

Tricorntech Corporation
Financial Statements and Independent Auditors' Review Report
2025 and 2024 Q1
(Stock code: 6909)

Address : 17F, No. 866-8, Zhongzheng Rd., Zhonghe District, New Taipei City
Tel : (02)2223-0707

Tricorntech Corporation

Financial Statements and Independent Auditors' Review Report, Q1 of 2025 and 2024

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Independent Auditors' Review Report

Ref. No. (114) Cai-Shen-Bao-Zi No. 25000094

To the Board of Directors and Shareholders of TricornTech Corporation:

Introduction

We have reviewed the accompanying balance sheets of TricornTech Corporation as of March 31, 2025 and 2024, and the related statements of comprehensive income, changes in equity, and cash flows for the three-month periods ended March 31, 2025 and 2024, as well as the notes to the financial statements, including a summary of significant accounting policies. The preparation and fair presentation of these financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (IAS) 34, "Interim Financial Reporting", as endorsed and announced by the Financial Supervisory Commission, is the responsibility of the Company's management. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope

We conducted our reviews in accordance with the Standard on Review Engagements 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of TricornTech Corporation as of March 31, 2025 and 2024, and the financial performance and cash flows for the three-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (IAS) 34, "Interim Financial Reporting," as endorsed by the Financial Supervisory Commission.

PwC Taiwan

Sheng-Wei Teng

Certified Public Accountant

Yu-Fang Yen

Financial Supervisory Commission

Approval Reference Numbers:

Jing-Guan-Zheng-Shen-Zi No. 1020013788

Jing-Guan-Zheng-Shen-Zi No. 1080323093

April 22, 2025

Tricorntech Corporation Statement of Financial Position
March 31, 2025, and December 31 and March 31, 2024

Unit: NTD thousands

Assets	Notes	March 31, 2025		December 31, 2024		March 31, 2024		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 132,090	13	\$ 426,580	42	\$ 494,044	56
1136	Financial assets at amortized cost	6(2)	419,615	42	106,828	11	-	-
1140	Contract assets - current	6(15)	135,520	14	170,210	17	72,543	8
1150	Notes receivable, net	6(3)	-	-	8,172	1	3,064	-
1170	Accounts receivable, net	6(3)	73,358	7	52,256	5	49,081	6
1200	Other receivables		1,765	-	995	-	303	-
130X	Inventory	6(4)	109,302	11	105,438	10	109,131	12
1410	Prepayments		8,201	1	6,844	1	6,560	1
11XX	Total current assets		<u>879,851</u>	<u>88</u>	<u>877,323</u>	<u>87</u>	<u>734,726</u>	<u>83</u>
Non-current assets								
1600	Property, plant and equipment	6(5)	26,671	3	28,121	3	28,839	3
1755	Right-of-use assets	6(6)	7,725	1	10,350	1	18,226	2
1780	Intangible assets	6(7)	33,452	3	36,175	4	43,018	5
1840	Deferred income tax assets	6(20)	42,784	4	45,918	5	49,946	6
1920	Refundable deposits		5,749	1	5,561	-	5,319	1
15XX	Total non-current assets		<u>116,381</u>	<u>12</u>	<u>126,125</u>	<u>13</u>	<u>145,348</u>	<u>17</u>
1XXX	Total assets		<u>\$ 996,232</u>	<u>100</u>	<u>\$ 1,003,448</u>	<u>100</u>	<u>\$ 880,074</u>	<u>100</u>

(continued on next page)

Tricorntech Corporation Statement of Financial Position
March 31, 2025, and December 31 and March 31, 2024

Unit: NTD thousands

Liabilities and equity	Notes	March 31, 2025		December 31, 2024		March 31, 2024		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2130	Contract liabilities	6(15)	\$ 10,338	1	\$ 20,401	2	\$ 14,097	2
2170	Accounts payable		27,450	3	27,560	3	10,787	1
2200	Other payables	6(8)	136,878	14	85,763	8	94,431	11
2230	Current income tax liabilities	6(20)	1,016	-	1,017	-	-	-
2250	Liability reserves - current	6(11)	11,716	1	9,334	1	7,489	1
2280	Lease liabilities - current		7,169	1	9,759	1	10,527	1
2399	Other current liabilities - others		1,258	-	824	-	1,042	-
21XX	Total current liabilities		<u>195,825</u>	<u>20</u>	<u>154,658</u>	<u>15</u>	<u>138,373</u>	<u>16</u>
Non-current liabilities								
2570	Deferred income tax liabilities	6(20)	5,066	-	4,444	1	3,779	-
2580	Lease liabilities - non-current		688	-	784	-	7,995	1
25XX	Total non-current liabilities		<u>5,754</u>	<u>-</u>	<u>5,228</u>	<u>1</u>	<u>11,774</u>	<u>1</u>
2XXX	Total liabilities		<u>201,579</u>	<u>20</u>	<u>159,886</u>	<u>16</u>	<u>150,147</u>	<u>17</u>
Equity								
Share capital								
3110	Common stock capital	6(12)	610,927	61	610,640	61	602,347	69
Additional paid-in capital								
3200	Additional paid-in capital	6(13)	72,989	8	72,757	7	55,485	6
Retained earnings								
3310	Legal reserve	6(14)	26,672	3	17,340	2	17,340	2
3350	Undistributed earnings		99,804	10	160,822	16	54,755	6
Other equity								
3400	Other equity		(15,739)	(2)	(17,997)	(2)	-	-
3XXX	Total equity		<u>794,653</u>	<u>80</u>	<u>843,562</u>	<u>84</u>	<u>729,927</u>	<u>83</u>
3X2X	Total liabilities and equity		<u>\$ 996,232</u>	<u>100</u>	<u>\$ 1,003,448</u>	<u>100</u>	<u>\$ 880,074</u>	<u>100</u>

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

Chairman: Leo WANG

Manager: Leo WANG

Accounting supervisor: Gisele LU

Tricorntech Corporation Statement of Comprehensive Income
For the years ended March 31, 2025 and 2024

Unit: NTD thousands
(Except earnings (losses) per share in NTD)

	Item	Notes	January 1 to March 31, 2025		January 1 to March 31, 2024	
			Amount	%	Amount	%
4000	Operating revenue	6(15)	\$ 130,407	100	\$ 55,265	100
5000	Operating cost	6(4)	(50,636)	(39)	(26,092)	(47)
5900	Gross operating profit		79,771	61	29,173	53
	Operating expenses	6(18)				
6100	Promotional expenses		(27,404)	(21)	(17,859)	(32)
6200	Administrative expenses		(15,426)	(12)	(12,854)	(23)
6300	Research and development expenses		(22,854)	(17)	(21,315)	(39)
6450	Expected credit impairment gain (loss)	12(2)	32	-	(15)	-
6000	Total operating expenses		(65,652)	(50)	(52,043)	(94)
6900	Operating profit (loss)		14,119	11	(22,870)	(41)
	Non-operating income and expenses					
7100	Interest income		1,746	1	633	1
7010	Other income		23	-	81	-
7020	Other gains and losses	6(16)	3,401	3	9,514	17
7050	Financial cost	6(17)	(50)	-	(109)	-
7000	Total non-operating income and expenses		5,120	4	10,119	18
7900	Net profit (loss) before tax		19,239	15	(12,751)	(23)
7950	Income tax expenses	6(20)	(3,755)	(3)	-	-
8200	Profit (loss) for the period		\$ 15,484	12	(\$ 12,751)	(23)
8500	Total comprehensive income for the period		\$ 15,484	12	(\$ 12,751)	(23)
	Earnings (loss) per share	6(21)				
9750	Basic earnings (loss) per share		\$ 0.26		(\$ 0.21)	
9850	Diluted earnings (loss) per share		\$ 0.25		(\$ 0.21)	

