

Walrus Pump Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Auditors'
Review Report
Second Quarter of 2026 and 2025
(Stock Code: 6982)

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Walrus Pump Co., Ltd. and Subsidiaries
Consolidated Financial Statements for the Second Quarter of 2026 and 2025 and
Independent Auditors' Review Report
Table of Contents

Item	Page No.
I. Cover Page	1
II. Table of Contents	2 ~ 3
III. Independent Auditors' Review Report	4 ~ 5
IV. Consolidated Balance Sheet	6 ~ 7
V. Consolidated Statement of Comprehensive Income	8
VI. Consolidated Statement of Changes in Equity	9
VII. Consolidated Statement of Cash Flows	10
VIII. Notes to Consolidated Financial Statements	11 ~ 52
(I) Company Profile	11
(II) Approval Date and Procedures of the Financial Statements	11
(III) Application of New and Amended Standards and Interpretations	11 ~ 12
(IV) Summary of Significant Accounting Policies	13 ~ 14
(V) Significant Accounting Assumptions and Judgment, and Major Sources of Estimation Uncertainty	14
(VI) Description of Significant Accounts	14 ~ 38
(VII) Related Party Transactions	38 ~ 39

Item	Page No.
(VIII) Pledged Assets	39
(IX) Significant Contingent Liabilities and Unrecognized Commitments	39
(X) Significant Disaster Losses	40
(XI) Significant Subsequent Events	40
(XII) Other	40 ~ 49
(XIII) Additional Disclosures	49 ~ 50
(XIV) Segment Information	50 ~ 52

Independent Auditors' Review Report

(115) Cai-Shen-Bao-Zi No. 26001424

To the Board of Directors and Shareholders of Walrus Pump Co., Ltd.,

Introduction

We have audited the accompanying consolidated financial statements of Walrus Pump Co., Ltd. and its subsidiaries (the “Group”), which are comprised of the consolidated balance sheets as of June 30, 2026 and 2025, as well as the consolidated statements of comprehensive income, changes in equity and cash flows for April 1 to June 30, 2026 and 2025, and January 1 to June 30, 2026 and 2025, and notes to the consolidated financial statements (including a summary of significant accounting policies). It is the management's responsibility to prepare consolidated financial statements that fairly present the Group's consolidated financial position in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard (IAS) 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to draw conclusions on the consolidated financial statements per the review results.

Scope

We have conducted our reviews in accordance with International Standard on Review Engagements 2410 (ISRE 2410) “Review of Interim Financial Information” of the R.O.C. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain the level of assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2026 and 2025, and its consolidated financial performance and consolidated cash flows for April 1 to June 30, 2026 and 2025, and January 1 to June 30, 2026 and 2025, 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 R.O.C.

PwC Taiwan

Chin-Chang Chen

CPAs

Fu-Min Liao

Financial Supervisory Commission

Approval Certificate No.:

Jin-Guan-Zheng-Shen-Zi No. 1060025060

Jin-Guan-Zheng-Shen-Zi No. 1090350620

August 6, 2026

Walrus Pump Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
June 30, 2026 and December 31 and June 30, 2025

Unit: NTD thousands

			June 30, 2026		December 31, 2025		June 30, 2025				
			Assets	Notes	Amount	%	Amount	%	Amount	%	
Current assets											
1100	Cash and cash equivalents	VI (I)	\$	211,631	7	\$	157,574	6	\$	355,056	13
1110	Financial assets measured at fair value through profit or loss - current	VI (II)		-	-		-	-		399	-
1136	Financial assets measured at amortized cost - current	VI (III) and VIII		28,533	1		25,918	1		37,144	1
1150	Notes receivable, net	VI (IV)		62,320	2		54,640	2		62,901	2
1170	Net accounts receivable	VI (IV)		307,880	10		235,728	9		235,180	8
1200	Other receivables			1,834	-		1,277	-		1,391	-
1220	Current income tax assets			11,180	-		11,173	-		103	-
130X	Inventories	VI (V)		487,939	17		399,554	15		440,431	16
1410	Prepayments			21,284	1		13,868	-		19,227	1
1470	Other current assets			710	-		249	-		779	-
11XX	Total current assets			1,133,311	38		899,981	33		1,152,611	41
Non-current assets											
1600	Property, plant and equipment	VI (VI) and VIII		1,565,738	53		1,587,283	58		1,244,950	44
1755	Right-of-use assets	VI (VII), VII and VIII		190,011	6		192,706	7		204,907	7
1780	Intangible assets	VI (VIII)		13,655	1		9,570	-		9,907	1
1840	Deferred income tax assets			8,515	-		8,543	-		8,972	-
1900	Other non-current assets	VI (IX) and VIII		50,978	2		55,358	2		187,628	7
15XX	Total non-current assets			1,828,897	62		1,853,460	67		1,656,364	59
1XXX	Total assets		\$	2,962,208	100	\$	2,753,441	100	\$	2,808,975	100

(Continued on next page)

Walrus Pump Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
June 30, 2026 and December 31 and June 30, 2025

Unit: NTD thousands

	Liabilities and equity	Notes	June 30, 2026		December 31, 2025		June 30, 2025	
			Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term borrowings	VI (X) and VIII	\$ 210,000	7	\$ 170,000	6	\$ 644,000	23
2120	Financial liabilities measured at fair value through profit or loss - current	VI (II)	1,374	-	745	-	220	-
2130	Contract liabilities - current	VI (XX)	2,286	-	3,375	-	1,971	-
2150	Notes payable		12,967	1	7,985	-	8,550	-
2170	Accounts payable		337,131	12	174,668	7	228,616	8
2200	Other payables	VI (XI)	158,515	5	118,412	4	125,326	5
2230	Current income tax liabilities		4,215	-	-	-	5,986	-
2250	Provisions for liabilities - current	VI (XVI)	10,022	-	18,503	1	9,938	-
2280	Lease liabilities - current	VII	20,458	1	19,463	1	22,364	1
2320	Long-term liabilities due in one year or one operating cycle	VI (XIII) and VIII	-	-	-	-	15,744	1
2399	Other current liabilities - others		3,789	-	4,077	-	3,134	-
21XX	Total current liabilities		<u>760,757</u>	<u>26</u>	<u>517,228</u>	<u>19</u>	<u>1,065,849</u>	<u>38</u>
	Non-current liabilities							
2530	Corporate bonds payable	VI (XII)	470,341	16	469,380	17	-	-
2540	Long-term borrowings	VI (XIII) and VIII	722,114	25	722,114	26	703,610	25
2550	Liability reserve - non-current	VI (XVI)	9,385	-	6,652	-	6,320	-
2570	Deferred income tax liabilities		3,469	-	2,397	-	532	-
2580	Lease liabilities - non-current	VII	120,177	4	123,991	5	130,910	5
2600	Other non-current liabilities		2,810	-	2,848	-	4,031	-
25XX	Total non-current liabilities		<u>1,328,296</u>	<u>45</u>	<u>1,327,382</u>	<u>48</u>	<u>845,403</u>	<u>30</u>
2XXX	Total liabilities		<u>2,089,053</u>	<u>71</u>	<u>1,844,610</u>	<u>67</u>	<u>1,911,252</u>	<u>68</u>
	Equity							
	Share capital	VI (XVII)						
3110	Common share capital		407,491	14	406,491	15	403,491	14
3130	Bond conversion entitlement certificates		32	-	256	-	-	-
	Capital reserve	VI (XVIII)						
3200	Capital reserve		415,360	14	452,280	17	403,603	15
	Retained earnings	VI (XIX)						
3310	Legal reserve		31,314	1	31,083	1	31,083	1
3350	Unappropriated earnings		22,059	1	30,519	1	61,763	2
	Other equity							
3400	Other equity		(3,101)	(1)	(11,798)	(1)	(2,217)	-
3XXX	Total equity		<u>873,155</u>	<u>29</u>	<u>908,831</u>	<u>33</u>	<u>897,723</u>	<u>32</u>
	Significant Contingent Liabilities and Unrecognized Commitments							
	Significant subsequent events	XI						
3X2X	Total liabilities and equity		<u>\$ 2,962,208</u>	<u>100</u>	<u>\$ 2,753,441</u>	<u>100</u>	<u>\$ 2,808,975</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Chairman: CHING-FENG HUANG

Managerial Officer: CHING-YUN HUANG

Accounting Officer: WEN-CHIN CHANG

Walrus Pump Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to June 30, 2026 and 2025

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

	Item	Notes	April 1 to June 30, 2026		April 1 to June 30, 2025		January 1 to June 30, 2026		January 1 to June 30, 2025	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	VI (XVI) (XX)	\$ 532,583	100	\$ 423,298	100	\$ 1,015,662	100	\$ 852,729	100
5000	Operating cost	VI (V) (XXIII)	(407,454)	(77)	(313,776)	(74)	(774,198)	(76)	(622,147)	(73)
5900	Operating gross profit		<u>125,129</u>	<u>23</u>	<u>109,522</u>	<u>26</u>	<u>241,464</u>	<u>24</u>	<u>230,582</u>	<u>27</u>
6100	Operating expenses	VI (XXIII)								
6100	Selling and marketing expenses		(30,020)	(5)	(28,715)	(7)	(59,858)	(6)	(53,649)	(7)
6200	Administrative expenses		(52,286)	(10)	(43,300)	(10)	(110,775)	(11)	(87,320)	(10)
6300	R&D expenses		(19,743)	(4)	(18,146)	(5)	(38,199)	(4)	(35,899)	(4)
6450	Expected credit impairment gain	XII (II)	4	-	106	-	816	-	1,603	-
6000	Total operating expenses		(102,045)	(19)	(90,055)	(22)	(208,016)	(21)	(175,265)	(21)
6900	Operating profit		<u>23,084</u>	<u>4</u>	<u>19,467</u>	<u>4</u>	<u>33,448</u>	<u>3</u>	<u>55,317</u>	<u>6</u>
	Non-operating income and expenses									
7100	Interest income	VI (III)	889	-	1,198	-	1,104	-	1,368	-
7010	Other income	VI (XXI)	1,426	1	399	-	6,857	1	634	-
7020	Other gains and losses	VI (II) (XXII)	743	-	(21,537)	(5)	(544)	-	(16,712)	(2)
7050	Finance costs	VI (XVII) and VII	(9,571)	(2)	(1,785)	-	(19,007)	(2)	(2,697)	-
7000	Total non-operating income and expenses		(6,513)	(1)	(21,725)	(5)	(11,590)	(1)	(17,407)	(2)
7900	Profit (loss) before income tax		<u>16,571</u>	<u>3</u>	(2,258)	(1)	<u>21,858</u>	<u>2</u>	<u>37,910</u>	<u>4</u>
7950	Income tax profit (expense)	VI (XXIV)	(4,283)	-	3,436	1	(5,698)	-	(4,359)	-
8200	Net income for the period		<u>\$ 12,288</u>	<u>3</u>	<u>\$ 1,178</u>	<u>-</u>	<u>\$ 16,160</u>	<u>2</u>	<u>\$ 33,551</u>	<u>4</u>
	Other comprehensive income									
	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences in translation of the financial statements of foreign operations		\$ 1,317	-	(\$ 8,925)	(2)	\$ 4,085	-	(\$ 7,207)	(1)
8300	Other comprehensive profit and loss (net)		<u>\$ 1,317</u>	<u>-</u>	<u>(\$ 8,925)</u>	<u>(2)</u>	<u>\$ 4,085</u>	<u>-</u>	<u>(\$ 7,207)</u>	<u>(1)</u>
8500	Total comprehensive income for the period		<u>\$ 13,605</u>	<u>3</u>	<u>(\$ 7,747)</u>	<u>(2)</u>	<u>\$ 20,245</u>	<u>2</u>	<u>\$ 26,344</u>	<u>3</u>
	Net income attributable to:									
8610	Owner of the parent company		<u>\$ 12,288</u>	<u>3</u>	<u>\$ 1,178</u>	<u>-</u>	<u>\$ 16,160</u>	<u>2</u>	<u>\$ 33,551</u>	<u>4</u>
	Total comprehensive income attributable to:									
8710	Owner of the parent company		<u>\$ 13,605</u>	<u>3</u>	<u>(\$ 7,747)</u>	<u>(2)</u>	<u>\$ 20,245</u>	<u>2</u>	<u>\$ 26,344</u>	<u>3</u>
	Basic earnings per share	VI (XXV)								
9750	Basic earnings per share		<u>\$ 0.30</u>		<u>\$ 0.03</u>		<u>\$ 0.40</u>		<u>\$ 0.83</u>	
	Diluted earnings per share	VI (XXV)								
9850	Diluted earnings per share		<u>\$ 0.29</u>		<u>\$ 0.03</u>		<u>\$ 0.40</u>		<u>\$ 0.83</u>	

