			
JPY: NTD	155,487	0.2034	31,626			
Dec. 31, 2024						
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)			
(Foreign currency:						
Functional currency)						
Financial assets						
<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>						

	Dec. 31, 2024		
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)
USD: NTD	\$ 327	32.7850	\$ 10,721
JPY: NTD	72,089	0.2099	15,131

	Jun. 30, 2024		
	Foreign currency (thousand)	Exchange rate	Carrying amount (NTD)

**(Foreign currency:
Functional currency)**

Financial assets

Monetary item

USD: NTD	\$ 5,474	32.4500	\$ 177,635
USD: CNY	1,098	7.1269	35,626
CNY: NTD	10,794	4.5532	49,149
JPY: NTD	170,795	0.2017	34,449

Financial liabilities

Monetary item

USD: NTD	\$ 703	32.4500	\$ 22,828
JPY: NTD	105,831	0.2017	21,346

- d. The aggregate amounts of (realized and unrealized) exchange gains or losses of the Group's monetary items recognized for the six months ended Jun. 30, 2025 and 2024 due to the significant impact of exchange rate fluctuations were (\$22,757) and \$17,549, respectively.
- e. The analysis of the Group's foreign currency market risk due to significant exchange rate fluctuations is as follows:

	Jun. 30, 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%	\$ 2,975	\$ -
USD: CNY	±1%	257	-
CNY: NTD	±1%	424	-
JPY: NTD	±1%	396	-

Financial liabilities

Monetary item

USD: NTD	±1%	\$ 437	\$ -
JPY: NTD	±1%	316	-

- 51 -

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	-	-
Jun. 30, 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%	\$ 1,776	\$ -	-
USD: CNY	±1%	356	-	-
CNY: NTD	±1%	491	-	-
JPY: NTD	±1%	344	-	-
Financial liabilities				
Monetary item				
USD: NTD	±1%	\$ 228	\$ -	-
JPY: NTD	±1%	213	-	-

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 six months ended Jun. 30, 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 Jun. 30, 2025, Dec. 31, 2024, and Jun. 30, 2024 are as follows:

	Past due for less than 90 days		Past due for less than 180 days		Past due for 181 days or more		Total
	Not past due						
<u>Jun. 30, 2025</u>							
Expected loss ratio	0%~0.52%	0%~10%	0.68%~100%	52.78%~100%			
Total book value	\$ 1,031,974	\$ 63,214	\$ 49,507	\$ 27,135	\$ 1,171,830		
Allowance for losses	\$ 1,145	\$ 2,322	\$ 7,634	\$ 15,733	\$ 26,834		
<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		
<u>Jun. 30, 2024</u>							
Expected loss ratio	0%~0.27%	0%~11.59%	0.68%~100%	38.74%~100%			
Total book value	\$ 704,548	\$ 74,940	\$ 18,466	\$ 19,947	\$ 817,901		
Allowance for losses	\$ 1,068	\$ 1,776	\$ 2,440	\$ 17,802	\$ 23,086		

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 six months ended Jun. 30	
	2025	2024
Jan. 1	Accounts receivable	Accounts receivable
Impairment loss recognized (reversed)	\$ 25,882	\$ 24,924
Effect of exchange rate changes	1,720	(2,353)
Jun. 30	(768)	515
	\$ 26,834	\$ 23,086

(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 Jun. 30, 2025, Dec. 31, 2024, and Jun. 30, 2024, the Group's undrawn bank financing commitment amounted to \$2,455,388, \$1,553,243, and \$1,982,218, 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.

Jun. 30, 2025	Less than 1 year	More than 1 year
Non-derivative financial liabilities:		
<hr/>		
Non-interest-bearing liabilities	\$ 1,058,211	\$ 1,274
Lease liabilities	29,269	63,017
Floating interest rate instruments	1,259,130	1,620,168
Dec. 31, 2024	Less than 1 year	More than 1 year
<hr/>		
Non-derivative financial liabilities:		
<hr/>		
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	-
Jun. 30, 2024	Less than 1 year	More than 1 year
<hr/>		
Non-derivative financial liabilities:		
<hr/>		
Non-interest-bearing liabilities	\$ 849,307	\$ -
Lease liabilities	19,960	50,919
Floating interest rate instruments	572,431	2,001,590

(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:

