

**eMemory Technology Inc. and
Subsidiaries**

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
eMemory Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of eMemory Technology Inc. and its subsidiaries (collectively referred to as the "Group") as of June 30, 2025 and 2024, and the consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, changes in equity and cash flows for the six months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statement"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 11 to the consolidated financial statements, The balance of investment accounted for using the equity method of eMemory Technology Inc. and its subsidiaries on June 30, 2025 and 2024 is \$6,526 thousand and \$10,531 thousand, respectively. Share of loss of associates for the three months and the six months ended June 30, 2025 and 2024 are \$1,072 thousand, \$760 thousand, \$2,433 thousand, and \$1,618 thousand, respectively. These investment amounts, as well as related information disclosed in Note 32 to the consolidated financial statements, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Group.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the investment accounted for using the equity method and related share of loss of associates as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2025 and 2024, its consolidated financial performance for the six months then ended June 30, 2025 and 2024, and its consolidated financial performance and consolidated cash flows for the six months then ended June 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

July 30, 2025

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2025		December 31, 2024		June 30, 2024		LIABILITIES AND EQUITY	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash (Notes 6 and 27)	\$4,285,466	78	\$3,307,749	74	\$3,752,371	76	Short-term loans (Note 16)	\$ 20,000	-	\$ -	-	\$ -	-
Accounts receivable – net (Notes 9, 21 and 27)	246,658	5	300,961	7	293,221	6	Contract liabilities - current (Note 21)	100,526	2	73,423	2	89,453	2
Other receivables (Note 27)	2,752	-	1,516	-	2,412	-	Other payables (Notes 17 and 27)	192,871	4	217,868	5	207,710	4
Prepayments (Note 15)	25,002	-	20,287	1	24,832	1	Other payables - related parties (Notes 27 and 28)	80	-	55	-	20	-
Other current assets (Notes 15 and 27)	<u>6,635</u>	<u>-</u>	<u>6,271</u>	<u>-</u>	<u>5,240</u>	<u>-</u>	Bonuses payable to employees and directors (Note 22)	539,553	10	429,284	9	460,945	9
Total current assets	<u>4,566,513</u>	<u>83</u>	<u>3,636,784</u>	<u>82</u>	<u>4,078,076</u>	<u>83</u>	Payables on equipment (Note 27)	7,758	-	7,400	-	4,694	-
NON-CURRENT ASSETS							Dividends payable (Notes 19 and 27)	1,642,608	30	-	-	1,306,409	27
Financial assets at fair value through other comprehensive income - Noncurrent (Notes 7 and 27)	2,687	-	4,620	-	5,051	-	Current tax liabilities (Notes 4 and 23)	179,144	3	124,483	3	168,502	4
Financial assets at amortized cost - noncurrent (Notes 8, 27 and 29)	120	-	120	-	118	-	Lease liabilities - current (Notes 13 and 27)	4,158	-	5,351	-	3,184	-
Investment accounted for using the equity Method (Note 11)	6,526	-	8,681	-	10,531	-	Other current liabilities (Note 17)	<u>2,091</u>	<u>-</u>	<u>2,039</u>	<u>-</u>	<u>2,539</u>	<u>-</u>
Property, plant and equipment (Note 12)	484,144	9	482,569	11	465,232	10	Total current liabilities	<u>2,688,789</u>	<u>49</u>	<u>859,903</u>	<u>19</u>	<u>2,243,456</u>	<u>46</u>
Right-of-use assets (Note 13)	8,826	-	11,269	-	8,582	-	NON-CURRENT LIABILITIES						
Intangible assets (Note 14)	126,758	2	84,839	2	115,119	2	Deferred tax liabilities (Notes 4 and 23)	-	-	941	-	647	-
Deferred tax assets (Note 23)	5,765	-	3,276	-	2,331	-	Lease liabilities – noncurrent (Notes 13 and 27)	4,943	-	6,202	-	5,531	-
Prepayments for equipment (Notes 15 and 30)	293,996	6	224,714	5	225,114	5	Net defined benefit liabilities - noncurrent	6,463	-	6,817	-	12,673	-
Refundable deposits	<u>1,610</u>	<u>-</u>	<u>1,680</u>	<u>-</u>	<u>1,546</u>	<u>-</u>	Guarantee deposits received (Notes 4 and 18)	<u>20</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>	<u>-</u>
Total non-current assets	<u>930,432</u>	<u>17</u>	<u>821,768</u>	<u>18</u>	<u>833,624</u>	<u>17</u>	Total non-current liabilities	<u>11,426</u>	<u>-</u>	<u>13,970</u>	<u>-</u>	<u>18,861</u>	<u>-</u>
							Total liabilities	<u>2,700,215</u>	<u>49</u>	<u>873,873</u>	<u>19</u>	<u>2,262,317</u>	<u>46</u>
							EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 19 and 20)						
							Ordinary shares	<u>746,738</u>	<u>14</u>	<u>746,633</u>	<u>17</u>	<u>746,563</u>	<u>15</u>
							Capital surplus	<u>127,075</u>	<u>2</u>	<u>122,218</u>	<u>3</u>	<u>119,329</u>	<u>3</u>
							Retained earnings						
							Legal reserve	945,823	17	761,844	17	761,844	16
							Special reserve	5,728	-	5,170	-	5,170	-
							Unappropriated earnings	<u>968,627</u>	<u>18</u>	<u>1,934,071</u>	<u>43</u>	<u>999,958</u>	<u>20</u>
							Total retained earnings	<u>1,920,178</u>	<u>35</u>	<u>2,701,085</u>	<u>60</u>	<u>1,766,972</u>	<u>36</u>
							Other equity						
							Exchange differences on the translation of the financial statements of foreign operations	(628)	-	251	-	(89)	-
							Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(<u>7,913</u>)	<u>-</u>	(<u>5,980</u>)	<u>-</u>	(<u>5,549</u>)	<u>-</u>
							Total other equity	(<u>8,541</u>)	<u>-</u>	(<u>5,729</u>)	<u>-</u>	(<u>5,638</u>)	<u>-</u>
							Total equity attributable to shareholders of the Company	2,785,450	51	3,564,207	80	2,627,226	54
							NON-CONTROLLING INTERESTS(Note 19)	<u>11,280</u>	<u>-</u>	<u>20,472</u>	<u>1</u>	<u>22,157</u>	<u>-</u>
							Total equity	<u>2,796,730</u>	<u>51</u>	<u>3,584,679</u>	<u>81</u>	<u>2,649,383</u>	<u>54</u>
TOTAL	<u>\$5,496,945</u>	<u>100</u>	<u>\$4,458,552</u>	<u>100</u>	<u>\$4,911,700</u>	<u>100</u>	TOTAL	<u>\$5,496,945</u>	<u>100</u>	<u>\$4,458,552</u>	<u>100</u>	<u>\$4,911,700</u>	<u>100</u>

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

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 21,28,and 33)	\$ 936,535	100	\$ 893,010	100	\$ 1,848,269	100	\$ 1,695,774	100
OPERATING COSTS	—	—	—	—	—	—	—	—
GROSS PROFIT	<u>936,535</u>	<u>100</u>	<u>893,010</u>	<u>100</u>	<u>1,848,269</u>	<u>100</u>	<u>1,695,774</u>	<u>100</u>
OPERATING EXPENSES (Notes 13, 22 and 28)								
Selling and marketing expenses	58,798	6	73,294	8	122,736	6	137,123	8
General and administrative expenses	80,692	9	79,358	9	163,601	9	155,683	9
Research and development expenses	251,794	27	243,704	28	494,687	27	485,585	29
Expected credit (reversal) loss (Note 9)	(640)	—	1,473	—	(993)	—	1,581	—
Total operating expenses	<u>390,644</u>	<u>42</u>	<u>397,829</u>	<u>45</u>	<u>780,031</u>	<u>42</u>	<u>779,972</u>	<u>46</u>
OPERATING INCOME	<u>545,891</u>	<u>58</u>	<u>495,181</u>	<u>55</u>	<u>1,068,238</u>	<u>58</u>	<u>915,802</u>	<u>54</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 22)	16,012	2	17,484	2	32,143	1	39,554	2
Other income (Notes 13 and 22)	308	-	372	-	607	-	745	-
Other gains and losses (Note 22 and 25)	(88,743)	(10)	24,009	3	(76,104)	(4)	93,566	6
Finance costs (Note 22)	(108)	-	(109)	-	(237)	-	(373)	-
Share of loss of associates (Note 11)	(1,072)	—	(760)	—	(2,433)	—	(1,618)	—
Total non-operating income and expenses	<u>(73,603)</u>	<u>(8)</u>	<u>40,996</u>	<u>5</u>	<u>(46,024)</u>	<u>(3)</u>	<u>131,874</u>	<u>8</u>
PROFIT BEFORE INCOME TAX	472,288	50	536,177	60	1,022,214	55	1,047,676	62
INCOME TAX EXPENSE (Notes 4 and 23)	<u>74,398</u>	<u>8</u>	<u>63,035</u>	<u>7</u>	<u>170,373</u>	<u>9</u>	<u>151,479</u>	<u>9</u>
NET PROFIT	<u>397,890</u>	<u>42</u>	<u>473,142</u>	<u>53</u>	<u>851,841</u>	<u>46</u>	<u>896,197</u>	<u>53</u>