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Chairman: CHING-FENG HUANG

Managerial Officer: CHING-YUN HUANG

Accounting Officer: WEN-CHIN CHANG

Walrus Pump Co., Ltd. and Subsidiaries
Consolidated Statement of Changes Equity
January 1 to June 30, 2026 and 2025

Unit: NTD thousands

Equity attributable to owners of the parent company												
	Share capital		Capital reserve				Retained earnings		Other equity			
		Bond conversion entitlement certificates		Capital surplus - donated assets received	Capital surplus - stock options	Capital surplus - restricted employee shares		Unappropriated earnings	Exchange differences in translation of the financial statements of foreign operations	Remeasurements of defined benefit plans	Other equity - other	
Notes	Common share capital		Capital surplus - issuance premium				Legal reserve					Total equity
<u>January 1 to June 30, 2025</u>												
Balance on January 1	\$ 403,491	\$ -	\$ 403,603	\$ -	\$ -	\$ -	\$ 20,967	\$ 123,061	\$ 2,647	\$ 2,343	\$ -	\$ 956,112
Net income for the period	-	-	-	-	-	-	-	33,551	-	-	-	33,551
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	(7,207)	-	-	(7,207)
Total comprehensive income for the period	-	-	-	-	-	-	-	33,551	(7,207)	-	-	26,344
2024 Appropriation and distribution of retained earnings: VI (XIX)												
Appropriation of legal reserve	-	-	-	-	-	-	10,116	(10,116)	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	(84,733)	-	-	-	(84,733)
Balance on June 30	<u>\$ 403,491</u>	<u>\$ -</u>	<u>\$ 403,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,083</u>	<u>\$ 61,763</u>	<u>(\$ 4,560)</u>	<u>\$ 2,343</u>	<u>\$ -</u>	<u>\$ 897,723</u>
<u>January 1 to June 30, 2026</u>												
Balance on January 1	\$ 406,491	\$ 256	\$ 405,027	\$ -	\$ 29,043	\$ 18,210	\$ 31,083	\$ 30,519	\$ 3,397	\$ 2,343	(\$ 17,538)	\$ 908,831
Net income for the period	-	-	-	-	-	-	-	16,160	-	-	-	16,160
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	4,085	-	-	4,085
Total comprehensive income for the period	-	-	-	-	-	-	-	16,160	4,085	-	-	20,245
2025 Appropriation and distribution of retained earnings: VI (XIX)												
Appropriation of legal reserve	-	-	-	-	-	-	231	(231)	-	-	-	-
Cash dividends	-	-	(40,649)	-	-	-	-	(24,389)	-	-	-	(65,038)
Conversion of convertible corporate bonds	VI (XII)	1,000	(224)	4,410	-	(696)	-	-	-	-	-	4,490
Remuneration cost of new restricted employee shares	VI (XV)	-	-	-	-	-	-	-	-	-	4,612	4,612
Exercise disgorgement right		-	-	-	15	-	-	-	-	-	-	15
Balance on June 30	<u>\$ 407,491</u>	<u>\$ 32</u>	<u>\$ 368,788</u>	<u>\$ 15</u>	<u>\$ 28,347</u>	<u>\$ 18,210</u>	<u>\$ 31,314</u>	<u>\$ 22,059</u>	<u>\$ 7,482</u>	<u>\$ 2,343</u>	<u>(\$ 12,926)</u>	<u>\$ 873,155</u>

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Chairman: CHING-FENG HUANG

Managerial Officer: CHING-YUN HUANG

Accounting Officer WEN-CHIN CHANG

Walrus Pump Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
January 1 to June 30, 2026 and 2025

Unit: NTD thousands

	Notes	January 1 to June 30, 2026	January 1 to June 30, 2025
<u>Cash flow from operating activities</u>			
Net income before tax for the current period		\$ 21,858	\$ 37,910
Adjustments			
Adjustments to reconcile profit and loss			
Gain (loss) from financial assets and liabilities at fair value through profit or loss	VI (II) (XXII)	629	(1,036)
Depreciation expense	VI (VI) (VIII) (XXIII)	81,497	38,467
Amortization expenses	VI (VIII) (XXIII)	2,946	1,395
Interest income		(1,104)	(1,368)
Interest expenses		19,007	2,697
Gains on disposal of property, plant, and equipment	VI (XXII)	(16)	(10)
Expected credit impairment gain	XII (II)	(816)	(1,603)
Share-based remuneration payment costs	VI (XV)	4,612	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets and liabilities measured at fair value through profit or loss		-	857
Notes receivable, net		(7,680)	(9,562)
Net accounts receivable		(71,336)	(23,027)
Other receivables		(562)	2,850
Inventories		(88,385)	(28,058)
Prepayments		(7,416)	(6,288)
Other current assets		(461)	(156)
Other non-current assets		59	291
Net changes in liabilities relating to operating activities			
Contract liabilities - current		(1,089)	(6,277)
Notes payable		4,982	548
Accounts payable		162,463	16,037
Other payables		(5,121)	(30,597)
Provisions for liabilities - current		(8,481)	(5,356)
Other current liabilities - others		(288)	226
Liability reserve - non-current		2,733	(422)
Other non-current liabilities		(38)	3,798
Cash inflow (outflow) from operating activities		107,993	(8,684)
Interest received		1,109	1,272
Income tax paid		(390)	(7,347)
Interest paid		(13,519)	(2,198)
Net cash generated from (used in) operating activities		95,193	(16,957)
<u>Cash flow from investing activities</u>			
Increase in financial assets at amortized cost		(2,615)	(26,113)
Acquisition of property, plant and equipment	VI (XXVI)	(62,606)	(297,968)
Disposal of property, plant and equipment		81	133
Acquisition of intangible assets	VI (VIII)	(7,031)	(4,200)
Decrease (increase) in refundable deposits		291	(411)
Net cash outflow from investing activities		(71,880)	(328,559)
<u>Cash flow from financing activities</u>			
Loaning of short-term borrowings	VI (XXVII)	499,551	814,000
Repayment of short-term borrowings	VI (XXVII)	(459,551)	(418,000)
Decrease in lease liabilities	VI (XXVII)	(13,195)	(13,276)
Loaning of long-term borrowings	VI (XXVII)	-	155,670
Cash dividends paid	VI (XIX)	-	(84,733)
Exercise disgorgement right		15	-
Net cash inflow from financing activities		26,820	453,661
Exchange rate effects		3,924	(6,908)
Increase in cash and cash equivalents for the current period		54,057	101,237
Balance of cash and cash equivalents at beginning of the current period		157,574	253,819
Balance of cash and cash equivalents at end of the current period		\$ 211,631	\$ 355,056

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Chairman: CHING-FENG HUANG

Managerial Officer: CHING-YUN HUANG

Accounting Officer: WEN-CHIN CHANG

Walrus Pump Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
Second Quarter of 2026 and 2025

Unit: NTD thousands
(unless otherwise specified)

I. Company History

Walrus Pump Co., Ltd. (the “Company”) was established in the Republic of China in April 1978. The main business items of the Company and its subsidiaries (the “Group”) are the design, manufacturing and trading of pumps, motors, spraying machines, mechanical parts, pneumatic labor-saving pumps, automated machines and related component parts.

The Company was approved by Taipei Exchange on December 18, 2024 for trading of the Company’s shares at the Over-the-Counter Market of Taipei Exchange (TPEX).

II. Approval Date and Procedures of the Financial Statements

These consolidated financial statements were authorized for issuance by the Board of Directors on August 6, 2026.

III. Application of New Standards, Amendments and Interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”) as endorsed and announced by the Financial Supervisory Commission (“FSC”)

The newly issued, amended, and revised IFRSs and accounting standards endorsed and promulgated by the FSC in 2026 are as follows:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendment to Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Annual Improvements to IFRSs - Volume 11	January 1, 2026

The Group has assessed that the aforementioned standards and interpretations have no material

impact on its financial position and financial performance.

(II) Effect of not adopting new issuances or amendments to International Financial Reporting Standards (“IFRSs”) endorsed by FSC

The applicable new promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2027 are summarized in the table below:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
IFRS No. 18 “Presentation and Disclosures of Financial Statements”	January 1, 2027 (Note 1)
IFRS 19 “Subsidiaries not Publicly Responsible for Public Expenditure: Disclosure”	January 1, 2027
Amendments to IAS 21 “Translation to Hyperinflationary Presentation Currency”	January 1, 2027
Amendments to IAS 28 “Amendments to the Fair Value Option for Investments in Associates and Joint Ventures”	January 1, 2027 (Note 2)

Note 1: Enterprise shall apply IFRS 18 after January 1, 2028, and may choose to apply such standard early.

Note 2: Enterprise shall apply IFRS 18 simultaneously.

Except for the following, the Group has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Group’s financial position and financial performance:

IFRS No. 18 “Presentation and Disclosures of Financial Statements”

IFRS No. 18 "Presentation and Disclosure in Financial Statements" replaces IAS No. 1 and updates the structure of the comprehensive income statement and adds management performance measurement disclosure, and strengthens the principle of aggregation and segmentation applied to the main financial statements and notes.

(III) Effects of the IFRSs issued by IASB but not yet endorsed by the FSC

New standards and interpretations of and amendments to the IFRSs issued by IASB but not yet endorsed by the FSC are as follows:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Yet to be decided by IASB
IFRS 20 “Regulatory Assets and Regulatory Liabilities”	January 1, 2029

The Group has assessed that the aforementioned standards and interpretations have no material impact on its financial position and financial performance.

IV. Summary of Significant Accounting Policies

The significant accounting policies, except for the Statement of Compliance, Basis of Preparation, Basis of Consolidation and newly added content as explained in the following, are the same as those described in Note 4 of 2025 Consolidated Financial Statements. These policies have been consistently applied to all the periods presented unless otherwise stated.

(I) Statement of Compliance

1. These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC.
2. These consolidated financial statements shall be reviewed together with the consolidated financial statements for 2025.