Jun. 30, 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
Jun. 30, 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
Liabilities				
<u>Fair value on a recurring basis</u>				
Financial liabilities at FVTPL				
Derivative instruments	\$ -	\$ 4	\$ -	\$ 4

(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 6 fair values during the three months ended Mar. 30, 2025 and 2024:

	For the six months ended Jun. 30	
	2025	2024
	Equity securities	Equity securities
Equity instrument investments at fair value through other comprehensive income		
Opening and closing balances	\$ 6,007	\$ 6,007

D. There was no transfer in/out to/from Level 6 fair values during the three months ended Mar. 30, 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 Jun. 30, 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 Jun. 30, 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:

		Jun. 30, 2025			
		Recognized in profit or loss		Recognized in other comprehensive income	
		Favorable change	Unfavorable change	Favorable change	Unfavorable change
Input	Change				
Financial assets					
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	
Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets					
Equity instruments	Market-to-book ratio; discount for lack of marketability	±1%			
		\$ -	\$ -	\$ 60	(\$ 60)
				Jun. 30, 2024	
		Recognized in profit or loss		Recognized in other comprehensive income	
Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets					
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: Please refer to Table 3.
- 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: Please refer to Table 4.

(2) Information on Investees

Information on names and locations of investees (excluding investees in Mainland China): Please refer to Table 5.

(3) Information on Investments in Mainland China

- A. Basic information: Please refer to Table 6.
- B. Significant transactions with investees in Mainland China, either directly or indirectly, through a business in a third region: Please refer to Note 13(1).

14. Segments Information

(1) 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.

(2) 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.

(3) 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 Jun. 30, 2025	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Reconciliation and write-off	Consolidated
External revenue	\$ 456,716	\$ 142,921	\$ 183,551	\$ 115,643	\$ -	\$ 898,831
Inter-segment revenue	38,503	2,074	(141)	2,476	(42,912)	-
Segment revenue	\$ 495,219	\$ 144,995	\$ 183,410	\$ 118,119	(\$ 42,912)	\$ 898,831
Segment profit or loss	\$ 45,294	\$ 13,522	\$ 14,368	\$ 10,906	\$ 9,139	\$ 93,229

For the three months ended Jun. 30, 2024	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Reconciliation and write-off	Consolidated
External revenue	\$ 551,427	\$ 182,571	\$ 201,584	\$ 34,245	\$ -	\$ 969,827
Inter-segment revenue	55,760	1,746	3,742	7,118	(68,366)	-
Segment revenue	\$ 607,187	\$ 184,317	\$ 205,326	\$ 41,363	(\$ 68,366)	\$ 969,827
Segment profit or loss	\$ 71,198	\$ 12,243	\$ 39,024	\$ 603	\$ 1,698	\$ 124,766

For the six months ended Jun. 30, 2025	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Reconciliation and write-off	Consolidated
External revenue	\$ 882,312	\$ 311,614	\$ 342,367	\$ 205,494	\$ -	\$ 1,741,787
Inter-segment revenue	167,016	4,496	384	4,965	(176,861)	-
Segment revenue	\$ 1,049,328	\$ 316,110	\$ 342,751	\$ 210,459	(\$ 176,861)	\$ 1,741,787
Segment profit or loss	\$ 95,898	\$ 24,156	\$ 30,642	\$ 18,101	\$ 10,470	\$ 179,267

For the six months ended Jun. 30, 2024	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	Finesse Technology Co., Ltd. and its Subsidiaries	Others	Reconciliation and write-off	Consolidated
External revenue	\$ 1,070,620	\$ 424,267	\$ 380,522	\$ 65,665	\$ -	\$ 1,941,074
Inter-segment revenue	116,052	3,292	7,526	9,176	(136,046)	-
Segment revenue	\$ 1,186,672	\$ 427,559	\$ 388,048	\$ 74,841	(\$ 136,046)	\$ 1,941,074
Segment profit or loss	\$ 132,464	\$ 44,829	\$ 62,471	(\$ 2,112)	\$ 2,999	\$ 240,651

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.