(Continued)

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized loss on investments in equity instruments at fair value through other comprehensive loss (Notes 19 and 27)	(\$ 1,467)	-	(\$ 328)	-	(\$ 1,933)	-	(\$ 318)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of the financial statements of foreign operations(Note 19)	(1,874)	-	(195)	-	(1,322)	-	(23)	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method (Notes 11 and 19)	149	-	(5)	-	138	-	(15)	-
Other comprehensive loss	(3,192)	-	(528)	-	(3,117)	-	(356)	-
TOTAL COMPREHENSIVE INCOME	<u>\$ 394,698</u>	<u>42</u>	<u>\$ 472,614</u>	<u>53</u>	<u>\$ 848,724</u>	<u>46</u>	<u>\$ 895,841</u>	<u>53</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Shareholders of the Company	\$ 399,995	42	\$ 475,096	53	\$ 861,701	47	\$ 905,673	53
Non-controlling interests	(2,105)	-	(1,954)	-	(9,860)	(1)	(9,476)	-
	<u>\$ 397,890</u>	<u>42</u>	<u>\$ 473,142</u>	<u>53</u>	<u>\$ 851,841</u>	<u>46</u>	<u>\$ 896,197</u>	<u>53</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Shareholders of the Company	\$ 397,163	42	\$ 474,536	53	\$ 858,889	47	\$ 905,205	53
Non-controlling interests	(2,465)	-	(1,922)	-	(10,165)	(1)	(9,364)	-
	<u>\$ 394,698</u>	<u>42</u>	<u>\$ 472,614</u>	<u>53</u>	<u>\$ 848,724</u>	<u>46</u>	<u>\$ 895,841</u>	<u>53</u>
EARNINGS PER SHARE (Note 24)								
Basic	<u>\$ 5.36</u>		<u>\$ 6.36</u>		<u>\$ 11.54</u>		<u>\$ 12.13</u>	
Diluted	<u>\$ 5.35</u>		<u>\$ 6.36</u>		<u>\$ 11.52</u>		<u>\$ 12.11</u>	

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

(Concluded)

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

Equity Attributable to Shareholders of the Company												
							Other Equity		Total	Non-Controlling Interests	Total Equity	
							Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Loss				
Ordinary Shares		Capital Surplus	Legal Reserve	Retained Earnings			Total					
Number of Shares (In Thousands)	Amount			Special Reserve	Unappropriated Earnings							
74,643	\$ 746,423	\$ 114,313	\$ 761,844	\$ 4,980	\$ 1,400,884	\$ 2,167,708	\$ 61	(\$ 5,231)	\$3,023,274	\$ 30,504	\$ 3,053,778	
-	-	-	-	190	(190)	-	-	-	-	-	-	-
-	-	-	-	-	(1,306,409)	(1,306,409)	-	-	(1,306,409)	-	(1,306,409)	
-	-	582	-	-	-	-	-	-	582	(582)	-	
-	-	101	-	-	-	-	-	-	101	-	101	
-	-	-	-	-	905,673	905,673	-	-	905,673	(9,476)	896,197	
-	-	-	-	-	-	-	(150)	(318)	(468)	112	(356)	
-	-	-	-	-	905,673	905,673	(150)	(318)	905,205	(9,364)	895,841	
14	140	4,333	-	-	-	-	-	-	4,473	225	4,698	
-	-	-	-	-	-	-	-	-	-	1,374	1,374	
74,657	\$ 746,563	\$ 119,329	\$ 761,844	\$ 5,170	\$ 999,958	\$ 1,766,972	(\$ 89)	(\$ 5,549)	\$ 2,627,226	\$ 22,157	\$ 2,649,383	
74,664	\$ 746,633	\$ 122,218	\$ 761,844	\$ 5,170	\$ 1,934,071	\$ 2,701,085	\$ 251	(\$ 5,980)	\$ 3,564,207	\$ 20,472	\$ 3,584,679	
-	-	-	183,979	-	(183,979)	-	-	-	-	-	-	-
-	-	-	-	558	(558)	-	-	-	-	-	-	-
-	-	-	-	-	(1,642,608)	(1,642,608)	-	-	(1,642,608)	-	(1,642,608)	
-	-	1,479	-	-	-	-	-	-	1,479	(1,479)	-	
-	-	140	-	-	-	-	-	-	140	-	140	
-	-	-	-	-	861,701	861,701	-	-	861,701	(9,860)	851,841	
-	-	-	-	-	-	-	(879)	(1,933)	(2,812)	(305)	(3,117)	
-	-	-	-	-	861,701	861,701	(879)	(1,933)	858,889	(10,165)	848,724	
10	105	3,238	-	-	-	-	-	-	3,343	1,285	4,628	
-	-	-	-	-	-	-	-	-	-	1,167	1,167	
74,674	\$ 746,738	\$ 127,075	\$ 945,823	\$ 5,728	\$ 968,627	\$ 1,920,178	(\$ 628)	(\$ 7,913)	\$ 2,785,450	\$ 11,280	\$ 2,796,730	

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

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,022,214	\$ 1,047,676
Adjustments for:		
Depreciation expenses	26,872	22,881
Amortization expenses	58,997	50,199
Expected credit (reversal) loss	(993)	1,581
Finance costs	237	373
Interest income	(32,143)	(39,554)
Share-based payments	1,167	1,374
Share of loss of associates	2,433	1,618
Net loss (gain) on foreign currency exchange	36,919	(85,333)
Intangible assets transferred to expenses	-	344
Changes in operating assets and liabilities		
Accounts receivable	38,732	(90,609)
Other receivable	(300)	-
Prepayments	(2,939)	(600)
Other current assets	(364)	(266)
Contract liabilities	27,103	12,185
Other payables	(24,997)	32,977
Other payables- related parties	25	20
Other current liabilities	52	60
Net defined benefit liabilities	(354)	(337)
Bonuses payable to employees and directors	110,269	111,914
Cash generated from operations	1,262,930	1,066,503
Interest received	31,352	40,108
Income tax paid	(121,063)	(29,440)
Net cash generated from operating activities	1,173,219	1,077,171

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EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(\$ 23,405)	(\$ 17,259)
Increase in refundable deposits	-	(852)
Decrease in refundable deposits	70	-
Acquisition of intangible assets	(102,866)	(86,363)
Increase in prepayments for equipment	(69,282)	(400)
Net cash used in investing activities	(195,483)	(104,874)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	20,000	-
Decrease in short-term loans	-	(30,000)
Increase in deposits received	10	-
Repayment of the principal portion of lease liabilities	(2,726)	(1,987)
Exercise of employee share options	4,628	4,698
Interest paid	(232)	(393)
Net cash generated from (used in) financing activities	21,680	(27,682)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(21,699)	76,232
NET INCREASE IN CASH	977,717	1,020,847
CASH AT THE BEGINNING OF THE PERIOD	3,307,749	2,731,524
CASH AT THE END OF THE PERIOD	\$ 4,285,466	\$ 3,752,371

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

(Concluded)

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

eMemory Technology Inc. (the "Company") was incorporated in Hsinchu City, Republic of China, and commenced business in September 2000. The Company's main business activities include researching, developing, manufacturing and selling embedded flash memory products, etc.

The Company's shares have been listed on the Taipei Exchange (TPEX) since January 2011.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on July 30, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 1)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025.