(II) Basis of Preparation

1. Except for the following significant accounts, the consolidated financial statements have been prepared under the historical cost convention:
Financial assets and liabilities (including derivatives) at fair value through profit or loss.
2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations, as endorsed and issued into effect by the FSC (collectively referred to herein as the “IFRSs”), requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

(III) Basis of Consolidation

1. Principles for preparing the consolidated financial statements

The principles underlying the preparation of these consolidated financial statements are the same as those of the consolidated financial statements for 2025.

2. Subsidiaries included in the consolidated financial statements:

Investment company Name	Subsidiaries Name	Nature of business	Shareholding percentage			Explanation
			June 30, 2026	December 31, 2025	June 30, 2025	
The Company	SUZHOU WALRUS PUMP CO., LTD. (Suzhou Walrus)	Manufacture and sale of water pump	100%	100%	100%	-

3. Subsidiaries not included in the consolidated financial statements: None.

4. Adjustments for subsidiaries with different accounting periods: None.

5. Significant restrictions: None.

6. Subsidiaries that have non-controlling interests that are material to the Group: None.

(IV) Income tax

The tax expense for the interim period is calculated by applying estimated annual average effective tax rate applied to pre-tax profit or loss for the interim period. Relevant information is disclosed according to the aforementioned policy.

V. Significant Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty

There were no material changes in the current period. Please refer to Note 5 of the 2025 consolidated financial statements.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand	\$ 602	\$ 660	\$ 544
Demand deposits and check deposits	185,703	140,728	319,274
Time deposits	25,326	16,186	35,238
	<u>\$ 211,631</u>	<u>\$ 157,574</u>	<u>\$ 355,056</u>

1. Since the Group corresponds with multiple financial institutions with good credit quality to diversify credit risks, the risk of default is expected to be low.

2. The Group did not pledge any cash and cash equivalents as collateral

(II) Financial assets and liabilities measured at fair value through profit or loss - current

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Financial assets mandatorily measured at fair value through profit or loss			
Non-hedging derivative financial instruments			
- Forward exchange agreement (FXA)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 399</u>
Financial liabilities compulsorily measured at fair value through profit or loss			
Derivatives - forward exchange agreement (FXA)	\$ -	\$ -	(\$ 220)
- Convertible bond redemption right	<u>(1,374)</u>	<u>(745)</u>	<u>-</u>
	<u>(\$ 1,374)</u>	<u>(\$ 745)</u>	<u>(\$ 220)</u>

1. Details of the financial assets and liabilities measured at fair value through profit or loss recognized under profit or loss are as follows:

	<u>April 1 to June 30, 2026</u>	<u>April 1 to June 30, 2025</u>
Financial assets and liabilities compulsorily measured at fair value through profit or loss		
Derivatives		
- Forward exchange agreement (FXA)	\$ -	(\$ 1,865)
- Convertible bond redemption right	<u>444</u>	<u>-</u>
	<u>\$ 444</u>	<u>(\$ 1,865)</u>

	<u>January 1 to June 30, 2026</u>	<u>January 1 to June 30, 2025</u>
Financial assets and liabilities compulsorily measured at fair value through profit or loss		
Derivatives		
- Forward exchange agreement (FXA)	\$ -	\$ 1,036
- Convertible bond redemption right	<u>(629)</u>	<u>-</u>
	<u>(\$ 629)</u>	<u>\$ 1,036</u>

2. The Group's handling of transactions and contracts of derivative financial assets and liabilities to which hedge accounting is not applicable is described in the following:

<u>Derivative financial assets and liabilities</u>	June 30, 2025	
	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Current items:		
Forward exchange agreement (FXA)		
- Buy JPY and sell TWD	JPY 33,885 thousand	2025.1.16–2025.9.25
-Sale of USD and purchase of NTD	USD 767 thousand	2025.6.23–2025.8.14

- (1) As of June 30, 2026 and December 31, 2025, the Group did not engage in any transactions involving derivative financial assets that were not subject to hedge accounting.

- (2) Forward exchange agreement (FXA)

The forward exchange transactions entered into by the Group are advance purchases (sales) of foreign exchange to hedge currency risk related to imports and sales, but hedge accounting has not been applied.

3. The Group did not pledge any financial assets at fair value through profit or loss as collateral.
4. Please refer to Notes 12(2) for information relating to credit risk of financial assets measured at fair value through profit or loss.

(III) Financial assets measured at amortized cost - current

<u>Item</u>	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Restricted demand deposit	\$ 8,533	\$ 7,918	\$ 19,144
Time deposits with original maturities exceeding three months from the date of acquisition	20,000	18,000	18,000
	<u>\$ 28,533</u>	<u>\$ 25,918</u>	<u>\$ 37,144</u>

1. Without taking into account any collateral or other credit enhancements, for the most representative financial assets at amortized cost held by the Group, the maximum credit risk exposure as of June 30, 2026, and December 31 and June 30, 2025 was approximately equivalent to the carrying value.

2. Details of the financial assets measured at amortized cost recognized in profit or loss are as follows:

	April 1 to June 30, 2026	April 1 to June 30, 2025
Interest income	\$ 50	\$ 58
	January 1 to June 30, 2026	January 1 to June 30, 2025
Interest income	\$ 135	\$ 224

3. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.
4. Information relating to credit risk of financial assets at amortized cost is provided in Note 12 (2). The transaction counterparties of the Group for the investment of certificates of deposits are financial institutions with high credit quality; therefore, it expects that the probability of counterparty default is extremely low.

(IV) Notes and accounts receivable

	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable	\$ 62,320	\$ 54,640	\$ 62,901
Accounts receivable	\$ 308,434	\$ 237,092	\$ 235,811
Less: Allowance for bad debt	(554)	(1,364)	(631)
	<u>\$ 307,880</u>	<u>\$ 235,728</u>	<u>\$ 235,180</u>

1. The aging of accounts receivable is as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Not overdue	\$ 296,636	\$ 223,214	\$ 231,892
Overdue within 90 days	11,798	13,862	3,898
Overdue more than 91 days	-	16	21
	<u>\$ 308,434</u>	<u>\$ 237,092</u>	<u>\$ 235,811</u>

The above aging analysis is based on the number of days past the due date.

2. As of June 30, 2026, December 31, 2025, June 30, 2025 and January 1, 2025, the balances for the receivables and notes receivable for the contracts between the Group and customers were recognized at the carrying amount at the end of the period.
3. The Group did not have notes or accounts receivable pledged as collateral.
4. Without taking into account collateral or other credit enhancements held, for the most representative accounts and notes receivable of the Group, the maximum credit risk exposure

as of June 30, 2026, and December 31 and June 30, 2025 was approximately equivalent to the carrying value.

5. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12 (2).

(V) Inventories

June 30, 2026			
	Cost	Allowance for inventory falling price loss	Carrying amount
Raw materials	\$ 195,315	(\$ 11,076)	\$ 184,239
Semi-finished goods and work-in-progress	230,110	(13,718)	216,392
Finished goods and merchandise inventory	90,464	(3,156)	87,308
Total	<u>\$ 515,889</u>	<u>(\$ 27,950)</u>	<u>\$ 487,939</u>
December 31, 2025			
	Cost	Allowance for inventory falling price loss	Carrying amount
Raw materials	\$ 153,228	(\$ 12,446)	\$ 140,782
Semi-finished goods and work-in-progress	198,434	(12,514)	185,920
Finished goods and merchandise inventory	75,492	(2,640)	72,852
Total	<u>\$ 427,154</u>	<u>(\$ 27,600)</u>	<u>\$ 399,554</u>
June 30, 2025			
	Cost	Allowance for inventory falling price loss	Carrying amount
Raw materials	\$ 151,608	(\$ 11,640)	\$ 139,968
Semi-finished goods and work-in-progress	195,019	(9,487)	185,532
Finished goods and merchandise inventory	116,341	(1,410)	114,931
Total	<u>\$ 462,968</u>	<u>(\$ 22,537)</u>	<u>\$ 440,431</u>

The amount recognized as cost of goods sold in the current period by the Group:

	<u>April 1 to June 30, 2026</u>	<u>April 1 to June 30, 2025</u>
Cost of inventory sold	\$ 403,107	\$ 312,301
Estimated loss on warranty	1,768	2,774
Inventory valuation loss (reversal gain)	2,830	(1,071)
Income from sale of scraps and waste materials	(251)	(228)
	<u>\$ 407,454</u>	<u>\$ 313,776</u>

	<u>January 1 to June 30, 2026</u>	<u>January 1 to June 30, 2025</u>
Cost of inventory sold	\$ 770,304	\$ 618,611
Estimated loss on warranty	4,050	4,426
Loss on scrapped inventories	-	3,225
Inventory valuation loss (reversal gain)	350	(3,641)
Income from sale of scraps and waste materials	(506)	(474)
	<u>\$ 774,198</u>	<u>\$ 622,147</u>

For April 1 to June 30, 2025 and January 1 to June 30, 2025, because the Group's destocking portion was recognized under inventory write-down loss, the net realizable value of inventory increased, and a decrease in cost of goods sold was recognized.

(VI) Property, plant and equipment

	2026								
	Land	Houses and buildings	Machinery and equipment	Transportation equipment	Office equipment	Mold equipment	Others	Unfinished construction	Total
January 1									
Cost	\$ 64,438	\$ 1,158,083	\$ 482,502	\$ 50,636	\$ 96,738	\$ 152,591	\$ 82,657	\$ 36,368	\$ 2,124,013
Accumulated depreciation	-	(45,627)	(218,799)	(27,930)	(53,475)	(140,790)	(50,109)	-	(536,730)
	<u>\$ 64,438</u>	<u>\$ 1,112,456</u>	<u>\$ 263,703</u>	<u>\$ 22,706</u>	<u>\$ 43,263</u>	<u>\$ 11,801</u>	<u>\$ 32,548</u>	<u>\$ 36,368</u>	<u>\$ 1,587,283</u>
January 1	\$ 64,438	\$ 1,112,456	\$ 263,703	\$ 22,706	\$ 43,263	\$ 11,801	\$ 32,548	\$ 36,368	\$ 1,587,283
Increase in current period	-	5,171	9,233	1,810	9,084	10,514	10,973	-	46,785
Disposal in the current period	-	-	(48)	-	(17)	-	-	-	(65)
Transfer	-	-	-	-	-	-	35,994	(35,994)	-
Depreciation expense (note)	-	(14,315)	(28,350)	(3,412)	(8,727)	(4,938)	(8,668)	-	(68,410)
Net exchange differences	-	-	114	12	9	-	10	-	145
June 30	<u>\$ 64,438</u>	<u>\$ 1,103,312</u>	<u>\$ 244,652</u>	<u>\$ 21,116</u>	<u>\$ 43,612</u>	<u>\$ 17,377</u>	<u>\$ 70,857</u>	<u>\$ 374</u>	<u>\$ 1,565,738</u>
June 30									
Cost	\$ 64,438	\$ 1,163,254	\$ 486,787	\$ 52,207	\$ 105,429	\$ 159,351	\$ 128,982	\$ 374	\$ 2,160,822
Accumulated depreciation	-	(59,942)	(242,135)	(31,091)	(61,817)	(141,974)	(58,125)	-	(595,084)
	<u>\$ 64,438</u>	<u>\$ 1,103,312</u>	<u>\$ 244,652</u>	<u>\$ 21,116</u>	<u>\$ 43,612</u>	<u>\$ 17,377</u>	<u>\$ 70,857</u>	<u>\$ 374</u>	<u>\$ 1,565,738</u>

Note: The machine and equipment include solar panels invested by the Group. The depreciation expense of the solar panels and the net income from the sale of green electricity of solar panels are recognized under other income.

