

**ELITE ADVANCED LASER
CORPORATION AND SUBSIDIARIES**

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders

Elite Advanced Laser Corporation:

Introduction

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

Scope of the Review

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

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the Group’s investments accounted using the equity method on June 30, 2025 and 2024 were \$118,584 thousand and \$124,883 thousand respectively. For the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, the share of profits and losses of associates and joint ventures accounted using the equity method were \$4,875 thousand, \$3,547 thousand, \$10,319 thousand and \$8,870 thousand respectively. The relevant information disclosed in Note 37 to the consolidated financial statements is recognized and disclosed based on the investee company's financial statements for the same period that have not been reviewed.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Group as of June 30, 2025 and 2024, its consolidated financial performance for the three month ended June 30, 2025 and 2024 and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2025 and 202 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Keng-Hsi, Chang and Chiang-Hsun, Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 12, 2025

Notice to Readers

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

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

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(In Thousands of New Taiwan Dollars)

Code	ASSETS	June 30, 2025		December 31, 2024		June 30, 2024	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	\$ 3,253,380	27	\$ 3,138,394	28	\$ 2,344,358	25
1136	Financial assets measured at amortized cost - Current (Notes 5, 7 and 8)	193,300	2	213,949	2	17,239	-
1140	Current contract assets (Notes 5 and 24)	269,266	2	213,039	2	168,343	2
1170	Accounts receivable (Notes 5, 9, 24 and 31)	1,102,537	9	1,524,386	14	1,140,623	12
1180	Accounts receivable due from related parties (Notes 5, 24 and 33)	9,394	-	8,903	-	9,223	-
1200	Other receivables (Notes 5 and 9)	691,534	6	376,937	3	291,429	3
1210	Other receivables due from related parties (Notes 5 and 33)	276	-	863	-	179	-
1220	Current tax asset (Note 4)	353	-	165	-	49	-
130X	Inventories (Note 10)	956,106	8	671,935	6	472,147	5
1410	Prepayments (Note 18)	296,224	3	245,570	2	238,617	3
11XX	Total current assets	<u>6,772,370</u>	<u>57</u>	<u>6,394,141</u>	<u>57</u>	<u>4,682,207</u>	<u>50</u>
	NON-CURRENT ASSETS						
1535	Financial assets measured at amortized cost - Non-current (Notes 5, 7, 8 and 34)	774	-	763	-	761	-
1550	Investments accounted for using equity method (Note 12)	118,584	1	125,814	1	124,883	1
1600	Property, plant and equipment (Notes 13, 29 and 34)	4,394,674	37	4,108,811	37	4,208,964	45
1755	Right-of-use assets (Note 14)	140,391	1	174,105	2	96,602	1
1760	Investment property (Note 15)	35,545	-	43,522	-	47,358	1
1805	Goodwill (Note 16)	-	-	-	-	32,577	-
1821	Intangible assets (Note 17)	2,319	-	3,953	-	4,309	-
1840	Deferred tax assets (Note 4)	155,688	2	130,482	1	83,090	1
1990	Other non-current assets (Notes 9 and 18)	238,338	2	167,957	2	59,527	1
15XX	Total non-current assets	<u>5,086,313</u>	<u>43</u>	<u>4,755,407</u>	<u>43</u>	<u>4,658,071</u>	<u>50</u>
1XXX	TOTAL	<u>\$ 11,858,683</u>	<u>100</u>	<u>\$ 11,149,548</u>	<u>100</u>	<u>\$ 9,340,278</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (Notes 19 and 34)	\$ 390,000	3	\$ 50,000	-	\$ -	-
2130	Current contract liabilities (Note 24)	47,059	-	27,580	-	10,126	-
2170	Accounts payable	1,013,594	9	1,317,971	12	887,806	10
2200	Other payables (Notes 20 and 31)	1,574,742	13	1,169,493	11	854,292	9
2230	Current tax liabilities (Note 4)	181,949	2	134,814	1	87,185	1
2250	Current provisions (Note 21)	66,986	1	57,785	1	38,478	1
2280	Current lease liabilities (Note 14)	41,055	-	44,848	-	26,727	-
2300	Other current liabilities (Notes 20, 31 and 33)	181,106	2	182,535	2	183,149	2
2320	Long-term borrowings due within 1 year (Notes 19 and 34)	57,255	-	64,527	1	34,693	-
21XX	Total current liabilities	<u>3,553,746</u>	<u>30</u>	<u>3,049,553</u>	<u>28</u>	<u>2,122,456</u>	<u>23</u>
	NON-CURRENT LIABILITIES						
2540	Long-term borrowings (Notes 19 and 34)	414,825	4	222,281	2	200,307	2
2570	Deferred tax liabilities (Note 4)	357,060	3	352,738	3	317,554	4
2580	Non-current lease liabilities (Note 14)	65,783	1	90,519	1	32,081	-
2640	Non-current net defined benefit liabilities (Notes 4 and 22)	29,376	-	29,107	-	33,105	-
2670	Other non-current liabilities (Notes 20 and 33)	387,466	3	439,262	4	480,393	5
25XX	Total non-current liabilities	<u>1,254,510</u>	<u>11</u>	<u>1,133,907</u>	<u>10</u>	<u>1,063,440</u>	<u>11</u>
2XXX	Total liabilities	<u>4,808,256</u>	<u>41</u>	<u>4,183,460</u>	<u>38</u>	<u>3,185,896</u>	<u>34</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)						
	Capital stock						
3110	Common stock	1,456,814	12	1,456,814	13	1,456,814	16
3200	Capital surplus	456,222	4	456,473	4	455,262	5
	Retained earnings						
3310	Legal reserve	849,127	7	793,144	7	793,144	8
3320	Special reserve	23,078	-	86,025	-	86,025	1
3350	Unappropriated earnings	2,011,298	17	1,659,389	15	1,213,018	13
3300	Total retained earnings	2,883,503	24	2,538,558	22	2,092,187	22
3400	Others	(155,228)	(1)	(23,078)	-	(25,408)	-
31XX	Total equity attributable to owners of the Company	4,641,311	39	4,428,767	39	3,978,855	43
36XX	NON-CONTROLLING INTERESTS (Note 23)	2,409,116	20	2,537,321	23	2,175,527	23
3XXX	Total equity	<u>7,050,427</u>	<u>59</u>	<u>6,966,088</u>	<u>62</u>	<u>6,154,382</u>	<u>66</u>
	TOTAL	<u>\$ 11,858,683</u>	<u>100</u>	<u>\$ 11,149,548</u>	<u>100</u>	<u>\$ 9,340,278</u>	<u>100</u>

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

(Please refer to the review report of Deloitte & Touche on August 12, 2025)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		For the three months ended June 30				For the six months ended June 30			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
	OPERATING REVENUE (Notes 24 and 33)								
4100	Sales revenue	\$ 1,779,657	96	\$ 1,651,204	97	\$ 4,472,265	97	\$ 2,879,003	96
4800	Other operating revenue	<u>69,244</u>	<u>4</u>	<u>53,649</u>	<u>3</u>	<u>134,638</u>	<u>3</u>	<u>111,338</u>	<u>4</u>
4000	Total revenue	<u>1,848,901</u>	<u>100</u>	<u>1,704,853</u>	<u>100</u>	<u>4,606,903</u>	<u>100</u>	<u>2,990,341</u>	<u>100</u>
	OPERATING COSTS (Notes 10, 25 and 29)								
5110	Cost of goods sold	(1,269,004)	(69)	(1,297,409)	(76)	(2,988,799)	(65)	(2,321,017)	(78)
5800	Other operating costs	(<u>10,326</u>)	<u>-</u>	(<u>12,769</u>)	(<u>1</u>)	(<u>51,252</u>)	(<u>1</u>)	(<u>17,557</u>)	<u>-</u>
5000	Total operating costs	(<u>1,279,330</u>)	(<u>69</u>)	(<u>1,310,178</u>)	(<u>77</u>)	(<u>3,040,051</u>)	(<u>66</u>)	(<u>2,338,574</u>)	(<u>78</u>)
5900	GROSS PROFIT	<u>569,571</u>	<u>31</u>	<u>394,675</u>	<u>23</u>	<u>1,566,852</u>	<u>34</u>	<u>651,767</u>	<u>22</u>
	OPERATING EXPENSES (Notes 9, 24, 25 and 28)								
6100	Selling and distribution expense	(12,817)	(1)	(26,143)	(1)	(90,571)	(2)	(43,293)	(2)
6200	General and administrative expense	(105,260)	(6)	(106,484)	(6)	(280,487)	(6)	(210,963)	(7)
6300	Research and development expense	(44,820)	(2)	(46,594)	(3)	(127,405)	(3)	(91,379)	(3)
6450	Expected credit reversal gains (impairment losses)	<u>5,351</u>	<u>-</u>	<u>4,645</u>	<u>-</u>	<u>7,646</u>	<u>-</u>	(<u>436</u>)	<u>-</u>
6000	Total operating expenses	(<u>157,546</u>)	(<u>9</u>)	(<u>174,576</u>)	(<u>10</u>)	(<u>490,817</u>)	(<u>11</u>)	(<u>346,071</u>)	(<u>12</u>)
6500	OTHER GAINS AND LOSSES (Notes 13 and 25)	<u>-</u>	<u>-</u>	(<u>942</u>)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>2,370</u>)	<u>-</u>
6900	INCOME FROM OPERATIONS	<u>412,025</u>	<u>22</u>	<u>219,157</u>	<u>13</u>	<u>1,076,035</u>	<u>23</u>	<u>303,326</u>	<u>10</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 12 and 25)								
7100	Interest income	19,393	1	13,747	1	34,958	1	25,025	1
7010	Other income	1,454	-	2,297	-	2,704	-	3,175	-
7020	Other gains and losses	(226,004)	(12)	(22,682)	(1)	(207,693)	(4)	34,993	1
7050	Finance costs	(4,337)	-	(1,590)	-	(7,479)	-	(2,965)	-
7060	Share of profit of subsidiaries and joint ventures accounted for using equity method	<u>4,875</u>	<u>-</u>	<u>3,547</u>	<u>-</u>	<u>10,319</u>	<u>-</u>	<u>8,870</u>	<u>1</u>
7000	Total non-operating income and expenses	(<u>204,619</u>)	(<u>11</u>)	(<u>4,681</u>)	<u>-</u>	(<u>167,191</u>)	(<u>3</u>)	<u>69,098</u>	<u>3</u>
7900	INCOME BEFORE INCOME TAX	207,406	11	214,476	13	908,844	20	372,424	13
7950	INCOME TAX EXPENSES (Notes 4 and 26)	(<u>75,231</u>)	(<u>4</u>)	(<u>43,302</u>)	(<u>3</u>)	(<u>200,866</u>)	(<u>5</u>)	(<u>85,991</u>)	(<u>3</u>)
8200	NET INCOME	<u>132,175</u>	<u>7</u>	<u>171,174</u>	<u>10</u>	<u>707,978</u>	<u>15</u>	<u>286,433</u>	<u>10</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 23 and 26)								
8360	Items that will not be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(383,357)	(20)	49,796	3	(323,921)	(7)	148,582	5
8399	Income tax profit (expense) related to items that will be reclassified subsequently	<u>39,100</u>	<u>2</u>	(<u>5,079</u>)	<u>-</u>	<u>33,038</u>	<u>1</u>	(<u>15,154</u>)	(<u>1</u>)
8300	Other comprehensive income(loss) for the period, net of income tax	(<u>344,257</u>)	(<u>18</u>)	<u>44,717</u>	<u>3</u>	(<u>290,883</u>)	(<u>6</u>)	<u>133,428</u>	<u>4</u>
8500	TOTAL COMPREEHENSIVE INCOME (LOSS) FOR THE PERIOD	(<u>\$ 212,082</u>)	(<u>11</u>)	<u>\$ 215,891</u>	<u>13</u>	<u>\$ 417,095</u>	<u>9</u>	<u>\$ 419,861</u>	<u>14</u>
	NET INCOME ATTRIBUTABLE TO:								
8610	Owners of the Company	\$ 77,183	4	\$ 69,023	4	\$ 417,786	9	\$ 113,460	4
8620	Non-controlling interests	<u>54,992</u>	<u>3</u>	<u>102,151</u>	<u>6</u>	<u>290,192</u>	<u>6</u>	<u>172,973</u>	<u>6</u>
8600		<u>\$ 132,175</u>	<u>7</u>	<u>\$ 171,174</u>	<u>10</u>	<u>\$ 707,978</u>	<u>15</u>	<u>\$ 286,433</u>	<u>10</u>
	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO								
8710	Owners of the Company	(\$ 79,215)	(4)	\$ 89,338	5	\$ 285,636	6	\$ 174,077	6
8720	Non-controlling interests	(<u>132,867</u>)	(<u>7</u>)	<u>126,553</u>	<u>8</u>	<u>131,459</u>	<u>3</u>	<u>245,784</u>	<u>8</u>
8700		(<u>\$ 212,082</u>)	(<u>11</u>)	<u>\$ 215,891</u>	<u>13</u>	<u>\$ 417,095</u>	<u>9</u>	<u>\$ 419,861</u>	<u>14</u>
	EARNINGS PER SHARE (Note 27)								
9710	Basic earnings per share	<u>\$ 0.53</u>		<u>\$ 0.47</u>		<u>\$ 2.87</u>		<u>\$ 0.78</u>	
9810	Diluted earnings per share	<u>\$ 0.53</u>		<u>\$ 0.47</u>		<u>\$ 2.86</u>		<u>\$ 0.77</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the review report of Deloitte & Touche on August 12, 2025)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