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group's financial position and financial performance.

- b. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

1) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Item of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that, when settling a financial liability in cash using an electronic

payment system, the Group can choose to derecognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in:

- The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

The Group shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the each impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the other impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 10, Table 3 and Table 4 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2024.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The material accounting judgments and key sources of estimation uncertainty followed in these consolidated financial statements refer to the consolidated financial statements for the year ended December 31, 2024.

6. CASH

	June 30, 2025	December 31, 2024	June 30, 2024
Bank deposits	\$ 4,285,429	\$ 3,307,712	\$ 3,752,334
Cash on hand	<u>37</u>	<u>37</u>	<u>37</u>
	<u>\$ 4,285,466</u>	<u>\$ 3,307,749</u>	<u>\$ 3,752,371</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Non-current</u>			
Investments in equity instruments at FVTOCI	<u>\$ 2,687</u>	<u>\$ 4,620</u>	<u>\$ 5,051</u>
Domestic investments			
Unlisted shares			
Ordinary shares - Syntronix Corporation	<u>\$ 2,687</u>	<u>\$ 4,620</u>	<u>\$ 5,051</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

8. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Non-current</u>			
Domestic investments			
Pledged time deposits	\$ 120	\$ 120	\$ 118
a. Refer to Note 27 for information relating to the credit risk management and impairment of financial assets at amortized cost.			
b. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.			

9. ACCOUNTS RECEIVABLE

	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable	\$ 248,824	\$ 304,120	\$ 294,845
Less: Allowance for impairment loss	(2,166)	(3,159)	(1,624)
	<u>\$ 246,658</u>	<u>\$ 300,961</u>	<u>\$ 293,221</u>

The average credit term was 30 to 60 days; and no interest was charged on accounts receivable. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

Credit exposure is controlled by counterparty limits that are reviewed and approved.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position and economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The Group measures the loss allowance for accounts receivable, and the information is as follows:

June 30, 2025

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	0.84%~5.47%	2.06%~4.94%	4.35%~4.76%	100%	
Gross carrying amount	\$ 223,032	\$ 22,532	\$ 1,795	\$ -	\$ 1,465	\$ 248,824
Loss allowance (lifetime ECLs)	-	(655)	(46)	-	(1,465)	(2,166)
Amortized cost	\$ 223,032	\$ 21,877	\$ 1,749	\$ -	\$ -	\$ 246,658

December 31, 2024

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	0.84%~5.47%	1.95%~4.94%	4.35%~4.76%	100%	
Gross carrying amount	\$ 258,982	\$ 43,496	\$ 3	\$ -	\$ 1,639	\$ 304,120
Loss allowance (lifetime ECLs)	-	(1,520)	-	-	(1,639)	(3,159)
Amortized cost	\$ 258,982	\$ 41,976	\$ 3	\$ -	\$ -	\$ 300,961

June 30, 2024

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	0.84%	1.95%~3.35%	4.55%~8.7%	100%	
Gross carrying amount	\$ 276,998	\$ 14,181	\$ 1,622	\$ 584	\$ 1,460	\$ 294,845
Loss allowance (lifetime ECLs)	-	(122)	-	(42)	(1,460)	(1,624)
Amortized cost	\$ 276,998	\$ 14,059	\$ 1,622	\$ 542	\$ -	\$ 293,221

The movements of the loss allowance of accounts receivable were as follows:

	For the Six Months Ended June 30	
	2025	2024
Balance at January 1	\$ 3,159	\$ 43
Add: Allowance for impairment loss	-	1,581
Less: Net remeasurement of loss allowance	(993)	-
Balance at June 30	\$ 2,166	\$ 1,624

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			June 30, 2025	December 31, 2024	June 30, 2024	
eMemory Technology Inc.	PUFsecurity Corporation	Product designing, software services, data processing services, intellectual property, etc.	74.96%	75.25%	75.33%	1
	eMemory Japan Corporation	Product designing, intellectual property management, technology services	100%	100%	100%	2
PUFsecurity Corporation	PUFsecurity USA Corporation	Sales promotion	100%	100%	100%	-
	PUFsecurity Technology (Shanghai) Corporation	Product designing and related services	100%	100%	100%	-

Remarks:

- 1) The employees of the Group exercised the employee share options issued by PUFsecurity Corporation in 2024. Therefore, the Company's shareholding percentage decreased from 75.38% to 75.25%.

The employees of the Group exercised the employee share options issued by PUFsecurity Corporation for the six months ended June 30, 2025. Therefore, the Company's shareholding percentage decreased from 75.25% to 74.96%.

- 2) The Company invested JPY 25,000 thousand in eMemory Japan Corporation in May 2025.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	June 30, 2025	December 31, 2024	June 30, 2024
Associates that is not individually material			
iMQ Technology Inc.	\$ 6,526	\$ 8,681	\$ 10,531

Although the shareholding ratio is less than 20%, the Company is able to exercise significant influence over iMQ Technology Inc. since the chairman of the Company is the same person as the chairman of iMQ Technology Inc.

For information about the nature of business, main operating location and country of incorporation of the associate, refer to Table 3.

The investments in the associates accounted for using the equity method, and the share of profit or loss and other comprehensive income (loss) of those investments have not been reviewed by CPA.

12. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2025	December 31, 2024	June 30, 2024
Assets used by the Group	\$ 483,525	\$482,257	\$ 464,918
Assets leased under operating leases	<u>619</u>	<u>312</u>	<u>314</u>
	<u>\$ 484,144</u>	<u>\$ 482,569</u>	<u>\$ 465,232</u>

a. Assets used by the Group

	Freehold Land	Buildings	Research and Development Equipment	Office Equipment	Total
<u>Cost</u>					
Balance at January 1, 2025	\$ 123,905	\$ 378,152	\$ 119,506	\$ 29,834	\$ 651,397
Additions	-	3,483	22,039	203	25,725
Disposals	-	(309)	(4,152)	(826)	(5,287)
Reclassification	(114)	(265)	-	-	(379)
Effect of exchange rate changes	-	-	-	(12)	(12)
Balance at June 30, 2025	<u>\$ 123,791</u>	<u>\$ 381,061</u>	<u>\$ 137,393</u>	<u>\$ 29,199</u>	<u>\$ 671,444</u>

(Continued)

	Freehold Land	Buildings	Research and Development Equipment	Office Equipment	Total
<u>Accumulated depreciation</u>					
Balance at January 1, 2025	\$ -	\$ 111,515	\$ 44,040	\$ 13,585	\$ 169,140
Depreciation expense	-	5,505	15,183	3,451	24,139
Disposals	-	(309)	(4,152)	(826)	(5,287)
Reclassification	-	(68)	-	-	(68)
Effect of exchange rate changes	-	-	-	(5)	(5)
Balance at June 30, 2025	<u>\$ -</u>	<u>\$ 116,643</u>	<u>\$ 55,071</u>	<u>\$ 16,205</u>	<u>\$ 187,919</u>
Carrying amount at June 30, 2025	<u>\$ 123,791</u>	<u>\$ 264,418</u>	<u>\$ 82,322</u>	<u>\$ 12,994</u>	<u>\$ 483,525</u>
Carrying amount at December 31, 2024 and January 1, 2025	<u>\$ 123,905</u>	<u>\$ 266,637</u>	<u>\$ 75,466</u>	<u>\$ 16,249</u>	<u>\$ 482,257</u>
<u>Cost</u>					
Balance at January 1, 2024	\$ 123,905	\$ 378,205	\$ 104,512	\$ 26,528	\$ 633,150
Additions	-	1,156	10,602	850	12,608
Disposals	-	(330)	(8,809)	(1,510)	(10,649)
Effect of exchange rate changes	-	-	-	(28)	(28)
Balance at June 30, 2024	<u>\$ 123,905</u>	<u>\$ 379,031</u>	<u>\$ 106,305</u>	<u>\$ 25,840</u>	<u>\$ 635,081</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2024	\$ -	\$ 105,658	\$ 44,149	\$ 10,190	\$ 159,997
Depreciation expense	-	5,349	12,595	2,876	20,820
Disposals	-	(330)	(8,809)	(1,510)	(10,649)
Effect of exchange rate changes	-	-	-	(5)	(5)
Balance at June 30, 2024	<u>\$ -</u>	<u>\$ 110,677</u>	<u>\$ 47,935</u>	<u>\$ 11,551</u>	<u>\$ 170,163</u>
Carrying amount at June 30, 2024	<u>\$ 123,905</u>	<u>\$ 268,354</u>	<u>\$ 58,370</u>	<u>\$ 14,289</u>	<u>\$ 464,918</u>
					(Concluded)

b. Assets leased under operating leases

	Freehold Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2025	\$ 114	\$ 265	\$ 379
Reclassification	114	265	379
Balance at June 30, 2025	<u>\$ 228</u>	<u>\$ 530</u>	<u>\$ 758</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2025	\$ -	\$ 67	\$ 67
Depreciation expense	-	4	4
Reclassification	-	68	68
Balance at June 30, 2025	<u>\$ -</u>	<u>\$ 139</u>	<u>\$ 139</u>
Carrying amount at June 30, 2025	<u>\$ 228</u>	<u>\$ 391</u>	<u>\$ 619</u>
Carrying amount at December 31, 2024 and January 1, 2025	<u>\$ 114</u>	<u>\$ 198</u>	<u>\$ 312</u>