	2025								Total
	Land	Houses and buildings	Machinery and equipment	Transportation equipment	Office equipment	Mold equipment	Others	Unfinished construction	
January 1									
Cost	\$ 64,438	\$ 135,724	\$ 280,836	\$ 41,101	\$ 65,251	\$ 148,011	\$ 76,625	\$ 801,459	\$ 1,613,445
Accumulated depreciation	<u>-</u>	<u>(40,754)</u>	<u>(203,866)</u>	<u>(22,343)</u>	<u>(49,438)</u>	<u>(139,135)</u>	<u>(38,262)</u>	<u>-</u>	<u>(493,798)</u>
	<u>\$ 64,438</u>	<u>\$ 94,970</u>	<u>\$ 76,970</u>	<u>\$ 18,758</u>	<u>\$ 15,813</u>	<u>\$ 8,876</u>	<u>\$ 38,363</u>	<u>\$ 801,459</u>	<u>\$ 1,119,647</u>
January 1	\$ 64,438	\$ 94,970	\$ 76,970	\$ 18,758	\$ 15,813	\$ 8,876	\$ 38,363	\$ 801,459	\$ 1,119,647
Increase in current period	-	2,312	8,520	187	1,427	701	4,546	133,684	151,377
Disposal in the current period	-	-	(118)	-	(5)	-	-	-	(123)
Reclassification	-	-	-	-	-	-	-	2,719	2,719
Depreciation expense	-	(1,965)	(10,124)	(2,614)	(3,445)	(3,609)	(6,609)	-	(28,366)
Net exchange differences	<u>-</u>	<u>-</u>	<u>(227)</u>	<u>(24)</u>	<u>(20)</u>	<u>-</u>	<u>(33)</u>	<u>-</u>	<u>(304)</u>
June 30	<u>\$ 64,438</u>	<u>\$ 95,317</u>	<u>\$ 75,021</u>	<u>\$ 16,307</u>	<u>\$ 13,770</u>	<u>\$ 5,968</u>	<u>\$ 36,267</u>	<u>\$ 937,862</u>	<u>\$ 1,244,950</u>
June 30									
Cost	\$ 64,438	\$ 138,036	\$ 284,648	\$ 40,924	\$ 62,885	\$ 144,945	\$ 79,930	\$ 937,862	\$ 1,753,668
Accumulated depreciation	<u>-</u>	<u>(42,719)</u>	<u>(209,627)</u>	<u>(24,617)</u>	<u>(49,115)</u>	<u>(138,977)</u>	<u>(43,663)</u>	<u>-</u>	<u>(508,718)</u>
	<u>\$ 64,438</u>	<u>\$ 95,317</u>	<u>\$ 75,021</u>	<u>\$ 16,307</u>	<u>\$ 13,770</u>	<u>\$ 5,968</u>	<u>\$ 36,267</u>	<u>\$ 937,862</u>	<u>\$ 1,244,950</u>

1. Capitalization of borrowing costs of property, plant, and equipment and interest rate range:

	<u>April 1 to June 30, 2026</u>	<u>April 1 to June 30, 2025</u>
Capitalization amount	\$ -	\$ 4,919
Capitalized interest rate range	-	2.15%~2.2%

	<u>January 1 to June 30, 2026</u>	<u>January 1 to June 30, 2025</u>
Capitalization amount	\$ -	\$ 9,551
Capitalized interest rate range	-	2.15%~2.2%

2. For information on the pledge of property, plant, and equipment of the Group, please refer to Note 8 for details.

(VII) Lease transactions - lessee

1. The underlying assets of the Group's lease include land, buildings, and company vehicles, etc. The lease contract durations are from 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
2. The lease term of the outdoor advertisement walls and employee dormitory rented by the Group does not exceed 12 months, and the underlying assets rented by the Group are multifunction office machines.
3. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
	<u>Carrying value</u>	<u>Carrying value</u>	<u>Carrying value</u>
Land	\$ 162,057	\$ 160,793	\$ 163,353
Buildings	25,190	28,486	37,463
Transportation equipment	2,764	3,427	4,091
	<u>\$ 190,011</u>	<u>\$ 192,706</u>	<u>\$ 204,907</u>

	<u>April 1 to June 30, 2026</u>	<u>April 1 to June 30, 2025</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 1,380	\$ 80
Buildings	4,761	4,617
Transportation equipment	331	331
	<u>\$ 6,472</u>	<u>\$ 5,028</u>

	January 1 to June 30, 2026	January 1 to June 30, 2025
	Depreciation expense	Depreciation expense
Land	\$ 2,962	\$ 159
Buildings	9,462	9,279
Transportation equipment	663	663
	<u>\$ 13,087</u>	<u>\$ 10,101</u>

4. During April 1 to June 30, 2026 and 2025, and January 1 to June 30, 2026 and 2025, the additions to the Group's right-of-use assets were NT\$10,328, NT\$634, NT\$10,328, and NT\$634, respectively.
5. Information on profit and loss accounts relating to lease contracts is as follows:

	April 1 to June 30, 2026	April 1 to June 30, 2025
<u>Items that affect profit or loss</u>		
Interest expense of lease liabilities	\$ 722	\$ 369
Expenses attributable to short-term lease contracts	562	565
Expenses attributable to low-value assets	122	84
	<u>\$ 1,406</u>	<u>\$ 1,018</u>
	January 1 to June 30, 2026	January 1 to June 30, 2025
<u>Items that affect profit or loss</u>		
Interest expense of lease liabilities	\$ 1,460	\$ 794
Expenses attributable to short-term lease contracts	1,225	904
Expenses attributable to low-value assets	304	184
	<u>\$ 2,989</u>	<u>\$ 1,882</u>

6. The total lease cash outflow of the Group for January 1 to June 30, 2026 and 2025 were NT\$16,184 and NT\$15,158, respectively.
7. For information on the pledge of right-of-use assets of the Group, please refer to Note 8 for details.

(VIII) Intangible assets

	<u>Trademarks</u>	<u>Computer software</u>	<u>Total</u>
January 1, 2026			
Cost	\$ 1,590	\$ 18,731	\$ 20,321
Accumulated amortization	-	(10,751)	(10,751)
	<u>\$ 1,590</u>	<u>\$ 7,980</u>	<u>\$ 9,570</u>
January 1	\$ 1,590	\$ 7,980	\$ 9,570
Addition	-	7,031	7,031
Amortization expenses	-	(2,946)	(2,946)
June 30	<u>\$ 1,590</u>	<u>\$ 12,065</u>	<u>\$ 13,655</u>
June 30, 2026			
Cost	\$ 1,590	\$ 25,762	\$ 27,352
Accumulated amortization	-	(13,697)	(13,697)
	<u>\$ 1,590</u>	<u>\$ 12,065</u>	<u>\$ 13,655</u>
	<u>Trademarks</u>	<u>Computer software</u>	<u>Total</u>
January 1, 2025			
Cost	\$ 1,590	\$ 12,956	\$ 14,546
Accumulated amortization	-	(7,441)	(7,441)
	<u>\$ 1,590</u>	<u>\$ 5,515</u>	<u>\$ 7,105</u>
January 1	\$ 1,590	\$ 5,515	\$ 7,105
Addition	-	4,200	4,200
Amortization expenses	-	(1,395)	(1,395)
Net exchange differences	-	(3)	(3)
June 30	<u>\$ 1,590</u>	<u>\$ 8,317</u>	<u>\$ 9,907</u>
June 30, 2025			
Cost	\$ 1,590	\$ 17,114	\$ 18,704
Accumulated amortization	-	(8,797)	(8,797)
	<u>\$ 1,590</u>	<u>\$ 8,317</u>	<u>\$ 9,907</u>

(IX) Other non-current assets

	June 30, 2026	December 31, 2025	June 30, 2025
Prepayment for equipment	\$ 36,512	\$ 40,542	\$ 173,721
Refundable deposits	9,107	9,398	9,269
Others	5,359	5,418	4,638
	<u>\$ 50,978</u>	<u>\$ 55,358</u>	<u>\$ 187,628</u>

For the information on the pledge of refundable deposits of the Group, please refer to Note 8 for details.

(X) Short-term borrowings

Nature of borrowings	June 30, 2026	December 31, 2025	June 30, 2025	Collaterals
Bank loans				
Secured loans	\$ 100,000	\$ 50,000	\$ 430,000	Note
Credit loans	110,000	120,000	214,000	None
	<u>\$ 210,000</u>	<u>\$ 170,000</u>	<u>\$ 644,000</u>	
Interest rate interval	2.10%~2.35%	2.10%~2.23%	2.11%~2.6%	

Note: For information on endorsement and guarantee provided by related parties, please refer to Note 7, and for the collateral information, please refer to Note 8 for details.

(XI) Other payables

	June 30, 2026	December 31, 2025	June 30, 2025
Dividends payable	\$ 65,038	\$ -	\$ -
Salary and bonus payables	51,198	59,689	44,072
Construction and equipment payable	6,562	26,413	48,212
Labor, health and insurances payable	5,913	5,800	5,536
Pensions payable	4,362	4,368	4,047
Remuneration of employees	1,968	344	3,030
Remuneration of directors payable	474	-	856
Others	23,000	21,798	19,573
	<u>\$ 158,515</u>	<u>\$ 118,412</u>	<u>\$ 125,326</u>

(XII) Corporate bonds payable

	June 30, 2026	December 31, 2025
First convertible bond offering	\$ 299,400	\$ 299,400
Less: Discount on bonds payable	(13,696)	(16,922)
Subtotal	285,704	282,478
Second convertible corporate bonds	\$ 194,200	\$ 199,000
Less: Discount on bonds payable	(9,563)	(12,098)
Subtotal	184,637	186,902
Total	\$ 470,341	\$ 469,380

1. Relevant information on the domestic convertible corporate bonds issued by the Company is as follows:

(1) The terms of issuance of the Company's first domestic unsecured convertible corporate bond are as follows:

A. The Company was approved by the competent authority to offer and issue the first domestic unsecured convertible corporate bond at a total issue amount of NT\$300,000, a coupon rate of 0%, and an issue period of three years. The circulation period starts from July 23, 2025 (hereinafter referred to as the "issue date") to July 23, 2028 (hereinafter referred to as the "maturity date"). Unless the bondholders convert the convertible bonds into the Company's ordinary shares in accordance with the issuance and conversion regulations, or the Company recovers them in advance in accordance with the issuance and conversion regulations, or the Company repurchases and cancels them through the securities firm's business premises, the Company shall repay the bond face value in cash in a lump sum within ten business days after maturity of the convertible bonds. These convertible corporate bonds were listed for trading at Taipei Exchange on July 23, 2025.

B. From October 24, 2025 (three months after the issue date of these convertible bonds) until the maturity date, bondholders may request the Company to convert the convertible bonds into common shares at any time, except during any book closure period specified by the regulations or laws. The rights and obligations of the converted ordinary shares are the same as those of the originally issued ordinary shares.

C. The conversion price of the convertible corporate bonds is determined according to the pricing model stipulated in the conversion terms. In case where the Group encounters the situation of anti-dilution terms and conditions, the conversion price is to be adjusted according to the pricing model stipulated in the conversion

regulations. Subsequently, on the base date stipulated in the regulations, the conversion price is to be re-determined according to the pricing model stipulated in the conversion terms. Therefore, starting from the ex-dividend record date of June 30, 2026, the conversion price has been adjusted from NT\$63.6 to NT\$61.9.

