

Tricorntech Corporation
Financial Statements and Independent Auditors' Review Report
Second Quarter, 2025 and 2024
(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 for Q2 2025 and 2024

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Independent Auditors' Review Report

Ref. No. (114) Cai-Shen-Bao-Zi No. 25001470

To the Board of Directors and Shareholders of Tricorntech Corporation:

Introduction

We have reviewed the accompanying balance sheets of Tricorntech Corporation as of June 30, 2025 and 2024, and the related statements of comprehensive income for the three-month and six-month periods ended June 30, 2025 and 2024 changes in equity, and cash flows for the six-month periods ended June 30, 2025 and 2024, as well as the notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these financial statements based on our reviews.

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 June 30, 2025 and 2024, and the financial performance for the three-month and six-month periods then ended, and cash flows for the three-month and six-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

August 12, 2025

Tricorntech Corporation
Statement of Financial Position
June 30, 2025, December 31 and June 30, 2024

Unit: NTD thousands

Assets	Notes	June 30, 2025		December 31, 2024		June 30, 2024		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 417,532	36	\$ 426,580	42	\$ 379,995	44
1136	Financial assets at amortized cost	6(2)	320,000	27	106,828	11	80,000	9
1140	Contract assets - current	6(15)	112,734	10	170,210	17	76,153	9
1150	Notes receivable, net	6(3)	6,243	-	8,172	1	1,874	-
1170	Accounts receivable, net	6(3)	67,786	6	52,256	5	60,479	7
1200	Other receivables		1,494	-	995	-	279	-
130X	Inventory	6(4)	117,104	10	105,438	10	116,444	14
1410	Prepayments		7,365	1	6,844	1	4,303	1
11XX	Total current assets		<u>1,050,258</u>	<u>90</u>	<u>877,323</u>	<u>87</u>	<u>719,527</u>	<u>84</u>
Non-current assets								
1600	Property, plant and equipment	6(5)	28,835	2	28,121	3	27,465	3
1755	Right-of-use assets	6(6)	5,100	-	10,350	1	15,601	2
1780	Intangible assets	6(7)	31,490	3	36,175	4	40,341	5
1840	Deferred income tax assets	6(20)	47,252	4	45,918	5	50,089	6
1920	Refundable deposits		7,103	1	5,561	-	5,435	-
1990	Other non-current assets - other		380	-	-	-	-	-
15XX	Total non-current assets		<u>120,160</u>	<u>10</u>	<u>126,125</u>	<u>13</u>	<u>138,931</u>	<u>16</u>
1XXX	Total assets		<u>\$ 1,170,418</u>	<u>100</u>	<u>\$ 1,003,448</u>	<u>100</u>	<u>\$ 858,458</u>	<u>100</u>

(continued on next page)

Tricorntech Corporation
Statement of Financial Position
June 30, 2025, December 31 and June 30, 2024

Unit: NTD thousands

Liabilities and equity	Notes	June 30, 2025		December 31, 2024		June 30, 2024		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2130	Contract liabilities	6(15)	\$ 5,064	1	\$ 20,401	2	\$ 25,669	3
2150	Notes payable		-	-	-	-	711	-
2170	Accounts payable		27,513	2	27,560	3	14,219	2
2200	Other payables	6(8)	126,975	11	85,763	8	45,644	5
2230	Current income tax liabilities	6(20)	337	-	1,017	-	668	-
2250	Liability reserves - current	6(11)	10,681	1	9,334	1	7,676	1
2280	Lease liabilities - current		4,565	-	9,759	1	10,582	1
2399	Other current liabilities - others		1,761	-	824	-	990	-
21XX	Total current liabilities		<u>176,896</u>	<u>15</u>	<u>154,658</u>	<u>15</u>	<u>106,159</u>	<u>12</u>
Non-current liabilities								
2570	Deferred income tax liabilities	6(20)	2,735	-	4,444	1	3,922	-
2580	Lease liabilities - non-current		591	-	784	-	5,294	1
25XX	Total non-current liabilities		<u>3,326</u>	<u>-</u>	<u>5,228</u>	<u>1</u>	<u>9,216</u>	<u>1</u>
2XXX	Total liabilities		<u>180,222</u>	<u>15</u>	<u>159,886</u>	<u>16</u>	<u>115,375</u>	<u>13</u>
Equity								
Share capital								
3110	Common stock capital	6(12)	671,717	58	610,640	61	602,347	70
Additional paid-in capital								
3200	Additional paid-in capital	6(13)	234,015	20	72,757	7	55,667	7
Retained earnings								
3310	Legal reserve	6(14)	26,672	2	17,340	2	17,340	2
3350	Undistributed earnings		70,736	6	160,822	16	67,729	8
Other equity								
3400	Other equity		(12,944)	(1)	(17,997)	(2)	-	-
3XXX	Total equity		<u>990,196</u>	<u>85</u>	<u>843,562</u>	<u>84</u>	<u>743,083</u>	<u>87</u>
3X2X	Total liabilities and equity		<u>\$ 1,170,418</u>	<u>100</u>	<u>\$ 1,003,448</u>	<u>100</u>	<u>\$ 858,458</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 six months ended June 30, 2025 and 2024