(Continued)

	Freehold Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and June 30, 2024	\$ 114	\$ 265	\$ 379
<u>Accumulated depreciation</u>			
Balance at January 1, 2024	\$ -	\$ 62	\$ 62
Depreciation expense	-	3	3
Balance at June 30, 2024	\$ -	\$ 65	\$ 65
Carrying amount at June 30, 2024	\$ 114	\$ 200	\$ 314

(Concluded)

Operating leases are related to leases of buildings with lease terms of 1 year. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Year 1	\$ 120	\$ 30	\$ 60
Year 2	100	-	-
	<u>\$ 220</u>	<u>\$ 30</u>	<u>\$ 60</u>

There was no indication of impairment for the six months ended June 30, 2025 and 2024.

The Group's property, plant and equipment are depreciated on a straight-line basis over their useful lives as follows:

Buildings	
Office main buildings	35-50 years
Electrical power equipment	5-10 years
Air-conditioning equipment	5-8 years
Extinguishment equipment	5 years
Research and development equipment	2-8 years
Office equipment	3-5 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Carrying amount</u>			
Buildings	\$ 5,239	\$ 6,634	\$ 7,884
Transportation equipment	3,504	4,469	448
Office equipment	83	166	250
	<u>\$ 8,826</u>	<u>\$ 11,269</u>	<u>\$ 8,582</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Additions to right-of-use assets			<u>\$ 644</u>	<u>\$ 7,121</u>
Depreciation charge for right-of-use assets				
Buildings	\$ 942	\$ 651	\$ 1,909	\$ 1,304
Transportation equipment	375	334	737	671
Office equipment	<u>41</u>	<u>42</u>	<u>83</u>	<u>83</u>
	<u>\$ 1,358</u>	<u>\$ 1,027</u>	<u>\$ 2,729</u>	<u>\$ 2,058</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>(\$ 278)</u>	<u>(\$ 357)</u>	<u>(\$ 557)</u>	<u>(\$ 715)</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the six months ended June 30, 2025 and 2024.

b. Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Carrying amount</u>			
Current	<u>\$ 4,158</u>	<u>\$ 5,351</u>	<u>\$ 3,184</u>
Non-current	<u>\$ 4,943</u>	<u>\$ 6,202</u>	<u>\$ 5,531</u>

Discount rates for lease liabilities were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Buildings	1.38%~7.80%	1.38%~7.80%	1.38%~2.00%
Transportation equipment	4.15%	4.15%	2.73%
Office equipment	3.00%	3.00%	3.00%

c. Other lease information

Refer to Note 12 for operating leases related to leases arrangements of property, plant and equipment.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Expenses relating to short-term leases	<u>\$ 955</u>	<u>\$ 1,071</u>	<u>\$ 1,878</u>	<u>\$ 1,936</u>
Total cash outflow for leases			<u>(\$ 4,836)</u>	<u>(\$ 4,156)</u>

The Group's leases of certain parking space and machine rooms qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INTANGIBLE ASSETS

	Patents	Software	Trademarks	Total
<u>Cost</u>				
Balance at January 1, 2025	\$ 190,815	\$ 103,204	\$ 3,000	\$ 297,019
Additions	6,564	94,352	-	100,916
Disposals	-	(54,347)	-	(54,347)
Balance at June 30, 2025	<u>\$ 197,379</u>	<u>\$ 143,209</u>	<u>\$ 3,000</u>	<u>\$ 343,588</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2025	\$ 138,956	\$ 70,236	\$ 2,988	\$ 212,180
Amortization expense	7,364	51,624	9	58,997
Disposals	-	(54,347)	-	(54,347)
Balance at June 30, 2025	<u>\$ 146,320</u>	<u>\$ 67,513</u>	<u>\$ 2,997</u>	<u>\$ 216,830</u>
Carrying amount at June 30, 2025	<u>\$ 51,059</u>	<u>\$ 75,696</u>	<u>\$ 3</u>	<u>\$ 126,758</u>
Carrying amount at December 31, 2024 and January 1, 2025	<u>\$ 51,859</u>	<u>\$ 32,968</u>	<u>\$ 12</u>	<u>\$ 84,839</u>
<u>Cost</u>				
Balance at January 1, 2024	\$ 180,937	\$ 85,100	\$ 3,000	\$ 269,037
Additions	5,584	80,779	-	86,363
Disposals	-	(53,873)	-	(53,873)
Reclassified	(344)	-	-	(344)
Balance at June 30, 2024	<u>\$ 186,177</u>	<u>\$ 112,006</u>	<u>\$ 3,000</u>	<u>\$ 301,183</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2024	\$ 123,077	\$ 63,696	\$ 2,965	\$ 189,738
Amortization expense	8,057	42,130	12	50,199
Disposals	-	(53,873)	-	(53,873)
Balance at June 30, 2024	<u>\$ 131,134</u>	<u>\$ 51,953</u>	<u>\$ 2,977</u>	<u>\$ 186,064</u>
Carrying amount at June 30, 2024	<u>\$ 55,043</u>	<u>\$ 60,053</u>	<u>\$ 23</u>	<u>\$ 115,119</u>

The Group's major products are NeoBit®, NeoFuse®, NeoPUF®, NeoEE® and NeoMTP®, etc. There are 1,432 patents currently owned or pending approval for the products mentioned above. According to the requirements of IAS 38, the research and development costs were recognized as research and development expenses, instead of capitalized, in the periods when incurred. The costs of the patents and the trademarks mentioned above were the costs of the relevant fees and professional service expenses for legal right applications.

The above intangible assets with finite useful lives are amortized on a straight-line basis over their useful lives as follows:

Patents	5 years
Software	1-3 years
Trademarks	5 years

15. OTHER ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
Prepayments			
Prepayments for annual fee on the patents	\$ 7,280	\$ 6,816	\$ 5,986
Prepayments for income tax	2,979	1,203	4,418
Prepayments for outsourced testing	-	-	2,547
Prepayments for software	2,719	2,680	1,549
Prepayments for membership	1,046	609	969
Prepayments for software maintenance	1,386	1,284	902
Others	9,592	7,695	8,461
	<u>\$ 25,002</u>	<u>\$ 20,287</u>	<u>\$ 24,832</u>
Other assets			
Temporary payments	<u>\$ 6,635</u>	<u>\$ 6,271</u>	<u>\$ 5,240</u>
<u>Non-current</u>			
Prepayments for equipment			
Prepayments for building purchase	\$ 293,857	\$ 224,714	\$ 224,714
Prepayments for equipment	139	-	400
	<u>\$ 293,996</u>	<u>\$ 224,714</u>	<u>\$ 225,114</u>

16. SHORT-TERM LOANS

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Unsecured loans</u>			
Bank loans	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>

The interest rate on bank recurring loans was 2.36% on June 30,2025.