(4) 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 six months ended Jun. 30, 2025 and 2024 is as follows:

	For the six months ended Jun. 30	
	2025	2024
Segment income	\$ 179,267	\$ 240,651
Interest income	6,131	4,447
Other income	6,808	5,983
Other gains or losses	(18,665)	11,240
Financial costs	(26,809)	(20,912)
Share of profit or loss on associates accounted for using equity method	14,262	(1,838)
Net income before tax	\$ 160,994	\$ 239,571

Highlight Tech Corp. and its Subsidiaries

Endorsement/Guarantee Provided

Jun. 30, 2025

Table 1

Unit: NTD thousand (unless otherwise specified)

No. (Note 1)	Endorsement/ Guarantee Provider	Party Endorsed/Guaranteed	Relationship (Note 2)	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
0	Highlight Tech Corp.	HIGHLIGHT TECH JAPAN Co., Ltd.	3	\$ 886,451	\$ 134,520	\$ 122,040	\$ 68,878	\$ -	4.13%	\$ 1,477,418	Y	N	N	-
0	Highlight Tech Corp.	Litho Med Trading Co., Ltd.	3	590,967	30,000	30,000	3,000	-	1.02%	1,477,418	Y	N	N	-
0	Highlight Tech Corp.	TetraTrio Tech Co., Ltd.	3	590,967	300,000	300,000	48,340	-	10.15%	1,477,418	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)

Jun. 30, 2025

Table 2

Unit: NTD thousand (unless otherwise specified)

Holding Company	Type and Name of Marketable Securities (Note 1) (Note 1)			Marketable Securities Relationship with Securities Issuer (Note 2)	Classification	End of Period				
	Type	Name				Number of Shares (par Value)/Number of Units (Share)	Carrying amount (Note 3)	Shareholding Ratio	Fair Value	Remarks (Note 4)
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	-

Highlight Tech Corp. and its Subsidiaries

Purchases or Sales of Goods from or to Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More

For the six months ended Jun. 30, 2025

Table 3

Unit: NTD thousand (unless otherwise specified)

Buyer/Seller	Related party	Relationship	Transaction details			Circumstances and reasons that transaction conditions are different from general ones			Notes or accounts receivable (payable)			Remarks
			Purchases/ sales (Sales)	Amount \$	As a percentage of total purchases (sales)	Credit period	Unit price	Credit period	Ending balance \$	As a percentage of total notes or accounts receivable (payable)		
Highlight Tech Corp.	TetraTrio Tech Co., Ltd.	Subsidiary of the Company	(Sales)	\$ 105,505	6.06%	Open account (O/A) with net 90 days	There is no major difference in the unit price of 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.	No major difference	\$ 99,411	13.51%	-	
TetraTrio Tech Co., Ltd.	Highlight Tech Corp.	The Company	Purchases	(105,505)	(10.57%)	Open account (O/A) with net 90 days	There is no major difference in the unit price of 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.	No major difference	(99,411)	(19.28%)	-	

Note 1: If the transaction conditions for related parties are different from the general ones, the differences and reasons should be stated in the unit price and the credit period fields.

Note 2: If there is an advance receipt (prepayment), the reason, contract terms, amount, and differences from general transactions should be stated in the remarks field.

Note 3: "Paid-in capital" refers to the paid-in capital of the parent company. If the issuer's stock is no-par-value stock, or the par value per share is not NT\$10, regarding the requirement that the transaction amount shall not exceed 20% of the paid-in capital, 10% of the equity attributable to the owner of the parent company on the balance sheet shall prevail.

Highlight Tech Corp. and its Subsidiaries

Business Relationship and Significant Transactions Between the Parent Company and its Subsidiaries

For the six months ended Jun. 30, 2025

Table 4

Unit: NTD thousand (unless otherwise specified)

No. (Note 1)	Name of company	Transaction counterparty	Relations with company (Note 2)	Transaction details			As a percentage of the total consolidated revenue or total assets (Note 3)
				Classification	Amount	Transaction conditions	
0	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	1	Sales revenue	\$ 26,876	Agreed upon by both parties	1.54%
0	Highlight Tech Corp.	Highlight Tech (Shanghai) Corp.	1	Accounts receivable	4,858	Agreed upon by both parties	0.06%
0	Highlight Tech Corp.	TetraTrio Tech Co., Ltd.	1	Sales revenue	105,505	Agreed upon by both parties	6.06%
0	Highlight Tech Corp.	TetraTrio Tech Co., Ltd.	1	Accounts receivable	99,411	Agreed upon by both parties	1.23%
0	Highlight Tech Corp.	Shanorm Tech Co., Ltd.	1	Sales revenue	30,105	Agreed upon by both parties	1.73%
0	Highlight Tech Corp.	Shanorm Tech Co., Ltd.	1	Accounts receivable	5,624	Agreed upon by both parties	0.07%
0	Highlight Tech Corp.	Shanorm Tech Co., Ltd.	1	Contract assets	13,914	Agreed upon by both parties	0.17%

Note 1: Information on business transactions between the parent company and its subsidiaries should be indicated in the number field. The number should be entered as follows:

- (1) Enter 0 for the parent company.
- (2) Subsidiaries are numbered sequentially according to company name from Arabic numeral 1.