		Equity attributable to owners of the Company						Total	Non-controlling interests	Total equity
		Capital stock	Capital surplus	Retained earnings		Unappropriated earnings	Other equity Exchange differences on translation of foreign financial statements			
Code		Common stock		Legal reserve	Special reserve					
A1	BALANCE AT JANUARY 1, 2024	\$ 1,456,814	\$ 455,236	\$ 793,144	\$ 67,718	\$ 1,117,865	(\$ 86,025)	\$ 3,804,752	\$ 2,151,056	\$ 5,955,808
B3	Distribution of 2023 earnings (Note 23) Special reserve	-	-	-	18,307	(18,307)	-	-	-	-
D1	Net income for the six months ended June 30, 2024	-	-	-	-	113,460	-	113,460	172,973	286,433
D3	Other comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	60,617	60,617	72,811	133,428
D5	Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	113,460	60,617	174,077	245,784	419,861
N1	Remuneration costs of employee stock options by subsidiaries (Notes 23, 25, and 28)	-	26	-	-	-	-	26	20	46
O1	Cash dividends issued from subsidiaries (Note 23)	-	-	-	-	-	-	-	(221,333)	(221,333)
Z1	BALANCE AT JUNE 30, 2024	<u>\$ 1,456,814</u>	<u>\$ 455,262</u>	<u>\$ 793,144</u>	<u>\$ 86,025</u>	<u>\$ 1,213,018</u>	(<u>\$ 25,408</u>)	<u>\$ 3,978,855</u>	<u>\$ 2,175,527</u>	<u>\$ 6,154,382</u>
A1	BALANCE AT JANUARY 1, 2025	\$ 1,456,814	\$ 456,473	\$ 793,144	\$ 86,025	\$ 1,659,389	(\$ 23,078)	\$ 4,428,767	\$ 2,537,321	\$ 6,966,088
B1	Distribution of 2024 earnings (Note 23) Legal reserve	-	-	55,983	-	(55,983)	-	-	-	-
B3	Special reserve	-	-	-	(62,947)	62,947	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	(72,841)	-	(72,841)	-	(72,841)
	Balance after distribution	-	-	55,983	(62,947)	(65,877)	-	(72,841)	-	(72,841)
D1	Net income for the six months ended June 30, 2025	-	-	-	-	417,786	-	417,786	290,192	707,978
D3	Other comprehensive income for the six months ended June 30, 2025	-	-	-	-	-	(132,150)	(132,150)	(158,733)	(290,883)
D5	Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	417,786	(132,150)	285,636	131,459	417,095
M7	Changes in subsidiaries' ownership (Notes 23 and 30)	-	(251)	-	-	-	-	(251)	251	-
O1	Cash dividends issued from subsidiaries (Note 23)	-	-	-	-	-	-	-	(265,599)	(265,599)
T1	Increase in non-controlling interests (Note 23)	-	-	-	-	-	-	-	5,684	5,684
Z1	BALANCE AT JUNE 30, 2025	<u>\$ 1,456,814</u>	<u>\$ 456,222</u>	<u>\$ 849,127</u>	<u>\$ 23,078</u>	<u>\$ 2,011,298</u>	(<u>\$ 155,228</u>)	<u>\$ 4,641,311</u>	<u>\$ 2,409,116</u>	<u>\$ 7,050,427</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the review report of Deloitte & Touche on August 12, 2025)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Code		For the six months ended June 30	
		2025	2024
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 908,844	\$ 372,424
A20010	Adjustments for:		
A20100	Depreciation expense	389,377	427,115
A20200	Amortization expense	1,358	1,532
A20300	Expected credit impairment losses (gain on reversal of expected credit impairment losses)	(7,646)	436
A20900	Finance costs	7,479	2,965
A21200	Interest income	(34,958)	(25,025)
A21900	Remuneration costs of employee stock options by subsidiaries	-	46
A22300	Share of profit of subsidiaries and joint ventures accounted for using equity method	(10,319)	(8,870)
A22500	Losses on disposal of property, plant and equipment	20	365
A23500	Impairment loss on property, plant and equipment	-	2,370
A23700	Inventory loss (reversal of write-down of inventories)	47,401	24,487
A24100	Net loss (gain) on foreign exchange	190,935	(75,177)
A29900	Liability provisions	9,306	954
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(67,229)	(5,594)
A31150	Accounts receivable	297,155	(121,681)
A31160	Accounts receivable due from related parties	(1,521)	1,143
A31180	Other receivables	(351,155)	(46,279)
A31200	Inventories	(346,087)	(108,193)
A31230	Prepayments	(54,365)	13,224
A32125	Contract liabilities	19,533	(37,353)
A32150	Accounts payable	(191,602)	165,698
A32180	Other payables	324,093	16,900
A32200	Provisions	(105)	(325)
A32230	Other current liabilities	1,672	220
A32240	Non-current net defined benefit liabilities	269	260
A33000	Net cash generated by operating activities	1,132,455	601,642
A33100	Interest received	37,931	26,386
A33300	Interest paid	(6,843)	(2,802)
A33500	Income taxes paid	(143,778)	(34,264)
AAAA	Net cash flows from operating activities	<u>1,019,765</u>	<u>590,962</u>

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Code		For the six months ended June 30	
		2025	2024
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	(\$ 208,635)	(\$ 249)
B00060	Principal repayment upon maturity of financial assets measured at amortized cost	209,156	-
B02700	Acquisition of property, plant and equipment	(617,673)	(109,371)
B03700	Increase in refundable deposits	(643)	(260)
B03800	Decrease in refundable deposits	-	937
B04300	Increase in other receivables - from related parties	(195)	(129)
B07100	Increase in prepayments for equipment	(149,601)	(34,264)
B07600	Dividends received	<u>4,169</u>	<u>6,500</u>
BBBB	Net cash used in investing activities	(<u>763,422</u>)	(<u>136,836</u>)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	590,000	-
C00200	Decrease in short-term borrowings	(250,000)	-
C01600	Long-term borrowings	405,000	135,000
C01700	Repay long-term borrowings	(219,728)	(105,000)
C04020	Repayment of the principal portion of lease liabilities	(22,185)	(21,729)
C05800	Cash dividends to non-controlling interests	(<u>263,277</u>)	(<u>219,518</u>)
CCCC	Net cash generated by (used in) financing activities	<u>239,810</u>	(<u>211,247</u>)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	(<u>381,167</u>)	<u>133,492</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	114,986	376,371
E00100	CASH AND CASH EQUIVALENTS,BEGINNING OF PERIOD	<u>3,138,394</u>	<u>1,967,987</u>
E00200	CASH AND CASH EQUIVALENTS,END OF PERIOD	<u>\$ 3,253,380</u>	<u>\$ 2,344,358</u>

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

(Please refer to the review report of Deloitte & Touche on August 12, 2025)

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

- a. Elite Advanced Laser Corporation (hereinafter referred to as “the Company”) was established in New Taipei City in September 2000 and started operation in September of the same year. The registered capital of establishment was \$5,000 thousand. After years of capital increase and decrease, the current total capital is \$1,456,814 thousand. The Company’s business affairs consists of 1. optical information and optical communication products (such as packaging and testing); 2. power semiconductor products (such as packaging and testing); 3. silicon photonics products (such as high-speed optical modules).
- b. The Company’s stock has been listed on the Taiwan Stock Exchange since April 2006.
- c. The Company has no ultimate parent company due to dispersed shareholding.
- d. The consolidated financial statements are expressed in New Taiwan Dollars, the Company’s functional currency.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on August 12, 2025.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Amendments to IAS 21 - Lack of Exchangeability

The application of the amendment to IAS 21, "Lack of Exchangeability," is not expected to cause a significant change to the accounting policies of the Company and its subsidiaries (collectively as the “Group”).

Applicable FSC - approved IFRS Accounting Standards in 2026

New, revised or amended standards and interpretations	Effective date issued by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information	January 1, 2023

As of the date the consolidated financial statements were authorized, the Group is continuously assessing the possible impact of various amendments on its consolidated financial position and consolidated financial performance and will disclose the relevant impact when the assessment is completed.

- b. New IFRSs Accounting Standards in issue by IASB but not yet endorsed and issued into effect by the FSC

New, revised or amended standards and interpretations	Effective date issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	NA
IFRS 18 - Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19 - Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures	January 1, 2027

Note 1: Unless stated otherwise, the above new/revised/amended standards or interpretations are effective for annual reporting periods beginning on their respective effective dates.

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 “Presentation of Financial Statements”. The main changes in this standard include:

- The statement of profit or loss should classify income and expenses in the operating, investing, financing, income taxes, and discontinued operations categories.
- An entity has to present totals and subtotals in the statement of profit or loss for operating profit or loss, pre-tax profit or loss before financing, and profit or loss.
- Requirements for provision of guidance to enhance aggregation and disaggregation: The Group should identify assets, liabilities, equity, income, expenses, losses, and cash flows in each transaction or other events, and classify and aggregate them based on shared characteristics so that the main line items presented in the financial statements share at least one similar characteristic. Items should be disaggregated based on non-similar characteristics. The Group should label such items as "other" only if it cannot find a more informative title.
- Increasing the disclosure of management-defined performance measures (MPMs): When the Group engages in public communications outside financial statements and communicate to management’s view of an aspect of the financial performance of the entity as a whole, the Group should disclose information about its MPMs in a single note to the financial statements, including a description of how the MPM is measured, how the MPM is calculated, and a reconciliation between the MPM and the total or subtotal required by IFRS Accounting Standards, including the income tax effect and the effect on non-controlling interests for each item disclosed in the reconciliation.

In addition to the above impacts, as of the reporting date of this consolidated financial statement, the Group continues to assess other impacts of amendments to the standards and interpretations on the consolidated financial position and consolidated financial performance, and the relevant impact will be disclosed when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

This consolidated financial statement has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” approved and issued by the FSC. This consolidated financial statement does not contain all the IFRSs disclosures required by the annual report.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the net defined benefit liability recognized at the present value of the defined benefit obligation less the fair value of the plan assets.

Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable and its significance:

- 1) Level 1 Inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- 2) Level 2 Inputs: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly (including market-corroborated data).
- 3) Level 3 Inputs: unobservable inputs and are used when relevant observable inputs are not available.

c. Consolidation basis

This consolidated financial statement includes the financial statement of the Company and the entities (subsidiaries) controlled by the Company. The financial statements of subsidiaries have been adjusted to ensure the accounting policies are line with those of the Group. Transactions between entities, account balances, profit and losses have been fully eliminated in preparing the consolidated financial statements.

For details of subsidiaries, shareholding ratio and business activities, please refer to Note 11 and Table 4 and Table 5 of Note 37.

d. Other significant accounting policies

In addition to the following descriptions, please refer to the Summary of Significant Accounting Policies in the 2024 consolidated financial statement.

1) Defined post-retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate from the beginning of the year to the end of the period, adjusted and disclosed for significant market fluctuations, significant curtailments, settlements, or other significant one-off events after the end of the prior financial year.

2) Income tax expenses

Income tax expense is the sum of current income tax and deferred income tax. Income tax for the interim period is assessed on an annual basis and is calculated on the interim pre-tax profit at the tax rate applicable to the expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

When the Group adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on experience and other relevant factors for the information that is not easily obtained from other sources. Actual results may differ from estimates.

The Group will take the possible impacts of inflation and market interest rate fluctuations, foreign exchange market fluctuations, and U.S. reciprocal tariff measures into consideration when making major estimates, such as cash flow estimates, growth rates, discount rates, and profitability. The management will continue to review the estimates and the basic assumptions.

Main sources of uncertainty in estimates and assumptions

Estimated impairment of financial assets and contract assets

The estimated impairment of accounts receivable, other receivables, contract assets and debt instrument investments is based on the Group's assumptions about the loss given default and probability of default. The Group takes experience, current market conditions and forward-looking information into account to develop assumptions and inputs for impairment assessments. Please refer to Note 8, Note 9 and Note 24 for the key assumptions and inputs used. If the actual future cash flow is less than the Group's expectations, there may be significant impairment losses.

6. CASH AND CASH EQUIVALENTS

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand and working fund	\$ 272	\$ 397	\$ 288
Demand deposit in banks	2,491,308	2,287,039	2,042,286
Cash equivalent (Investments with original maturities of less than 3 months)			
Bank fixed deposit	761,800	850,958	301,784
	<u>\$ 3,253,380</u>	<u>\$ 3,138,394</u>	<u>\$ 2,344,358</u>

As of June 30, 2025, and December 31 and June 30, 2024, the interest rate ranges for bank deposits were 0.01% to 4.38%, 0.002% to 4.80%, and 0.001% to 5.33%, respectively.

7. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Current</u>			
Term deposit with an initial maturity of more than three months (a)	<u>\$ 193,300</u>	<u>\$ 213,949</u>	<u>\$ 17,239</u>
<u>Non-current</u>			
Restricted assets – time deposit (b)	<u>\$ 774</u>	<u>\$ 763</u>	<u>\$ 761</u>

- a. As of June 30, 2025, December 31, 2024, and June 30, 2024, the rates of annual interest for bank time deposits with the initial duration exceeding three months were 1.69%-4.14%, 1.69%-4.30%, and 1.69%, respectively.
- b. As of June 30, 2025, December 31, 2024, and June 30, 2024, the restricted time deposit interest rate was 1.69% per annum.
- c. For credit risk management and impairment assessment related to financial assets measured at amortized cost, please refer to Note 8.
- d. For pledge of financial assets measured at amortized cost, please refer to Note 34.

8. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

The debt instruments invested by the Group are financial assets measured at amortized cost (including current and non-current):

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
At amortized cost			
Total amount	\$ 194,074	\$ 214,712	\$ 18,000
Less: Loss allowances	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 194,074</u>	<u>\$ 214,712</u>	<u>\$ 18,000</u>

The Group adopts the policy to invest only in debt instruments issued by creditworthy entities. The Group continues to track changes in the credit risk of the invested debt instruments, and reviews other information such as significant information of the debtor to assess whether the credit risk of the debt instrument investment has increased significantly since the original recognition.

To mitigate credit risk, the management of the Group will collect relevant information to assess the default risk of debt instrument investment. The Group gives appropriate internal ratings with reference to publicly available financial information.

The Group considers the debtor's historical record, current market conditions and business outlook to measure the 12-month expected credit loss or lifetime expected credit loss of the debt investment paid. As of June 30, 2025, December 31, 2024, and June 30, 2024, the Group assessed that it was not necessary to report expected credit losses for debt investment paid.

9. ACCOUNT RECEIVABLES, UNCOLLECTIBLE RECEIVABLES AND OTHER RECEIVABLES

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Accounts receivable</u>			
At amortized cost			
Total amount	\$ 1,103,122	\$ 1,529,643	\$ 1,142,297
Less: Loss allowances	(<u>585</u>)	(<u>5,257</u>)	(<u>1,674</u>)
	<u>\$ 1,102,537</u>	<u>\$ 1,524,386</u>	<u>\$ 1,140,623</u>
<u>Uncollectible receivables</u>			
At amortized cost			
Total amount	\$ -	\$ -	\$ -
Less: Loss allowances	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>			
OEM collection and payment	\$ 646,904	\$ 329,699	\$ 266,666
Income tax refund receivable	30,060	36,118	18,574
Scrap receivable	7,819	754	2,186
Interest receivable	4,152	7,125	1,563
Others	<u>2,599</u>	<u>3,241</u>	<u>2,440</u>
	<u>\$ 691,534</u>	<u>\$ 376,937</u>	<u>\$ 291,429</u>

a. Accounts receivable

The Group's average credit period for commodity sales ranges from prepayment to net 90 days end of the month, and the collection policy does not add interest to overdue accounts receivable. When determining the recoverability of accounts receivable, the Group considers any changes in the quality of notes receivable from the original credit date to the balance sheet date. Experience shows that most accounts receivable are recovered well.