17. OTHER LIABILITIES

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
Other payables			
Bonuses	\$ 130,209	\$ 154,255	\$ 145,718
Payable for annual leave	4,594	8,612	3,095
Payable for professional service fees	1,624	2,597	1,668
Others	56,444	52,404	57,229
	<u>\$ 192,871</u>	<u>\$ 217,868</u>	<u>\$ 207,710</u>
Other liabilities			
Receipt under custody	\$ 2,085	\$ 2,031	\$ 1,971
Receipts in advance	-	-	524
Temporary receipts	6	8	44
	<u>\$ 2,091</u>	<u>\$ 2,039</u>	<u>\$ 2,539</u>

18. RETIREMENT BENEFIT PLANS

Employee benefit expenses for the three months and six months ended June 30, 2025 and 2024 in respect of the Group's defined contribution retirement plans, which calculated using the projected pension cost rates on December 31, 2024 and 2023 actuarial reports were \$24 thousand, \$40 thousand, \$48 thousand, and \$79 thousand, respectively.

19. EQUITY

a. Ordinary shares

	June 30, 2025	December 31, 2024	June 30, 2024
Numbers of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>74,674</u>	<u>74,664</u>	<u>74,657</u>
Shares issued	<u>\$ 746,738</u>	<u>\$ 746,633</u>	<u>\$ 746,563</u>

For the six months ended June 30, 2025, the shares changed due to the employees' exercise of their employee share options and the reduction in the retirement of treasury stock.

b. Capital surplus

	June 30, 2025	December 31, 2024	June 30, 2024
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Arising from issuance of ordinary shares	\$ 17,363	\$ 14,125	\$ 11,966
Arising from issuance of ordinary-exercised/invalid employee share options	19,322	17,679	16,643
<u>May be used to offset a deficit only</u>			
Arising from changes in percentage of ownership interests in subsidiaries (2)	25,031	23,552	22,830
Arising from share of changes in capital surplus of associates (2)	63,383	63,243	63,235
<u>May not be used for any purpose</u>			
Arising from employee share option	<u>1,976</u>	<u>3,619</u>	<u>4,655</u>
	<u>\$ 127,075</u>	<u>\$ 122,218</u>	<u>\$ 119,329</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries and associates resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries and associates accounted for using the equity method.

c. Retained earnings and dividend policy

Based on the Company's Articles of Incorporation state that, when the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting accumulated losses, and setting aside as legal reserve 10% of the remaining profit. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock. The remaining profit, after setting aside or reversing a special reserve in accordance with the laws and regulations, along with any undistributed retained earnings shall be used by the Company's board of

directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 22 (g).

The Company shall distribute dividend with considerations of the market situation and development stage, as well as future capital needs, long-term corporate development and the shareholders' cash flow needs. Based on the Company's dividend policy, in principle, the total dividends distributed shall not be less than 50% of distributable earnings, of which at least 10% will be paid as cash dividend and the remainder will be in the form of stock dividend. The board of directors shall map out the distribution proposal in consideration of future operation and capital expenditure, and present the proposal at the shareholders' meeting for approval.

An appropriation of earnings to the legal reserve shall be made until at least the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2024 and 2023 which had been approved in the the shareholders' meeting on June 11, 2025 and June 19, 2024, respectively, were as follows:

	Appropriation of Earnings	
	For the Years Ended	
	December 31	
	2024	2023
Legal reserve	\$ 183,979	\$ -
Special reserve (reversal of special reserve)	\$ 558	(\$ 190)
Cash dividends	\$1,642,608	\$1,306,409
Cash dividends per share (NT\$)	\$ 22.00	\$ 17.05

d. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Six Months Ended	
	June 30	
	2025	2024
Balance at January 1	\$ 251	\$ 61
Recognized for the period		
Exchange differences on the translation of the financial statements of foreign operations	(1,017)	(135)
Share from associates accounted for using the equity method	138	(15)
Other comprehensive loss recognized for the period	(879)	(150)
Balance at June 30	\$ (628)	\$ (89)

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2025	2024
Balance at January 1	\$ (5,980)	\$ (5,231)
Recognized for the period		
Unrealized loss - equity instruments	<u>(1,933)</u>	<u>(318)</u>
Other comprehensive income (loss) recognized for the period	<u>(1,933)</u>	<u>(318)</u>
Balance at June 30	<u>\$ (7,913)</u>	<u>\$ (5,549)</u>

e. Non-controlling interests

	For the Six Months Ended June 30	
	2025	2024
Balance at January 1	\$ 20,472	\$ 30,504
Change in percentage of ownership interests in subsidiaries	(1,479)	(582)
Share in loss for the period	(9,860)	(9,476)
Other comprehensive income (loss) during the period		
Exchange differences on the translation of the financial statements of foreign operations	(305)	112
Share-based payments	1,167	1,374
Exercise of employee share options by subsidiaries	<u>1,285</u>	<u>225</u>
Balance at June 30	<u>\$ 11,280</u>	<u>\$ 22,157</u>

20. SHARE-BASED PAYMENTS

Employee share option plan of the Company

Qualified employees of the Company were granted 500 options in February 2016. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on the TPEx on the grant date. For any subsequent changes in the Company's ordinary shares or for any cash dividends issued in excess of the ratio required in the issuance rule, the exercise price is adjusted accordingly.

The Company did not issue employee share options for the six months ended June 30, 2025 and 2024.

The information of employee share options was as follows:

	For the Six Months Ended June 30			
	2025		2024	
	Number of Options	Weighted- average Exercise Price (NT\$)	Number of Options	Weighted- average Exercise Price (NT\$)
Balance at January 1	23	\$ 318.4	44	\$ 318.4
Options exercised	<u>(10)</u>	318.4	<u>(14)</u>	318.4
Balance at June 30	<u>13</u>	318.4	<u>30</u>	318.4
Options exercisable, end of period	<u>13</u>	318.4	<u>30</u>	318.4

Compensation cost recognized were all NT\$0 thousand for the three months and the six months ended June 30, 2025 and 2024.

Qualified employees of PUFsecurity Corporation were granted 4,089 options in September 2021. Each option entitles the holder to subscribe for one thousand ordinary shares of PUFsecurity Corporation. The options granted are valid for 5 years and exercisable at certain percentages two year after the grant date. The options were granted at an exercise price of NT\$2. For any subsequent changes in PUFsecurity Corporation's ordinary shares, the exercise price is adjusted accordingly.

The information of employee share options was as follows:

	For the Six Months Ended June 30			
	2025		2024	
	Number of Options	Weighted-average Exercise Price (NT\$)	Number of Options	Weighted-average Exercise Price (NT\$)
Balance at January 1	3,277	\$ 2	3,418	\$ 2
Options exercised	(189)	2	(28)	2
Options forfeited	<u>(110)</u>	2	<u>(44)</u>	2
Balance at June 30	<u>2,978</u>	2	<u>3,346</u>	2
Options exercisable, end of period	<u>1,696</u>	2	<u>952</u>	2

Compensation cost recognized were NT\$0 thousand, NT\$9 thousand, NT\$5 thousand and NT\$17 thousand for the three months and the six months ended June 30, 2025 and 2024, respectively.

Qualified employees of PUFsecurity Corporation were granted 2,090 options in June 2022. Each option entitles the holder to subscribe for one thousand ordinary shares of PUFsecurity Corporation. The options granted are valid for 5 years and exercisable at certain percentages two year after the grant date. The options were granted at an exercise price of NT\$4. For any subsequent changes in PUFsecurity Corporation's ordinary shares, the exercise price is adjusted accordingly.

The information of employee share options was as follows:

	For the Six Months Ended June 30			
	2025		2024	
	Number of Options	Weighted-average Exercise Price (NT\$)	Number of Options	Weighted-average Exercise Price (NT\$)
Balance at January 1	1,828	\$ 4	2,080	\$ 4
Options exercised	(219)	4	(42)	4
Options forfeited	<u>(61)</u>	4	<u>(65)</u>	4
Balance at June 30	<u>1,548</u>	4	<u>1,973</u>	4
Options exercisable, end of period	<u>852</u>	4	<u>573</u>	4

Compensation cost recognized were NT\$70 thousand, NT\$213 thousand, NT\$216 thousand, and NT\$453 thousand for the three months and the six months ended June 30, 2025 and 2024, respectively.

Qualified employees of PUFsecurity Corporation were granted 420 options in September 2022. Each option

entitles the holder to subscribe for one thousand ordinary shares of PUFsecurity Corporation. The options granted are valid for 5 years and exercisable at certain percentages two year after the grant date. The options were granted at an exercise price of NT\$4. For any subsequent changes in PUFsecurity Corporation's ordinary shares, the exercise price is adjusted accordingly.