Unit: NTD thousands
(except earnings (losses) per share)

Item	Notes	Three months ended June 30, 2025		Three months ended June 30, 2024		Six months ended June 30, 2025		Six months ended June 30, 2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	6(15)	\$ 86,242	100	\$ 96,155	100	\$ 216,649	100	\$ 151,420	100
5000 Operating cost	6(4)	(44,809)	(52)	(37,705)	(39)	(95,445)	(44)	(63,797)	(42)
5900 Gross operating profit		41,433	48	58,450	61	121,204	56	87,623	58
Operating expenses	6(18)								
6100 Promotional expenses		(19,992)	(23)	(14,785)	(16)	(47,396)	(22)	(32,644)	(22)
6200 Administrative expenses		(14,362)	(17)	(10,677)	(11)	(29,788)	(14)	(23,531)	(16)
6300 Research and development expenses		(23,233)	(27)	(21,869)	(23)	(46,087)	(21)	(43,184)	(28)
6450 Expected credit impairment gain (loss)	12(2)	101	-	(1,309)	(1)	133	-	(1,324)	(1)
6000 Total operating expenses		(57,486)	(67)	(48,640)	(51)	(123,138)	(57)	(100,683)	(67)
6900 Operating profit (loss)		(16,053)	(19)	9,810	10	(1,934)	(1)	(13,060)	(9)
Non-operating income and expenses									
7100 Interest income		2,152	2	2,089	2	3,898	2	2,722	2
7010 Other income		3	-	629	-	26	-	710	1
7020 Other gains and losses	6(16)	(21,830)	(25)	1,641	2	(18,429)	(8)	11,155	7
7050 Financial cost	6(17)	(35)	-	(90)	-	(85)	-	(199)	-
7000 Total non-operating income and expenses		(19,710)	(23)	4,269	4	(14,590)	(6)	14,388	10
7900 Net profit (loss) before tax		(35,763)	(42)	14,079	14	(16,524)	(7)	1,328	1
7950 Income tax (expense) benefit	6(20)	6,695	8	(1,105)	(1)	2,940	1	(1,105)	(1)
8200 Profit (loss) for the period		(\$ 29,068)	(34)	\$ 12,974	13	(\$ 13,584)	(6)	\$ 223	-
8500 Total comprehensive income for the period		(\$ 29,068)	(34)	\$ 12,974	13	(\$ 13,584)	(6)	\$ 223	-
Earnings (loss) per share	6(21)								
9750 Basic earnings (loss) per share		(\$ 0.46)		\$ 0.22		(\$ 0.22)		\$ -	
9850 Diluted earnings (loss) per share		(\$ 0.46)		\$ 0.21		(\$ 0.22)		\$ -	

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

Tricomtech Corporation
Statements of Changes in Equity
For the six months ended June 30, 2025 and 2024

Unit: NTD thousands

	Notes	<u>Retained earnings</u>				Other equity – Unearned employee compensation	Total
		Common stock capital	Additional paid- in capital	Legal reserve	Undistributed earnings		
<u>Six months ended June 30, 2024</u>							
Balance as of January 1, 2024		\$ 602,347	\$ 55,295	\$ 8,028	\$ 125,006	\$ -	\$ 790,676
Profit for the period		-	-	-	223	-	223
Total comprehensive income for the period		-	-	-	223	-	223
Compensation cost for employee stock options	6(10)	-	372	-	-	-	372
Earning appropriation and distribution for 2023	6(14)						
Appropriation of legal reserve		-	-	9,312	(9,312)	-	-
Appropriation of cash dividends		-	-	-	(48,188)	-	(48,188)
Balance as of June 30, 2024		<u>\$ 602,347</u>	<u>\$ 55,667</u>	<u>\$ 17,340</u>	<u>\$ 67,729</u>	<u>\$ -</u>	<u>\$ 743,083</u>
<u>Six months ended June 30, 2025</u>							
Balance as of January 1, 2025		\$ 610,640	\$ 72,757	\$ 17,340	\$ 160,822	(\$ 17,997)	\$ 843,562
Loss for the period		-	-	-	(13,584)	-	(13,584)
Total comprehensive income for the period		-	-	-	(13,584)	-	(13,584)
Compensation cost for employee stock options	6(10)	-	8,847	-	-	-	8,847
Execution of employee stock options	6(12)	287	144	-	-	-	431
Compensation cost of restricted employee shares	6(10)	-	-	-	-	5,053	5,053
Capital increase in cash	6(12)	60,790	152,102	-	-	-	212,892
Return of employee trust shares upon invalidation		-	165	-	-	-	165
Earning appropriation and distribution for 2024	6(14)						
Appropriation of legal reserve		-	-	9,332	(9,332)	-	-
Appropriation of cash dividends		-	-	-	(67,170)	-	(67,170)
Balance as of June 30, 2025		<u>\$ 671,717</u>	<u>\$ 234,015</u>	<u>\$ 26,672</u>	<u>\$ 70,736</u>	<u>(\$ 12,944)</u>	<u>\$ 990,196</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 six months ended June 30, 2025 and 2024