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

Chairman: Leo WANG

Manager: Leo WANG

Accounting supervisor: Gisele LU

Tricorntech Corporation Statement of Changes in Equity
For the years ended March 31, 2025 and 2024

Unit: NTD thousands

Notes	Common stock capital	Additional paid-in capital	Retained earnings		Other equity – Unearned employee compensation	Total
			Legal reserve	Undistributed earnings		
<u>January 1 to March 31, 2024</u>						
Balance as of January 1, 2024	\$ 602,347	\$ 55,295	\$ 8,028	\$ 125,006	\$ -	\$ 790,676
Current period loss	-	-	-	(12,751)	-	(12,751)
Total comprehensive income for the period	-	-	-	(12,751)	-	(12,751)
Compensation cost for employee stock options	-	190	-	-	-	190
Earning appropriation and distribution for 2023	-	-	-	-	-	-
Appropriation of legal reserve	-	-	9,312	(9,312)	-	-
Appropriation of cash dividends	-	-	-	(48,188)	-	(48,188)
Balance as of March 31, 2024	<u>\$ 602,347</u>	<u>\$ 55,485</u>	<u>\$ 17,340</u>	<u>\$ 54,755</u>	<u>\$ -</u>	<u>\$ 729,927</u>
<u>January 1 to March 31, 2025</u>						
Balance as of January 1, 2025	\$ 610,640	\$ 72,757	\$ 17,340	\$ 160,822	(\$ 17,997)	\$ 843,562
Profit for the period	-	-	-	15,484	-	15,484
Total comprehensive income for the period	-	-	-	15,484	-	15,484
Compensation cost for employee stock options	-	88	-	-	-	88
Execution of employee stock options	287	144	-	-	-	431
Compensation cost of restricted employee shares	-	-	-	-	2,258	2,258
Earning appropriation and distribution for 2024	-	-	-	-	-	-
Appropriation of legal reserve	-	-	9,332	(9,332)	-	-
Appropriation of cash dividends	-	-	-	(67,170)	-	(67,170)
Balance as of March 31, 2025	<u>\$ 610,927</u>	<u>\$ 72,989</u>	<u>\$ 26,672</u>	<u>\$ 99,804</u>	<u>(\$ 15,739)</u>	<u>\$ 794,653</u>

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

Chairman: Leo WANG

Manager: Leo WANG

Accounting supervisor:
Gisele LU

Tricorntech Corporation Statement of Cash Flows
For the years ended March 31, 2025 and 2024

Unit: NTD thousands

	Notes	January 1 to March 31, 2025	January 1 to March 31, 2024
<u>Cash flow from operating activities</u>			
Profit (loss) before tax for the period		\$ 19,239	(\$ 12,751)
Items for adjustment			
Income and expenses			
Expected credit loss (gain)	12(2)	(32)	15
Depreciation expense	6(5)(6)(18)	5,307	5,550
Amortization expense	6(7)(18)	2,723	2,802
Interest income		(1,746)	(633)
Interest expense	6(17)	50	109
Share-based compensation expense amortization	6(10)	2,346	190
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Contract assets		34,690	27,172
Notes receivable, net		8,172	(2,533)
Accounts receivable, net		(21,070)	20,167
Inventory		(4,180)	(10,519)
Other receivables		(59)	511
Prepayments		(1,357)	(2,130)
Net changes in liabilities related to operating activities			
Contract liabilities - current		(10,063)	(413)
Accounts payable		(110)	2,539
Other payables		(16,870)	(18,127)
Liability reserves - current		2,382	652
Other current liabilities		434	319
Cash inflow from operations		19,856	12,920
Interest collected		1,035	633
Interest paid		(50)	(110)
Net cash inflow from operating activities		<u>20,841</u>	<u>13,443</u>
<u>Cash flow from investing activities</u>			
Acquisition of property, plant and equipment	6(22)	(101)	(1,338)
Increase in financial assets measured at amortized cost – current		(319,911)	-
Decrease in financial assets measured at amortized cost – current		7,124	2,500
Increase in refundable deposits		(188)	(54)
Decrease in refundable deposits		-	148
Net cash inflow (outflow) from financing activities		<u>(313,076)</u>	<u>1,256</u>
<u>Cash flow from financing activities</u>			
Lease principal repayment	6(23)	(2,686)	(2,631)
Repayment of long-term borrowings	6(23)	-	(1,667)
Execution of employee stock options	6(10)	431	-
Net cash outflow from financing activities		<u>(2,255)</u>	<u>(4,298)</u>
Increase (decrease) in cash and cash equivalents for the current period		(294,490)	10,401
Opening balance of cash and cash equivalents		426,580	483,643
Closing balance of cash and cash equivalents		<u>\$ 132,090</u>	<u>\$ 494,044</u>

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

Chairman: Leo WANG

Manager: Leo WANG

Accounting supervisor: Gisele LU

Tricorntech Corporation
Notes to Financial Statements
2025 and 2024 Q1

Unit: NTD thousands
(except as otherwise indicated)

I. History and organization

Tricorntech Corporation (hereinafter referred to as the "Company") was approved to be incorporated on January 15, 2010. In June 2017, the Company changed its name from Innocon Biotech Co., Ltd. to Tricorntech Corporation through a resolution of the shareholders. The Company is primarily engaged in the research and development, production and sale of gas detection and pollution prevention equipment.

The Company made retroactive handling of public issuance procedures on July 18, 2022, and was listed as an Emerging Stock Board company on the Taipei Exchange (TPEX) on March 30, 2023.

II. The date of authorization for issuance of the financial statements and procedures for authorization

This financial statement was approved by the Board of Directors for publication on April 22, 2025.

III. Application of new standards, amendments and interpretations

(I) Impact of newly issued and amended IFRSs endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC") adopted by the Company

The following table summarizes the newly issued, amended, and revised standards and interpretations of the IFRSs applicable in 2025 that were endorsed and issued by the FSC:

<u>New/amended/revised standards and interpretations</u>	<u>Effective date issued by the IASB</u>
Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IAS No. 21 "Lack of Convertibility"	January 1, 2025

The Company has assessed that the standards and interpretations above have no material impact on the financial position and financial performance of the Company.

(II) Impact of newly issued and amended International Financial Reporting Standards not yet adopted, as endorsed by the FSC

None.