To mitigate credit risk, the management of the Group performs credit limit determination, credit approval and other monitoring procedures for each counterparty to ensure appropriate actions have been taken to recover overdue accounts receivable. In addition, the Group will review the recoverable amount of accounts receivable one by one on the balance sheet date to ensure the unrecoverable accounts receivable are recognized as impairment losses. Accordingly, the management of the Group believes that the credit risk of the Group has been significantly reduced.

The Group recognizes loss allowance for accounts receivable based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which considers experience, current market conditions and business outlook. As the Group's credit loss experience shows that there is no significant difference in the provision matrix of different customer groups, the provision matrix does not further differentiate customer groups, and only sets the expected credit loss rate based on the number of days overdue for accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount, the Group will write

off the relevant accounts receivable and loss allowance, but will continue to pursue account recovery, and the amount recovered due to pursuit and recovery will be recognized in profit or loss.

The Group measures the loss allowance of accounts receivable according to the provision matrix as follows:

June 30, 2025

	<u>Not past due</u>	<u>Past due within 60 days</u>	<u>Past due 61~90 days</u>	<u>Past due 91~120 days</u>	<u>Past due over 120 days</u>	<u>Total</u>
Expected credit loss rate	0.02%~0.22%	0.08%~8.28%	6.80%~50%	17.75%~50%	50.83%~100%	
Total amount	\$ 1,068,663	\$ 34,076	\$ -	\$ -	\$ 383	\$ 1,103,122
Loss allowance (lifetime expected credit losses)	(146)	(56)	-	-	(383)	(585)
Amortized cost	<u>\$ 1,068,517</u>	<u>\$ 34,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,102,537</u>

December 31, 2024

	<u>Not past due</u>	<u>Past due within 60 days</u>	<u>Past due 61~90 days</u>	<u>Past due 91~120 days</u>	<u>Past due over 120 days</u>	<u>Total</u>
Expected credit loss rate	0.02%~0.84%	0.02%~12.52%	6.74%~25%	13.56%~100%	50%~100%	
Total amount	\$ 1,434,019	\$ 95,269	\$ 17	\$ 337	\$ 1	\$ 1,529,643
Loss allowance (lifetime expected credit losses)	(3,216)	(1,926)	(2)	(112)	(1)	(5,257)
Amortized cost	<u>\$ 1,430,803</u>	<u>\$ 93,343</u>	<u>\$ 15</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 1,524,386</u>

June 30, 2024

	<u>Not past due</u>	<u>Past due within 60 days</u>	<u>Past due 61~90 days</u>	<u>Past due 91~120 days</u>	<u>Past due over 120 days</u>	<u>Total</u>
Expected credit loss rate	0.01%~0.46%	0.05%~14.53%	2.68%~25.38%	9.44%~100%	18.73%~100%	
Total amount	\$ 1,103,649	\$ 38,543	\$ 25	\$ 80	\$ -	\$ 1,142,297
Loss allowance (lifetime expected credit losses)	(1,433)	(200)	-	(41)	-	(1,674)
Amortized cost	<u>\$ 1,102,216</u>	<u>\$ 38,343</u>	<u>\$ 25</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 1,140,623</u>

Movements of the loss allowance for accounts receivable

	<u>For the six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>
Balance, beginning of period	\$ 5,257	\$ 1,175
Impairment losses for the current period	-	499
Reversal	(4,672)	-
Balance, end of period	<u>\$ 585</u>	<u>\$ 1,674</u>

Uncollectible receivables

The Group recognizes loss allowance for uncollectible receivable based on lifetime expected credit losses. Lifetime expected credit losses considers experience, current market conditions and business outlook. As of June 30, 2024, the expected credit loss rate for overdue receivables is 100%.

Movements of the loss allowance for uncollectible receivable

	<u>For the six months ended June 30, 2024</u>
Balance, beginning of period	\$ 6,936
Write-offs	(6,936)
Balance, end of period	<u>\$ -</u>

b. Other receivables

The Group accounts for other receivables such as OEM collection and payment, income tax refund receivable, unrecovered amount from the sale of scraps and interest receivable. The Group's policy is to only conduct business with customers with good credit. The Group continues to track and refer to the past default records of the counterparty and analyze its current financial position to assess whether the credit risk of other receivables has increased significantly since the original recognition and to measure the expected credit loss. If there is evidence that the counterparty has signs of default or the recoverable amount cannot be reasonably expected due to termination of the contract, the Group will write off the relevant other receivables and loss allowance, but will continue to pursue recovery where the amount recovered will be recognized in profit or loss. As of June 30, 2025, December 31, 2024, and June 30, 2024, the Group assessed other receivables without the need to report expected credit losses.

10. INVENTORIES

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	\$ 861,445	\$ 563,254	\$ 391,927
Goods-in-process	55,907	74,161	48,506
Finished goods	38,754	12,855	31,714
Inventory in transit	-	21,665	-
	<u>\$ 956,106</u>	<u>\$ 671,935</u>	<u>\$ 472,147</u>

The nature of cost of goods sold is as follows:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Cost of inventories sold	\$ 1,229,643	\$ 1,287,670	\$ 2,937,283	\$ 2,292,363
Lease cost	1,988	2,113	4,115	4,167
Inventory loss (reversal of write-down of inventories)	37,373	7,626	47,401	24,487
	<u>\$ 1,269,004</u>	<u>\$ 1,297,409</u>	<u>\$ 2,988,799</u>	<u>\$ 2,321,017</u>

11. SUBSIDIARY

a. Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

Investment Company	Subsidiary	Main Activities	% of Ownership			Remark
			June 30, 2025	December 31, 2024	June 30, 2024	
The Company	Centera Photonics Inc.	Manufacture and sales of electronic parts	54.23%	54.56%	56.41%	Notes 1, 2 and 3
The Company	GEM Services, Inc.	Holding company business	51%	51%	51%	
GEM Services, Inc.	GEM Electronics Company Limited	Holding company business	100%	100%	100%	
GEM Services, Inc.	GEM Tech Ltd.	Manufacture and sales of electronic parts	100%	100%	100%	
GEM Electronics Company Limited	GEM Electronics (Shanghai) Co., Ltd.	Manufacture and sales of electronic parts	100%	100%	100%	
GEM Electronics (Shanghai) Co., Ltd.	GEM Electronics (Hefei) Co., Ltd.	Manufacture and sales of electronic parts, factory leasing	100%	100%	100%	

- Note 1: In September 2024, the Company did not participate in the cash capital increase of the subsidiary Centera Photonics Inc. in proportion to its shareholding, causing the Company's shareholding in the subsidiary to fall from 56.41% to 55.26%. As the aforementioned transaction did not change the Company's control over this subsidiary, the change is treated as an equity transaction.
- Note 2: Centera Photonics Inc. issued 630,000 new shares on October 23, 2024 due to the exercise of stock options by its employees, causing the Company's shareholding in the subsidiary to fall from 55.26% to 54.56%. As the aforementioned transaction did not change the Company's control over this subsidiary, the change is treated as an equity transaction.
- Note 3: On June 30, 2025, Centera Photonics Inc. issued 400 thousand new shares as employee stock compensation, due to the exercise of stock options by its employees, causing the Company's shareholding in the subsidiary to fall from 54.56% to 54.23%. As the aforementioned transaction did not change the Company's control over this subsidiary, the change is treated as an equity transaction. The effect recognized by the Company for the six months ended June 30, 2025, due to the aforementioned transaction was for the adjustment of the capital surplus downward by \$251 thousand. Please refer to Note 30 for details of equity transactions with non-controlling interests.

b. Information on subsidiaries with material non-controlling interests

Subsidiary	% of Non-controlling interests		
	June 30, 2025	December 31, 2024	June 30, 2024
GEM Services, Inc.	49%	49%	49%
Centera Photonics Inc.	45.77%	45.44%	43.59%

Please refer to Table 4 for the country information of the principal business site and company registration.

Subsidiary	Net income (loss) distribution to non-controlling interests				Non-controlling interests		
	For the three months ended June 30		For the six months ended June 30		June 30, 2025	December 31, 2024	June 30, 2024
	2025	2024	2025	2024			
GEM Services, Inc.	\$ 69,822	\$ 79,399	\$ 159,931	\$ 156,067	\$ 1,951,590	\$ 2,215,991	\$ 2,043,779
Centera Photonics Inc.	(\$ 14,830)	\$ 22,752	\$ 130,261	\$ 16,906	\$ 457,526	\$ 321,330	\$ 131,748

The consolidated financial information for the following subsidiaries has been prepared at balances before intercompany transactions are eliminated:

GEM Services, Inc.

	June 30, 2025	December 31, 2024	June 30, 2024
Current assets	\$ 3,384,287	\$ 3,734,968	\$ 3,160,562
Non-current assets	2,641,240	2,885,958	2,984,864
Current liabilities	(1,588,595)	(1,566,854)	(1,479,528)
Non-current liabilities	(454,393)	(531,979)	(495,232)
Equity	\$ 3,982,539	\$ 4,522,093	\$ 4,170,666

Equity attributable to:

Owners of the

Company

\$ 2,030,949	\$ 2,306,102	\$ 2,126,887
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	June 30, 2025	December 31, 2024	June 30, 2024
Non-controlling interests	<u>1,951,590</u> <u>\$ 3,982,539</u>	<u>2,215,991</u> <u>\$ 4,522,093</u>	<u>2,043,779</u> <u>\$ 4,170,666</u>
	For the three months ended June 30	For the six months ended June 30	
	2025	2024	2025
	2024	2025	2024
Revenue	<u>\$ 1,387,084</u>	<u>\$ 1,185,916</u>	<u>\$ 2,601,435</u> <u>\$ 2,247,342</u>
Net income	\$ 142,484	\$ 162,028	\$ 326,366 \$ 318,481
Other comprehensive income	(383,357)	49,796	(323,921) 148,582
Total comprehensive income (loss)	(\$ 240,873)	<u>\$ 211,824</u>	<u>\$ 2,445</u> <u>\$ 467,063</u>
Net income attributable to:			
Owners of the Company	\$ 72,662	\$ 82,629	\$ 166,435 \$ 162,414
Non-controlling interests	<u>69,822</u> <u>\$ 142,484</u>	<u>79,399</u> <u>\$ 162,028</u>	<u>159,931</u> <u>\$ 326,366</u> <u>\$ 318,481</u>
Total comprehensive income (loss) attributable to			
Owners of the Company	(\$ 122,836)	\$ 108,023	\$ 1,247 \$ 238,185
Non-controlling interests	(118,037)	<u>103,801</u>	<u>1,198</u> <u>228,878</u>
	(\$ 240,873)	<u>\$ 211,824</u>	<u>\$ 2,445</u> <u>\$ 467,063</u>
Cash flow			
From operating activities			\$ 582,904 \$ 530,817
From investing activities			(163,524) (94,273)
From financing activities			(555,675) (465,906)
Effect of exchange rate changes			(275,577) 131,953
Net cash generated (used in)			(\$ 411,872) <u>\$ 102,591</u>
Dividends to non-controlling interests			
GEM Services, Inc.			<u>\$ 263,277</u> <u>\$ 219,518</u>

Centera Photonics Inc.

	June 30, 2025	December 31, 2024	June 30, 2024
Current assets	\$ 1,156,489	\$ 1,291,547	\$ 562,856
Non-current assets	65,316	62,928	28,026
Current liabilities	(220,627)	(644,621)	(288,642)

Non-current liabilities	(<u>1,628</u>)	(<u>2,670</u>)	<u>-</u>
Equity	<u>\$ 999,550</u>	<u>\$ 707,184</u>	<u>\$ 302,240</u>

Equity attributable to:

Owners of the

Company

Non-controlling

interests

\$ 542,024	\$ 385,854	\$ 170,492
<u>457,526</u>	<u>321,330</u>	<u>131,748</u>
<u>\$ 999,550</u>	<u>\$ 707,184</u>	<u>\$ 302,240</u>

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Revenue	<u>\$ 90,755</u>	<u>\$ 313,945</u>	<u>\$ 1,345,618</u>	<u>\$ 361,959</u>
Current period net profit (loss)	(\$ 32,637)	\$ 52,195	\$ 286,682	\$ 38,783
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income (loss)	(<u>\$ 32,637</u>)	<u>\$ 52,195</u>	<u>\$ 286,682</u>	<u>\$ 38,783</u>
Net (loss) profit attributable to:				
Owners of the Company	(\$ 17,807)	\$ 29,443	\$ 156,421	\$ 21,877
Non-controlling interests	(<u>14,830</u>)	<u>22,752</u>	<u>130,261</u>	<u>16,906</u>
	(<u>\$ 32,637</u>)	<u>\$ 52,195</u>	<u>\$ 286,682</u>	<u>\$ 38,783</u>
Total comprehensive income (loss) attributable to:				
Owners of the Company	(\$ 17,807)	\$ 29,443	\$ 156,421	\$ 21,877
Non-controlling interests	(<u>14,830</u>)	<u>22,752</u>	<u>130,261</u>	<u>16,906</u>
	(<u>\$ 32,637</u>)	<u>\$ 52,195</u>	<u>\$ 286,682</u>	<u>\$ 38,783</u>
Cash flow				
From operating activities			\$ 331,297	\$ 158,521
From investing activities			(22,429)	(7,542)
From financing activities			(2,423)	(2,470)
Effect of exchange rate changes			(<u>80,569</u>)	<u>1,628</u>
Net cash generated			<u>\$ 225,876</u>	<u>\$ 150,137</u>

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates

	June 30, 2025	December 31, 2024	June 30, 2024
Associates that are not individually material			
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	<u>\$ 118,584</u>	<u>\$ 125,814</u>	<u>\$ 124,883</u>

Shareholding and voting rights of the Group in the associates at the balance sheet date are as follows:

Name of Company	Main Activities	Location	% of Ownership		
			June 30, 2025	December 31, 2024	June 30, 2024
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	Hefei City, Anhui Province, China	20%	20%	20%

Aggregate information of associates that are not individually material

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Attributable to the Group				
Net income	\$ 4,875	\$ 3,547	\$ 10,319	\$ 8,870
Other comprehensive income	-	-	-	-
Total comprehensive income (loss)	<u>\$ 4,875</u>	<u>\$ 3,547</u>	<u>\$ 10,319</u>	<u>\$ 8,870</u>