Unit: NTD thousands

	Notes	Six months ended June 30, 2025		Six months ended June 30, 2024
<u>Cash flow from operating activities</u>				
Net income (loss) before tax for the period		(\$ 16,524)	\$	1,328
Items for adjustment				
Income and expenses				
Depreciation expense	6(5)(6)			
	(18)	10,426		11,165
Amortization expense	6(7)(18)	5,426		5,479
Expected credit loss (gain)	12(2)	(133)		1,324
Interest expense	6(17)	85		199
Interest income		(3,898 )	(	2,722)
Share-based compensation expense amortization	6(10)	13,900		372
Changes in assets/liabilities related to operating activities				
Net changes in assets related to operating activities				
Contract assets		57,476		23,562
Notes receivable, net		1,929	(	1,343)
Accounts receivable, net		(15,397)		7,460
Other receivables		-		464
Inventory		(12,960 )	(	17,832)
Prepayments		(521)		127
Net changes in liabilities related to operating activities				
Contract liabilities - current		(15,337)		11,159
Notes payable		-		711
Accounts payable		(47)		5,971
Other payables		(28,127 )	(	19,126)
Liability reserves - current		1,347		839
Other current liabilities		937		267
Cash inflow (outflow) from operations		(1,418)		29,404
Interest collected		3,399		2,680
Interest paid		(85 )	(	207)
Income tax paid		(783 )	(	324)
Net cash inflow from operating activities		<u>1,113</u>		<u>31,553</u>
<u>Cash flow from investing activities</u>				
Acquisition of financial assets at amortized cost		(419,040 )	(	80,000)
Disposal of financial assets at amortized cost		205,868		2,500
Acquisition of property, plant and equipment	6(22)	(2,427 )	(	2,547)
Increase in refundable deposits		(1,708 )	(	22)
Decrease in refundable deposits		166		-
Acquisition of intangible assets	6(7)	(741)		-
Other non-current assets - other increase		(380)		-
Net cash outflow from investing activities		<u>(218,262 )</u>	(	<u>80,069)</u>
<u>Cash flow from financing activities</u>				
Repayment of long-term borrowings	6(23)	-	(	1,667)
Lease principal repayment	6(23)	(5,387 )	(	5,277)
Distribution of shareholders' cash dividends		-	(	48,188)
Capital increase in cash	6(13)	212,892		-
Execution of employee stock options	6(10)	431		-
Return of employee trust shares upon invalidation		165		-
Net cash inflow (outflow) from financing activities		<u>208,101</u>	(	<u>55,132)</u>
Decrease in cash and cash equivalents		(9,048 )	(	103,648)
Opening balance of cash and cash equivalents		426,580		483,643
Closing balance of cash and cash equivalents		<u>\$ 417,532</u>	\$	<u>379,995</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
Second Quarter, 2025 and 2024

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 was listed on the Taiwan Stock Exchange on May 21, 2025.

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 August 12, 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:

New/amended/revised standards and interpretations	Effective date issued by the IASB
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

The following table summarizes the newly issued, amended, and revised standards and interpretations of the IFRSs applicable in 2026 that were endorsed and issued by the FSC:

New/amended/revised standards and interpretations	Effective date issued by the IASB
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
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023

New/amended/revised standards and interpretations	Effective date issued by the IASB
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Annual Improvements to IFRS Standards - Volume 11	January 1, 2026

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

(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:

New/amended/revised standards and interpretations	Effective date issued by the IASB
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 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand	\$ 381	\$ 250	\$ 192
Checking accounts and demand deposits	203,067	273,545	244,642
Time deposits	214,084	152,785	135,161
	<u>\$ 417,532</u>	<u>\$ 426,580</u>	<u>\$ 379,995</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	June 30, 2025	December 31, 2024	June 30, 2024
Current Items:			
Time deposits of more than 3 months	\$ 320,000	\$ 106,828	\$ 80,000

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

	Three months ended June 30, 2025	Three months ended June 30, 2024
Interest income	\$ 1,050	\$ 42
	Six months ended June 30, 2025	Six months ended June 30, 2024
Interest income	\$ 2,147	\$ 48

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

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable	\$ 6,243	\$ 8,172	\$ 1,874
Accounts receivable	\$ 69,019	\$ 53,622	\$ 61,869
Less: Loss allowance	(1,233)	(1,366)	(1,390)
	\$ 67,786	\$ 52,256	\$ 60,479

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

	June 30, 2025	December 31, 2024	June 30, 2024
Not overdue	\$ 48,615	\$ 55,439	\$ 53,558
Within 30 days	6,145	-	-
31-90 days	18,839	1,766	159
91-180 days	492	-	7,755
181-360 days	-	3,279	941
More than 361 days	1,171	1,310	1,330
	\$ 75,262	\$ 61,794	\$ 63,743

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

2. As of June 30, 2025 and December 31 and June 30, 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 the collateral or other credit enhancements held, the maximum amount of credit risk exposure that best represents the Company's notes and accounts receivable on June 30, 2025, December 31, 2024 and June 30, 2024 is the book value.