The information of employee share options was as follows:

	For the Six Months Ended June 30			
	2025		2024	
	Number of Options	Weighted- average Exercise Price (NT\$)	Number of Options	Weighted- average Exercise Price (NT\$)
Balance at January 1	279	\$ 4	282	\$ 4
Options exercised	(8)	4	-	-
Options forfeited	<u>(37)</u>	4	<u>-</u>	-
Balance at June 30	<u>234</u>	4	<u>282</u>	4
Options exercisable, end of period	<u>65</u>	4	<u>-</u>	-

Compensation cost recognized were NT\$(13) thousand, NT\$37 thousand, NT\$9 thousand, and NT\$74 thousand for the three months and the six months ended June 30, 2025 and 2024, respectively.

Qualified employees of PUFsecurity Corporation were granted 2,968 options in August 2023. Each option entitles the holder to subscribe for one thousand ordinary shares of PUFsecurity Corporation. The options granted are valid for 5 years and exercisable at certain percentages two year after the grant date. The options were granted at an exercise price of NT\$5. For any subsequent changes in PUFsecurity Corporation's ordinary shares, the exercise price is adjusted accordingly.

The information of employee share options was as follows:

	For the Six Months Ended June 30			
	2025		2024	
	Number of Options	Weighted- average Exercise Price (NT\$)	Number of Options	Weighted- average Exercise Price (NT\$)
Balance at January 1	2,715	\$ 5	2,965	\$ 5
Options forfeited	<u>(76)</u>	5	<u>(185)</u>	5
Balance at June 30	<u>2,639</u>	5	<u>2,780</u>	5
Options exercisable, end of period	<u>-</u>	-	<u>-</u>	-

Compensation cost recognized were NT\$345 thousand, NT\$376 thousand, NT\$774 thousand, and NT\$830 thousand for the three months and the six months ended June 30, 2025 and 2024, respectively.

Qualified employees of PUFsecurity Corporation were granted 1,163 options in October 2024. Each option entitles the holder to subscribe for one thousand ordinary shares of PUFsecurity Corporation. The options granted are valid for 5 years and exercisable at certain percentages two years after the grant date. The options were granted at an exercise price of NT\$5. For any subsequent changes in PUFsecurity Corporation's ordinary shares, the exercise price is adjusted accordingly.

	For the Six Month Ended June 30, 2025	
	Number of Options	Weighted- average Exercise Price (NT\$)
Balance at January 1	1,153	5
Options forfeited	<u>(50)</u>	5
Balance at June 30	<u>1,103</u>	5
Options exercisable, end of period	<u>-</u>	-

Options granted in October 2024 were priced using the Black-Scholes pricing model and the inputs of the model were as follows:

Grant-date share price (NT\$)	\$ 2.87
Exercise price (NT\$)	\$ 5
Expected volatility	58.17%-58.65%
Expected life (in years)	3.5-4.5 years
Expected dividend yield	-
Risk-free interest rate	1.41%-1.43%

Compensation cost recognized were NT\$76 thousand and NT\$163 thousand for the three months and the six months ended June 30, 2025, respectively.

21.REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Customer contract revenue				
Royalty revenue	\$ 618,559	\$ 593,299	\$ 1,290,076	\$ 1,167,734
Technical service revenue	<u>317,976</u>	<u>299,711</u>	<u>558,193</u>	<u>528,040</u>
	<u>\$ 936,535</u>	<u>\$ 893,010</u>	<u>\$ 1,848,269</u>	<u>\$ 1,695,774</u>

a. Contract balances

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
Accounts receivable (Note 9)	<u>\$ 246,658</u>	<u>\$ 300,961</u>	<u>\$ 293,221</u>	<u>\$ 194,960</u>
Contract liabilities				
Technical service revenue	<u>\$ 100,526</u>	<u>\$ 73,423</u>	<u>\$ 89,453</u>	<u>\$ 77,268</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

Revenue of the reporting period recognized from the beginning contract liabilities in the previous periods is as follow

	For the Six Months Ended June 30	
	2025	2024
From contract liabilities at the beginning of the year		
Technical service revenue	<u>\$ 44,100</u>	<u>\$ 38,433</u>

b. Partially completed contracts

	For the Six Months Ended June 30	
	2025	2024
Domestic	\$ 1,081,148	\$ 1,004,593
Asia	622,423	604,435
Others	<u>144,698</u>	<u>86,746</u>
	<u>\$ 1,848,269</u>	<u>\$ 1,695,774</u>

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Bank deposits	\$ 16,009	\$ 17,483	\$ 32,134	\$ 39,547
Others	<u>3</u>	<u>1</u>	<u>9</u>	<u>7</u>
	<u>\$ 16,012</u>	<u>\$ 17,484</u>	<u>\$ 32,143</u>	<u>\$ 39,554</u>

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Rental income	<u>\$ 308</u>	<u>\$ 372</u>	<u>\$ 607</u>	<u>\$ 745</u>

c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Net foreign exchange(loss) gain	\$ (89,934)	\$ 18,198	\$ (77,783)	\$ 87,714
Government grant income				
(Note 25)	-	5,465	-	5,465
Others	<u>1,191</u>	<u>346</u>	<u>1,679</u>	<u>387</u>
	<u>\$ (88,743)</u>	<u>\$ 24,009</u>	<u>\$ (76,104)</u>	<u>\$ 93,566</u>

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Interest on lease liabilities	\$ 103	\$ 109	\$ 232	\$ 233
Interest on bank loans	<u>5</u>	<u>-</u>	<u>5</u>	<u>140</u>
	<u>\$ 108</u>	<u>\$ 109</u>	<u>\$ 237</u>	<u>\$ 373</u>

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
An analysis of depreciation by function				
Operating expenses	<u>\$ 13,630</u>	<u>\$ 11,371</u>	<u>\$ 26,872</u>	<u>\$ 22,881</u>
An analysis of amortization by function				
Selling and marketing expenses	\$ -	\$ -	\$ -	\$ 8
General and administrative expenses	1,698	1,397	3,370	2,772
Research and development expenses	<u>28,690</u>	<u>24,561</u>	<u>55,627</u>	<u>47,419</u>
	<u>\$ 30,388</u>	<u>\$ 25,958</u>	<u>\$ 58,997</u>	<u>\$ 50,199</u>

For the information on the amortization of intangible assets allocated to each single item, please refer to Note 14.

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Post-employment benefits				
Defined contribution plans	\$ 6,518	\$ 6,254	\$ 13,094	\$ 12,451
Defined benefit plans(Note 18)	<u>24</u>	<u>40</u>	<u>48</u>	<u>79</u>
	<u>6,542</u>	<u>6,294</u>	<u>13,142</u>	<u>12,530</u>
Share-based payments (Note 20)				
Equity-settled	<u>478</u>	<u>635</u>	<u>1,167</u>	<u>1,374</u>
Other employee benefits	<u>306,589</u>	<u>320,758</u>	<u>613,083</u>	<u>625,735</u>
Total employee benefits expense	<u>\$ 313,609</u>	<u>\$ 327,687</u>	<u>\$ 627,392</u>	<u>\$ 639,639</u>
An analysis of employee benefits expense by function				
Operating expenses	<u>\$ 313,609</u>	<u>\$ 327,687</u>	<u>\$ 627,392</u>	<u>\$ 639,639</u>

g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of 1-25% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. In accordance with the amendment to the Securities and Exchange Act in August 2024, the Company adopt an amendment to the Articles of Incorporation in 2025 shareholders' meeting, stipulating that no less than 10% of the total employee's remuneration for the year be distributed as remuneration to non-executive employees. The employees' compensation and the remuneration of directors for the six months ended June 30, 2025 and 2024 are as follows:

Accrual rate

	For the Six Months Ended June 30	
	2025	2024
Employees' compensation	15%	15%
Remuneration of directors	1.5%	1.5%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Employees' compensation	\$ 85,081	\$ 96,648	\$ 185,211	\$ 189,864
Remuneration of directors	\$ 8,508	\$ 9,664	\$ 18,521	\$ 18,986

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The employees' compensation and remuneration of directors for the years ended December 31, 2024 and 2023 which were approved by the Company's board of directors on February 26, 2025 and February 21, 2024, respectively, are as follows:

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Employees' compensation	\$ 389,033	\$ 302,977
Remuneration of directors	\$ 38,903	\$ 30,298

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Current tax				
In respect of the current period	\$ 78,531	\$ 91,058	\$ 174,820	\$ 176,740
Income tax on unappropriated earnings	-	462	-	462
Adjustments for prior years' tax	(18)	(27,805)	(1,017)	(27,809)
	78,513	63,715	173,803	149,393
Deferred tax				
In respect of the current period	(4,115)	(680)	(3,430)	2,086
Income tax expense recognized in profit or loss	<u>\$ 74,398</u>	<u>\$ 63,035</u>	<u>\$ 170,373</u>	<u>\$ 151,479</u>

b. Income tax assessments

The tax returns through 2022 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Basic earnings per share	<u>\$ 5.36</u>	<u>\$ 6.36</u>	<u>\$ 11.54</u>	<u>\$ 12.13</u>
Diluted earnings per share	<u>\$ 5.35</u>	<u>\$ 6.36</u>	<u>\$ 11.52</u>	<u>\$ 12.11</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Earnings used in the computation of basic earnings per share	\$ 399,995	\$ 475,096	\$ 861,701	\$ 905,673
Effect of potentially dilutive ordinary shares:				
Employees' compensation	-	-	-	-
Employee share options	-	-	-	-
Earnings used in the computation of diluted earnings per share	<u>\$ 399,995</u>	<u>\$ 475,096</u>	<u>\$ 861,701</u>	<u>\$ 905,673</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Weighted average number of ordinary shares used in the computation of basic earnings per share	74,674	74,656	74,669	74,654
Effect of potentially dilutive ordinary shares:				
Employees' compensation	78	74	119	103
Employee share options	<u>11</u>	<u>26</u>	<u>16</u>	<u>29</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>74,763</u>	<u>74,756</u>	<u>74,804</u>	<u>74,786</u>

Since the Company can offer to settle bonus to employees in cash or shares, the Company assumes the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

25. GOVERNMENT GRANTS

PUFsecurity Corporation applied for A+ Industrial Innovation R&D Program “PUF-based AIoT Chip Secure Element R&D Project”, proposed by the Ministry of Economic Affairs, and the program was approved on January 14, 2022. The total funds approved amounted to NT\$70,000 thousand, and the subsidies amounted to NT\$28,000 thousand. The actual distribution of government grant income, which expired on January 31, 2024, was NT\$26,468 thousand, had been fully recognized as government grant income. The collateral provided by PUFsecurity Corporation included cashier checks whose drawees are banking industries and the amount was NT\$28,000 thousand, and the guarantee was released on June 19, 2024.

26. CAPITAL MANAGEMENT

The objectives, policies and procedures of the Group's capital risk management and the composition of the Group 's capital structure are the same as those described in the consolidated financial report for the year ended December 31, 2024, please refer to Note 26 of the consolidated financial report for the year ended December 31,2024.

27. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amount of financial assets and financial liabilities not carried at fair value approximate their fair values or their fair values cannot be reliably measured.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Unlisted shares	\$ -	\$ -	\$ 2,687	\$ 2,687

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Unlisted shares	\$ -	\$ -	\$ 4,620	\$ 4,620

June 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Unlisted shares	\$ -	\$ -	\$ 5,051	\$ 5,051

There were no transfers between Levels 1 and 2 in the six months ended June 30 2025 and 2024.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial Assets	Financial Assets at FVTOCI Equity Instruments For the Six Months Ended June 30	
	2025	2024
Balance at January 1	\$ 4,620	\$ 5,369
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(1,933)	(318)
Balance at June 30	\$ 2,687	\$ 5,051

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Unlisted shares - ROC	Income approach: utilizing discounted cash flows to determine the present value of the expected future economic benefits that will be derived from investment

c. Categories of financial instruments

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
<u>Financial assets</u>			
Financial asset at amortized cost (Note 1)	\$ 4,541,478	\$ 3,616,610	\$ 4,053,353
Investment in equity instrument at FVTOCI	2,687	4,620	5,051
<u>Financial liabilities</u>			
Amortized cost (Note 2)	1,696,192	38,311	1,336,449

Note 1: The balances include financial assets measured at amortized cost, which comprise cash, accounts receivable, other receivables and other current assets.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loans, other payables (including related parties), payables on equipment and dividends payable.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity investments, accounts receivable, lease liabilities and other payables (including related parties). The Group's corporate financial management function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group's main financial plans are reviewed by the board of directors in accordance with relevant regulations and internal control system.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change in the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group's operating activities are partially denominated in foreign currencies and apply the natural hedge. The purpose of the Group's management of the foreign currency risk is to hedge the risk instead of making a profit.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 31.

Sensitivity analysis

The Group is mainly exposed to the exchange rate fluctuations of the USD, CNY and JPY.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign

currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 5% against the relevant currency. For a 5% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative. The sensitivity analysis included cash, accounts receivable, other payables (including related parties) and payables on equipment.

	USD Impact		CNY Impact		JPY Impact	
	For the Six Months Ended June 30					
	2025	2024	2025	2024	2025	2024
Profit or loss	\$ 14,840	\$ 62,410	(\$ 40)	(\$ 21)	(\$ 84)	(\$ 190)

b) Interest rate risk

The Group is exposed to interest rate risk arising from financial assets and liabilities at both fixed and floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting periods were as follows.

	June 30, 2025	December 31, 2024	June 30, 2024
Fair value interest rate risk			
Financial assets	\$ 3,888,720	\$ 2,923,495	\$ 3,386,828
Cash flow interest rate risk			
Financial assets	396,829	384,337	365,624
Financial liabilities	20,000	-	-

Sensitivity analysis

The sensitivity analyses below are determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the asset and liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If the market interest rates had increased/decreased by 0.1% and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2025 and 2024 would increase/decrease by \$188 thousand and \$183 thousand, respectively, mainly due to the Group's exposure to floating interest rate assets.

2) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations and result in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation mainly arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In order to minimize credit risk, the Group has made credit and receivable management regulations to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The credit risk on liquid funds was limited because the counterparties are banks with good credit.

Apart from the customers whose balances exceeded 5% of the accounts receivable, the Group did not have significant credit risk exposure to any single counterparty or any group of counterparties

having similar characteristics.

The customers whose balances exceeded 5% of the accounts receivable are creditworthy counterparties. Therefore, the credit risk is limited.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

June 30, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing Lease liabilities	\$1,656,055 489	\$ 20,134 978	\$ 23 2,933	\$ - 5,043	\$1,676,212 9,443
Variable interest rate liabilities	<u>45</u>	<u>79</u>	<u>20,112</u>	<u>-</u>	<u>20,236</u>
	<u>\$1,656,589</u>	<u>\$ 21,191</u>	<u>\$ 23,068</u>	<u>\$ 5,043</u>	<u>\$1,705,891</u>

Additional information about the maturity analysis for financial liabilities:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	<u>\$ 4,400</u>	<u>\$ 5,043</u>	<u>\$ -</u>
Variable interest rate liabilities	<u>\$ 20,236</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing Lease liabilities	\$ 22,468 446	\$ 15,537 968	\$ 316 4,286	\$ - 6,413	\$ 38,321 12,113
	<u>\$ 22,914</u>	<u>\$ 16,505</u>	<u>\$ 4,602</u>	<u>\$ 6,413</u>	<u>\$ 50,434</u>

Additional information about the maturity analysis for financial liabilities:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	\$ <u>5,700</u>	\$ <u>6,413</u>	\$ <u>-</u>

June 30, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$1,319,950	\$ 16,188	\$ 321	\$ -	\$1,336,459
Lease liabilities	<u>367</u>	<u>734</u>	<u>2,373</u>	<u>5,726</u>	<u>9,200</u>
	<u>\$1,320,317</u>	<u>\$ 16,922</u>	<u>\$ 2,694</u>	<u>\$ 5,726</u>	<u>\$1,345,659</u>

Additional information about the maturity analysis for financial liabilities:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	\$ <u>3,474</u>	\$ <u>5,726</u>	\$ <u>-</u>

b) Financing facilities

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank overdraft facilities			
Amount used	\$ 20,000	\$ -	\$ -
Amount unused	<u>360,000</u>	<u>330,000</u>	<u>330,000</u>
	<u>\$380,000</u>	<u>\$330,000</u>	<u>\$330,000</u>