- D. For the period from the next day (October 24, 2025) of three months after the issuance of convertible bond to the date of forty days (June 13, 2028) before the maturity of the issue period, if the common stock closing price of the Company continues to reach above 30% (inclusive) of the conversion price for thirty business days or the balance of the outstanding convertible bond is lower than 10% of the total original issuance amount, the Company may redeem the bonds from the bondholders in cash at the bond face value, as stipulated in the issuance and conversion regulations.
 - E. According to the issuance and conversion regulations, all convertible bonds recovered (including those bought back from Taipei Exchange), repaid, or converted by the Company will be canceled and shall not be sold or reissued. The conversion rights attached to said bonds will also cease to exist.
- (2) The terms of issuance of the Company's second domestic unsecured convertible corporate bond are as follows:
- A. The Company was approved by the competent authority to offer and issue the second domestic unsecured convertible corporate bond at a total issue amount of NT\$200,000 a coupon rate of 0%, and an issue period of three years. The circulation period starts from August 4, 2025 (hereinafter referred to as the "issue date") to August 4, 2028 (hereinafter referred to as the "maturity date"). Unless the bondholders convert the convertible bonds into the Company's ordinary shares in accordance with the issuance and conversion regulations, or the Company recovers them in advance in accordance with the issuance and conversion regulations, or the Company repurchases and cancels them through the securities firm's business premises, the Company shall repay the bond face value in cash in a lump sum within ten business days after maturity of the convertible bonds. These convertible corporate bonds were listed for trading at Taipei Exchange on August 4, 2025.
 - B. From November 5, 2025 (three months after the issue date of these convertible bonds) until the maturity date, bondholders may request the Company to convert the convertible bonds into common shares at any time, except during any book closure period specified by the regulations or laws. The rights and obligations of the converted ordinary shares are the same as those of the originally issued ordinary shares.
 - C. The conversion price of the convertible corporate bonds is determined according

to the pricing model stipulated in the conversion terms. In case where the Group encounters the situation of anti-dilution terms and conditions, the conversion price is to be adjusted according to the pricing model stipulated in the conversion regulations. Subsequently, on the base date stipulated in the regulations, the conversion price is to be re-determined according to the pricing model stipulated in the conversion terms. Therefore, starting from the ex-dividend record date of June 30, 2026, the conversion price has been adjusted from NT\$61.8 to NT\$60.1.

D. For the period from the next day (November 5, 2025) of three months after the issuance of convertible bond to the date of forty days (June 25, 2028) before the maturity of the issue period, if the common stock closing price of the Company continues to reach above 30% (inclusive) of the conversion price for thirty business days or the balance of the outstanding convertible bond is lower than 10% of the total original issuance amount, the Company may redeem the bonds from the bondholders in cash at the bond face value, as stipulated in the issuance and conversion regulations.

E. According to the issuance and conversion regulations, all convertible bonds recovered (including those bought back from Taipei Exchange), repaid, or converted by the Company will be canceled and shall not be sold or reissued. The conversion rights attached to said bonds will also cease to exist.

(3) As of June 30, 2026, the face value of the Company's first and second domestic unsecured convertible corporate bonds totaled NT\$600 and NT\$5,800, respectively, and have been converted into 9 thousand and 93 thousand common shares, respectively. There were no unsecured convertible bonds issued as of June 30, 2025.

(4) As of June 30, 2026, the Company had not repurchased its first or second domestic unsecured convertible corporate bonds through Taipei Exchange. There were no unsecured convertible bonds issued as of June 30, 2025.

2. During the issuance of the first domestic unsecured convertible bonds of the Group, according to the regulations of IAS 32, the conversion right of equity nature is separated from the liability component, which is recognized in the "Capital surplus - subscription right" at an amount of NT\$16,681. In addition, the embedded redemption right is accounted for separately because it is not closely related to the economic characteristics and risks of the debt instruments of the main contract in accordance with IFRS 9, and is booked at a net amount as "financial liabilities measured at fair value through profit or loss". The effective interest rate of the debt instruments of the main contract after separation is 2.27%.

During the issuance of the second domestic unsecured convertible corporate bonds of the Group, according to the regulations of IAS 32, the conversion right of equity nature is

separated from the liability component, which is recognized in the “Capital surplus - subscription right” at an amount of NT\$12,542. In addition, the embedded redemption right is accounted for separately because it is not closely related to the economic characteristics and risks of the debt instruments of the main contract in accordance with IFRS 9, and is booked at a net amount as "financial liabilities measured at fair value through profit or loss". The effective interest rate of the debt instruments of the main contract after separation is 2.42%.

(XIII) Long-term borrowings

Nature of borrowings	June 30, 2026	December 31, 2025	June 30, 2025	Collaterals
Long-term bank loans				
Secured loans	\$ 722,114	\$ 722,114	\$ 602,354	Note
Credit loans	-	-	117,000	None
	722,114	722,114	719,354	
Less: Long-term borrowings due in one year	-	-	(15,744)	
	<u>\$ 722,114</u>	<u>\$ 722,114</u>	<u>\$ 703,610</u>	
Interest rate interval	2.47%	2.47%	2.15%~2.38%	

Note: For information on endorsement and guarantee provided by related parties, please refer to Note 7. Except for the indirect guarantee of the SME credit guarantee fund, please refer to Note 8 for information on other collaterals.

The Company signed a syndicated loan contract with the syndicated bank group consisting of First Commercial Bank and other banks in December 2025. The contract period is 5 years, and the main contract terms are as follows:

- (1) The medium-term (secured) loan of the credit line of Item A is NT\$900,000, and the loan period is 5 years from the date of the first drawdown, and it cannot be drawn on a revolving basis.
- (2) Limit of credit line of Item B: NT\$300,000, which is divided as follows:
 - a. Credit line of Item B-1 refers to a medium-term loan with a credit limit of NT\$300,000. The loan period is 5 years from the first drawdown date, and it may be drawn down in discrete times and may be drawn on a revolving basis.
 - b. Credit line of Item B-2 refers to a commercial paper guarantee with a credit limit of NT\$150,000. The loan period is 5 years from the first drawdown date, and it may be drawn down in discrete times and may be drawn in a revolving basis.
- (3) The Company's main commitments are as follows:
 - a. The Company shall provide six parcels of land located in Xinyuan Section, Luchu

District, Kaohsiung City, along with the factory buildings under construction, auxiliary facilities on the land, and thirty-one units of machinery and equipment as the collateral for Items A and B of the loans.

- b. The Company's interim and annual consolidated financial statements must maintain the following limits on financial ratios: current ratio (current assets divided by current liabilities) shall not be less than 100%; financial liabilities ratio (total financial liabilities divided by total equity) shall not be higher than 250%; interest coverage ratio (net income before tax + interest expenses + depreciation + amortization) shall not be lower than 200%; and the tangible net worth (total equity - intangible assets) shall not be lower than NT\$500 million.

The Company calculated the aforementioned financial ratios and amounts based on the consolidated financial statements reviewed and audited by CPAs as of June 30, 2026, and December 31 and June 30, 2025, and has been in compliance with the syndicated loan agreement.

- (4) As of June 30, 2026, the aforementioned amount of the loan drawn was NT\$722,114.

(XIV) Pension

1. Since July 1, 2005, the Group has established the pension regulations applicable to Taiwanese nationals in accordance with the “Labor Pension Act”. Under the New Plan, the Group contributes an amount of not less than 6% of the employees’ monthly salaries and wages for depositing in the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in a lump sum upon termination of employment.
2. The subsidiaries in China included in the consolidated financial statements are subject to the pension plan system stipulated by the People's Republic of China (PRC) government. Under the regulations of the PRC government, a certain percentage of the total salary of the local employees is contributed to a pension fund on a monthly basis. The government manages and arranges the pension fund for each employee. Except for the monthly contributions, the Group has no further obligations.
3. For April 1 to June 30, 2026 and 2025, and January 1 to June 30, 2026 and 2025, the pension costs recognized by the Group in accordance with the above pension regulations were NT\$4,762, NT\$4,166, NT\$9,182, and NT\$8,209, respectively.

(XV) Share-based payments

1. From January 1 to June 30, 2026 and 2025, the Group's share-based payment agreements are as follows:

Type of arrangements	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
New restricted employee shares program (Note 2 and Note 3)	2025.9.1	155	5 years	Note 1
New restricted employee shares program (Note 2 and Note 3)	2025.9.1	145	3 years	Note 1

Note 1: Employees who remain employed after being granted the new restricted employee shares may be eligible to receive shares in discrete times when the Group has achieved the operational performance goals.

Note 2: For the new restricted employee shares issued by the Group, before the vesting conditions are met, other than inheritance, employees shall not sell, pledge, transfer, set up gift to others, or dispose of such new restricted employee shares otherwise. When the employees do not meet the vesting conditions, the Group shall have the right to reacquire such new restricted employee shares not meeting the vesting conditions without compensation and cancel these shares.

Note 3: The share-based payment arrangement applies to full-time official employees of the Group who have been employed before the date the new restricted employee shares are granted.

The said share-based payment arrangements are settled with equity.

2. Details of the aforementioned share-based payment arrangements are as follows:

	January 1 to June 30, 2026	January 1 to June 30, 2025
	Quantity (thousand shares)	Quantity (thousand shares)
Outstanding share options at the beginning of period	300	-
Stock options granted in the current period	-	-
Exercisable share options at the end of the period	300	-

3. The par value per share of the new restricted employee shares issued by the Group is NT\$10, and the issue price per share is NT\$0 (i.e., without compensation), with the closing price of NT\$70.7 on the grant date set for the fair value measurement.

4. Expenses incurred by share-based payment transactions were as follows:

	April 1 to June 30, 2026
Equity settlement	\$ <u>2,306</u>
	January 1 to June 30, 2026
Equity settlement	\$ <u>4,612</u>

None for January 1 to June 30, 2025.

(XVI) Provisions for liabilities

	2026		
	Warranty	Sales allowance	Total
January 1	\$ 15,671	\$ 9,484	\$ 25,155
Newly added provision for liabilities in the current period	4,050	3,031	7,081
Provisions for liabilities used in the current period	(3,345)	(9,484)	(12,829)
June 30	<u>\$ 16,376</u>	<u>\$ 3,031</u>	<u>\$ 19,407</u>

	2025		
	Warranty	Sales allowance	Total
January 1	\$ 13,388	\$ 8,648	\$ 22,036
Newly added provision for liabilities in the current period	4,426	1,897	6,323
Provisions for liabilities used in the current period	(3,453)	(8,648)	(12,101)
June 30	<u>\$ 14,361</u>	<u>\$ 1,897</u>	<u>\$ 16,258</u>

(XVII) Share capital

1. As of June 30, 2026, the Company's authorized capital was NT\$800,000, divided into 80,000 thousand shares, and the paid-in capital was NT\$407,491 thousand, at a par value of NT\$10 per share. All proceeds for share subscription were collected in full.
2. Adjustments in the number of the Company's outstanding ordinary shares (including certificates of bond conversion rights) (in thousand shares) are as follows:

	2026	2025
January 1	40,675	40,349
Conversion of convertible corporate bonds	77	-
June 30	40,752	40,349

3. On May 27, 2025, the shareholders' meeting approved the issuance of 300 thousand new restricted employee shares. Except that these shares are subject to transfer restrictions before employees satisfy the vesting conditions, these shares shall have the same rights as issued common shares. The issue record date was September 1, 2025, and the registration of the change was completed on September 11, 2025.
4. As of December 31, 2025, the face value of the Company's first and second domestic unsecured convertible corporate bonds totaled NT\$600 and NT\$1,000, respectively, and have been converted into 9 thousand and 16 thousand common shares, respectively. In addition, the alternation registration has been completed.
5. The Company converted the principal amount of NT\$4,800 of the second domestic unsecured convertible corporate bond to 77 thousand ordinary shares during the period from January 1 to June 30, 2026, among which 75 thousand shares had completed the alternation registration during the second quarter of 2026, and the alternation registration of the remaining 2 thousand shares is expected to be completed during the third quarter of 2026.