(IV) Inventory

June 30, 2025			
	Cost	Allowance for devaluation losses	Book value
Raw materials	\$ 48,103	(\$ 13,405)	\$ 34,698
Work in process	25,788	-	25,788
Semi-finished products	35,873	(8,091)	27,782
Finished goods	39,660	(10,824)	28,836
	<u>\$ 149,424</u>	<u>(\$ 32,320)</u>	<u>\$ 117,104</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
	<u>\$ 136,126</u>	<u>(\$ 30,688)</u>	<u>\$ 105,438</u>

June 30, 2024			
	Cost	Allowance for devaluation losses	Book value
Raw materials	\$ 44,509	(\$ 12,831)	\$ 31,678
Work in process	22,690	-	22,690
Semi-finished products	45,124	(8,688)	36,436
Finished goods	36,485	(10,845)	25,640
	<u>\$ 148,808</u>	<u>(\$ 32,364)</u>	<u>\$ 116,444</u>

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

	Three months ended June 30, 2025	Three months ended June 30, 2024
Cost of sold inventory	\$ 19,886	\$ 18,009
Labor service cost	23,519	17,537
Warranty cost	(871)	1,391
Inventory valuation losses	2,275	768
Inventory scrap loss	-	-
	<u>\$ 44,809</u>	<u>\$ 37,705</u>

	Six months ended June 30, 2025	Six months ended June 30, 2024
Cost of sold inventory	\$ 49,248	\$ 30,628
Labor service cost	40,859	29,093
Warranty cost	3,087	2,701
Inventory valuation losses	1,632	1,375
Inventory scrap loss	619	-
	<u>\$ 95,445</u>	<u>\$ 63,797</u>

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	3,782	-	255	559	4,596
Reclassification	4,419	-	350	(4,769)	-
Transfer from inventories	1,294	-	-	-	1,294
Depreciation expense	(4,130)	(721)	(325)	-	(5,176)
June 30	<u>\$ 26,537</u>	<u>\$ 185</u>	<u>\$ 1,538</u>	<u>\$ 575</u>	<u>\$ 28,835</u>
June 30, 2025					
Cost	\$ 65,513	\$ 17,509	\$ 16,930	\$ 575	\$ 100,527
Accumulated depreciation	(38,976)	(17,324)	(15,392)	-	(71,692)
	<u>\$ 26,537</u>	<u>\$ 185</u>	<u>\$ 1,538</u>	<u>\$ 575</u>	<u>\$ 28,835</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	1,506	250	858	298	2,912
Reclassification	-	41	-	(41)	-
Transfer from inventories	313	-	-	-	313
Depreciation expense	(4,260)	(883)	(771)	-	(5,914)
June 30	<u>\$ 23,623</u>	<u>\$ 1,753</u>	<u>\$ 1,791</u>	<u>\$ 298</u>	<u>\$ 27,465</u>
June 30, 2024					
Cost	\$ 57,021	\$ 17,323	\$ 16,311	\$ 298	\$ 90,953
Accumulated depreciation	(33,398)	(15,570)	(14,520)	-	(63,488)
	<u>\$ 23,623</u>	<u>\$ 1,753</u>	<u>\$ 1,791</u>	<u>\$ 298</u>	<u>\$ 27,465</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. The lease term for the buildings and public vehicles rented by the Company shall not exceed 12 months, and the rented assets concern low-value items, specifically office equipment.
3. Carrying amounts of right-of-use assets and related depreciation expense are as follows:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Office	\$ 5,052	\$ 10,017	\$ 14,982
Transportation equipment (official vehicle)	48	333	619
	<u>\$ 5,100</u>	<u>\$ 10,350</u>	<u>\$ 15,601</u>

	<u>Three months ended June 30, 2025</u>	<u>Three months ended June 30, 2024</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Office	\$ 2,483	\$ 2,482
Transportation equipment (official vehicle)	142	143
	<u>\$ 2,625</u>	<u>\$ 2,625</u>

	<u>Six months ended June 30, 2025</u>	<u>Six months ended June 30, 2024</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Office	\$ 4,965	\$ 4,965
Transportation equipment (official vehicle)	285	286
	<u>\$ 5,250</u>	<u>\$ 5,251</u>

4. The Company had no additions to right-of-use assets for the periods from January 1 to June 30, 2025 and 2024.
5. Items related to lease contracts recognized in profit or loss are as follows:

	Three months ended June 30, 2025	Three months ended June 30, 2024
<u>Items affecting current profit and loss</u>		
Interest expense of lease liabilities	\$ 35	\$ 90
Expenses of short-term lease contracts	\$ 369	\$ 560
Expenses of low-value asset lease	\$ 22	\$ 22
	Six months ended June 30, 2025	Six months ended June 30, 2024
<u>Items affecting current profit and loss</u>		
Interest expense of lease liabilities	\$ 85	\$ 195
Expenses of short-term lease contracts	\$ 1,051	\$ 956
Expenses of low-value asset lease	\$ 44	\$ 44

5. The total cash outflow from leases of the Company for the six-month periods ended June 30, 2025 and 2024, amounted to NT\$6,567 and NT\$6,472, respectively.