The financial statements of associate for the six month ended June 30, 2025 and 2024 was not reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group

	Self-owned land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Miscellaneous equipment	Property under construction and equipment to be inspected	Total
Cost									
Balance at January 1, 2025	\$ 743,384	\$ 1,026,370	\$ 7,436,311	\$ 10,673	\$ 78,399	\$ 194,993	\$ 130,158	\$ 213,628	\$ 9,833,916
Additions	-	9,553	374,005	2,913	5,149	7,421	11,009	294,785	704,835
Reclassification (Note)	-	-	157,304	-	155	-	-	(81,359)	76,100
Disposal	-	(5,081)	(109,668)	-	(3,148)	-	(9,047)	-	(126,944)
Effect of exchange rate changes	-	(56,214)	(337,429)	(403)	(6,502)	(10,120)	(9,563)	(12,221)	(432,452)
Balance at June 30, 2025	<u>\$ 743,384</u>	<u>\$ 974,628</u>	<u>\$ 7,520,523</u>	<u>\$ 13,183</u>	<u>\$ 74,053</u>	<u>\$ 192,294</u>	<u>\$ 122,557</u>	<u>\$ 414,833</u>	<u>\$ 10,055,455</u>
Accumulated depreciation and impairment									
Balance at January 1, 2025	\$ -	\$ 349,201	\$ 5,031,946	\$ 9,945	\$ 67,920	\$ 170,283	\$ 95,810	\$ -	\$ 5,725,105
Depreciation expense	-	25,033	318,524	517	2,924	8,082	7,087	-	362,167
Disposal	-	(5,081)	(109,668)	-	(3,128)	-	(9,047)	-	(126,924)
Effect of exchange rate changes	-	(20,214)	(255,851)	(395)	(6,031)	(8,571)	(8,505)	-	(299,567)
Balance at June 30, 2025	<u>\$ -</u>	<u>\$ 348,939</u>	<u>\$ 4,984,951</u>	<u>\$ 10,067</u>	<u>\$ 61,685</u>	<u>\$ 169,794</u>	<u>\$ 85,345</u>	<u>\$ -</u>	<u>\$ 5,660,781</u>
Carrying amount at June 30, 2025	<u>\$ 743,384</u>	<u>\$ 625,689</u>	<u>\$ 2,535,572</u>	<u>\$ 3,116</u>	<u>\$ 12,368</u>	<u>\$ 22,500</u>	<u>\$ 37,212</u>	<u>\$ 414,833</u>	<u>\$ 4,394,674</u>
Carrying amount at December 31, 2024 and January 1, 2025	<u>\$ 743,384</u>	<u>\$ 677,169</u>	<u>\$ 2,404,365</u>	<u>\$ 728</u>	<u>\$ 10,479</u>	<u>\$ 24,710</u>	<u>\$ 34,348</u>	<u>\$ 213,628</u>	<u>\$ 4,108,811</u>
Cost									
Balance at January 1, 2024	\$ 743,384	\$ 1,019,524	\$ 7,239,402	\$ 10,479	\$ 73,864	\$ 179,404	\$ 117,641	\$ 186,307	\$ 9,570,005
Additions	-	767	60,675	-	-	-	5,648	18,314	85,404
Reclassification (Note)	-	1,024	106,881	-	1,292	-	-	(97,906)	11,291
Disposal	-	(30,464)	(135,799)	-	(928)	(643)	(2,953)	-	(170,787)
Effect of exchange rate changes	-	26,160	148,621	188	2,967	3,984	4,537	6,287	192,744
Balance at June 30, 2024	<u>\$ 743,384</u>	<u>\$ 1,017,011</u>	<u>\$ 7,419,780</u>	<u>\$ 10,667</u>	<u>\$ 77,195</u>	<u>\$ 182,745</u>	<u>\$ 124,873</u>	<u>\$ 113,002</u>	<u>\$ 9,688,657</u>

	Self-owned land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Miscellaneous equipment	Property under construction and equipment to be inspected	Total
Accumulated depreciation and impairment									
Balance at January 1, 2024	\$ -	\$ 322,892	\$ 4,515,191	\$ 8,969	\$ 61,718	\$ 123,138	\$ 87,433	\$ -	\$ 5,119,341
Disposal	-	(30,464)	(135,437)	-	(928)	(643)	(2,950)	-	(170,422)
Depreciation expense	-	24,647	342,891	422	2,758	22,714	8,030	-	401,462
Impairment losses	-	-	2,370	-	-	-	-	-	2,370
Effect of exchange rate changes	-	7,962	109,963	182	2,718	2,451	3,666	-	126,942
Balance at June 30, 2024	\$ -	\$ 325,037	\$ 4,834,978	\$ 9,573	\$ 66,266	\$ 147,660	\$ 96,179	\$ -	\$ 5,479,693
Carrying amount at June 30, 2024	\$ 743,384	\$ 691,974	\$ 2,584,802	\$ 1,094	\$ 10,929	\$ 35,085	\$ 28,694	\$ 113,002	\$ 4,208,964

Note: It was transferred from other non-current assets - prepaid equipment.

Due to the impact of the industry and market environment, the sales of the Group did not meet expectations. After evaluation, the future cash generated will be reduced, resulting in the recoverable amount being less than the carrying amount. Thus, impairment losses of \$2,370 thousand was recognized from January 1 to June 30, 2025 and 2024. The impairment loss has been accounted for under other income and expenses and losses in the consolidated statement of comprehensive income. The Group adopts value in use as the recoverable amount of such machinery and equipment, and the discount rates used was 18.21%.

Depreciation expense is accrued on a straight-line basis for the following economic life:

Buildings	
Factory main building	20 to 50 years
Building improvement	5 to 20 years
Machinery and equipment	3 to 15 years
Transportation equipment	5 years
Office equipment	3 to 7 years
Leasehold improvements	2 to 10 years
Miscellaneous equipment	2 to 10 years

Please refer to Note 34 for the amount of property, plant and equipment pledged as collateral.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying amount			
Land (Note)	\$ 34,891	\$ 39,469	\$ 39,993
Buildings	102,481	131,062	52,550
Office equipment	3,019	3,574	4,059
	<u>\$ 140,391</u>	<u>\$ 174,105</u>	<u>\$ 96,602</u>
	For the three months ended June 30	For the six months ended June 30	
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Addition of right-of-use assets			
Lease addition	<u>\$ -</u>	<u>\$ 1,163</u>	<u>\$ 2,515</u>
Depreciation of right-of-use assets			
Land	\$ 277	\$ 294	\$ 574
Buildings	10,995	10,478	22,347
			20,733

Office equipment	<u>239</u>	<u>243</u>	<u>483</u>	<u>485</u>
	<u>\$ 11,511</u>	<u>\$ 11,015</u>	<u>\$ 23,404</u>	<u>\$ 21,799</u>

Note: For the land use right in mainland China, the Group has obtained the Land Use Certificates for State Owned Land, and the lease period is 50 years.

Part of the land leased by the Group in Hefei, Anhui Province, China has been sub-leased to Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd. under operational leasing from January 1, 2022, and the relevant right-of-use assets are presented as investment properties please refer to Note 15. The relevant amount of the above right-of-use assets does not include the right-of-use assets that meet the definition of investment properties.

Except for the above-mentioned the Group recognition of depreciation expenses, there was no impairment of the right-of-use assets for from January 1 to June 30, 2025 and 2024.

b. Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying amounts			
Current	<u>\$ 41,055</u>	<u>\$ 44,848</u>	<u>\$ 26,727</u>
Non-current	<u>\$ 65,783</u>	<u>\$ 90,519</u>	<u>\$ 32,081</u>

Ranges of discount rates for lease liabilities are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Buildings	0.99%~4.35%	0.99%~4.35%	0.99%~4.35%
Office equipment	1.36%~4.35%	1.36%~4.35%	1.36%~4.35%

c. Other lease information

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Expense relating to short-term leases	<u>\$ 1,950</u>	<u>\$ 1,784</u>	<u>\$ 3,976</u>	<u>\$ 3,761</u>
Total cash outflow for leases	<u>(\$ 13,778)</u>	<u>(\$ 13,209)</u>	<u>(\$ 28,018)</u>	<u>(\$ 26,368)</u>

15. INVESTMENT PROPERTY

	June 30, 2025	December 31, 2024	June 30, 2024
Buildings	<u>\$ 31,246</u>	<u>\$ 38,658</u>	<u>\$ 42,430</u>
Right-of-use assets - land	<u>4,299</u>	<u>4,864</u>	<u>4,928</u>
	<u>\$ 35,545</u>	<u>\$ 43,522</u>	<u>\$ 47,358</u>

The right-of-use assets in the investment property is the subleasing of the leased land located in Hefei City, Anhui Province, China to Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd. under operational leasing.

The lease term of the investment property is 5 years with an option to extend the lease term for 2 years. The lessees do not have purchase options to acquire the assets at the expiration of the lease periods.

The maturity analysis of operating lease payments receivable from the investment property is as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Year 1	\$ 44,771	\$ 49,888	\$ 49,805
Year 2	22,385	49,888	49,805
Year 3	-	-	24,903
Year 4	-	-	-
Year 5	-	-	-
	<u>\$ 67,156</u>	<u>\$ 99,776</u>	<u>\$ 124,513</u>

Except for the recognition of depreciation expenses, there was no significant addition, disposal or impairment of the investment properties of the Group from January 1 to June 30, 2025 and 2024. Investment properties are depreciated on a straight-line basis over the following economic life:

Buildings	
Factory main building	20 years
Right-of-use assets - land	50 years

The Group implements a general risk management policy to reduce the residual risk of the leased buildings and right-of-use assets upon expiry of the lease term.

The fair value of the investment properties is measured by the independent appraisal company Anhui Huateng Property Assessment Office as a Level 3 input on the balance sheet date. The evaluation is based on market evidence of similar property transaction prices and the cash flow method, and the important unobservable input used include discount rate. The fair value obtained from the evaluation is as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Fair value	<u>\$ 237,099</u>	<u>\$ 262,385</u>	<u>\$ 268,505</u>

16. GOODWILL

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying Amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,577</u>

The cost of the Group acquiring the subsidiary, Centera Photonics Inc., higher than the net value of the identifiable assets and liabilities assumed on the date of acquisition is recognized in goodwill.

The Group has conducted an impairment assessment on the recoverable amount of goodwill, and does not recognize any impairment loss of goodwill from January 1 to June 30, 2024, using the value in use as the calculation basis for the recoverable amount. On December 31, 2024, the Group assessed that the recoverable amount of Centera Photonics Inc. was less than its carrying amount, 2024 recognized a goodwill impairment loss of \$32,577 thousand in 2024. The discount rate used is 11.40%.

17. INTANGIBLE ASSETS

	Computer software
<u>Cost</u>	
Balance at January 1, 2025	\$ 8,516
Disposal	(3,322)
Effect of exchange rate changes	(491)
Balance at June 30, 2025	<u>\$ 4,703</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2025	\$ 4,563
Amortization expense	1,358
Disposal	(3,322)
Effect of exchange rate changes	(215)
Balance at June 30, 2025	<u>\$ 2,384</u>
Carrying amount at June 30, 2025	<u>\$ 2,319</u>
Carrying amount at December 31, 2024 and January 1, 2025	<u>\$ 3,953</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 9,292
Disposal	(301)
Effect of exchange rate changes	254
Balance at June 30, 2024	<u>\$ 9,245</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2024	\$ 3,622
Amortization expense	1,532
Disposal	(301)
Effect of exchange rate changes	83
Balance at June 30, 2024	<u>\$ 4,936</u>
Carrying amount at June 30, 2024	<u>\$ 4,309</u>

Amortization expenses are accrued on a straight-line basis over the economic life:

Computer software	2 to 5 years
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18. OTHER ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
Prepayments			
Tax credit	\$ 243,269	\$ 206,455	\$ 206,420
Prepayments to suppliers	10,256	11,954	8,499
Others	<u>42,699</u>	<u>27,161</u>	<u>23,698</u>
	<u>\$ 296,224</u>	<u>\$ 245,570</u>	<u>\$ 238,617</u>

<u>Non-current</u>			
Prepayments for equipment	\$ 226,932	\$ 156,220	\$ 48,250
Refundable deposits paid			
(Note)	<u>11,406</u>	<u>11,737</u>	<u>11,277</u>
	<u>\$ 238,338</u>	<u>\$ 167,957</u>	<u>\$ 59,527</u>

Note: The Group considers the debtor's historical record, current market conditions and business outlook to measure the 12-month expected credit loss or lifetime expected credit loss of the refundable deposit paid. As of June 30, 2025 and December 31 and June 30, 2024, the Group assessed that it was not necessary to report expected credit losses for refundable deposits paid.

19. BORROWINGS

a. Short-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Secured borrowings</u>			
(Note 34)			
Bank borrowings 1)	\$ 100,000	\$ -	\$ -
<u>Unsecured borrowings</u>			
Credit line borrowings 2)	<u>290,000</u>	<u>50,000</u>	<u>-</u>
	<u>\$ 390,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>

1) Bank-secured loans are calculated at a fixed interest rate of 1.90% as of June 30, 2025.