(III) Impact of IFRSs issued by the International Accounting Standards Board but not yet endorsed by the FSC:

The following table summarizes the newly released, amended, and revised standards and interpretations of IFRSs issued by the IASB but not yet recognized by the FSC:

<u>New/amended/revised standards and interpretations</u>	<u>Effective date issued by the IASB</u>
Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Involving Natural Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "The Sale or Investment of Assets between Investors and Their Affiliates or Joint Ventures"	To be determined by International Accounting Standards Board
IFRS 17, "Insurance contracts"	January 1, 2023
Amendments to IFRS 17, "Insurance contracts"	January 1, 2023
Amendment to IFRS 17, "Initial application of IFRS 17 and IFRS 9 – comparative information"	January 1, 2023
IFRS 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Annual Improvements to IFRS Standards - Volume 11	January 1, 2026

Except as stated below, the Company has assessed the above standards and interpretations and concluded that their adoption will not have a material impact on its financial position and financial performance. The actual financial impact will be disclosed upon completion of the relevant assessments:

Applicable to IFRS 18 "Presentation and Disclosures in Financial Statements"

IFRS 18 "Presentation and Disclosures in Financial Statements" replaces IAS 1, revises the structure of the statement of comprehensive income, introduces new disclosures regarding management performance measures, and strengthens the principles related to aggregation and disaggregation applied to the primary financial statements and the notes.

IV. Summary of significant accounting policies

Significant accounting policies are identical to Note 4 in the 2024 financial statements, except for the compliance statement, basis of preparations, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance Statement

1. The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34 "Interim Financial Reporting", as endorsed and issued into effect by the Financial Supervisory Commission.
2. The financial statements should be read in conjunction with the 2024 financial statements.

(II) Basis of preparation

1. These financial statements have been prepared under the historical cost convention.

2. The preparation of financial statements in accordance with the International Financial Reporting Standards (IFRSs) as endorsed and issued into effect by the Financial Supervisory Commission requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Areas involving a high degree of judgment, complexity, or significant assumptions and estimates affecting the financial statements are disclosed in Note 5.

(III) Income tax

1. Income tax expenses for the interim period are calculated by applying the estimated annual average effective tax rate to the pre-tax profit or loss in the interim period, and relevant information is disclosed in accordance with the aforementioned policies.
2. When a change in tax rates occurs during an interim period, the Company recognizes the full effect of the change in the period in which the change takes place. If the change is related to items recognized outside of profit or loss, the tax effect is recognized in other comprehensive income or equity, as appropriate. If the change is related to items recognized in profit or loss, the tax effect is recognized in profit or loss.

V. Major sources of uncertainty in critical accounting judgements, estimates and assumptions

There is no material change in the current period. Please refer to Note 5 to the financial statements of 2024.

VI. Details of significant accounts

(I) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 286	\$ 250	\$ 326
Checking accounts and demand deposits	117,056	273,545	493,718
Time deposits	14,748	152,785	-
Total	<u>\$ 132,090</u>	<u>\$ 426,580</u>	<u>\$ 494,044</u>

1. The financial institutions the Company deals with have good credit quality. Additionally, the Company conducts transactions with multiple financial institutions to diversify credit risk; thus, the risk of default is expected to be low.
2. The Company did not pledge any cash or cash equivalents as collateral.

(II) Financial assets measured at amortized cost

Item	March 31, 2025	December 31, 2024	March 31, 2024
Current Items:			
Time deposits of more than 3 months	<u>\$ 419,615</u>	<u>\$ 106,828</u>	<u>\$ -</u>

1. Financial assets measured at amortized cost and recognized in profit or loss are as follows:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Interest income	<u>\$ 1,097</u>	<u>\$ 6</u>

2. The Company does not pledge financial assets measured at amortized cost.

3. For information on the credit risk of financial assets measured at amortized cost, please refer to Note 12(2). The counterparties of the Company's time deposit certificates are financial institutions with good credit quality, and the probability of default is expected to be very low.

(III) Accounts and notes receivable

	March 31, 2025	December 31, 2024	March 31, 2024
Notes receivable	\$ -	\$ 8,172	\$ 3,064
Accounts receivable	\$ 74,692	\$ 53,622	\$ 49,162
Less: Loss allowance	(1,334)	(1,366)	(81)
	<u>\$ 73,358</u>	<u>\$ 52,256</u>	<u>\$ 49,081</u>

1. The aging analysis of accounts receivable and notes receivable is as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Not overdue	\$ 71,619	\$ 55,439	\$ 39,066
Within 30 days	184	-	2,981
31-90 days	1,096	1,766	7,395
91-180 days	465	-	1,472
181-360 days	-	3,279	1,280
More than 361 days	1,328	1,310	32
	<u>\$ 74,692</u>	<u>\$ 61,794</u>	<u>\$ 52,226</u>

The above is an aging analysis based on the number of overdue days.

2. As of March 31, 2025, December 31, 2024, and March 31, 2024, the balances of notes and accounts receivable all arose from customer contracts. In addition, the accounts receivable balance from customer contracts as of January 1, 2024 was NT\$69,860.
3. The Company does not hold any collateral for accounts receivable.
4. Without considering any collateral or other credit enhancements held, the maximum credit risk exposure of the Company's notes and accounts receivable as of March 31, 2025, December 31, 2024, and March 31, 2024 is the carrying amount of those receivables.

(IV) Inventory

March 31, 2025			
	Cost	Allowance for devaluation losses	Book value
Raw materials	\$ 43,813	(\$ 12,675)	\$ 31,138
Work in process	21,178	-	21,178
Semi-finished products	35,047	(7,459)	27,588
Finished goods	39,309	(9,911)	29,398
Total	<u>\$ 139,347</u>	<u>(\$ 30,045)</u>	<u>\$ 109,302</u>

December 31, 2024			
	Cost	Allowance for devaluation losses	Book value
Raw materials	\$ 42,286	(\$ 13,616)	\$ 28,670
Work in process	22,733	-	22,733
Semi-finished products	35,496	(7,849)	27,647
Finished goods	35,611	(9,223)	26,388
Total	<u>\$ 136,126</u>	<u>(\$ 30,688)</u>	<u>\$ 105,438</u>

March 31, 2024			
	Cost	Allowance for devaluation losses	Book value
Raw materials	\$ 50,469	(\$ 12,295)	\$ 38,174
Work in process	15,125	-	15,125
Semi-finished products	44,090	(8,167)	35,923
Finished goods	31,043	(11,134)	19,909
Total	<u>\$ 140,727</u>	<u>(\$ 31,596)</u>	<u>\$ 109,131</u>

1. Inventory cost recognized as expense losses by the Company in the current period:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Cost of sold inventory	\$ 29,362	\$ 12,619
Labor service cost	17,340	11,556
Warranty cost	3,958	1,310
Loss (reversal) on inventory valuation	(643)	607
Inventory scrap loss	619	-
	<u>\$ 50,636</u>	<u>\$ 26,092</u>

From January 1 to March 31, 2025, the Company recognized a reduction in inventory costs due to the recovery of net realizable value from the sale of inventories previously written down in prior years.