(VII) Intangible assets

	Patents and IP	Computer software	Total
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
Increase in the current period	-	741	741
Current amortization	(4,785)	(641)	(5,426)
June 30	<u>\$ 29,889</u>	<u>\$ 1,601</u>	<u>\$ 31,490</u>
June 30, 2025			
Cost	\$ 134,897	\$ 5,569	\$ 140,466
Accumulated amortization	(103,486)	(3,968)	(107,454)
Accumulated impairment	(1,522)	-	(1,522)
	<u>\$ 29,889</u>	<u>\$ 1,601</u>	<u>\$ 31,490</u>

	Patents and IP	Computer software	Total
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	(4,785)	(694)	(5,479)
June 30	<u>\$ 39,459</u>	<u>\$ 882</u>	<u>\$ 40,341</u>
June 30, 2024			
Cost	\$ 134,897	\$ 4,613	\$ 139,510
Accumulated amortization	(93,916)	(3,731)	(97,647)
Accumulated impairment	(1,522)	-	(1,522)
	<u>\$ 39,459</u>	<u>\$ 882</u>	<u>\$ 40,341</u>

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

	Three months ended June 30, 2025	Three months ended June 30, 2024
Administrative expenses	\$ 206	\$ 195
Research and development expenses	2,497	2,482
	<u>\$ 2,703</u>	<u>\$ 2,677</u>
	Six months ended June 30, 2025	Six months ended June 30, 2024
Administrative expenses	\$ 431	\$ 502
Research and development expenses	4,995	4,977
	<u>\$ 5,426</u>	<u>\$ 5,479</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

	June 30, 2025	December 31, 2024	June 30, 2024
Salaries and bonuses payable	\$ 22,431	\$ 37,969	\$ 18,637
Employees' and directors' remuneration payable	890	15,057	243
Payable commission	23,492	17,652	13,513
Service expense payable	3,221	5,218	4,044
Payables on equipment	2,180	11	571
Dividends payable	67,170	-	-
Others	7,591	9,856	8,636
	<u>\$ 126,975</u>	<u>\$ 85,763</u>	<u>\$ 45,644</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.

For the three-month and six-month periods ended June 30, 2025 and 2024, the Company recognized pension costs amounting to NT\$1,492, NT\$1,475, NT\$2,990, and NT\$2,877, respectively, in accordance with the above regulations governing the recognition of pension fund.

(X) Share-based payment

1. For the six-month periods ended June 30, 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	2014.12.30	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
Capital increase in cash reserved for employee subscription	2025.05.13	803.00	Not applicable	Vested immediately

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

Note 2: Pursuant to the Company's Regulations Governing the Issuance of Employee Stock Option Certificates and Stock Subscription, employees who meet the conditions set by the Company may exercise the vested stock in advance with the consent of the Board of Directors when the Company applies for a public offering of stock or for Emerging Stock Board listing. The above conditions were agreed in December 2021 and the Chairman was authorized to handle the matter. The Chairman of the Company approved and announced the relevant early enforcement measures in December 2021, and set a batch base date between February and March 2022.

Note 3: The chairman of the Company approved the announcement of the relevant early enforcement measures in January 2023, and set the batch base date 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 exercise price (NTD)	Quantity of stock options (Thousand shares)	Weighted average exercise price (NTD)
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	(87)	15.00	-	-
Number of outstanding shares at the end of June 30	<u>364</u>	15.00	<u>729</u>	15.00
Stock options exercisable as of June 30	<u>196</u>		<u>219</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 June 30	<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	June 30, 2025		December 31, 2024		June 30, 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	158	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 (years)	Expected dividend yield	Risk-free interest rate	Fair value per share (NTD)
Employee stock option plan J	2014.12.30	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
Capital increase in cash reserved for employee subscription	2025.05.13	43.25 (Note 2)	32.0	44.91% (Note 4)	0.01	0.00%	1.22%	11.2539

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: The Company was an emerging stock when it issued restricted stock awards and reserved employee subscription rights for a cash capital increase.; 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.

Note 4: The expected volatility is estimated based on the historical volatility of the underlying company's closing prices for one month following the grant date, after adjusting for the effect of ex-dividend adjustments during the period.

5. The remuneration costs recognized by the Company for the above equity-settled share-based payment transactions for the three-month and six-month periods ended June 30, 2025 and 2024 were NT\$11,554, NT\$182, NT\$13,900, and NT\$372, 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	3,087	2,701
Provisions for liabilities used in the current period	(1,740)	(1,862)
Balance as of June 30	<u>\$ 10,681</u>	<u>\$ 7,676</u>

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 June 30, 2025, the Company's registered capital and paid-in capital were

NT\$1,200,000 and NT\$671,717, respectively, for 67,172 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	-
Capital increase in cash	6,079	-
June 30	\$ 67,172	\$ 60,235

Note: For the six-month periods ended June 30, 2025, 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.

3. On March 11, 2025, the Board of Directors resolved to conduct a capital increase through the issuance of 6,079 thousand new shares at a par value of NT\$10 per share in connection with the Company's plan for an initial public offering. The total proceeds to be raised will be determined based on the number of shares issued. The capital increase record date is May 19, 2025, and the registration change has been completed.