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
iMQ Technology Inc.	Substantive related parties
Chipwon Technology Co., Ltd.	Substantive related parties (substantive related parties from September 28, 2023 to February 29, 2024)
T.C. Chen	Key management personnel

b. Operating revenue

Line Item	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2025	2024	2025	2024
Sales	Substantive related parties	\$ -	\$ -	\$ 986	\$ -

The prices that the Group transferred and granted the professional technology to related parties were decided by the two sides. The payment term was open account 30 days.

c. Operating Expenses

Line Item	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2025	2024	2025	2024
Research experiment and material expenses	Substantive related parties	\$ -	\$ -	\$ -	\$ 5,714

The prices that the Group Operating expenses to related parties were decided by the two sides.

d. Payables to related parties

Line Item	Related Party Category	June 30, 2025	December 31, 2024	June 30, 2024
Other payables - related parties	Key Management Personnel T.C. Chen	\$ 80	\$ 55	\$ 20

e. Compensation of key management personnel

The compensations to directors and the key management personnel were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 32,582	\$ 33,803	\$ 70,620	\$ 68,968
Post-employment benefits	227	177	453	377
Share-based payment transactions	102	102	205	205
	<u>\$ 32,911</u>	<u>\$ 34,082</u>	<u>\$ 71,278</u>	<u>\$ 69,550</u>

The remuneration of directors and key management personnel, as determined by the remuneration committee, was based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group were provided as deposits for the tariff of imported raw materials:

	June 30, 2025	December 31, 2024	June 30, 2024
Pledged time deposits (classified as financial assets at amortized cost)	<u>\$ 120</u>	<u>\$ 120</u>	<u>\$ 118</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENT

In addition to those disclosed in other notes, significant commitments and contingencies of the Group at balance sheet date were as follows:

Detail of significant outstanding contracts of property, plant and equipment as of June 30, 2025, including tax were as follows:

Contract	Contract Amount	Payment	Unpaid Amount
Purchase of property, plant and equipment	<u>\$ 1,815,000</u>	<u>\$ 308,550</u>	<u>\$ 1,506,450</u>

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

June 30, 2025

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 10,206	29.3000 (USD:NTD)	\$ 299,046
USD	50	7.1586 (USD: CNY)	1,466
JPY	204	0.2034	<u>42</u>
			<u>\$ 300,554</u>

Financial liabilities

Monetary items			
USD	127	29.3000	\$ 3,711
CNY	195	4.0910	798
JPY	8,467	0.2034	<u>1,722</u>
			<u>\$ 6,231</u>

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 26,215	32.7850(USD:NTD)	\$ 859,468
USD	50	7.1884 (USD:CNY)	1,611
JPY	216	0.2099	<u>46</u>
			<u>\$ 861,125</u>

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 133	32.7850	\$ 4,368
JPY	12,476	0.2099	2,619
CNY	101	4.4780	<u>452</u>
			<u>\$ 7,439</u>

June 30, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 38,562	32.4500(USD:NTD)	\$ 1,251,352
USD	50	7.1268 (USD: CNY)	1,585
CNY	3	4.4450	13
JPY	3,458	0.2017	<u>697</u>
			<u>\$ 1,253,647</u>

Financial liabilities

Monetary items			
USD	147	32.4500	\$ 4,778
CNY	97	4.4450	431
JPY	22,295	0.2017	<u>4,497</u>
			<u>\$ 9,706</u>

The significant unrealized foreign exchange gains (losses) were as follows:

For the Six Months Ended June 30				
2025		2024		
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.3000 (USD:NTD)	<u>\$ (16,441)</u>	32.4500 (USD:NTD)	<u>\$ 3,436</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: None
- 3) Significant marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 1
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the

paid-in capital: None

- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 6) Intercompany relationships and significant intercompany transactions: Table 2
- b. Information on investees: Table 3
 - c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 4
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

33. SEGMENT INFORMATION

The Group's chief operating decision maker reviews the operating results regularly for the purpose of resource allocation and performance assessment. The Group's segments are aggregated into a single reportable segment.

The measurement basis of segment information presented to the chief operating decision maker is the same as that of the consolidated financial statements. The segment revenues and operating results for the six months ended June 30, 2025 and 2024 can be found in the consolidated statements of comprehensive income for the six months ended June 30, 2025 and 2024

Jul. The segment assets as of June 30, 2025 and 2024, December 31, 2024 can be found in the consolidated balance sheets as of June 30, 2025 and 2024, December 31, 2024.

TABLE 1

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD
JUNE 30, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2025				Note
				Number of Shares (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
The Company	<u>Shares</u> Syntronix Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	1,210	\$ 2,687	2.81%	\$ 2,687	Note 2

Note 1: Marketable securities mentioned in the table include shares, bonds, beneficiary certificates and the derivative securities from aforementioned items, which is under the definition of IFRS 9.

Note 2: The market value was based on the fair value as of June 30, 2025.

Note 3: As of June 30, 2025, the above marketable securities had not been pledged or mortgaged.

TABLE 2

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	The Company	PUFsecurity Corporation	1	Sales	\$ 3,239	—	0.18%
			1	Other income	526	—	0.03%
			1	Other gains and losses	9,272	—	0.50%
			1	Other receivables - related parties	10,349	—	0.19%
		eMemory Japan	1	Operating expense	7,620	—	0.41%
			1	Other payables - related parties	1,577	—	0.03%
		PUFsecurity Technology (Shanghai) Corporation	1	Operating expense	3,041	—	0.16%
			1	Other payables - related parties	753	—	0.01%
1	PUFsecurity Corporation	PUFsecurity USA Corporation	3	Operating expense	6,273	—	0.34%
			3	Other payables - related parties	2,709	—	0.05%
		PUFsecurity Technology (Shanghai) Corporation	3	Operating expense	294	—	0.02%
			3	Other payables - related parties	45	—	-

Note 1: Information about intercompany relationships should be indicated in the “No.” column, and the method of filling in the number is as follows:

- 1. Parent company is numbered as 0 in the “No.” column.
- 2. Subsidiaries are numbered sequentially according to their company name and the number starts from 1.

Note 2: There are three types of “Relationship”:

- 1. Parent company to subsidiaries
- 2. Subsidiaries to parent company
- 3. Subsidiaries to subsidiaries

Note 3: If financial statement accounts are classified as items in the balance sheets, the calculation of the ratio is that ending balance is divided by total assets. If the financial statement accounts are classified as items in the income statement, the calculation of the ratio is that the accumulated amount in the interim period is divided by total sales.

TABLE 3

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED JUNE 30, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2025			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2025	December 31, 2024	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Value			
The Company.	PUFsecurity Corporation	Hsinchu County	Product designing, software services, data processing services, intellectual property, etc.	\$ 275,634	\$ 275,634	82,563	74.96	\$ 23,745	(\$ 39,828)	(\$ 29,959)	Subsidiary
	eMemory Japan Corporation	Japan	Product designing, intellectual property management, technology services	27,474	22,255	-	100.00	7,247	(4,834)	(4,834)	Subsidiary
	iMQ Technology Inc.	Hsinchu City	Electronic parts and components manufacturing	27,900	27,900	2,057	2.23	6,526	(72,276)	(2,433)	Investment accounted for using the equity method
PUFsecurity Corporation	PUFsecurity USA Corporation	USA	Sales promotion	7,777	7,777	-	100.00	5,289	386	386	Subsidiary

TABLE 4

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND AND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2025	Accumulated Repatriation of Investment Income as of June 30, 2025
					Outward	Inward						
PUFsecurity Technology (Shanghai) Corporation	Product designing, related services	\$ 7,445 (USD 250)	Notes 1 and 2	\$ 7,445 (USD 250)	\$ -	\$ -	\$ 7,445 (USD 250)	\$ 28	100	\$ 28	\$ 6,420	\$ -

Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2025	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 7,445 (USD 250)	\$ 7,445 (USD 250)	\$ 1,671,270

Note 1: Direct investment in mainland China.

Note 2: PUFsecurity Corporation invested and established PUFsecurity Technology (Shanghai) Corporation in July 2022, and PUFsecurity Corporation remitted investment fund of US\$250 thousand on February 3, 2024.