2. The Company does not pledge or guarantee the Company's inventory.

(V) Property, plant and equipment

	<u>Machinery and equipment</u>	<u>Lease improvement</u>	<u>Other equipment</u>	<u>Equipment pending acceptance</u>	<u>Total</u>
January 1, 2025					
Cost	\$ 56,018	\$ 17,509	\$ 16,325	\$ 4,785	\$ 94,637
Accumulated depreciation	(34,846)	(16,603)	(15,067)	-	(66,516)
	<u>\$ 21,172</u>	<u>\$ 906</u>	<u>\$ 1,258</u>	<u>\$ 4,785</u>	<u>\$ 28,121</u>
<u>2025</u>					
January 1	\$ 21,172	\$ 906	\$ 1,258	\$ 4,785	\$ 28,121
Additions	605	-	352	(41)	916
Transfer from inventories	316	-	-	-	316
Depreciation expense	(1,948)	(544)	(190)	-	(2,682)
March 31	<u>\$ 20,145</u>	<u>\$ 362</u>	<u>\$ 1,420</u>	<u>\$ 4,744</u>	<u>\$ 26,671</u>
March 31, 2025					
Cost	\$ 56,939	\$ 17,509	\$ 16,677	\$ 4,744	\$ 95,869
Accumulated depreciation	(36,794)	(17,147)	(15,257)	-	(69,198)
	<u>\$ 20,145</u>	<u>\$ 362</u>	<u>\$ 1,420</u>	<u>\$ 4,744</u>	<u>\$ 26,671</u>
	<u>Machinery and equipment</u>	<u>Lease improvement</u>	<u>Other equipment</u>	<u>Equipment pending acceptance</u>	<u>Total</u>
January 1, 2024					
Cost	\$ 58,550	\$ 17,032	\$ 15,539	\$ 41	\$ 91,162
Accumulated depreciation	(32,486)	(14,687)	(13,835)	-	(61,008)
	<u>\$ 26,064</u>	<u>\$ 2,345</u>	<u>\$ 1,704</u>	<u>\$ 41</u>	<u>\$ 30,154</u>
<u>2024</u>					
January 1	\$ 26,064	\$ 2,345	\$ 1,704	\$ 41	\$ 30,154
Additions	120	251	513	412	1,296
Reclassification	-	41	-	(41)	-
Transfer from inventories	313	-	-	-	313
Depreciation expense	(2,118)	(419)	(387)	-	(2,924)
March 31	<u>\$ 24,379</u>	<u>\$ 2,218</u>	<u>\$ 1,830</u>	<u>\$ 412</u>	<u>\$ 28,839</u>
March 31, 2024					
Cost	\$ 55,634	\$ 17,324	\$ 15,985	\$ 412	\$ 89,355
Accumulated depreciation	(31,255)	(15,106)	(14,155)	-	(60,516)
	<u>\$ 24,379</u>	<u>\$ 2,218</u>	<u>\$ 1,830</u>	<u>\$ 412</u>	<u>\$ 28,839</u>

(VI) Lease transactions - Lessee

1. The underlying assets leased by the Company include buildings and official vehicles. The lease contract term is usually between 1 and 6 years. Lease contracts are negotiated individually and contain various terms and conditions. No other restrictions are imposed except that the leased assets may not be used as loan guarantees.
2. Carrying amounts of right-of-use assets and related depreciation expense are as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Office	\$ 7,535	\$ 10,017	\$ 17,464
Transportation equipment (official vehicle)	190	333	762
	<u>\$ 7,725</u>	<u>\$ 10,350</u>	<u>\$ 18,226</u>

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Office	\$ 2,482	\$ 2,483
Transportation equipment (official vehicle)	143	143
	<u>\$ 2,625</u>	<u>\$ 2,626</u>

3. The Company had no additions to right-of-use assets for the periods from January 1 to March 31, 2025 and 2024.
4. Items related to lease contracts recognized in profit or loss are as follows:

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
<u>Items affecting current profit and loss</u>		
Interest expense of lease liabilities	\$ 50	\$ 105
Expenses of short-term lease contracts	\$ 682	\$ 396
Expenses of low-value asset lease	\$ 22	\$ 22

5. The total cash outflow from leases of the Company for the periods from January 1 to March 31, 2025 and 2024 amounted to NT\$3,440 and NT\$3,154, respectively.

(VII) Intangible assets

	<u>Patents and IP</u>	<u>Computer software</u>	<u>Total</u>
January 1, 2025			
Cost	\$ 134,897	\$ 8,893	\$ 143,790
Accumulated amortization	(98,701)	(7,392)	(106,093)
Accumulated impairment	(1,522)	-	(1,522)
	<u>\$ 34,674</u>	<u>\$ 1,501</u>	<u>\$ 36,175</u>
<u>2025</u>			
January 1	\$ 34,674	\$ 1,501	\$ 36,175
Current amortization	(2,392)	(331)	(2,723)
March 31	<u>\$ 32,282</u>	<u>\$ 1,170</u>	<u>\$ 33,452</u>
March 31, 2025			
Cost	\$ 134,897	\$ 4,828	\$ 139,725
Accumulated amortization	(101,093)	(3,658)	(104,751)
Accumulated impairment	(1,522)	-	(1,522)
	<u>\$ 32,282</u>	<u>\$ 1,170</u>	<u>\$ 33,452</u>
	<u>Patents and IP</u>	<u>Computer software</u>	<u>Total</u>
January 1, 2024			
Cost	\$ 134,897	\$ 7,798	\$ 142,695
Accumulated amortization	(89,131)	(6,222)	(95,353)
Accumulated impairment	(1,522)	-	(1,522)
	<u>\$ 44,244</u>	<u>\$ 1,576</u>	<u>\$ 45,820</u>
<u>2024</u>			
January 1	\$ 44,244	\$ 1,576	\$ 45,820
Current amortization	(2,392)	(410)	(2,802)
March 31	<u>\$ 41,852</u>	<u>\$ 1,166</u>	<u>\$ 43,018</u>
March 31, 2024			
Cost	\$ 134,897	\$ 7,798	\$ 142,695
Accumulated amortization	(91,523)	(6,632)	(98,155)
Accumulated impairment	(1,522)	-	(1,522)
	<u>\$ 41,852</u>	<u>\$ 1,166</u>	<u>\$ 43,018</u>

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

	January 1 to March 31, 2025	January 1 to March 31, 2024
Administrative expenses	\$ 225	\$ 307
Research and development expenses	2,498	2,495
Total	<u>\$ 2,723</u>	<u>\$ 2,802</u>

2. The Company acquired the gas detection and analysis patent and specialized technology from the related party TRICORNTECH CORPORATION in 2013 and 2017, respectively.

(VIII) Other payables

	March 31, 2025	December 31, 2024	March 31, 2024
Salaries and bonuses payable	\$ 12,664	\$ 37,969	\$ 12,518
Employees' and directors' remuneration payable	17,932	15,057	8,494
Payable commission	25,633	17,652	11,678
Service expense payable	3,227	5,218	5,658
Payables on equipment	826	11	164
Dividends payable	67,170	-	48,188
Others	9,426	9,856	7,731
	<u>\$ 136,878</u>	<u>\$ 85,763</u>	<u>\$ 94,431</u>

(IX) Pension expense

In accordance with the "Labor Pension Act," the Company has established a retirement contribution allocation policy, which is applicable to employees that are natural citizens. For the employees who choose to apply the labor pension system under the "Labor Pension Act", the Company contributes 6% of the monthly salary to the individual accounts of the employees with the Labor Insurance Bureau. The pension payment for the employees is based on the individual pension accounts of the employees and the amount of accumulated income withdrawn as monthly pension or one-time lump sum.