(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
Capital increase in cash	161,139	(9,037)	-	-	152,102
Compensation cost for employee stock options	-	8,847	-	-	8,847
Execution of employee stock options	259	(115)	-	-	144
Return of employee trust shares upon invalidation	-	-	-	165	165
June 30	\$ 215,339	\$ 1,484	\$ 15,660	\$ 1,532	\$ 234,015

	2024			
	Issuance premium	Employee stock options	Others	Total
January 1	\$ 51,713	\$ 2,215	\$ 1,367	\$ 55,295

Compensation cost for employee stock options	-	372	-	372
June 30	<u>\$ 51,713</u>	<u>\$ 2,587</u>	<u>\$ 1,367</u>	<u>\$ 55,667</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 May 28, 2025, the shareholders' meeting approved the 2024 earnings distribution proposal, and on May 27, 2024, the shareholders' meeting approved the 2023 earnings distribution proposal. 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 (Note)	67,170	\$ 1.00	48,188	\$ 0.80
	<u>\$ 76,502</u>		<u>\$ 57,500</u>	

Note: The Board of Directors of the Company resolved on March 11, 2025, to distribute the 2024 earnings and authorized the Chairman to adjust the cash dividend distribution ratio. Should a change in the Company's capital affect the number of outstanding shares and necessitate a revision of the dividend rate, the Chairman is authorized to handle the matter with full discretion. The Company announced on

MOPS on July 10, 2025, that due to a change in share capital affecting the number of outstanding shares, the dividend per share would be adjusted from NT\$1.10 to NT\$1.00.

(XV) Operating revenue

	Three months ended June 30, 2025	Three months ended June 30, 2024
Revenue from gas detection equipment	\$ 41,772	\$ 58,202
Maintenance and other service income	44,470	37,953
	<u>\$ 86,242</u>	<u>\$ 96,155</u>
	Six months ended June 30, 2025	Six months ended June 30, 2024
Revenue from gas detection equipment	\$ 131,839	\$ 88,966
Maintenance and other service income	84,810	62,454
	<u>\$ 216,649</u>	<u>\$ 151,420</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>Three months ended June 30, 2025</u>	Revenue from gas detection equipment	Maintenance and other service income	Total
Taiwan	\$ 28,358	\$ 32,758	\$ 61,116
China	13,414	1,435	14,849
Japan	-	2,330	2,330
Singapore	-	3,039	3,039
North America	-	4,908	4,908
	<u>\$ 41,772</u>	<u>\$ 44,470</u>	<u>\$ 86,242</u>
	<u>Three months ended June 30, 2024</u>	Revenue from gas detection equipment	Maintenance and other service income
Taiwan	\$ 32,238	\$ 27,596	\$ 59,834
China	10,186	2,488	12,674
Japan	-	2,330	2,330
Singapore	-	2,372	2,372
North America	15,778	3,167	18,945
	<u>\$ 58,202</u>	<u>\$ 37,953</u>	<u>\$ 96,155</u>

<u>Six months ended June 30,</u> <u>2025</u>	Revenue from gas detection equipment	Maintenance and other service income	Total
Taiwan	\$ 45,246	\$ 62,342	\$ 107,588
China	86,478	4,346	90,824
Japan	115	3,305	3,420
Singapore	-	4,648	4,648
North America	-	10,169	10,169
	<u>\$ 131,839</u>	<u>\$ 84,810</u>	<u>\$ 216,649</u>

<u>Six months ended June 30,</u> <u>2024</u>	Revenue from gas detection equipment	Maintenance and other service income	Total
Taiwan	\$ 45,263	\$ 48,101	\$ 93,364
China	27,925	4,711	32,636
Japan	-	2,967	2,967
Singapore	-	2,685	2,685
North America	15,778	3,802	19,580
Malaysia	-	188	188
	<u>\$ 88,966</u>	<u>\$ 62,454</u>	<u>\$ 151,420</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>June 30, 2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30, 2024</u>	<u>January 1,</u> <u>2024</u>
Contract assets:				
Contract assets - sale and installation of gas detection equipment	\$ 80,062	\$ 118,678	\$ 49,637	\$ 54,422
Contract assets - maintenance and other service income	32,672	51,532	26,516	45,293
	<u>\$ 112,734</u>	<u>\$ 170,210</u>	<u>\$ 76,153</u>	<u>\$ 99,715</u>
Contract liabilities:				
Contract assets - sale and installation of gas detection equipment	\$ 280	\$ 15,384	\$ 23,056	\$ 2,461
Contract assets - maintenance and other service income	4,784	5,017	2,613	12,049
	<u>\$ 5,064</u>	<u>\$ 20,401</u>	<u>\$ 25,669</u>	<u>\$ 14,510</u>

Recognized income of contract liabilities at the beginning of the period.