2) Bank revolving loans are calculated at floating interest rates, which were 1.87% to 1.98% as of June 30, 2025, and 1.92% as of December 31, 2024, respectively.

b. Long-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Secured borrowings</u>			
(Note 34)			
Bank borrowings	\$ 472,080	\$ 286,808	\$ 235,000
Less: Current portion	(<u>57,255</u>)	(<u>64,527</u>)	(<u>34,693</u>)
Long-term borrowings	<u>\$ 414,825</u>	<u>\$ 222,281</u>	<u>\$ 200,307</u>

The borrowings of the Group include:

	Due date	Material terms	June 30, 2025		December 31, 2024		June 30, 2024	
			Amount	Effective rate %	Amount	Effective rate %	Amount	Effective rate %
Floating rate borrowings								
Taiwan Cooperative Bank								
Secured borrowings for land and buildings	May 20, 2032	The borrowings amount of \$135,000 thousand is divided into 84 monthly installments starting June 2025 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting June 2026.	\$ 135,000	1.87	\$ -	-	\$ -	-
Secured borrowings for land and buildings	March 5, 2032	The borrowings amount of \$135,000 thousand is divided into 84 monthly installments starting April 2025 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting April 2026.	135,000	1.87	-	-	-	-
Secured borrowings for land and buildings	September 23, 2031	The borrowings amount of \$60,000 thousand is divided into 84 monthly installments starting October 2024 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting October 2025. (Early repayment in March 2025).	-	-	60,000	1.87	-	-
Secured borrowings for land and buildings	May 29, 2031	The borrowings amount of \$135,000 thousand is divided into 84 monthly installments starting June 2024 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting June 2025. (Early repayment in May 2025).	-	-	135,000	1.87	135,000	1.87
Machinery and equipment secured borrowings	October 20, 2026	The borrowings amount of \$80,000 thousand is divided into 36 monthly installments starting November 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting November 2024.	53,664	1.87	73,447	1.87	80,000	1.87
Machinery and equipment secured borrowings	October 20, 2026	The borrowings amount of \$20,000 thousand is divided into 36 monthly installments starting November 2023 where the interest is paid monthly in the first year, and the principal and interest are amortized monthly starting November 2024.	13,416	1.87	18,361	1.87	20,000	1.87
E.SUN Bank								
Secured borrowings for land and buildings	May 26, 2028	The borrowings amount of \$65,000 thousand is divided into 37 monthly installments starting from May 2025 where the interest is paid monthly in the first year, and the principal is repaid quarterly in equal installments starting from June 2026.	65,000	1.97	-	-	-	-
Secured borrowings for land and buildings	May 5, 2028	The borrowings amount of \$70,000 thousand is divided into 37 monthly installments starting from May 2025 where the interest is paid monthly in the first year, and the principal is repaid quarterly in equal installments starting from June 2026.	70,000	1.97	-	-	-	-
Less: Current portion			472,080		286,808		235,000	
Balance of long-term bank borrowings			(57,255)		(64,527)		(34,693)	
			\$ 414,825		\$ 222,281		\$ 200,307	

20. OTHER LIABILITIES

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
<u>Current</u>			
Other payables			
OEM collection and payment	\$ 515,081	\$ 264,118	\$ 196,197
Salaries payable and bonus	485,051	484,873	286,981
Payable for equipment (Note 31)	255,084	167,922	150,951
Cash dividends (Note 31)	75,309	146	1,946
Insurance premium	50,916	46,799	47,422
Commission expense	1,781	31,034	7,402
Engineering service fees	27,373	9,786	8,041
Compensation payable	22,490	25,165	24,908
Pension	21,827	21,115	22,705
Professional service fee	13,848	11,661	7,423
Repair and maintenance expense	8,174	8,394	6,792
Processing fee	1,366	6,463	6,075
Business tax	2,562	2,778	2,595
Interest	775	139	280
Others	93,105	89,100	84,574
	<u>\$ 1,574,742</u>	<u>\$ 1,169,493</u>	<u>\$ 854,292</u>
Other current liabilities			
Guarantee deposit - payments received to retain capacity (Note) (Note 31)	\$ 173,188	\$ 175,872	\$ 176,741
Advance receipts (Note 33)	3,677	4,097	4,090
Others	4,241	2,566	2,318
	<u>\$ 181,106</u>	<u>\$ 182,535</u>	<u>\$ 183,149</u>
<u>Non-current</u>			
Guarantee deposits and margins received			
Payments received to retain capacity (Note)	\$ 368,874	\$ 418,545	\$ 459,711
Others (Note 33)	18,592	20,717	20,682
	<u>\$ 387,466</u>	<u>\$ 439,262</u>	<u>\$ 480,393</u>

Note: To expand the production capacity in response to the increase in customer demand, the Group has signed a production capacity agreement with its customers and collected a production capacity deposit which the customers can offset the payment for shipments in phases during the production capacity guarantee period according to the conditions stipulated in the agreement.

21. PROVISIONS

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
Warranties	<u>\$ 66,986</u>	<u>\$ 57,785</u>	<u>\$ 38,478</u>
	For the six months ended June 30		
	2025	2024	
Balance, beginning of period	\$ 57,785	\$ 37,849	
Additions	9,306	954	
Usage	(105)	(325)	
Balance, end of period	<u>\$ 66,986</u>	<u>\$ 38,478</u>	

The warranties provision for liabilities is the present value of the best estimate of the future economic outflows due to the warranties obligations by the management of the Group according to the contract for the sale of goods. This estimate is based on historical warranties and adjusted by taking into account new raw materials, changes in the process or other factors that affect product quality.

22. RETIREMENT BENEFIT PLANS

The pension expenses related to the defined benefit plan recognized for the three and six months ended June 30, 2025 and 2024 are calculated based on the pension cost rate determined by the actuarial on December 31, 2024 and 2023, and the amounts are \$233 thousand, \$228 thousand, \$465 thousand, and \$455 thousand, respectively.

23. EQUITY

a. Capital stock
Common stock

	June 30, 2025	December 31, 2024	June 30, 2024
Authorized shares (in thousands)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Authorized capital (NTD in thousand)	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Issued and paid shares (in thousands)	<u>145,681</u>	<u>145,681</u>	<u>145,681</u>
Issued capital (NTD in thousand)	<u>\$ 1,456,814</u>	<u>\$ 1,456,814</u>	<u>\$ 1,456,814</u>

The authorized shares include 10,000 thousand shares allocated for the exercise of employee stock options.

A holder of issued common shares with par value of \$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	June 30, 2025	December 31, 2024	June 30, 2024
<u>May be used to offset a deficit, distributed as cash dividends or transferred to capital</u> (Note 1)			
Additional paid-in capital	\$ 322,130	\$ 322,130	\$ 322,130
Treasury stocks	<u>6,420</u>	<u>6,420</u>	<u>6,420</u>
	<u>\$ 328,550</u>	<u>\$ 328,550</u>	<u>\$ 328,550</u>
<u>May only be used to offset a deficit</u> From share of changes in equities of subsidiaries (Note 2)			
	<u>\$ 127,672</u>	<u>\$ 127,923</u>	<u>\$ 126,712</u>

Note 1: Such capital surplus can be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid-in capital.

Note 2: This capital surplus is the amount of equity transaction impact recognized due to changes in the Company's equity when the Company does not subscribe to the subsidiary's equity in proportion to its shareholding, and the adjusted amount recognized by the Company using the equity method to recognize the subsidiary's capital surplus.

c. Retained earnings and dividend policy

In accordance with the Company's earnings distribution policy in the Articles of Association, if there is a surplus after the annual financial report, the Company will pay taxes and make up for previous annual deficit and add items other than the after-tax net profit to the undistributed earnings for the current period. Also, 10% of legal reserve shall be set aside and if necessary. If the legal reserve has reached the Company's paid-in capital, this allocation may cease. Furthermore, a special reserve shall be allocated or reversed in accordance with relevant laws and regulations. The accumulated undistributed earnings from the previous year shall be added to the distributable earnings. The Board of Directors shall then draft a proposal for earnings distribution to be submitted to the shareholders' meeting for a resolution. The distributable earnings mentioned above may be retained by the Board of Directors as needed for the Company's operations. When the net amount of other equity deductions accumulated in the previous period is set aside as a special reserve, if the undistributed earnings in the previous period is insufficient to be set aside, items other than after-tax net profit plus after-tax net profit for the current period are included in the undistributed earnings for the current period. The Company's dividend policy is based on an assessment of the Company's future capital needs for sustained investment, research and development, and operations, in order to maintain a sound financial structure for sustainable development. Earnings will be appropriately distributed in the form of stock dividends or cash dividends,

depending on the Company's operation. The total amount of dividends shall be at least 5% of the earnings for the current year, of which cash dividends shall not be less than 20% of the total dividends.

Please refer to Note 25 (9) Employee Remuneration and Director Remuneration for the employees and directors remuneration policy stipulated in the Articles of Association of the Company.

According to Article 237 of the Company Act, when allocating surplus profits after having paid all taxes and dues, shall first set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The legal reserve can be used to make up for losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in capital can be allocated in cash in addition to being accounted as share capital.

The Company set aside the special reserve in accordance with the Official Letter Chin-Kuan-Cheng-Fa-Tzu No. 1090150022 and "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs (IFRS Accounting Standards)".

The Company held regular shareholders' meetings on May 28, 2025 and June 7, 2024, and the resolutions were passed respectively to approve the 2024 and 2023 annual earnings distribution proposals as shown below:

	2024	2023
Legal reserve	<u>\$ 55,983</u>	<u>\$ -</u>
Special reserve	<u>(\$ 62,947)</u>	<u>\$ 18,307</u>
Cash dividends	<u>\$ 72,841</u>	<u>\$ -</u>
Cash dividend per share (NT\$)	<u>\$ 0.5</u>	<u>\$ -</u>

d. Special reserve

	For the six months ended June 30	
	2025	2024
Balance, beginning of period	\$ 86,025	\$ 67,718
Appropriations in respect of debits to other equity items	-	18,307
(Reversal of) Reduction of other equity items	<u>(62,947)</u>	<u>-</u>
Balance, end of period	<u>\$ 23,078</u>	<u>\$ 86,025</u>

e. Other equity

Exchange differences on translation of foreign financial statements:

	For the six months ended June 30	
	2025	2024
Balance, beginning of period	(\$ 23,078)	(\$ 86,025)
Recognized in the current period		
Foreign operations - foreign currency translation differences	(165,188)	75,771
Related tax	33,038	(15,154)
Other comprehensive income	(132,150)	60,617
Balance, end of period	(\$ 155,228)	(\$ 25,408)

f. Non-controlling interests

	For the six months ended June 30	
	2025	2024
Balance, beginning of period	\$ 2,537,321	\$ 2,151,056
Net income	290,192	172,973
Other comprehensive income		
Exchange differences on translation of foreign financial statements	(158,733)	72,811
Changes in subsidiaries' ownership (Notes 11 and 30)	251	-
Remuneration costs of employee stock options by subsidiaries	-	20
Cash dividend issued from subsidiaries	(265,599)	(221,333)
Subsidiary employee stock compensation (Note 11)	5,684	-
Balance, end of period	<u>\$ 2,409,116</u>	<u>\$ 2,175,527</u>

24. REVENUE

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Revenue from contracts with customers				
Packaging and testing	\$ 1,677,272	\$ 1,308,337	\$ 3,091,800	\$ 2,473,488
Merchandise sales	76,200	319,127	1,330,423	361,022
Other operating revenue				
Others (Note 33)	95,429	77,389	184,680	155,831
	<u>\$ 1,848,901</u>	<u>\$ 1,704,853</u>	<u>\$ 4,606,903</u>	<u>\$ 2,990,341</u>

a. Contract balance

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
Accounts receivable (Note 9)	\$ 1,102,537	\$ 1,524,386	\$ 1,140,623	\$ 1,009,538
Accounts receivable due from related parties (Note 33)	9,394	8,903	9,223	9,885
	<u>\$ 1,111,931</u>	<u>\$ 1,533,289</u>	<u>\$ 1,149,846</u>	<u>\$ 1,019,423</u>
Contract assets				
Packaging and testing	\$ 305,015	\$ 252,003	\$ 204,507	\$ 192,649
Less: Loss allowances	(35,749)	(38,964)	(36,164)	(36,216)
	<u>\$ 269,266</u>	<u>\$ 213,039</u>	<u>\$ 168,343</u>	<u>\$ 156,433</u>
Contract liabilities				
Packaging and testing	\$ 47,059	\$ 25,964	\$ 10,126	\$ 31,293
Merchandise sales	-	1,616	-	16,181
	<u>\$ 47,059</u>	<u>\$ 27,580</u>	<u>\$ 10,126</u>	<u>\$ 47,474</u>

The Group recognizes loss allowance for contract assets based on lifetime expected credit losses. The average process duration of the packaging and testing service contracts signed by the Group is 20 to 60 days. When determining the possibility of obtaining an unconditional right of payment for contract assets in the future, the policy adopted by the Group refers to the historical experience of the counterparty's relevant contract assets, current market conditions and business outlook, considers the contracts that are still under obligations on the balance sheet date, examines each contract for stagnation, and recognizes the loss allowance for contract assets according to the expected credit losses during the duration. If there is evidence indicating that the performance obligations of the contract have been suspended for a period exceeding the normal manufacturing process and the Group cannot reasonably anticipate the contract resumption time, the Group will recognize the loss allowance at full amount, but will continue to pursue the stagnation of the contract, and carry out the obligation when the stagnation has been eliminated. If there is evidence that the counterparty has signs of breach of contract or is facing serious debt difficulties where the recoverable amount cannot be reasonably estimated, the Group will directly write off the relevant contract assets and loss allowance, but will continue to pursue for recovery. The amount recovered by the pursuit will be recognized in profit or loss.

	June 30, 2025	December 31, 2024	June 30, 2024
Expected credit loss rate	12%	15%	18%
Total amount	\$ 305,015	\$ 252,003	\$ 204,507
Loss allowance (lifetime expected credit losses)	(<u>35,749</u>)	(<u>38,964</u>)	(<u>36,164</u>)
	<u>\$ 269,266</u>	<u>\$ 213,039</u>	<u>\$ 168,343</u>

Movements of the loss allowance for contract assets

	For the six months ended June 30	
	2025	2024
Balance, beginning of period	\$ 38,964	\$ 36,216
Reversal	(2,974)	(63)
Exchange differences on translation of foreign currency	(<u>241</u>)	<u>11</u>
Balance, end of period	<u>\$ 35,749</u>	<u>\$ 36,164</u>

- b. Detail of customer contracts
Please refer to Note 38 for detailed revenue information.