(XVIII) Capital reserve

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Group has no accumulated losses, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original shareholding percentage. The Group may use capital surplus to offset loss only when the amount of reserves is insufficient to offset the loss.

(XIX) Retained earnings

1. According to the Articles of Incorporation of the Group, when there are surplus earnings after final accounts of a fiscal year, taxes shall be paid according to the law and accumulated losses shall be covered first, following which 10% of the surplus earnings shall be set aside as the legal reserve; however, when the legal reserve has reached the paid-in capital of the Group, it may be exempted from such appropriation. For the remaining balance, after special reserve is set aside or reversed according to the laws or regulations, if there is still remaining amount, such remaining amount and the undistributed surplus earnings of the previous year shall be combined altogether for

submission to the Board of Directors to establish a proposal on distribution of surplus earnings, which shall also be submitted to the shareholders' meeting for resolution on the distribution of shareholders' bonuses or reservation thereof.

2. Except when used to make up the Group's previous deficits or appropriate shares or cash to shareholders in proportion to their shareholding percentage, the legal reserve shall not be used. However, the amount of legal reserves used to appropriate new shares or cash shall be limited to the portion exceeding 25% of the paid-in capital.
3. The Group's 2024 earnings distribution proposal was approved by the shareholders' meeting on May 27, 2025, as follows:

	2024	
	Amount	Dividends per share (NT\$)
Legal reserve	\$ 10,116	
Cash dividends	84,733	\$ 2.1
	<u>\$ 94,849</u>	

4. On May 27, 2026, the shareholders' meeting of the Group reached a resolution to approve the 2025 earnings distribution proposal and capital surplus cash distribution proposal as follows:

	2025	
	Amount	Dividends per share (NT\$)
Legal reserve	\$ 231	
Cash dividends	24,389	\$ 0.6
	<u>\$ 24,620</u>	

	2025	
	Amount	Cash distribution per share (NT\$)
Cash distribution from capital surplus	<u>\$ 40,649</u>	\$ 1

(XX) Operating revenue

	<u>April 1 to June 30, 2026</u>	<u>April 1 to June 30, 2025</u>
Revenue from contracts with customers	<u>\$ 532,583</u>	<u>\$ 423,298</u>
	<u>January 1 to June 30, 2026</u>	<u>January 1 to June 30, 2025</u>
Revenue from contracts with customers	<u>\$ 1,015,662</u>	<u>\$ 852,729</u>

1. Revenue from contracts with customers can be classified into the following geographical areas:

	<u>Sales area</u>			
<u>April 1 to June 30, 2026</u>	<u>Taiwan</u>	<u>China</u>	<u>Other regions</u>	<u>Total</u>
Revenue from contracts with customers	<u>\$ 332,658</u>	<u>\$ 24,311</u>	<u>\$ 175,614</u>	<u>\$ 532,583</u>
	<u>Sales area</u>			
<u>April 1 to June 30, 2025</u>	<u>Taiwan</u>	<u>China</u>	<u>Other regions</u>	<u>Total</u>
Revenue from contracts with customers	<u>\$ 251,289</u>	<u>\$ 35,028</u>	<u>\$ 136,981</u>	<u>\$ 423,298</u>
	<u>Sales area</u>			
<u>January 1 to June 30, 2026</u>	<u>Taiwan</u>	<u>China</u>	<u>Other regions</u>	<u>Total</u>
Revenue from contracts with customers	<u>\$ 650,522</u>	<u>\$ 68,363</u>	<u>\$ 296,777</u>	<u>\$ 1,015,662</u>
	<u>Sales area</u>			
<u>January 1 to June 30, 2025</u>	<u>Taiwan</u>	<u>China</u>	<u>Other regions</u>	<u>Total</u>
Revenue from contracts with customers	<u>\$ 541,717</u>	<u>\$ 66,759</u>	<u>\$ 244,253</u>	<u>\$ 852,729</u>

2. The Group has recognized the following sales revenue related contract liabilities:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Contract liabilities - current	<u>\$ 2,286</u>	<u>\$ 3,375</u>	<u>\$ 1,971</u>

3. The Group's contract liabilities recognized as current revenue at the beginning of April 1 to June 30, 2026 and 2025, and January 1 to June 30, 2026 and 2025 were NT\$31, NT\$74, NT\$3,334, and NT\$8,213, respectively.

(XXI) Other income

	April 1 to June 30, 2026	April 1 to June 30, 2025
Income from government grants	\$ 369	\$ 399
Other income - others	1,057	-
	<u>\$ 1,426</u>	<u>\$ 399</u>
	January 1 to June 30, 2026	January 1 to June 30, 2025
Income from government grants	\$ 3,703	\$ 435
Other income - others	3,154	199
	<u>\$ 6,857</u>	<u>\$ 634</u>

(XXII) Other gains and losses

	April 1 to June 30, 2026	April 1 to June 30, 2025
Gains on disposal of property, plant, and equipment	\$ 16	\$ 10
Loss (gain) on financial assets and liabilities at fair value through profit or loss	444	(1,865)
Foreign exchange gain (loss)	922	(19,532)
Other losses	(639)	(150)
	<u>\$ 743</u>	<u>(\$ 21,537)</u>
	January 1 to June 30, 2026	January 1 to June 30, 2025
Gains on disposal of property, plant, and equipment	\$ 16	\$ 10
Gain (loss) from financial assets and liabilities at fair value through profit or loss	(629)	1,036
Foreign exchange gain (loss)	915	(17,608)
Other losses	(846)	(150)
	<u>(\$ 544)</u>	<u>(\$ 16,712)</u>

(XXIII) Additional information on the nature of expenses

April 1 to June 30, 2026			
	Attributable to operating cost	Attributable to operating expense	Total
Employee benefits expense			
Salary expense	\$ 46,955	\$ 50,156	\$ 97,111
Share-based payments	-	2,306	2,306
Labor and health insurance expense	4,802	3,957	8,759
Pension expense	2,466	2,296	4,762
Remuneration of directors	-	2,657	2,657
Other personnel expenses	3,199	3,171	6,370
	<u>\$ 57,422</u>	<u>\$ 64,543</u>	<u>\$ 121,965</u>
Depreciation expense (note)	<u>\$ 27,833</u>	<u>\$ 12,127</u>	<u>\$ 39,960</u>
Amortization expenses	<u>\$ 24</u>	<u>\$ 1,737</u>	<u>\$ 1,761</u>
April 1 to June 30, 2025			
	Attributable to operating cost	Attributable to operating expense	Total
Employee benefits expense			
Salary expense	\$ 37,078	\$ 42,701	\$ 79,779
Labor and health insurance expense	4,087	4,021	8,108
Pension expense	2,028	2,138	4,166
Other personnel expenses	2,696	3,989	6,685
	<u>\$ 45,889</u>	<u>\$ 52,849</u>	<u>\$ 98,738</u>
Depreciation expense	<u>\$ 10,796</u>	<u>\$ 8,416</u>	<u>\$ 19,212</u>
Amortization expenses	<u>\$ 24</u>	<u>\$ 662</u>	<u>\$ 686</u>
January 1 to June 30, 2026			
	Attributable to operating cost	Attributable to operating expense	Total
Employee benefits expense			
Salary expense	\$ 88,596	\$ 99,894	\$ 188,490
Share-based payments	-	4,612	4,612
Labor and health insurance expense	9,334	8,737	18,071
Pension expense	4,739	4,443	9,182
Remuneration of directors	-	3,893	3,893
Other personnel expenses	6,201	6,847	13,048
	<u>\$ 108,870</u>	<u>\$ 128,426</u>	<u>\$ 237,296</u>
Depreciation expense (note)	<u>\$ 57,303</u>	<u>\$ 23,624</u>	<u>\$ 80,927</u>
Amortization expenses	<u>\$ 47</u>	<u>\$ 2,899</u>	<u>\$ 2,946</u>

	January 1 to June 30, 2025		
	Attributable to operating cost	Attributable to operating expense	Total
Employee benefits expense			
Salary expense	\$ 72,025	\$ 89,138	\$ 161,163
Labor and health insurance expense	7,955	8,718	16,673
Pension expense	3,939	4,270	8,209
Other personnel expenses	5,242	7,366	12,608
	<u>\$ 89,161</u>	<u>\$ 109,492</u>	<u>\$ 198,653</u>
Depreciation expense	<u>\$ 21,952</u>	<u>\$ 16,515</u>	<u>\$ 38,467</u>
Amortization expenses	<u>\$ 47</u>	<u>\$ 1,348</u>	<u>\$ 1,395</u>

Note: The depreciation expenses for the solar panels provided for wholesale of electricity to Taiwan Power Company (Taipower) invested by the Group during April 1 to June 30, 2026 and 2025, and January 1 to June 30, 2026 and 2025 were NT\$285, NT\$0, NT\$570, and NT\$0, respectively. Such depreciation expenses and corresponding net income were recognized under other income.

1. According to the Articles of Incorporation of the Group amended by the shareholders' meeting in 2025, if the Group makes a profit in a fiscal year, it shall appropriate 3%~10% as the employee remuneration, of which at least 2% shall be appropriated to entry-level employees, and no more than 2% shall be appropriated as director remuneration. If the Group still has accumulated losses, it shall first reserve funds to offset the losses, and then appropriate the remuneration of employees and directors in accordance with the proportions mentioned above.
2. The Group's estimated amounts of remuneration of employees and directors for the periods of April 1 to June 30, 2026 and 2025, and January 1 to June 30, 2026 and 2025, are as follows:

	April 1 to June 30, 2026	April 1 to June 30, 2025
Remuneration of employees	\$ 1,173	(\$ 81)
Remuneration of directors	363	(23)
	<u>\$ 1,536</u>	<u>(\$ 104)</u>
	January 1 to June 30, 2026	January 1 to June 30, 2025
Remuneration of employees	\$ 1,660	\$ 2,995
Remuneration of directors	474	856
	<u>\$ 2,134</u>	<u>\$ 3,851</u>

The aforementioned amounts are recognized as salary expense.

3. The difference between the employees' remuneration of NT\$344 and directors' remuneration of NT\$0 approved by the Board of Directors for 2025 and the amounts recognized in the 2025 financial statements is NT\$0. Employee remuneration has been distributed in cash.
4. Relevant information on the remuneration of employees and directors of the Group as resolved by the Board of Directors is available at the Market Observation Post System (MOPS) website for inquiries.