	Three months ended June 30, 2025	Three months ended June 30, 2024
Opening contract liability balance recognized under income for the current period	\$ 765	\$ 2,056
	Six months ended June 30, 2025	Six months ended June 30, 2024
Opening contract liability balance recognized under income for the current period	\$ 17,001	\$ 12,476
(XVI) <u>Other gains and losses</u>		
	Three months ended June 30, 2025	Three months ended June 30, 2024
(Loss) Gain on net foreign currency exchange	(\$ 21,830)	\$ 1,721
Others	-	(80)
	(\$ 21,830)	\$ 1,641
	Six months ended June 30, 2025	Six months ended June 30, 2024
(Loss) Gain on net foreign currency exchange	(\$ 18,429)	\$ 11,235
Others	-	(80)
	(\$ 18,429)	\$ 11,155
(XVII) <u>Financial cost</u>		
	Three months ended June 30, 2025	Three months ended June 30, 2024
Interest expense:		
Interest on lease liabilities	\$ 35	\$ 90
	Six months ended June 30, 2025	Six months ended June 30, 2024
Interest expense:		
Interest on lease liabilities	\$ 85	\$ 195
Borrowing interest	-	3
Others	-	1
	\$ 85	\$ 199

(XVIII) Additional Information on Nature of Expenses

	Three months ended June 30, 2025	Three months ended June 30, 2024
Employee welfare expenses	\$ 52,699	\$ 40,046
Depreciation expense of property, plant and equipment (including right-of-use assets)	\$ 5,119	\$ 5,615
Amortization expense of intangible assets	\$ 2,703	\$ 2,677
	Six months ended June 30, 2025	Six months ended June 30, 2024
Employee welfare expenses	\$ 103,703	\$ 81,707
Depreciation expense of property, plant and equipment (including right-of-use assets)	\$ 10,426	\$ 11,165
Amortization expense of intangible assets	\$ 5,426	\$ 5,479

(XIX) Employee welfare expenses

	Three months ended June 30, 2025	Three months ended June 30, 2024
Salary expenses	\$ 34,833	\$ 32,927
Share-based compensation expense	11,554	182
Labor and health insurance premiums	2,955	2,950
Pension expense	1,492	1,475
Directors' Remuneration	(33)	575
Other employee expenses	1,898	1,937
	\$ 52,699	\$ 40,046
	Six months ended June 30, 2025	Six months ended June 30, 2024
Salary expenses	\$ 75,837	\$ 67,946
Share-based compensation expense	13,900	372
Labor and health insurance premiums	6,401	6,002
Pension expense	2,990	2,877
Directors' Remuneration	1,190	1,140
Other employee expenses	3,385	3,370
	\$ 103,703	\$ 81,707

1. If the Company makes a profit in the current year (i.e., profit before tax and before the deduction of employees' and directors' remuneration), no less than 5% of the profit shall be distributed as employees' remuneration and no more than 3% as directors' remuneration. In the remuneration to employees as mentioned in the preceding paragraph, no less than 25% shall be distributed to entry-level employees. However, if the Company still has accumulated deficits, it shall reserve the amount to compensate. The remuneration to directors may only be paid in cash.

2. 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.
3. The estimated amount of employee remuneration of the Company for the three-month and six-month periods ended June 30, 2025 and 2024 was NT\$(2,211), NT\$70, NT\$0, and NT\$70, respectively; the estimated amount of directors' remuneration was NT\$(663), NT\$0, NT\$0, and NT\$0, respectively. These amounts were recorded under salary expense. For the six-month periods ended June 30 and 2025, no employee or director remuneration was accrued due to losses incurred during the period.
4. 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.
5. 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 expense (benefit)

	Three months ended June 30, 2025	Three months ended June 30, 2024
Current income tax:		
Income tax on current income	\$ -	\$ -
Imposing surtax on undistributed earnings	624	931
Overestimated income tax in previous years	(521)	174
Total income tax for the period	<u>103</u>	<u>1,105</u>
Deferred income tax:		
Original reversal of temporary difference	(6,798)	-
Income tax expense (benefit)	<u>(\$ 6,695)</u>	<u>\$ 1,105</u>
	Six months ended June 30, 2025	Six months ended June 30, 2024
Current income tax:		
Income tax on current income	\$ -	\$ -
Imposing surtax on undistributed earnings	624	931
Overestimated income tax in previous years	(521)	174
Total income tax for the period	<u>103</u>	<u>1,105</u>
Deferred income tax:		
Original reversal of temporary difference	(3,043)	-
Income tax expense (benefit)	<u>(\$ 2,940)</u>	<u>\$ 1,105</u>

2. The income tax on the Company's profit-seeking business has been approved by the tax

Note: As the Company incurred a net loss for the three-month and six-month periods ended June 30, 2025, 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:

	Six months ended June 30, 2025	Six months ended June 30, 2024
Acquisition of property, plant and equipment	\$ 4,596	\$ 2,912
Add: Equipment payable at beginning of period	11	206
Less: Equipment payable at end of period	(2,180)	(571)
Cash paid during the current period	<u>\$ 2,427</u>	<u>\$ 2,547</u>

2. Financing activities not affecting cash flows:

	Six months ended June 30, 2025	Six months ended June 30, 2024
The declared cash dividend has not yet been distributed	<u>\$ 67,170</u>	<u>\$ -</u>

(XXIII) Changes in liabilities from financing activities

	Lease liabilities		
January 1, 2025	\$		10,543
Changes in cash flow from financing		(	5,387)
June 30, 2025	\$		<u>5,156</u>

	Long-term borrowings	Lease liabilities	Total in liabilities from financing activities
January 1, 2024	\$ 1,667	\$ 21,153	\$ 22,820
Changes in cash flow from financing	(1,667)	(5,277)	(6,944)
June 30, 2024	<u>\$ -</u>	<u>\$ 15,876</u>	<u>\$ 15,876</u>

VII. Related party transactions

(I) Significant transactions with related parties

There were no significant transactions between the Company and its related parties for the six-month periods ended June 30, 2025 and 2024.