25. NET PROFIT FROM CONTINUING OPERATION

- a. Other income (expenses)

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2025	2024	2025	2024
Impairment loss on property, plant and equipment	<u>\$ -</u>	<u>\$ 942</u>	<u>\$ -</u>	<u>\$ 2,370</u>

- b. Interest income

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2025	2024	2025	2024
Bank deposit	<u>\$ 19,393</u>	<u>\$ 13,747</u>	<u>\$ 34,958</u>	<u>\$ 25,025</u>

- c. Other income

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2025	2024	2025	2024
Government subsidy	\$ 3	\$ 1,915	\$ 158	\$ 1,972
Others	<u>1,451</u>	<u>382</u>	<u>2,546</u>	<u>1,203</u>
	<u>\$ 1,454</u>	<u>\$ 2,297</u>	<u>\$ 2,704</u>	<u>\$ 3,175</u>

d. Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Net foreign currency exchange gain (loss)	(\$ 225,112)	\$ 1,701	(\$ 206,679)	\$ 59,925
Compensation for losses	-	(24,827)	-	(24,827)
Losses on disposal of property, plant and equipment	-	(219)	(20)	(365)
Others	(892)	663	(994)	260
	<u>(\$ 226,004)</u>	<u>(\$ 22,682)</u>	<u>(\$ 207,693)</u>	<u>\$ 34,993</u>

e. Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Bank borrowings interest	\$ 3,476	\$ 1,194	\$ 5,622	\$ 2,087
Interest expense on lease liability	861	396	1,857	878
	<u>\$ 4,337</u>	<u>\$ 1,590</u>	<u>\$ 7,479</u>	<u>\$ 2,965</u>

f. Depreciation and amortization

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Depreciation expenses summarized by function				
Cost of revenue	\$ 179,840	\$ 197,284	\$ 356,813	\$ 396,689
Operating expenses	16,142	15,284	32,564	30,426
	<u>\$ 195,982</u>	<u>\$ 212,568</u>	<u>\$ 389,377</u>	<u>\$ 427,115</u>
Amortization expenses summarized by function				
General and administrative expense	\$ 653	\$ 746	\$ 1,332	\$ 1,506
Research and development expense	13	13	26	26
	<u>\$ 666</u>	<u>\$ 759</u>	<u>\$ 1,358</u>	<u>\$ 1,532</u>

g. Direct operating expenses of investment property

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Lease revenue				
Depreciation expense	\$ 1,839	\$ 1,954	\$ 3,806	\$ 3,854
Others	149	159	309	313
	<u>\$ 1,988</u>	<u>\$ 2,113</u>	<u>\$ 4,115</u>	<u>\$ 4,167</u>

h. Employee benefits expenses

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Share-based payment Equity-settled (Note 28)	\$ -	\$ 23	\$ -	\$ 46
Post-employment benefits				
Determined contribution plans	36,434	38,052	73,771	74,817
Defined benefit plans (Note 22)	233	228	465	455
	36,667	38,303	74,236	75,318
Others	445,005	426,562	1,011,205	825,344
Total employee benefits expenses	<u>\$ 481,672</u>	<u>\$ 464,865</u>	<u>\$ 1,085,441</u>	<u>\$ 900,662</u>
Summarized by function				
Cost of revenue	\$ 397,106	\$ 357,490	\$ 798,728	\$ 693,147
Operating expenses	84,566	107,375	286,713	207,515
	<u>\$ 481,672</u>	<u>\$ 464,865</u>	<u>\$ 1,085,441</u>	<u>\$ 900,662</u>

i. Remuneration to the employees and directors

According to the Articles of Association, the Company allocates 8% to 15% of the employee's remuneration and no more than 3% of the director's remuneration according to the pre-tax profit before deducting the employee' and director's remuneration in the current year. In accordance with the amendments to the Securities and Exchange Act in August 2024, the Company's 2025 shareholders' meeting approved by resolution an amendment to its Articles of Incorporation. This amendment will stipulate that at least 1% of the current year's employee remuneration allocated be distributed to entry-level employees. Estimated employee remuneration (including entry-level employee remuneration) and director remuneration for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024 are as follows:

Estimated ratio

	For the six months ended June 30	
	2025	2024
Remuneration to employees	9.78%	10%
Remuneration to directors	2.44%	2.5%

Amount

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Remuneration to employees	<u>\$ 2,631</u>	<u>\$ 8,517</u>	<u>\$ 55,287</u>	<u>\$ 13,934</u>
Remuneration to directors	<u>\$ 658</u>	<u>\$ 2,130</u>	<u>\$ 13,822</u>	<u>\$ 3,484</u>

If there is still a change in the amount after the annual consolidated financial statement is approved, it will be treated as a change in accounting estimates and adjusted and recorded in the following year.

It was a net loss before tax for 2023. On March 14, 2024, the Board of Directors resolved a decision not to distribute employee remuneration and director remuneration. The employee remuneration and director remuneration for 2024 as resolved by the Board of Directors on March 11, 2025 are as follows:

Amount

	2024
	Cash
Remuneration to employees	\$ 91,000
Remuneration to directors	\$ 20,000

There is no significant difference between the aforementioned approved amounts and the amounts charged against earnings of 2024.

The information about the appropriations of the Company's remuneration to employees and remuneration to directors is available at the Market Observation Post System website.

j. Foreign exchange gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Foreign currency exchange gains	\$ 82,916	\$ 49,950	\$ 187,000	\$ 116,414
Foreign currency exchange losses	(308,028)	(48,249)	(393,679)	(56,489)
Net gains (losses)	(\$ 225,112)	\$ 1,701	(\$ 206,679)	\$ 59,925

26. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Current income tax				
Recognized in the current period	\$ 43,382	\$ 39,352	\$ 177,541	\$ 81,532
Levied undistributed surplus earnings	-	-	24,698	-
Income tax adjustments on prior years	(661)	(3,524)	(11,514)	(11,634)
	<u>42,721</u>	<u>35,828</u>	<u>190,725</u>	<u>69,898</u>
Deferred income tax				
Recognized in the current period	<u>32,510</u>	<u>7,474</u>	<u>10,141</u>	<u>16,093</u>
Income tax expense recognized in profit or loss	<u>\$ 75,231</u>	<u>\$ 43,302</u>	<u>\$ 200,866</u>	<u>\$ 85,991</u>

b. Income tax recognized in other comprehensive income

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Deferred income tax				
Recognized in the current period				
Foreign operations – foreign currency translation differences	(\$ 39,100)	\$ 5,079	(\$ 33,038)	\$ 15,154
Income tax recognized in other comprehensive income	(\$ 39,100)	\$ 5,079	(\$ 33,038)	\$ 15,154

c. Income tax examination

The tax authorities have examined income tax returns of the Company through 2023. As of June 30, 2025, the Group had no pending tax litigation.

27. EARNINGS PER SHARE

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Basic EPS	\$ 0.53	\$ 0.47	\$ 2.87	\$ 0.78
Diluted EPS	\$ 0.53	\$ 0.47	\$ 2.86	\$ 0.77

EPS is computed as follows:

Net income

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Net income attributable to owners of the Company	\$ 77,183	\$ 69,023	\$ 417,786	\$ 113,460
Net Income used to calculate basic earnings per share	77,183	69,023	417,786	113,460
Effects of all dilutive potential common shares:				
Subsidiaries' stock option	-	-	-	-
Net profit used to calculate diluted earnings per share	\$ 77,183	\$ 69,023	\$ 417,786	\$ 113,460

Shares

Unit: thousand shares

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Weighted average number of common shares used to calculate basic EPS	145,681	145,681	145,681	145,681
Effects of all dilutive potential common shares:				

Remuneration to employees	<u>265</u>	<u>113</u>	<u>400</u>	<u>113</u>
Weighted average number of common shares used to calculate diluted EPS	<u>145,946</u>	<u>145,794</u>	<u>146,081</u>	<u>145,794</u>

If the Group can choose to pay employee remuneration in shares or cash, when calculating diluted EPS, assumed that employee remuneration will be issued in shares, the weighted average number of outstanding shares shall be included in the potentially dilutive common shares to calculate the diluted EPS. When calculating the diluted EPS before deciding on the number of shares for employee remuneration in the following year, the potentially dilutive common shares will also be considered.

28. SHARE-BASED PAYMENT ARRANGEMENTS

The subsidiary Centera Photonics Inc. has issued a share option plan in 2018

Centera Photonics Inc. was approved by the Board of Directors on May 17, 2018 to issue 2,000 thousand units of employee stock warrant, and each unit subscribed for 1 common share. The total number of common shares to be for this stock warrant was 2,000 thousand shares, and the grantees are limited to the employees of Centera Photonics Inc. According to the warrant exercise rules, warrant holders can exercise a certain proportion of warrants granted after half a year, one year and one and a half years after the issuance respectively. The duration of the warrants is 7 years, and each share and the subscription price is \$10, with a total of 2,000 thousand units. The Board of Directors, on August 19, 2024, approved by resolution Centera Photonics Inc.'s amendment to the stock subscription regulations. According to the amended regulations, warrant holders can exercise the granted stock warrants after being granted. Authorized by the Board of Directors, the chairman decided to issue 300 thousand units, 599 thousand units, 713 thousand units, 289 thousand units and 99 thousand units on May 18, 2018, May 20, 2019, November 12, 2019, May 24, 2021, and May 11, 2023, respectively.

As of December 31, 2024, all warrants have been exercised.

Information relating to issued employee stock options is as follows:

	<u>For the six months ended June 30, 2024</u>	
<u>Employee stock option</u>	<u>Unit (in thousands)</u>	<u>Weighted average exercise price (NT\$)</u>
Circulation at the beginning of the period	156	\$ 10
Forfeited this period	(26)	10
Circulation at the end of the period	<u>130</u>	10
Exercisable at the end of the period	<u>61</u>	
Weighted average fair value of the stock options in the current period (NT\$)	<u>\$ -</u>	

Information relating to outstanding employee stock options is as follows:

	<u>June 30, 2024</u>
Exercise price (NT\$)	\$ 10
Weighted average remaining contractual life (years)	5.4 years

Centera Photonics Inc. granted its employees stock options on May 11, 2023, May 24, 2021, November 12, 2019, May 20, 2019, and May 18, 2018, respectively, using the Black-Scholes valuation model. The inputs used in the valuation model are as follows:

	May 11, 2023	May 24, 2021	November 12, 2019	May 20, 2019	May 18, 2018
Share price on grant day	NT\$8.12	NT\$4.75	NT\$4.98	NT\$5.73	4.61
Exercise price	NT\$10	NT\$10	NT\$10	NT\$10	NT\$10
Expected volatility	45.40%	39.66%	32.18%	32.08%	37.02%
Duration	4.3 years	4.3 years	4.3 years	4.3 years	4.3 years
Expected dividend rate	0%	0%	0%	0%	0%
Risk-free interest rate	1.0498%	0.1689%	0.5758%	0.5546%	0.8427%

The expected volatility is based on the historical stock price volatility of the same industry, and the annualized standard deviation is obtained based on the duration of the option.

The remuneration cost recognized from January 1 to June 30, 2024 was \$46 thousand.

29. GOVERNMENTS SUBSIDY

GEM Electronics (Hefei) Co., Ltd., a subsidiary of the Group, met the subsidy conditions of the local government and received a subsidy of \$84,796 thousand after filing an application for the buildings built and the machinery and equipment purchased by the subsidiary.

This amount has been deducted from the relevant asset's carrying amount and carried forward to profit or loss over the asset's economic life by reducing the depreciation expense. The depreciation expenses was reduced, which amounted to \$2,126 thousand, \$2,056 thousand for the three months ended June 30, 2025 and 2024, respectively; and \$4,402 thousand and \$5,113 thousand for the six months ended June 30, 2025 and 2024, respectively.

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 30, 2025, Centera Photonics Inc. issued 400 thousand new shares as employee stock compensation, causing the Company's shareholding in the subsidiary to fall from 54.56% to 54.23%.

Since the above transactions did not change the Company's control over these subsidiaries, they are treated as equity transactions.

	For the six months ended June 30, 2025
Centera Photonics Inc.	Employee stock compensation
Cash consideration paid	\$ -
The amount of non-controlling interests that should be transferred into the carrying amount of the subsidiary's net assets was calculated based on the	(<u>251</u>)

change in relative equity
Equity transaction difference (\$ 251)

Equity transaction difference adjustments

Capital surplus - from share of changes in equities of subsidiaries (\$ 251)

31. CASH FLOW INFORMATION

a. Non-cash transaction

Unless disclosed in other notes, the Group conducted the following non-cash investment and financing activities for the six months ended June 30, 2025 and 2024:

- 1) As of June 30, 2025, and December 31 and June 30, 2024, the purchase price of unpaid properties, plant and equipment acquired by the Group were \$255,084 thousand, \$167,922 thousand and \$150,951 thousand respectively, and were accounted as other payables.
- 2) The Company, as of June 30, 2025 and December 31 and June 30, 2024, had announced cash dividends of \$72,841, \$0, and \$0 thousand, respectively, which have not been distributed and are listed under other payables.
- 3) Subsidiary GEM Services, Inc. as of June 30, 2025, and December 31 and June 30, 2024, had announced cash dividends of \$2,468 thousand, \$146 thousand and \$1,946 thousand respectively that have not been distributed and are listed under other payables.
- 4) Subsidiary GEM Services, Inc. signed a production capacity guarantee agreement with the customer and offset the security deposit by offsetting the payment according to the conditions stipulated in the contract. From January 1 to June 30, 2025 and 2024, the amounts of \$47,882 thousand and \$34,702 thousand, respectively, were used to offset the security deposit by offsetting accounts receivable.
- 5) As of December 31, 2024, the subsidiary, Centera Photonics Inc., had \$5,684 thousand in employee stock compensation payable that had not yet been paid out. On June 30, 2025 (the capital increase record date), this amount was reclassified from other payables to Centera Photonics Inc.'s share capital and capital surplus.

b. Reconciliation of liabilities arising from financing activities

For the six months ended June 30, 2025

	January 1, 2025	Cash flow	Non-cash changes				Others	June 30, 2025
			Lease addition	Payment refund	Finance costs	Foreign exchange movement		
Short-term borrowings	\$ 50,000	\$ 340,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 390,000
Long-term borrowings	286,808	185,272	-	-	-	-	-	472,080
Guarantee deposits and margins received	615,134	-	-	(47,882)	-	(6,598)	-	560,654
Lease liabilities	135,367	(22,185)	2,515	-	1,857	(8,859)	(1,857)	106,838
	<u>\$ 1,087,309</u>	<u>\$ 503,087</u>	<u>\$ 2,515</u>	<u>(\$ 47,882)</u>	<u>\$ 1,857</u>	<u>(\$ 15,457)</u>	<u>(\$ 1,857)</u>	<u>\$ 1,529,572</u>

For the six months ended June 30, 2024

	Non-cash changes							June 30, 2024
	January 1, 2024	Cash flow	Lease addition	Payment refund	Finance costs	Foreign exchange movement	Others	
Long-term borrowings	\$ 205,000	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,000
Guarantee deposits and margins received	688,434	-	-	(34,702)	-	3,402	-	657,134
Lease liabilities	77,453	(21,729)	1,484	-	878	1,600	(878)	58,808
	<u>\$ 970,887</u>	<u>\$ 8,271</u>	<u>\$ 1,484</u>	<u>(\$ 34,702)</u>	<u>\$ 878</u>	<u>\$ 5,002</u>	<u>(\$ 878)</u>	<u>\$ 950,942</u>

32. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value
The management of the Group considers that the carrying amounts of financial instruments in the consolidated financial statements that are not measured at fair value approximate their fair values.
- b. Categories of financial instruments

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Financial assets</u>			
Amortized cost (Note 1)	\$ 5,232,541	\$ 5,239,814	\$ 3,796,515
<u>Financial liabilities</u>			
Amortized cost (Note 2)	2,833,343	2,289,278	1,636,131

Note 1: Including cash and cash equivalents, financial assets measured at amortized cost, accounts receivable (including related parties), other receivables (including related parties; excluding income tax refund receivable), uncollectible receivables and refundable deposits and other financial assets.