From January 1 to March 31, 2025 and 2024, the Company recognized pension costs amounting to NT\$1,498 and NT\$1,402, respectively, in accordance with the aforementioned pension regulations.

(X) Share-based payment

From January 1 to March 31, 2025 and 2024, the Company's share-based payment arrangements were as follows:

Type of agreement	Grant date	Quantity granted (Unit) (Note 1)	Duration of contract	Vested conditions
Employee stock option plan J	2016.12.30	2,000.00	10 years (Note 2)	1~4 years service
Employee stock option plan M	2021.07.01	2,464.20	10 years (Note 2)	1~4 years service
Employee stock option plan O	2022.06.06	506.80	10 years (Note 3)	1~4 years service
Restricted employee shares plan A	2024.08.30	600.00	4 years	1 to 4 years of service and performance conditions

Note 1: Each unit is entitled to 1,000 shares.

Note 2: Pursuant to the Company's Regulations Governing the Issuance and Subscription of Employee Stock Option Certificates, employees who meet specific conditions set by the Company may, with approval from the Board of Directors, accelerate the vesting and exercise of their stock options in the event the Company applies for a public offering or Emerging Stock Board listing. These conditions were approved by the Board in December 2021, and the Chairman was authorized to implement the relevant procedures. Accordingly, the Chairman approved and announced the early exercise measures in December 2021, with batch vesting base dates set between February and March 2022.

Note 3: In January 2023, the Chairman also approved and announced another early exercise measure, with batch vesting base dates set between January and February 2023.

- (1) All the share-based payment arrangements mentioned above are equity-settled.
- (2) For restricted employee shares issued by the Company, shares that do not meet the vesting conditions due to employee resignation are considered forfeited from the effective date of resignation. Such shares will be reclaimed and canceled by the Company in accordance with regulations. Before meeting the vesting conditions, holders of restricted shares are entitled to rights identical to common shares already issued by the Company, including but not limited to dividends, bonus shares, the distribution of capital surplus, and subscription rights to cash capital increases. Restricted shares granted but not yet vested cannot be sold, pledged, transferred, gifted, or otherwise disposed of, except through inheritance.

2. Details of the above share-based payment agreements are as follows:

(1) Employee stock options

	2025		2024	
	Quantity of stock options (thousand shares)	Weighted average strike price (NT\$)	Quantity of stock options (thousand shares)	Weighted average strike price (NT\$)
Outstanding stock options at the beginning of January 1	480	\$ 15.00	729	\$ 15.00
Stock options exercised in the current period	(29)	15.00	-	-
Stock options waived and expired in the current period	(53)	-	-	-
Number of outstanding shares at the end of March 31	<u>398</u>	15.00	<u>729</u>	15.00
Stock options exercisable as of March 31	<u>146</u>		<u>169</u>	

(2) Restricted employee shares

	2025	2024
	Quantity of stock options (thousand shares)	Quantity of stock options (thousand shares)
Unvested Shares as of January 1 and March 31	<u>580</u>	<u>-</u>

3. The maturity date and exercise price of the outstanding stock options at the Statement of Financial Position date are as follows:

Approved date of issuance	Maturity date	March 31, 2025		December 31, 2024		March 31, 2024	
		Number of shares (Thousand shares)	Exercise price (NTD) (Note)	Number of shares (Thousand shares)	Exercise price (NTD) (Note)	Number of shares (Thousand shares)	Exercise price (NTD) (Note)
December 30, 2016	December 29, 2026	19	\$ 15.0	19	\$ 15.0	22	\$ 15.0
July 1, 2021	June 30, 2031	192	15.0	274	15.0	513	15.0
June 6, 2022	June 5, 2032	187	15.0	187	15.0	194	15.0

Note: Due to the capital increase from retained earnings by the Company in July 2023, the exercise price of the employee stock options was adjusted in accordance with the provisions of the Regulations Governing Employee Stock Options.

4. The Company used the Black-Scholes option evaluation model for the share-based payment transaction on the grant date to estimate the fair value of the stock option. Relevant information is as follows:

Type of agreement	Grant date	Stock price (NTD)	Exercise price per share (NT\$)	Expected weighted average volatility	Expected duration (Year)	Expected dividend yield	Risk-free interest rate	Fair value per share (NTD)
Employee stock option plan J	2016.12.30	16.44 (Note 1)	16.0	32.47% (Note 3)	6.25	0.00%	1.08%~1.14%	5.7319
Employee stock option plan M	2021.07.01	14.20 (Note 1)	16.0	31.04% (Note 3)	6.25	0.00%	0.31%~0.35%	3.8075
Employee stock option plan O	2022.06.06	15.63 (Note 1)	16.0	31.4% (Note 3)	6.25	0.00%	1.10%~1.15%	5.0229
Restricted employee shares plan A	2024.08.30	37.00 (Note 2)	-	NA	NA	NA	NA	37.00

Note 1: The Company was not a publicly traded company at the time of issuing the warrants, so the income from the cash flow method was used to calculate the weighted average stock price by taking into account liquidity discounts.

Note 2: When issuing restricted employee shares, the Company was listed on the Emerging Stock Board of the Taipei Exchange; therefore, the share price used was the closing price on the Emerging Stock Board as of the grant date.

Note 3: The expected volatility is estimated based on the standard deviation during a sample interval of the latest stock prices of TWSE/TPEX-listed companies in the same industry that is approximately equivalent to the expected duration of the stock option.

5. The remuneration costs recognized by the Company for the above equity-settled share-based payment transactions from January 1 to March 31, 2025 and 2024 were NT\$2,346 and NT\$190, respectively.

(XI) Provision for liabilities

The changes in warranty provisions are as follows:

	2025	2024
Balance as of January 1	\$ 9,334	\$ 6,837
Provisions for liabilities added in the current period	3,958	1,310
Provisions for liabilities used in the current period	(1,576)	(658)
Balance as of March 31	\$ 11,716	\$ 7,489

The warranty liability provisions of the Company are primarily associated with the sales of gas detection equipment and are estimated based on the historical warranty data of the product.

(XII) Share capital

1. As of March 31, 2025, the Company's authorized capital and paid-in capital were NT\$1,200,000 thousand and NT\$610,927 thousand, respectively, divided into 61,093 thousand shares with a par value of NT\$10 per share. The payment for the issued shares of the Company has been received.
2. The reconciliation of the number of outstanding common shares at the beginning and end of the year is as follows:

	Unit: Thousand shares	
	2025	2024
January 1	\$ 61,064	\$ 60,235
Exercise of employee stock options (Note)	29	-
March 31	\$ 61,093	\$ 60,235

Note: From January 1 to March 31, 2024, a total of 29 thousand shares were exercised by employees. In accordance with legal regulations, shares must be issued before the capital increase can be registered with the competent authority. The capital registration process was completed on April 14, 2025.

3. On March 11, 2025, the Board of Directors approved a resolution to conduct a cash capital increase by issuing 6,079 thousand new shares in connection with the Company's planned initial public offering. The actual amount of funds raised will depend on the number of shares issued and the actual issue price per share. As of April 22, 2024, the process was still ongoing.