(II) Remuneration of key management personnel

	Three months ended June 30, 2025	Three months ended June 30, 2024
Salary and short-term employee benefits	\$ 6,521	\$ 6,882
Share-based payment	2,460	82
	<u>\$ 8,981</u>	<u>\$ 6,964</u>
	Six months ended June 30, 2025	Six months ended June 30, 2024
Salary and short-term employee benefits	\$ 15,436	\$ 13,071
Share-based payment	3,559	170
	<u>\$ 18,995</u>	<u>\$ 13,241</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 June 30, 2025 and December 31 and June 30, 2024, the Company's total liabilities were less than the cash and cash equivalents, so the debt to equity ratio was 0.

(II) Financial instruments

1. Types of financial instruments

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Financial assets</u>			
Financial assets measured at amortized cost			
Cash and cash equivalents	\$ 417,532	\$ 426,580	\$ 379,995
Financial assets measured at amortized cost			
Notes receivable	320,000	106,828	80,000
Accounts receivable	6,243	8,172	1,874
Other receivables	67,786	52,256	60,479
Refundable deposits	1,494	995	279
	7,103	5,561	5,435
	<u>\$ 820,158</u>	<u>\$ 600,392</u>	<u>\$ 528,062</u>
	June 30, 2025	December 31, 2024	June 30, 2024
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost			
Notes payable	\$ -	\$ -	\$ 711
Accounts payable	27,513	27,560	14,219
Other payables	126,975	85,763	45,644
	<u>\$ 154,488</u>	<u>\$ 113,323</u>	<u>\$ 60,574</u>
Lease liabilities	<u>\$ 5,156</u>	<u>\$ 10,543</u>	<u>\$ 15,876</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:

June 30, 2025			
	Foreign currency (thousands)	Exchange rate	Book value (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 2,487	29.300	\$ 72,867
EURO : NTD	536	34.350	18,402
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 875	29.300	\$ 25,628
December 31, 2024			
	Foreign currency (thousands)	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
June 30, 2024			
	Foreign currency (thousands)	Exchange rate	Book value (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 3,573	32.45	\$ 115,957
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 553	32.45	\$ 17,957

B. The total amount of exchange (loss) gains (including realized and unrealized) recognized for the three-month and six-month periods ended June 30, 2025 and 2024 (including realized and unrealized) amounted to (NT\$21,830), NT\$1,721, (NT\$18,429) and NT\$11,235, respectively.

C. The analysis of the Company's risk in the foreign currency market due to significant exchange rate fluctuations is as follows:

		Six months ended June 30, 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%	\$ 729	\$ -
	EURO : NTD	1%	184	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD: NTD	1%	\$ 256	\$ -

		Six months ended June 30, 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%	\$ 1,160	\$ -
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD: NTD	1%	\$ 180	\$ -

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 June 30, 2025 and December 31 and June 30, 2024 is as follows:

	<u>Group A</u>	<u>Individual assessment</u>	<u>Total</u>
<u>June 30, 2025</u>			
Expected loss rate	0.00-100 %	0.00-100 %	
Total book value	\$ 59,878	\$ 15,384	\$ 75,262
Allowance for loss	62	1,171	1,233
	<u>Group A</u>	<u>Individual assessment</u>	<u>Total</u>
<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

	Group A	Individual assessment	Total
<u>June 30, 2024</u>			
Expected loss rate	0.00-100 %	0.00-100 %	
Total book value	\$ 55,518	\$ 8,225	\$ 63,743
Allowance for loss	80	1,310	1,390

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	(133)	1,324
June 30	<u>\$ 1,233</u>	<u>\$ 1,390</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:

June 30, 2025	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years
Accounts payable	\$ 27,513	\$ -	\$ -	\$ -
Other payables	126,975	-	-	-
Lease liabilities	4,743	400	200	-

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:

June 30, 2024	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years
Notes payable	\$ 711	\$ -	\$ -	\$ -
Accounts payable	14,219	-	-	-
Other payables	45,644	-	-	-
Lease liabilities	10,944	5,143	200	-

(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, notes payable, accounts payable, and other payables—approximate their fair values.
2. The Company had no financial and non-financial instruments measured at fair value as of June 30, 2025 and December 31 and June 30, 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, associates, and interests in joint ventures): 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 material 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 Company's net income (loss) before tax reported to the chief operating decision maker is consistent with the revenue and expenses in the income statement; therefore, the adjustment items for net income (loss) before tax are the same as those in the income statement.