Note 2: The balance includes financial liabilities are measured at amortized cost such as short-term borrowings, accounts payable, other payables (excluding salaries and bonuses payable, cash dividends payable, insurance premiums payable, pensions payable and business tax payable), long-term loans and guarantee deposit.

- c. Financial risk management objectives and policies
The major financial instruments of the Group include cash and cash equivalents, investments in debt instruments, receivables, payables, lease liabilities and borrowings. Among the financial instruments held by the Group, financial risks related to operations include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The main financial risks borne by the Group's operating activities are the exchange rate risk (see 1) below) and the interest rate risk (see 2) below).

(1) Foreign currency risk

The Group is engaged in foreign currency-denominated sales and purchase transactions, thus causing the Group to be exposed to exchange rate risk. The Group regularly evaluates the net risk position of the sales amount and cost amount denominated in non-functional currency, and adjusts the cash holding position of the non-functional currency accordingly to achieve hedging.

For the carrying amounts of monetary assets and liabilities of the Group denominated in non-functional currencies on the balance sheet date (including those monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements), please refer to Note 36.

Sensitivity analysis

The Group is mainly affected by fluctuations in the exchange rates of USD, JPY and NTD.

The table below details the sensitivity analysis of the Group when the exchange rate of each functional currency of each entity against each relevant foreign currency increases/decreases by 1%. 1% is the sensitivity rate used when reporting exchange rate risk within the Group to key management, and also represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. Sensitivity analysis only includes foreign currency monetary items in circulation which is translated at the end of the period with a 1% exchange rate adjustment.

When foreign currency monetary items are net assets, a positive number in the table below means that when the functional currency of each consolidated entity depreciates by 1% relative to each related currency (mainly USD, JPY and NTD), the pre-tax net profit or equity will increase by a number of the same amount; when the functional currency of each consolidated entity appreciates by 1% relative to each relevant currency, its impact on pre-tax net profit or equity will be a negative number of the same amount.

	The impact of USD		The impact of JPY		The impact of NTD	
	For the six months ended June 30		For the six months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024	2025	2024
Gains or (losses)	\$ 25,978 (i)	\$ 18,429 (i)	\$ 448 (ii)	(\$ 3)(ii)	(\$ 749)(iii)	(\$ 685)(iii)

- (i) Mainly from the Group's USD-denominated cash and cash equivalents, receivables, and payables that were in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to the USD exchange rate increased in the current period compared to the same period last year, which was due to an increase in USD-denominated cash and cash equivalents held.

- (ii) Mainly from the Group's JPY-denominated cash and cash equivalents, receivables, and payables that were in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to the JPY exchange rate increased in the current period compared to the same period last year, which was

due to an increase in JPY-denominated cash and cash equivalents held.

(iii) Mainly from the Group's NTD-denominated payables that were still in circulation on the balance sheet date without cash flow hedging.

The Group's sensitivity to NTD exchange rates did not change significantly this year compared with last year.

(2) Interest rate risk

Interest rate risk exposure is incurred due to the bank deposits, lease liabilities and borrowings within the Group include fixed and floating interest rates.

The carrying amounts of financial assets and financial liabilities of the Group subject to interest rate risk exposure on the balance sheet date are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Fair value interest rate risk			
- Financial assets	\$ 937,600	\$ 1,047,668	\$ 301,784
- Financial liabilities	206,838	135,367	58,808
Cash flow interest rate risk			
- Financial assets	2,509,582	2,305,041	2,060,286
- Financial liabilities	762,080	336,808	235,000

Sensitivity analysis

The sensitivity analysis below is based on the interest rate exposure of non-derivative instruments at the balance sheet date. The analysis for floating rate liabilities assumes that the amounts of the liabilities outstanding at the balance sheet date were all outstanding during the reporting period. The rate of change used in reporting interest rates within the Group to key management is a 1% increase or decrease in interest rates, which represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increased/decreased by 1% when all other variables are held constant, the Group's net profit before tax from January 1 to June 30, 2025 and 2024 will increase/decrease by \$8,738 thousand and \$9,126 thousand respectively, mainly due to the interest rate risk with fluctuations arising from the bank deposits and bank loans floating interest rate.

The Group's sensitivity to interest rates decreased in the period, which is due to the decrease in net assets with floating interest rates.

2) Credit risk

Credit risk refers to the risk that the counterparty defaults on its contractual obligations resulting in financial losses to the Group. As of the balance sheet date, the maximum credit risk exposure of the Group that may result in financial losses due to the counterparty's failure to perform its obligations is

from the carrying amount of financial assets recognized in the consolidated balance sheet.

The policy adopted by the Group is to transact with reputable counterparties and to obtain adequate guarantees to mitigate the risk of financial loss due to default when necessary. The Group rates major customers by creating complete customer profiles, using publicly available financial and non-financial information, and referring to past transaction records with the Group. The Group continuously monitors the credit exposure and the credit rating of the counterparty and controls the credit exposure through the counterparty's credit limit which is reviewed and approved annually by the responsible supervisor.

The Group continuously evaluates the financial status of customers with accounts receivable and contract assets and reviews the recoverable amounts of accounts receivable and contract assets to ensure that unrecoverable accounts receivable and contract assets have been properly set aside for impairment losses. When necessary, receipts in advance will be adopted as a transaction term to reduce credit risk. Thus, the credit risk on accounts receivable and contract assets is expected to be limited.

The credit risk of the Group is concentrated in the top five customers. As of June 30, 2025, and December 31 and June 30, 2024, the ratio for the total amount of accounts receivable and total contract assets came from the top five customers were 35%, 53% and 39%, respectively.

3) Liquidity risk

The Group manages and maintains a sufficient position of cash and cash equivalents to support the operations and mitigate the impact of fluctuations in cash flow. The management of the Group supervises the use of the bank's financing amount and ensures compliance with the terms of the borrowing agreement.

Bank borrowings are an important source of liquidity for the Group. Please refer to the description of 2) Financing amount for the unused financing amount of the Group as of June 30, 2025, and December 31 and June 30, 2024.

(1) Liquidity and Interest Rate Risk for Non-Derivative Financial Liabilities

The analysis of the remaining contractual maturity of non-derivative financial liabilities is based on the earliest date on which the Group may be required to repay, and is prepared based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). The maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

For interest cash flows paid at floating rates, the undiscounted interest amount is derived based on the average borrowing rate on the balance sheet date.

June 30, 2025

	<u>Less than 1 month</u>	<u>1 - 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
Non-interest bearing liabilities	\$ 677,050	\$ 758,797	\$ 592,133	\$ 18,592	\$ -
Floating rate instrument	296,358	9,780	51,105	347,094	88,320
Fixed rate instrument	101,583	-	-	-	-
Lease liabilities	<u>8,232</u>	<u>3,215</u>	<u>32,092</u>	<u>67,392</u>	<u>20</u>
	<u>\$ 1,083,223</u>	<u>\$ 771,792</u>	<u>\$ 675,330</u>	<u>\$ 433,078</u>	<u>\$ 88,340</u>

December 31, 2024

	<u>Less than 1 month</u>	<u>1 - 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
Non-interest bearing liabilities	\$ 561,503	\$ 807,216	\$ 563,180	\$ 20,717	\$ -
Floating rate instrument	4,631	9,264	105,904	181,445	52,861
Lease liabilities	8,944	3,124	36,174	91,788	1,586
	<u>\$ 575,078</u>	<u>\$ 819,604</u>	<u>\$ 705,258</u>	<u>\$ 293,950</u>	<u>\$ 54,447</u>

June 30, 2024

	<u>Less than 1 month</u>	<u>1 - 3 months</u>	<u>3 - 12 months</u>	<u>1 - 5 years</u>	<u>More than 5 years</u>
Non-interest bearing liabilities	\$ 417,365	\$ 379,083	\$ 585,947	\$ 20,682	\$ -
Floating rate instrument	366	732	37,806	164,063	46,170
Lease liabilities	9,309	2,058	16,172	29,268	3,944
	<u>\$ 427,040</u>	<u>\$ 381,873</u>	<u>\$ 639,925</u>	<u>\$ 214,013</u>	<u>\$ 50,114</u>

(2) Financing amount

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Unsecured borrowings			
- Utilized	\$ 290,000	\$ 50,000	\$ -
- Unutilized	<u>480,000</u>	<u>720,000</u>	<u>630,000</u>
	<u>\$ 770,000</u>	<u>\$ 770,000</u>	<u>\$ 630,000</u>
Secured borrowings			
- Utilized	\$ 572,080	\$ 286,808	\$ 235,000
- Unutilized	<u>787,920</u>	<u>1,073,192</u>	<u>320,000</u>
	<u>\$ 1,360,000</u>	<u>\$ 1,360,000</u>	<u>\$ 555,000</u>

33. RELATED PARTY TRANSACTIONS

Transactions, account balances, income and expenses between the Company and its subsidiaries (which are related parties of the Company) are all eliminated upon consolidation, thus not disclosed in this note. Unless disclosed in other notes, the transactions between the Group and other related parties are as follows.

a. Related party name and categories

<u>Related party name</u>	<u>Related party categories</u>
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Associate

b. Revenue

<u>Item</u>	<u>Related party categories</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Electroplating services	Associate	<u>\$ 26,185</u>	<u>\$ 23,740</u>	<u>\$ 50,042</u>	<u>\$ 44,493</u>
Lease revenue	Associate	<u>\$ 11,550</u>	<u>\$ 12,268</u>	<u>\$ 23,904</u>	<u>\$ 24,200</u>
Lease and other services	Associate	<u>\$ 1,721</u>	<u>\$ 1,712</u>	<u>\$ 3,561</u>	<u>\$ 3,376</u>

There is no other comparable transaction of the same sales price and conditions of the related parties. The income from electroplating services is determined by the

cost-plus pricing, and the payment terms are monthly T/T 45 days. The lease income is based on the contract signed according to the general market conditions, and the rent is collected on a monthly basis; the other service income is collected on a monthly basis according to the contract content.

c. Receivables from related parties

Item	Related party categories	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable due from related parties	Associate	<u>\$ 9,394</u>	<u>\$ 8,903</u>	<u>\$ 9,223</u>
Other receivables - related parties	Associate	<u>\$ 276</u>	<u>\$ 863</u>	<u>\$ 179</u>

The outstanding receivables from related parties are not overdue, and no guarantee has been received. No allowance for losses was provided for receivables from related parties

d. Lease agreement

Operation lease/ sublease

The Group leases the buildings and subleases the land use rights related to the buildings to its associate, Mitsubishi Electric GEM Power Semiconductor (Hefei) Co., Ltd., for a lease term of five years, with an option to extend the lease term for two years. The rent is signed according to the general market condition which is paid monthly. At the end of the lease period, the lessee will not have the purchase price option to acquire the real estate. As of June 30, 2025, and December 31 and June 30, 2024, the total lease payments to be received in the future are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Year 1	\$ 44,771	\$ 49,888	\$ 49,805
Year 2	22,385	49,888	49,805
Year 3	-	-	24,903
Year 4	-	-	-
Year 5	-	-	-
	<u>\$ 67,156</u>	<u>\$ 99,776</u>	<u>\$ 124,513</u>

The Company recognized revenue from lease, which amounted to \$11,550 thousand, \$12,268 thousand for the three months ended June 30, 2025 and 2024, respectively; \$23,904 thousand and \$24,200 thousand for the six months ended June 30, 2025 and 2024, respectively.

e. Other related party transactions

Item	Related party categories	June 30, 2025	December 31, 2024	June 30, 2024
Guarantee deposits and margins received	Associate	<u>\$ 1,585</u>	<u>\$ 1,767</u>	<u>\$ 1,764</u>
Advance receipts	Associate	<u>\$ 3,677</u>	<u>\$ 4,097</u>	<u>\$ 4,090</u>

f. Remuneration for key managerial officers

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 44,522	\$ 32,481	\$ 104,777	\$ 63,699
Share-based payment	-	7	-	14
Post-employment benefits	180	189	342	378
	<u>\$ 44,702</u>	<u>\$ 32,677</u>	<u>\$ 105,119</u>	<u>\$ 64,091</u>

The remuneration of directors and other key managerial officers is determined by the Remuneration Committee in accordance with individual performance and market trends.