(XIII) Additional paid-in capital

1. Pursuant to the Company Act, the premium from the issuance of shares above par value and the capital surplus from the receipt of gifts may be used to offset losses. If the Company has no accumulated losses, new shares shall be issued or cash is to be paid in proportion to the original shares. The Company may not use the additional paid-in capital to cover the capital deficit when the surplus reserve is insufficient to cover it.

2. Changes in additional paid-in capital are as follows:

	2025				
	Issuance premium	Employee stock options	Restricted employee shares	Others	Total
January 1	\$ 53,941	\$ 1,789	\$ 15,660	\$ 1,367	\$ 72,757
Compensation cost for employee stock options	-	88	-	-	88
Execution of employee stock options	259	(115)	-	-	144
March 31	<u>\$ 54,200</u>	<u>\$ 1,762</u>	<u>\$ 15,660</u>	<u>\$ 1,367</u>	<u>\$ 72,989</u>

	2024			
	Issuance premium	Employee stock options	Others	Total
January 1	\$ 51,713	\$ 2,215	\$ 1,367	\$ 55,295
Compensation cost for employee stock options	-	190	-	190
March 31	<u>\$ 51,713</u>	<u>\$ 2,405</u>	<u>\$ 1,367</u>	<u>\$ 55,485</u>

(XIV) Retained earnings

1. In accordance with the Company's Articles of Incorporation, dividends and bonuses are distributed to shareholders in proportion to the number of shares held. If the Company has no earnings, it shall not distribute dividends and bonuses. The Company's annual earnings, if any, shall be distributed in the following order:
 - (1) Payment of taxes.
 - (2) Make up for accumulated losses.
 - (3) Appropriate 10% for the legal reserve, except when the legal reserve has reached the amount of the Company's total paid-in capital.
 - (4) Appropriate or reverse special reserve according to laws or regulations.
 - (5) The undistributed earnings accumulated in the previous year shall be set aside in whole or in part as the earnings available for distribution. The Board of Directors shall draft the earnings appropriation depending on the actual operating conditions. When the distribution method is via the issuance of new shares, the distribution can only be processed after submitting the plan to the shareholders meeting for resolution.
2. The Company is now in a growth period. The dividend policy adopted is the residual dividend policy. It will be determined based on the current and future investment environment, capital needs, domestic and international competition, capital budget, shareholders' interests and other factors. After retaining an appropriate amount based on the relevant operation needs, the distributable earnings shall be allocated to shareholders in the form of dividends, and the proportion of cash dividends distributed shall not be less than 10% of the total dividends. Cash dividends shall be approved by a special resolution of the Board of Directors and reported at the shareholders' meeting.

3. On March 11, 2025, the Board of Directors proposed and approved the 2024 earnings distribution plan, and on May 27, 2024, the shareholders' meeting approved the 2023 earnings distribution plan. The relevant details are as follows:

	2024		2023	
	Amount	Dividends per share (NTD)	Amount	Dividends per share (NTD)
Legal reserve	\$ 9,332		\$ 9,312	
Shareholders' cash dividends	67,170	\$ 1.10	48,188	\$ 0.80
	<u>\$ 76,502</u>		<u>\$ 57,500</u>	

As of April 22, 2025, the aforementioned 2024 earnings distribution proposal has not yet been approved by the shareholders' meeting.

(XV) Operating revenue

	January 1 to March 31, 2025	January 1 to March 31, 2024
Revenue from gas detection equipment	\$ 90,067	\$ 30,764
Maintenance and other service income	40,340	24,501
Total	<u>\$ 130,407</u>	<u>\$ 55,265</u>

1. Breakdown of revenue from contracts with customers

The Company's revenue comes from the provision of goods and services that are gradually transferred over time and transferred at a certain point in time. The revenue can be subdivided into the following:

<u>January 1 to March 31, 2025</u>	Revenue from gas detection equipment	Maintenance and other service income	Total
Taiwan	\$ 16,888	\$ 29,584	\$ 46,472
China	73,064	2,911	75,975
Japan	115	975	1,090
Singapore	-	1,609	1,609
North America	-	5,261	5,261
	<u>\$ 90,067</u>	<u>\$ 40,340</u>	<u>\$ 130,407</u>

<u>January 1 to March 31, 2024</u>	Revenue from gas detection equipment	Maintenance and other service income	Total
Taiwan	\$ 13,025	\$ 20,505	\$ 33,530
China	17,739	2,223	19,962
Japan	-	637	637
Singapore	-	313	313
North America	-	635	635
Malaysia	-	188	188
	<u>\$ 30,764</u>	<u>\$ 24,501</u>	<u>\$ 55,265</u>

2. Contract assets and liabilities

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>	<u>January 1, 2024</u>
Contract assets:				
Contract assets - sale and installation of gas detection equipment	\$ 91,963	\$ 118,678	\$ 47,074	\$ 54,422
Contract assets - maintenance and other service income	43,557	51,532	25,469	45,293
	<u>\$ 135,520</u>	<u>\$ 170,210</u>	<u>\$ 72,543</u>	<u>\$ 99,715</u>
	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>	<u>January 1, 2024</u>
Contract liabilities:				
Contract assets - sale and installation of gas detection equipment	\$ 5,368	\$ 15,384	\$ 10,381	\$ 2,461
Contract assets - maintenance and other service income	4,970	5,017	3,716	12,049
Total	<u>\$ 10,338</u>	<u>\$ 20,401</u>	<u>\$ 14,097</u>	<u>\$ 14,510</u>

Recognized income of contract liabilities at the beginning of the period

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Opening balance of contract liabilities		
Recognized as income in the current period	\$ 16,236	\$ 10,420

(XVI) Other gains and losses

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Net foreign exchange gain	\$ 3,401	\$ 9,514

(XVII) Financial cost

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Interest expense:		
Interest on lease liabilities	\$ 50	\$ 105
Borrowing interest	-	4
	<u>\$ 50</u>	<u>\$ 109</u>

(XVIII) Additional Information on Nature of Expenses

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Employee welfare expenses	\$ 51,004	\$ 41,661
Depreciation expense of property, plant and equipment	\$ 5,307	\$ 5,550
Amortization expense of intangible assets	<u>\$ 2,723</u>	<u>\$ 2,802</u>

(XIX) Employee welfare expenses

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Salary expenses	\$ 41,004	\$ 35,019
Share-based compensation expense	2,346	190
Labor and health insurance premiums	3,446	3,052
Pension expense	1,498	1,402
Directors' Remuneration	1,223	565
Other employee expenses	1,487	1,433
	<u>\$ 51,004</u>	<u>\$ 41,661</u>