Note 2: There are the three types of “Relations with company”, just indicate the type (if it is the same transaction between a parent company and a subsidiary of its or between its subsidiaries, there is no need to disclose it repeatedly. For example, as for a transaction between the parent company and a subsidiary of its, if the parent company has disclosed it, the subsidiary does not need to disclose it again; as for a transaction between its subsidiaries, if one subsidiary has disclosed it, the other one does not need to disclose it again):

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

Note 3: The calculation of a transaction as a percentage of the total consolidated revenue or total assets. If it is an asset and a liability, the ending balance should be divided by the consolidated total assets; if it is a profit or a loss, the interim cumulative amount should be divided by the total consolidated revenue.

Note 4: The Company may decide whether the important transactions in this table need to be listed based on the principle of materiality.

Highlight Tech Corp. and its Subsidiaries

Information on Investees

For the six months ended Jun. 30, 2025

Table 5

Unit: NTD thousand (unless otherwise specified)

Name of Investor	Name of Investee (Notes 1 & 2)	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
				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	\$ 816,005 (USD 27,850 thousand)	\$ 933,205 (USD 31,850 thousand)	23,414,695	100.00	637,405	\$ 25,406	\$ 25,555	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	29.90	372,421	26,337	7,985	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	111,931	2,505	1,988	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	1,653	1,586	2,557,806	61.12	76,559	13,018	7,947	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	40,477 (JPY 199,000 thousand)	20,340 (JPY 100,000 thousand)	19,900	100.00	18,987 (9,089)	(9,089)	9,089)	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	66,867	6,012	9,678	Subsidiary
Highlight Tech Corp.	TetraTrio Tech Co., Ltd.	Tainan City	Maintenance of mechanical equipment and electronic parts	22,500	-	2,250,000	75.00	21,634 (1,155)	(1,155)	866)	Subsidiary
Highlight Tech Corp.	Htc & Solar Tech Service Limited	Hsinchu County	Equipment maintenance and cleaning business	112,119	117,024	11,805,552	34.31	211,006	40,642	14,262	Investees accounted for using the equity method

Name of Investor	Name of Investee (Notes 1 & 2)	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
				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	\$ 19,015	\$ 13,018	\$ 1,976	Subsidiary
Finesse Technology Co., Ltd.	Highlight Tech System International Limited	Samoa	Holding company of indirect investment in Mainland China	27,835 (USD 950 thousand)	27,835 (USD 950 thousand)	950,000	100.00	79,687	7,554	7,554	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.	18,306 (JPY 90,000 thousand)	18,306 (JPY 90,000 thousand)	9,000	100.00	15,778	(172)	(172)	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 six months ended Jun. 30, 2025

Table 6

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	\$ 739,825 (USD 25,250 thousand)	Highlight Tech International Corp.	\$ 857,025 (USD 29,250 thousand)	-	\$ 117,200 (USD 4,000 thousand)	\$ 739,825 (USD 25,250 thousand)	\$ 25,461	100%	\$ 25,461	\$ 648,454	\$ -	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.	26,370 (USD 900 thousand)	Highlight Tech System International Limited	26,370 (USD 900 thousand)	-	-	26,370 (USD 900 thousand)	7,645	100%	7,645	78,888	-	Note 1(2) Note 2(1)
Finesse Technology (Shanghai) Co., Ltd.	Electronic components, mechanical and electrical equipment maintenance and sales.	8,790 (USD 300 thousand)	Finesse Technology Co., Ltd.	8,790 (USD 300 thousand)	-	-	8,790 (USD 300 thousand)	1,337	100%	1,337	31,314	-	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	\$ 739,825 (USD 25,250 thousand)	\$ 1,103,145 (USD 37,650 thousand)	\$ 1,777,572
Finesse Technology Co., Ltd.	35,160 (USD 1,200 thousand)	35,160 (USD 1,200 thousand)	673,042

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\$29.3.