34. PLEDGED ASSETS

The following assets have been provided as collateral for financing borrowings:

	June 30, 2025	December 31, 2024	June 30, 2024
Pledged term deposits (financial assets measured at amortized cost - non-current)	\$ 774	\$ 763	\$ 761
Self-owned land	622,948	622,948	358,403
Net amount of property and building	166,606	168,619	103,980
Net amount of machinery and equipment	138,617	162,049	188,152
	<u>\$ 928,945</u>	<u>\$ 954,379</u>	<u>\$ 651,296</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The unrecognized commitments of the Group are as follows:

Unit: Foreign currency (In thousands)

	June 30, 2025	December 31, 2024	June 30, 2024
Acquisition of property, plant and equipment			
JPY	<u>\$ 726,198</u>	<u>\$ 1,049,634</u>	<u>\$ -</u>
NTD	<u>\$ 311,834</u>	<u>\$ 145,384</u>	<u>\$ 13,724</u>
RMB	<u>\$ 2,482</u>	<u>\$ 2,127</u>	<u>\$ 3,083</u>
USD	<u>\$ 2,520</u>	<u>\$ 871</u>	<u>\$ 144</u>

36. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL

ASSETS AND LIABILITIES

The following information was summarized according to the foreign currencies other than the functional currency of the Group. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

June 30, 2025

	Foreign currencies (in thousands)	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 93,710	29.3000(USD: NTD)	\$ 2,745,708
USD	59,959	7.1586(USD: RMB)	1,756,790
JPY	602,502	0.2034(JPY: NTD)	122,549
Foreign currency liabilities			
<u>Monetary items</u>			
USD	55,183	29.3000(USD: NTD)	1,616,854
USD	9,823	7.1586(USD: RMB)	287,820
JPY	382,130	0.2034(JPY: NTD)	77,725
NTD	31,219	0.0341(NTD: USD)	31,219
NTD	43,708	0.2443(NTD: RMB)	43,708

December 31, 2024

	Foreign currencies (in thousands)	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 101,684	32.7850(USD: NTD)	\$ 3,333,724
USD	48,235	7.1884(USD: RMB)	1,581,389
JPY	250,863	0.2099(JPY: NTD)	52,656
Foreign currency liabilities			
<u>Monetary items</u>			
USD	61,877	32.7850(USD: NTD)	2,028,646
USD	10,254	7.1884(USD: RMB)	336,163
JPY	249,737	0.2099(JPY: NTD)	52,420
NTD	44,289	0.0305(NTD: USD)	44,289
NTD	81,334	0.2193(NTD: RMB)	81,334

June 30, 2024

	Foreign currencies (in thousands)	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 57,008	32.4500 (USD: NTD)	\$ 1,849,904
USD	49,880	7.1268 (USD: RMB)	1,618,615
JPY	252,541	0.2017 (JPY: NTD)	50,938
Foreign currency liabilities			
<u>Monetary items</u>			
USD	39,924	32.4500 (USD: NTD)	1,295,526
USD	10,173	7.1268 (USD: RMB)	330,107
JPY	254,009	0.2017 (JPY: NTD)	51,234
NTD	32,872	0.0308 (NTD: USD)	32,872
NTD	35,609	0.2196 (NTD: RMB)	35,609

The Group's foreign exchange (losses) gains (realized and unrealized) from April 1 to June 30, 2025 and 2024 and January 1 to June 30, 2025 and 2024 were (\$225,112) thousand, \$1,701 thousand, (\$206,679) thousand and \$59,925 thousand respectively. Due to the wide variety of foreign currency transactions and functional currencies of the Group, it is not possible to disclose exchange gains and losses and significant impact for each currency.

37. ADDITIONAL DISCLOSURES

- a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company:
 - 1) Financings provided: None
 - 2) Endorsement/guarantee provided: None
 - 3) Holding of significant securities at the end of the period (excluding investments in subsidiaries and associates): None
 - 4) Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: See Table 1 attached;
 - 5) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: See Table 2 attached;
 - 6) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 3 attached.
- b. Information on investees (excluding information on investment in Mainland China): See Table 4 attached;
- c. Information on investment in mainland China:
 - 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of

- profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 5 attached.
- 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gains or losses, and other related information which is helpful to understand the impact of investment in mainland China on financial reports:
- (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: See Table 1 and Table 3 attached.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - (3) The amount of property transactions and the amount of the resultant gains or losses: None
 - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - (5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
 - (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Note 33

38. SEGMENTS INFORMATION

Information provided to the operation decision maker to allocate resources and measure segment performance, focusing on each type of product or service delivered or provided. The reportable segments of the Group are the optoelectronics segment, the semiconductor segment, and the silicon photonics segment.

The operation decision maker regards the subsidiaries in optoelectronics industry, semiconductor foundry and sales, or silicon photonics industry in each region as individual operating segments, but when preparing financial statements, the Group considers the following factors and aggregates these operating segments as a single segment:

- a. Similar product properties and process;
- b. Similar product pricing strategy and sales model.

Revenue and operation results from each department

The revenue and operating results of the Group's continuing operation are analyzed as follows according to the reportable segment:

	Revenue from each segment		Profit and loss from each segment	
	For the six months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Optoelectronics industry	\$ 985,550	\$ 420,582	\$ 207,716	(\$ 51,034)
Semiconductor	2,601,435	2,247,342	516,533	311,946
Silicon photonics				
segment	1,345,618	361,959	379,424	62,311
Intercompany				
eliminations	(325,700)	(39,542)	2,502	952
Total of continuing				
operations	<u>\$ 4,606,903</u>	<u>\$ 2,990,341</u>	1,106,175	324,175

	Revenue from each segment		Profit and loss from each segment	
	For the six months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Headquarters				
management cost and remuneration to directors			(30,140)	(18,479)
Other gains and losses			-	(2,370)
Interest income			34,958	25,025
Other income			2,704	3,175
Other gains and losses			(207,693)	34,993
Finance costs			(7,479)	(2,965)
Share of profit of subsidiaries and joint ventures accounted for using equity method			<u>10,319</u>	<u>8,870</u>
Income before income tax			<u>\$ 908,844</u>	<u>\$ 372,424</u>

The segment revenue reported above is generated from transactions with external customers.

Segment profit and loss refers to the profit earned by each segment, excluding the apportionable headquarters management costs and compensation to directors, other gains and losses, interest income, other income, other profits and losses, financial costs, share of profits and losses of affiliates and joint ventures accounted using the equity method, and income tax cost. This measured amount is provided to the decision maker for the purpose of allocating resources to segments and measuring their performance.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE SIX MONTHS ENDED JUNE 30, 2025

(Amounts in Thousands of New Taiwan Dollars)

Table 1

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Remark
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Centera Photonics Inc.	Parent company to subsidiary	Sales	(\$ 325,535)	(33%)	Processing income and other service income: Payments are collected in net 30 to 60 days end of the month.	—	—	\$ 42,161	5%	Notes 1, 3 and 4
Centera Photonics Inc.	The Company	Subsidiary to parent company	Note 5	325,535	84%	Net 30~60 days from invoice date	—	—	(42,161)	(23%)	Notes 1 and 3
GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Sales	(797,233)	(62%)	Net 90 days from invoice date	—	—	402,866	68%	Notes 1, 2 and 3
GEM Tech Ltd., Taiwan Branch	GEM Electronics (Shanghai) Co., Ltd.	"	Purchase	797,233	64%	"	—	—	(402,866)	(64%)	Notes 1, 2 and 3
	GEM Electronics (Hefei) Co., Ltd.	"	Purchase	450,100	36%	"	—	—	(224,568)	(36%)	Notes 1, 2 and 3
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	"	Sales	(450,100)	(59%)	"	—	—	224,568	75%	Notes 1, 2 and 3

Note 1: The transaction price is determined by the cost-plus pricing.

Note 2: There is no unrealized profit or loss for this period.

Note 3: It has been consolidated and written off in the preparation of this consolidated financial statement.

Note 4: The current period's transactions include \$6 thousand in unrealized gains. The balance of receivables includes contract assets of \$554 thousand, accounts receivable of \$5,308 thousand, and other receivables of \$36,299 thousand.

Note 5: The Company recognized manufacturing expenses of \$323,142 thousand and research and development expenses of \$2,393 thousand.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 2025

(Amounts in Thousands of New Taiwan Dollars)

Table 2

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable \$ 402,866	4.03	\$ -	—	\$ 128,232	\$ -
GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Subsidiary to subsidiary	Accounts receivable 224,568	4.04	-	—	72,776	-

Note 1: Amount recovered from July 1 to August 12, 2025.

Note 2: It has been consolidated and written off in the preparation of this consolidated financial statement.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(Amounts in Thousands of New Taiwan Dollars)

Table 3

No.	Company Name	Counterparty	Nature of Relationship	Transaction Details			
				Financial Statements Item	Amount (Note 1)	Terms	% of Total (Note 2)
1	The Company	Centra Photonics Inc.	Note 3 (1)	Revenue	\$ 325,535 (Note 5)	Net 30~60 days from invoice date	7%
				Contract assets - related parties	554	-	-
				Accounts receivable due from related parties	5,308	-	-
				Other receivables - related parties	36,299	Net 30~60 days from invoice date (Payments for materials purchased on behalf of others)	-
2	GEM Services, Inc.	The Company	Note 3 (2)	Earnings distribution	276,400	-	2%
3	GEM Electronics (Shanghai) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales revenue	797,233 (Note 4)	Net 90 days from invoice date	17%
				Accounts receivable due from related parties	402,866	-	3%
				Contract assets - related parties	45,146	-	-
4	GEM Electronics (Hefei) Co., Ltd.	GEM Tech Ltd., Taiwan Branch	Note 3 (3)	Sales revenue	450,100 (Note 4)	Net 90 days from invoice date	10%
				Accounts receivable due from related parties	224,568	-	2%
				Contract assets - related parties	26,736	-	-
5	GEM Tech Ltd.	GEM Services, Inc.	Note 3 (3)	Remittance of earnings	631,267	-	5%

The business relationship between the parent and the subsidiaries:

The Company, Centra Photonics Inc., and GEM Electronics (Shanghai) Co., Ltd., GEM Tech Ltd., Taiwan Branch, and GEM Tech Ltd. are engaged in the manufacture and sale of electronic parts; GEM Electronics (Hefei) Co., Ltd. is engaged in the manufacture and sale of electronic parts and plant leasing;; GEM Services, Inc. and GEM Electronics Company Limited are holding companies.

Note 1: This table discloses information on one-way transactions only, which have been written off in the preparation of the consolidated financial statements.

Note 2: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets is calculated by the closing balance for the consolidated total assets if it is an asset-liability account or calculated by the accumulated amount for the consolidated total revenue if it is a profit and loss account

Note 3: Relationship to the counterparty:

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

Note 4: There is no unrealized profit or loss for this period.

Note 5: This transaction included unrealized profit of \$6 thousand.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEs OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE SIX MONTHS ENDED JUNE 30, 2025

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 4

Investment Company	Investee	Location	Main Business	Original Investment Amount (Note 1)		Holding of Investment at the End of the Period Balance as of June 30, 2025			Net Income (Losses) of the Investee	Share of Profits/Losses (Note 5)	Remark
				June 30, 2025	December 31, 2024	Shares	Percentage of Ownership (Note 4)	Carrying Amount (Note 4)			
The Company	Centera Photonics Inc.	Taiwan	Manufacture and sales of electronic parts	\$ 271,562	\$ 271,562	35,303,082	54.23%	\$ 542,018	\$ 286,682	\$ 156,421	Notes 2, 8 and 9
	GEM Services, Inc.	Cayman Islands	Holding company business	568,965	568,965	65,809,451	51%	2,030,949	326,366	166,435	Note 3
GEM Services, Inc.	GEM Electronics Company Limited	British Virgin Islands	Holding company business	-	-	100	51%	1,496,996	161,927	82,577	Note 3
	GEM Tech Ltd.	Samoa	Manufacture and sales of electronic parts	18,202	18,202	606,091	51%	518,000	246,561	125,737	Note 3

Note 1: The original investment amount does not include the investment amount of the investee company before the date of acquisition.

Note 2: The relevant investment profit and loss recognition are based on the financial statements of the investee company reviewed by the accountants during the same period.

Note 3: The relevant investment profit and loss recognition are based on the financial statements of the investee company audited by the accountants during the same period.

Note 4: The carrying amount held at the end of the period is based on the shareholding ratio of the Company at the end of the period.

Note 5: The investment profit (loss) recognized in the current period is based on the weighted average shareholding ratio of the Company.

Note 6: It has been consolidated and written off in the preparation of this consolidated financial statement.

Note 7: Please refer to Table 5 for relevant information on investment in Mainland China.

Note 8: The carrying amount of the holding at the end of the period included \$1,588 thousand in realized profit and \$6 thousand in unrealized profit from intercompany transactions.

Note 9: On June 30, 2025, Centera Photonics Inc. issued stock dividends, and the Company received 8,146,865 shares based on its shareholding in the subsidiary.

ELITE ADVANCED LASER CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(Amounts in Thousands of New Taiwan Dollars/ Foreign Currency)

Table 5

1. Name of the investee company in Mainland China, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, current profit or loss, recognized investment gains or losses, carrying amount of the investment, and repatriated investment gains:

Investee Company in China	Main Business	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2025	Percentage of Ownership	Net Income (Losses) of the Investee Company	Share of Profits/Losses	Carrying Amount as of June 30, 2025	Accumulated Inward Remittance of Earnings as of June 30, 2025
					Outflow	Inflow						
GEM Electronics (Shanghai) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts	\$ 2,021,700 (USD 69,000) (Note 5)	Reinvested by GEM Electronics Company Limited (Note 1(2))	\$ -	\$ -	\$ -	\$ -	51%	\$ 161,927	\$ 82,577 (Note 2(2) 2.)	\$ 1,496,996	\$ -
GEM Electronics (Hefei) Co., Ltd. (Note 4)	Manufacture and sales of electronic parts, factory leasing	1,786,630 (RMB 436,511)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	51%	41,150	20,985 (Note 2(2) 2.)	630,515	-
Mitsubishi Electric GEM Power Device (Hefei) Co., Ltd.	Production, design, packaging and testing of power management electronic accessories	146,500 (USD 5,000)	Reinvested by GEM Electronics (Shanghai) Co., Ltd. (Note 1(3))	-	-	-	-	10.2%	51,597	5,262 (Note 2(2) 3.)	60,474	-

Note 1: There are three types of investment methods, and they indicated below:

- (1) Directly conduct investment in China.
- (2) Reinvestment in Mainland China through a third regional company (GEM Electronics Company Limited).
- (3) Other methods. (reinvestment through GEM Electronics (Shanghai) Co., Ltd.).

Note 2: Share of Profits/Losses

- (1) It shall be indicated If it is under preparation without investment profit or loss.
- (2) The basis for recognition of investment gains and losses is divided into the following three types, which should be indicated.
 1. Financial statements reviewed by an international accounting firm that has a cooperative relationship with an accounting firm of the Republic of China.
 2. Financial statements audited by the certified accounting firm by the parent company in Taiwan.
 3. Based on the financial statements of the invested company that have not been reviewed by accountants during the same period.

Note 3: Relevant figures in this table should be denominated in New Taiwan Dollars.

Note 4: It has been written-off in the preparation of these consolidated financial statements.

Note 5: Part of it is reinvested with surplus funds from the third region.

2. Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ - (USD -)	\$ -	\$ 4,230,256

Note 1: The Company originally applied for an investment case of indirectly investing USD 9,000 thousand in GEM Electronics (Shanghai) Co., Ltd. in Mainland China according to the Official Letter Ching-Shen-Erh-Tzu No. 10100160030 dated May 16, 2012, and later, on August 15, 2013, the investment purpose of the case was changed to an overseas investment, which was approved by Official Letter Ching-Shen-Erh-Tzu No. 10200310550.

Note 2: The Company originally applied for an indirect investment of USD 2,750 thousand in GEM Electronics (Hefei) Co., Ltd. in Mainland China according to the Official Letter Ching-Shen-Erh-Tzu No. 10100160040 dated May 16, 2012, and later, on August 15, 2013, the investment purpose of the case was changed to an overseas investment, which was approved by Official Letter Ching-Shen-Erh-Tzu No. 10200310550.