1. If the Company has profit for the year (i.e., profit before tax and before the deduction of employees' and directors' remuneration), it shall allocate remuneration to employees and directors. However, if there is accumulated deficit, it shall first be offset before any allocation. However, if the Company still has accumulated deficits, it shall reserve the amount to compensate.
 - (1) Employees' remuneration shall be appropriated at no less than 5% of the aforementioned basis;
 - (2) The remuneration to directors and supervisors shall be appropriated at no more than 3% of the calculation basis referred to in the preceding paragraph.
 - (3) Employees' remuneration may be paid in the form of shares or cash, and the recipients of the remuneration may include employees of controlled subsidiaries that meet certain criteria.
 - (4) The remuneration to employees and remuneration to directors and supervisors referred to in the preceding paragraph shall be implemented by resolution of the board of directors with the attendance of more than two-thirds of the directors and with the consent of a majority of the directors present, and shall be reported to the shareholders' meeting.
2. The estimated amount of employee remuneration of the Company from January 1 to March 31, 2025 was NT\$2,211; the estimated amount of directors' remuneration was NT\$663. These amounts were recorded under salary expense. For the period from January 1 to March 31, 2024, no employee or director remuneration was accrued due to losses incurred during the period.
3. The employees' and directors' remuneration for 2024, as approved by the Board of Directors on March 11, 2025, were consistent with the amounts recognized in the 2024 financial statements. As of April 22, 2025, no actual distribution has been made.
4. Information regarding employees' and directors' remuneration approved by the Board of Directors can be found on the Market Observation Post System (MOPS).

(XX) Income tax

1. Income tax expenses

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Current income tax:		
Income tax on current income	\$ -	\$ -
Deferred income tax:		
Original reversal of temporary difference	3,755	-
Income tax expenses	<u>\$ 3,755</u>	<u>\$ -</u>

2. The income tax on the Company's profit-seeking business has been approved by the tax collection authority up to 2023.

(XXI) Earnings per share

	January 1 to March 31, 2025		
	After-tax amount	Weighted average outstanding shares (thousand shares)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Net income attributable to common shareholders	\$ 15,484	60,485	\$ 0.26
<u>Diluted earnings per share</u>			
Net income attributable to common shareholders	15,484	60,485	
Employee stock options	-	338	
Restricted employee shares	-	277	
Remuneration to employees	-	199	
	\$ 15,484	61,299	\$ 0.25

	January 1 to March 31, 2024		
	After-tax amount	Weighted average outstanding shares (thousand shares)	Loss per share (NTD)
<u>Basic loss per share (Note)</u>			
Net loss attributable to common stock shareholders for the period	(\$ 12,751)	60,235	(\$ 0.21)

Note: As the Company incurred an operating net loss from January 1 to March 31, 2024, the inclusion of potential ordinary shares would have an anti-dilutive effect. Therefore, they were not included in the calculation of diluted loss per share, resulting in the same amount for both basic and diluted loss per share.

(XXII) Supplementary information on cash flow

1. Investing activities involving partial cash payments only:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Acquisition of property, plant and equipment	\$ 916	\$ 1,296
Add: Equipment payable at beginning of period	11	206
Less: Equipment payable at end of period	(826)	(164)
Cash paid during the current period	\$ 101	\$ 1,338

2. Financing activities not affecting cash flows:

	January 1 to March 31, 2025	January 1 to March 31, 2024
The declared cash dividend has not yet been distributed	\$ 67,170	\$ 48,188

(XXIII) Changes in liabilities from financing activities

	<u>Lease liabilities</u>
January 1, 2025	\$ 10,543
Changes in cash flow from financing	(2,686)
March 31, 2025	<u>\$ 7,857</u>

	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Total in liabilities from financing activities</u>
January 1, 2024	\$ 1,667	\$ 21,153	\$ 22,820
Changes in cash flow from financing	(1,667)	(2,631)	(4,298)
March 31, 2024	<u>\$ -</u>	<u>\$ 18,522</u>	<u>\$ 18,522</u>

VII. Related party transactions

(I) Significant transactions with related parties

There were no significant transactions between the Company and its related parties during the periods from January 1 to March 31, 2025 and 2024.

(II) Remuneration of key management personnel

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Salary and short-term employee benefits	\$ 8,915	\$ 6,189
Share-based payment	1,099	88
Total	<u>\$ 10,014</u>	<u>\$ 6,277</u>

VIII. Pledged assets

None.

IX. Significant contingent liabilities and unrecognized contract commitments

None.

X. Significant disaster loss

None.

XI. Significant events after the balance sheet date

None.

XII. Others

(I) Capital management

The Company's capital management objective at the current stage is to ensure the continued operation of the Company, maintain the optimal capital structure to reduce the cost of capital, and provide shareholders with sustained and steady returns after the operation turns losses into profits in the future. In order to achieve the aforementioned goals, the Company maintains or adjusts the capital by means of, including but not limited to, cash capital increase, short-term financing from specific individuals or institutions, bank borrowings, issuance of corporate bonds, asset disposal to repay debts or enrich working capital, distribution of dividends, and capital reduction. The Company uses the debt/equity ratio to monitor and manage capital. This ratio is calculated by dividing "net debt" by "total equity". The interim net debt is calculated as "total liabilities" less cash and cash equivalents, and the calculation of the "Total Equity" was taken from the "Total Equity" as reported in the

Statement of Financial Position.

The Company's strategy for 2025 remained consistent with that of 2024, aiming to maintain a debt-to-equity ratio below 60%. As of March 31, 2025, December 31, 2024, and March 31, 2024, the Company's total liabilities were less than its cash and cash equivalents; therefore, the debt-to-equity ratio was 0.

(II) Financial instruments

1. Types of financial instruments

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial assets</u>			
Financial assets measured at amortized cost			
Cash and cash equivalents	\$ 132,090	\$ 426,580	\$ 494,044
Financial assets measured at amortized cost			
Notes receivable	419,615	106,828	3,064
Accounts receivable	-	8,172	49,081
Other receivables	73,358	52,256	303
Refundable deposits	1,765	995	5,319
	<u>\$ 632,577</u>	<u>\$ 600,392</u>	<u>\$ 551,811</u>
	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost			
Accounts payable	\$ 27,450	\$ 27,560	\$ 10,787
Other payables	136,878	85,763	94,431
	<u>\$ 164,328</u>	<u>\$ 113,323</u>	<u>\$ 105,218</u>
Lease liabilities	<u>\$ 7,857</u>	<u>\$ 10,543</u>	<u>\$ 18,522</u>

2. Risk management policies

The Company's daily operations are affected by multiple financial risks, including market risk (consists of exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of the financial market and seeks to reduce potential adverse effects on the Company's financial position and financial performance.

3. Nature and extent of significant financial risk

(1) Market risk

Exchange rate risk

A. The Company's business involves several non-functional currencies (the Company's functional currency is NTD), therefore it is affected by exchange rate fluctuations. The information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

March 31, 2025			
	Foreign currency (In thousand)	Exchange rate	Book value (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 5,529	33.205	\$ 183,596
EURO : NTD	529	35.970	19,019
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 782	33.205	\$ 25,962
December 31, 2024			
	Foreign currency (In thousand)	Exchange rate	Book value (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 2,997	32.785	\$ 98,252
EURO : NTD	504	34.140	17,209
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 459	32.785	\$ 15,034
March 31, 2024			
	Foreign currency (In thousand)	Exchange rate	Book value (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 3,497	32.00	\$ 111,912
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 452	32.00	\$ 14,461

- B. The total amount of exchange gains (including realized and unrealized) recognized due to the significant impact of exchange rate fluctuations on the Company's monetary items for the periods from January 1 to March 31, 2025 and 2024 were NT\$3,401 and NT\$9,514, respectively.
- C. The analysis of the Company's risk in the foreign currency market due to significant exchange rate fluctuations is as follows:

		January 1 to March 31, 2025		
		Sensitivity analysis		
		Range of change	Impact on gain or loss	Impact on other comprehensive income
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD: NTD	1%	\$ 1,836	\$ -
	EURO : NTD	1%	190	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD: NTD	1%	\$ 260	\$ -
		January 1 to March 31, 2024		
		Sensitivity analysis		
		Range of change	Impact on gain or loss	Impact on other comprehensive income
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD: NTD	1%	\$ 1,119	\$ -
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD: NTD	1%	\$ 145	\$ -

Price risk

None.