(XXIV) Income tax

1. Income tax expense (profit)

	<u>April 1 to June 30, 2026</u>	<u>April 1 to June 30, 2025</u>
Current income tax:		
Income tax generated (\$ (reduced) from taxable income of the current period	\$ 4,446	(\$ 986)
Over-estimate of income tax of the previous period	(6)	(17)
Total current income tax	<u>4,440</u>	<u>(1,003)</u>
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	(157)	(2,433)
Income tax expense (profit)	<u>\$ 4,283</u>	<u>(\$ 3,436)</u>
	<u>January 1 to June 30, 2026</u>	<u>January 1 to June 30, 2025</u>
Current income tax:		
Tax attributable to taxable income of the period	\$ 4,604	\$ 6,035
Over-estimate of income tax of the previous period	(6)	(17)
Total current income tax	<u>4,598</u>	<u>6,018</u>
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	1,100	(1,659)
Income tax expense	<u>\$ 5,698</u>	<u>\$ 4,359</u>

2. The Company's profit-seeking income tax has been approved by the taxation authority through 2023.

(XXV) Earnings per share

April 1 to June 30, 2026			
	After-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 12,288	40,750	\$ 0.30
<u>Diluted earnings per share</u>			
Net profit attributable to owners of the parent company	12,288	40,750	
Dilutive effects of the potential common shares			
Remuneration of employees	-	30	
New restricted employee shares	-	67	
Convertible corporate bonds	1,827	7,852	
Effects of net profit attributable to owners of the parent company and potential common shares	\$ 14,115	48,699	\$ 0.29
April 1 to June 30, 2025			
	After-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 1,178	40,349	\$ 0.03
<u>Diluted earnings per share</u>			
Net profit attributable to owners of the parent company	1,178	40,349	
Dilutive effects of the potential common shares			
Remuneration of employees	-	49	
Effects of net profit attributable to owners of the parent company and potential common shares	\$ 1,178	40,398	\$ 0.03

January 1 to June 30, 2026			
	After-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit attributable to owners of the parent company	<u>\$ 16,160</u>	<u>40,737</u>	<u>\$ 0.40</u>
<u>Diluted earnings per share</u>			
Net profit attributable to owners of the parent company	16,160	40,737	
Dilutive effects of the potential common shares			
Remuneration of employees	-	31	
New restricted employee shares	<u>-</u>	<u>73</u>	
Effects of net profit attributable to owners of the parent company and potential common shares	<u>\$ 16,160</u>	<u>40,841</u>	<u>\$ 0.40</u>
January 1 to June 30, 2025			
	After-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit attributable to owners of the parent company	<u>\$ 33,551</u>	<u>40,349</u>	<u>\$ 0.83</u>
<u>Diluted earnings per share</u>			
Net profit attributable to owners of the parent company	33,551	40,349	
Dilutive effects of the potential common shares			
Remuneration of employees	<u>-</u>	<u>90</u>	
Effects of net profit attributable to owners of the parent company and potential common shares	<u>\$ 33,551</u>	<u>40,439</u>	<u>\$ 0.83</u>

The convertible corporate bonds, for the period January 1 to June 30, 2026 have an anti-dilutive effect and are not included in the calculation of diluted earnings per share.

(XXVI) Additional Information on cash flows

1. Investing activities partially involving cash payments:

	January 1 to June 30, 2026	January 1 to June 30, 2025
Acquisition of property, plant, and equipment	\$ 46,785	\$ 151,377
Add: Prepayments for business facilities at end of the period	36,512	173,721
Construction and equipment payable at the beginning of the period	26,413	73,413
Less: Construction and equipment payable at the end of the period	(6,562)	(48,212)
Prepayments for business facilities at the beginning of the period	(40,542)	(52,331)
Cash paid in the current period	<u>\$ 62,606</u>	<u>\$ 297,968</u>

2. Financing activities not affecting cash flows

	January 1 to June 30, 2026	January 1 to June 30, 2025
Cash dividends not yet distributed	<u>\$ 65,038</u>	<u>\$ -</u>

(XXVII) Changes in liabilities arising from financing activities

	2026				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Corporate bonds payable	Total liabilities from financing activities
January 1	\$ 170,000	\$ 722,114	\$ 143,454	\$ 469,380	\$ 1,504,948
Changes in cash flow from financing activities	40,000	-	(13,195)	-	26,805
Other non-monetary changes	-	-	10,328	961	11,289
Net exchange differences	<u>-</u>	<u>-</u>	<u>48</u>	<u>-</u>	<u>48</u>
June 30	<u>\$ 210,000</u>	<u>\$ 722,114</u>	<u>\$ 140,635</u>	<u>\$ 470,341</u>	<u>\$ 1,543,090</u>

	2025			
	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	\$ 248,000	\$ 563,684	\$ 178,663	\$ 990,347
Changes in cash flow from financing activities	396,000	155,670	(13,276)	538,394
Other non-monetary changes	-	-	(11,726)	(11,726)
Net exchange differences	-	-	(387)	(387)
June 30	<u>\$ 644,000</u>	<u>\$ 719,354</u>	<u>\$ 153,274</u>	<u>\$ 1,516,628</u>

VII. Related Party Transactions

(I) Names and relationship with related parties

Company name	Relationship with the Company
CHING-FENG HUANG	Chairman of the Company
CHING-YUN HUANG	General Manager of the Company
You Chang Investment Co., Ltd. (You Chang Investment)	Director of the Company

(II) Significant transactions with related parties

1. Lease transactions - lessee

- (1) The Group leases buildings from You Chang Investment. The lease term is from January 1, 2021 to December 31, 2027, and the rent is paid before the 5th day of each month.
- (2) Balance of right-of-use assets at the end of the period

	June 30, 2026	December 31, 2025	June 30, 2025
You Chang Investment	<u>\$ 16,971</u>	<u>\$ 22,628</u>	<u>\$ 28,285</u>

(3) Lease liabilities

A. Balance at the end of the period:

	June 30, 2026	December 31, 2025	June 30, 2025
You Chang Investment	<u>\$ 17,763</u>	<u>\$ 23,585</u>	<u>\$ 29,359</u>

B. Interest expenses

	April 1 to June 30, 2026	April 1 to June 30, 2025
You Chang Investment	<u>\$ 83</u>	<u>\$ 132</u>

	January 1 to June 30, 2026	January 1 to June 30, 2025
You Chang Investment	\$ 178	\$ 275

2. Status of endorsements and guarantees provided by related parties

	June 30, 2026	December 31, 2025	June 30, 2025
CHING-FENG HUANG and CHING-YUN HUANG	\$ -	\$ -	\$ 739,354
CHING-FENG HUANG	130,000	100,000	524,000
	<u>\$ 130,000</u>	<u>\$ 100,000</u>	<u>\$ 1,263,354</u>

(III) Information on Remuneration to Key Management

	April 1 to June 30, 2026	April 1 to June 30, 2025
Short-term employee benefits	\$ 14,405	\$ 17,530
Post-retirement benefits	617	670
Other long-term employee benefits	687	726
	<u>\$ 15,709</u>	<u>\$ 18,926</u>

	January 1 to June 30, 2026	January 1 to June 30, 2025
Short-term employee benefits	\$ 28,572	\$ 31,672
Post-retirement benefits	1,277	1,284
Other long-term employee benefits	1,236	1,304
	<u>\$ 31,085</u>	<u>\$ 34,260</u>

VIII. Pledged Assets

The Group's assets pledged as collateral are as follows:

Asset item	Carrying value			Purpose of collateral
	June 30, 2026	December 31, 2025	June 30, 2025	
Financial assets measured at amortized cost - current	\$ 8,533	\$ 7,918	\$ 19,144	Collaterals for short- term borrowings
Land	64,438	64,438	64,438	Collaterals for long- term and short-term borrowings
Houses and buildings	1,001,848	1,112,456	95,317	Collaterals for long- term and short-term borrowings
Machinery and equipment	138,667	154,744	-	Collaterals for long-

Other equipment	22,182	26,013	-	term loan borrowings Collaterals for long-term loan borrowings
Unfinished construction	374	36,368	711,463	Collaterals for long-term loan borrowings
Right-of-use assets	178,738	182,972	191,030	Collaterals for long-term and short-term borrowings
Refundable deposits (recognized as other non-current assets)	9,107	9,398	9,269	Performance guarantee
	<u>\$ 1,423,887</u>	<u>\$ 1,594,307</u>	<u>\$ 1,090,661</u>	

IX. Significant Contingent Liabilities and Unrecognized Commitments

Capital expenditures committed but not yet incurred

	June 30, 2026	December 31, 2025	June 30, 2025
Property, plant and equipment	<u>\$ 29,991</u>	<u>\$ 41,022</u>	<u>\$ 133,630</u>

X. Significant Disaster Losses

No such situation.

XI. Significant Subsequent Events

To meet Suzhou Walrus's needs for business expansion and working capital replenishment, the Audit Committee and the Board of Directors of the Company resolved on August 6, 2026 to provide endorsement and guarantee for Suzhou Walrus in connection with its application for financing from a financial institution, with a total amount of RMB 5,000,000. The Chairman was also authorized to have full discretion to execute the relevant agreements and documents and handle subsequent matters within the aforementioned amount.

XII. Others

(I) Capital management

The purpose of the Group's capital management is to ensure its continued operation as a going concern while maintaining an optimal capital structure, in order to lower the cost of capital, and to provide returns to shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return share capital to shareholders, or issue new shares, in order to reduce the debt.

(II) Financial Instruments

1. Type of financial instrument

	June 30, 2026	December 31, 2025	June 30, 2025
<u>Financial assets</u>			
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ -	\$ 399
Financial assets measured at amortized cost			
Cash and cash equivalents	211,631	157,574	355,056
Financial assets measured at amortized cost - current	28,533	25,918	37,144
Notes receivable	62,320	54,640	62,901
Accounts receivable	307,880	235,728	235,180
Other receivables	1,834	1,277	1,391
Refundable deposits (recognized as other non-current assets)	9,107	9,398	9,269
	<u>\$ 621,305</u>	<u>\$ 484,535</u>	<u>\$ 701,340</u>
	June 30, 2026	December 31, 2025	June 30, 2025
Financial liabilities compulsorily measured at fair value through profit or loss	\$ 1,374	\$ 745	\$ 220
Financial liabilities measured at amortized cost			
Short-term borrowings	210,000	170,000	644,000
Notes payable	12,967	7,985	8,550
Accounts payable	337,131	174,668	228,616
Other payables	158,515	118,412	125,326
Long-term borrowings (including the current portion)	722,114	722,114	719,354
	<u>\$ 1,442,101</u>	<u>\$ 1,193,924</u>	<u>\$ 1,726,066</u>
Lease liabilities	<u>\$ 140,635</u>	<u>\$ 143,454</u>	<u>\$ 153,274</u>

2. Risk management policy

- (1) The Group's daily operations are affected by various financial risks, e.g. market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. The Group's risk management policy focuses on unpredictable market events in order to minimize their potentially adverse impacts on the Group's financial position and financial performance.
- (2) The risk management of the Group is executed by the financial unit according to the policies approved by the Board of Directors. The financial unit of the Group cooperates with all operating units of the Group closely in order to be responsible for the identification, assessment and hedging of financial risks. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

3. Nature and degree of significant financial risks

(1) Market risk

Foreign exchange risk

- A. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- B. The Group's businesses involve some non-functional currency operations (the Group's functional currency: NTD; subsidiaries' functional currency: RMB). Information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

June 30, 2026				
		Foreign currency	Exchange	Carrying amount
		(in thousands)	rate	(NT\$)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NT\$	\$	4,656	31.85	\$ 148,294
RMB : NT\$		18,425	4.69	86,413
USD : RMB		2,004	6.81	63,827

December 31, 2025				
		Foreign currency	Exchange	Carrying amount
		(in thousands)	rate	(NT\$)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NT\$	\$	1,926	31.43	\$ 60,534
RMB : NT\$		17,718	4.50	79,731
USD : RMB		176	7.03	5,532

June 30, 2025				
		Foreign currency	Exchange	Carrying amount
		(in thousands)	rate	(NT\$)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NT\$	\$	4,550	29.30	\$ 133,315

C. The aggregate amount of all exchange gains (losses) (including realized and unrealized) recognized for April 1 to June 30, 2026 and 2025, and January 1 to June 30, 2026 and 2025 on monetary items of the Group that are significantly affected by exchange rate fluctuations was NT\$922, NT\$(19,532), NT\$915, and NT\$(17,608), respectively.