Cash flow and fair value interest rate risk

None.

(2) Credit risk

- A. The Company is exposed to credit risk, which refers to the risk of financial loss resulting from a customer or counterparty to a financial instrument failing to fulfill its contractual obligations. The primary sources of credit risk arise from counterparties failing to settle accounts receivable in accordance with agreed payment terms, as well as contractual cash flows from debt instrument investments classified as financial assets measured at amortized cost.
- B. The Company manages credit risk from the corporate perspective. According to the internal credit policy, each operating entity within the Company must manage each new customer and perform credit risk analysis on them before establishing the terms and conditions for payment and delivery. The internal risk control evaluates customers' credit quality by considering their financial status, past

experience and other factors. Limits for individual risks are set in accordance with Approval Authority Management Regulations, and the use of credit limits is monitored regularly.

- C. The Company shall deem a contract to have been breached when the contract amount is overdue for more than 361 days according to the agreed payment terms.
- D. The Company applies the assumptions provided under IFRS 9 as the basis for determining whether there has been a significant increase in credit risk on financial instruments since their initial recognition:
When the contract amount is overdue for more than 30 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the initial recognition.
- E. The Company uses the following indicators to determine whether a debt instrument investment is credit-impaired:
- (A) The issuer is in major financial difficulty, or the possibility of bankruptcy or other financial reorganizations is greatly increased;
 - (B) The active market for the financial assets disappears due to the issuer's financial difficulty;
 - (C) The issuer delays or fails to repay the interest or principal;
 - (D) Adverse changes in national or regional economic conditions that are expected to cause the issuer to default.
- F. The Company classifies the accounts receivable of customers according to the characteristics of customer rating, and estimates the expected credit losses based on the loss rate method.
- G. The Company does not recognize any material allowance for notes receivable and contract assets. In estimating the allowance for accounts receivable, the Company incorporates forward-looking information and adjusts the loss rates based on historical and current data for specific periods. The loss rate method as of March 31, 2025, December 31, 2024, and March 31, 2024 is as follows:

	Group A	Individual assessment	Total
<u>March 31, 2025</u>			
Expected loss rate	0.00-100 %	0.00-100 %	
Total book value	\$ 57,722	\$ 16,970	\$ 74,692
Allowance for loss	6	1,328	1,334
<u>December 31, 2024</u>			
Expected loss rate	0.00-100 %	0.00-100 %	
Total book value	\$ 38,123	\$ 23,671	\$ 61,794
Allowance for loss	7	1,359	1,366
<u>March 31, 2024</u>			
Expected loss rate	0.00-100 %	0.00-1.400 %	
Total book value	\$ 42,354	\$ 9,872	\$ 52,226
Allowance for loss	54	27	81

Group A: Customers other than those individually assessed. This group of customers are recognized for sound management, have a normal history of payment for transactions, and are rated as having good credit by the Company's internal credit evaluation. Our Company incorporates the consideration of the time value of money in the loss rate to estimate the allowance for doubtful accounts on receivables

H. The Company's simplified statement of changes in the loss allowance on accounts receivable is as follows:

	2025	2024
	Accounts receivable	Accounts receivable
January 1	\$ 1,366	\$ 66
Provision of (reversal) impairment loss	(32)	15
March 31	<u>\$ 1,334</u>	<u>\$ 81</u>

(3) Liquidity risk

A. Cash flow forecast is carried out by each operating entity within the Company and summarized by the Company's Finance Department. The Finance Department of the Company monitors the forecast of the Company's working capital needs to ensure that there are sufficient funds to meet the operating needs.

B. The following table shows the Company's non-derivative financial liabilities, which are grouped according to the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the Statement of Financial Position date to the contractual maturity date. The contractual cash flows disclosed in the table below are the undiscounted amounts.

Non-derivative financial liabilities:

March 31, 2025	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years
Accounts payable	\$ 27,450	\$ -	\$ -	\$ -
Other payables	136,878	-	-	-
Lease liabilities	7,379	400	300	-

Non-derivative financial liabilities:

December 31, 2024	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years
Accounts payable	\$ 27,560	\$ -	\$ -	\$ -
Other payables	85,763	-	-	-
Lease liabilities	10,016	400	400	-

Non-derivative financial liabilities:

March 31, 2024	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years
Accounts payable	\$ 10,787	\$ -	\$ -	\$ -
Other payables	94,431	-	-	-
Lease liabilities	10,944	7,779	300	-

(III) Fair value information

1. The carrying amounts of the Company's financial instruments not measured at fair value—including cash and cash equivalents, financial assets measured at amortized cost—current, notes receivable, accounts receivable, other receivables, refundable deposits, accounts payable, and other payables—approximate their fair values.
2. The Company had no financial or non-financial instruments measured at fair value as of

March 31, 2025, December 31, 2024, and March 31, 2024.

XIII. Supplementary disclosures

(I) Information about important transactions

1. Loaning of funds to others: None.
2. Making endorsements/guarantees for others: None.
3. Material securities held at the end of the period (excluding investments in subsidiaries, affiliated companies, and jointly controlled entities): None.
4. The amount of purchases from and sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital or more: None.
5. Accounts receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital or more: None.
6. The business relationship and important transactions between the parent company and its subsidiaries: None.

(II) Information on re-invested businesses

The name and location of the investee company and other relevant information (excluding investee companies in Mainland China): None.

(III) Investment information in Mainland China

1. Basic information: None.

Note: On March 31, 2021, the Company's board of directors resolved to establish a subsidiary, TricornTech (Shanghai) Co., Ltd., which is 100% held by the Company. As of the date of the financial statements, the Company has not yet remitted the investment funds, and the subsidiary has not yet commenced operations.

2. Major transactions with investee companies in Mainland China directly or indirectly through enterprises in a third region: None.

XIV. Segment Information

(I) General information

The Company only operates in a single industry and the operating decision-maker of the Company has identified the Company as a reportable department based on the overall performance assessment and resource allocation.

(II) Segment Information

The Company operates as a single reportable segment; therefore, the reportable segment information is the same as the financial statements.

(III) Reconciliation information of segment profit and loss

The pre-tax net income (or net loss) reported to the Company's chief operating decision maker is measured on a basis consistent with that used in the income statement. As such, there are no adjustments, and the segment profit or loss is identical to the pre-tax net income (or net loss) presented in the income statement.