D. Analysis of foreign currency market risk arising from significant foreign exchange variation:

January 1 to June 30, 2026				
Sensitivity analysis				
		Change	Effect on profit or	Effect on other
		percentage	loss	comprehensive
				income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NT\$	1%	\$	1,483	\$ -
RMB : NT\$	1%		864	-
USD : RMB	1%		638	-

January 1 to June 30, 2025			
Sensitivity analysis			
	Change percentage	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NT\$	1%	\$ 1,333	\$ -

(2) Credit risk

- A. The Group's credit risk refers to the risk of financial loss to the Group arising from default by the clients or transaction counterparties of financial instruments on the contract obligations. Such risk is mainly due to the counterparties being unable to repay the accounts payable according to the payment terms.
- B. The Group establishes management of credit risk from the company's perspective. According to the internally specified credit extension policy, before the internal department and each new customer of the Group establishes the terms for payment and goods delivery, it is necessary to perform management and credit risk analysis. Internal risk control is achieved by evaluating a client's credit quality against the client's financial position, credit records, and other factors. The limit on individual risk is set by the Board of Directors by referring to internal or external ratings. The status of utilization of credit lines is regularly monitored.
- C. According to the credit risk management procedure, the Group deems it a breach of contract when the counterparty is under the condition of financial difficulties or bounced check.
- D. The Group manages the credit risk of bank deposits and other financial instruments in accordance with the company policy. Only banks and financial institutions with investment grade credit ratings are accepted as counterparties.
- E. The Group adopts IFRS 9 to provide the following preliminary assumptions, in order to use it as the basis for determining whether the credit risk of a financial instrument has increased significantly or whether a default has occurred since the original recognition:
If the contract payments are past due over 90 days based on the terms, it is deemed that there has been a significant increase in credit risk on that instrument since initial recognition.
- F. The Group classifies accounts receivable due from clients by the characteristics of client ratings and client type, and adopts the simplified approach that measures

expected credit losses based on the preparation matrix.

G. The Group adjusts its loss rates established based on historical and current information for specific periods by incorporating forward-looking information to estimate the loss allowance for accounts receivable. The provision matrix as of June 30, 2026, December 31, 2025, and June 30, 2025, is as follows:

June 30, 2026	Not overdue	Overdue within 90 days	Overdue more than 91 days	Total
Expected loss ratio	0.08%	1.15%~59.56%	100%	
Total carrying amount	\$ 296,636	\$ 11,798	\$ -	\$ 308,434
Allowance for loss	(237)	(317)	-	(554)

December 31, 2025	Not overdue	Overdue within 90 days	Overdue more than 91 days	Total
Expected loss ratio	0.03%	0.12%~86.72%	100%	
Total carrying amount	\$ 223,214	\$ 13,862	\$ 16	\$ 237,092
Allowance for loss	(67)	(1,281)	(16)	(1,364)

June 30, 2025	Not overdue	Overdue within 90 days	Overdue more than 91 days	Total
Expected loss ratio	0.15%	8.95%~57.96%	100%	
Total carrying amount	\$ 231,892	\$ 3,898	\$ 21	\$ 235,811
Allowance for loss	(406)	(204)	(21)	(631)

H. Changes in the loss allowances provided for accounts receivable using the simplified approach are as follows:

	2026	2025
	Accounts receivable	Accounts receivable
January 1	\$ 1,364	\$ 2,250
Reversal of impairment loss	(816)	(1,603)
Exchange rate effects	6	(16)
June 30	<u>\$ 554</u>	<u>\$ 631</u>

I. As there is no significant expected credit loss, the Group has not estimated the notes receivable loss allowance.

(2) Liquidity risk

A. The cash flow forecast is prepared by the Company's financial unit. The Company's financial unit monitors rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at

all times, in order to prevent the Company from breaching relevant borrowing limits or terms.

B. The loan credit not yet drawn by the Group is as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Due in one year	\$ 940,000	\$ 943,000	\$ 428,455
Due in more than one year	527,886	527,886	532,646
	<u>\$ 1,467,886</u>	<u>\$ 1,470,886</u>	<u>\$ 961,101</u>

C. Except as listed in the table below, the Group's non-derivative financial liabilities are all due within one year. The cash flows amounts for notes payable, accounts payable, and other payables due within one year as of June 30, 2026, and December 31, 2025 and June 30, 2025, are consistent with the balances of each item on the balance sheet.

June 30, 2026	Within 1 year	More than 1 year	Total
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	<u>\$ 214,093</u>	<u>\$ -</u>	<u>\$ 214,093</u>
Lease liabilities	<u>\$ 23,225</u>	<u>\$ 166,457</u>	<u>\$ 189,682</u>
Long-term borrowings	<u>\$ 22,463</u>	<u>\$ 784,522</u>	<u>\$ 806,985</u>
Corporate bonds payable	<u>\$ -</u>	<u>\$ 493,600</u>	<u>\$ 493,600</u>
December 31, 2025	Within 1 year	More than 1 year	Total
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	<u>\$ 170,422</u>	<u>\$ -</u>	<u>\$ 170,422</u>
Lease liabilities	<u>\$ 24,086</u>	<u>\$ 171,308</u>	<u>\$ 195,394</u>
Long-term borrowings	<u>\$ 17,922</u>	<u>\$ 793,361</u>	<u>\$ 811,283</u>
Corporate bonds payable	<u>\$ -</u>	<u>\$ 498,400</u>	<u>\$ 498,400</u>
June 30, 2025	Within 1 year	More than 1 year	Total
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	<u>\$ 648,904</u>	<u>\$ -</u>	<u>\$ 648,904</u>
Lease liabilities	<u>\$ 25,614</u>	<u>\$ 179,565</u>	<u>\$ 205,179</u>
Long-term borrowings	<u>\$ 31,976</u>	<u>\$ 763,382</u>	<u>\$ 795,358</u>

(III) Fair value information

1. Below are the definitions assigned to each level of valuation technique used to measure the fair value of financial and non-financial assets:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

2. Financial instruments not measured at fair values

- (1) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets measured at amortized cost - current, notes receivable, accounts receivable, other receivables, security deposits paid, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings and lease liabilities are reasonable approximations of their fair values.

June 30, 2026				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Corporate bonds payable	<u>\$ 470,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 471,351</u>
December 31, 2025				
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Corporate bonds payable	<u>\$ 469,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,640</u>

None as of June 30, 2025.

- (2) The techniques and assumptions used to estimate fair value are stated as follows:
The corporate bonds payable are evaluated using the binary tree convertible bond valuation model.

3. Financial and non-financial assets measured at fair value are classified by the Group according to the nature, characteristic, risk, and fair value level of the assets, and relevant information is stated as follows:

(1) The Group classifies its assets and liabilities by their function; stated as follows:

June 30, 2026	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities compulsorily measured at fair value through profit or loss				
Embedded option in convertible corporate bonds (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,374</u>	<u>\$ 1,374</u>
December 31, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities compulsorily measured at fair value through profit or loss				
Embedded option in convertible corporate bonds (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 745</u>	<u>\$ 745</u>
June 30, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial liabilities compulsorily measured at fair value through profit or loss				
Non-hedging derivative financial instruments				
Forward exchange agreement (FXA)	\$ -	\$ 399	\$ -	\$ 399
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities compulsorily measured at fair value through profit or loss				
Non-hedging derivative financial instruments				
Forward exchange agreement (FXA)	<u>-</u>	<u>(220)</u>	<u>-</u>	<u>(220)</u>
Total	<u>\$ -</u>	<u>\$ 179</u>	<u>\$ -</u>	<u>\$ 179</u>

Note: For the value of the redemption right and put option for the convertible corporate bonds issued by the Group, please refer to Note VI (XII).

(2) The techniques and assumptions used by the Group to measure fair value are stated as follows:

The fair value of financial instruments without an active market is obtained using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date (such as the reference yield curve of TPEx).

4. For January 1 to June 30, 2026 and 2025, there was no transfer between Level 1 and Level 2 fair value hierarchy.

5. Changes in Level 3 fair value hierarchy are stated as follows for January 1 to June 30, 2026:

	2026	
	Derivatives	
January 1	\$	745
Gains or losses recognized in profit or loss		
Non-operating income and expenses recognized		629
June 30	\$	1,374

None as of June 30, 2025.

6. The significant non-observable input value quantified information and significant non-observable input value change sensitivity analysis for the valuation model used in relation to the Level 3 fair value measurements are as follows:

	Fair value on June 30, 2026	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relationship between input and fair value
Derivatives:					
Options embedded in convertible corporate bonds	\$ 1,374	Binary tree convertible bond valuation model	Stock price volatility	36.73%	The higher the volatility, the higher the fair value
Cross currency swap contracts	-	Cash flow discount method	Forward interest rate Forward exchange rate		Please refer to the description of forward exchange agreement and interest rate swap agreement
	Fair value on December 31, 2025	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relationship between input and fair value
Derivatives:					
Options embedded in convertible corporate bonds	\$ 745	Binary tree convertible bond valuation model	Stock price volatility	43.30%	The higher the volatility, the higher the fair value

None as of June 30, 2025.

7. The Group elects to adopt valuation models and valuation parameters under prudential consideration. Nonetheless, this does not preclude the differences arising from adoption of different valuation models or parameters. If valuation parameters change, financial assets and financial liabilities classified as Level 3 will have effects on the profit/loss or other comprehensive income, stated as follows:

			June 30, 2026			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Input	Change				
Financial liabilities						
Derivatives:						
Options embedded in convertible corporate bonds	Volatility	±5%	\$ 197	(\$ 178)	\$ -	\$ -
			December 31, 2025			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Input	Change				
Financial liabilities						
Derivatives:						
Options embedded in convertible corporate bonds	Volatility	±5%	\$ 169	(\$ 199)	\$ -	\$ -

None as of June 30, 2025.

XIII. Additional Disclosures

(I) Information on Significant Transactions

- Loans to others: None.
- Endorsements/guarantees for others: None.
- Significant securities held (excluding investment in subsidiaries, associates, and joint venture equity): None.
- Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- Significant intercompany transactions: None.

(II) Information on investees

Name and location of investees (excluding those in China): None.

(III) Information on investment in China

1. Basic information: Please refer to Table 1 for details.

2. Significant transactions, either directly or indirectly through a third area, with investees in the Mainland Area: None.

XIV. Segment Information

(I) General Information

The Group management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Group's business segments are mainly divided into the domestic business segment, the international business segment, and others.

(II) Information on segment profit or loss, assets and liabilities

The information on segments required for reporting is provided to the key operating decision maker as follows. In addition, the Group does not provide the key operating decision maker with total asset amounts and total liability amounts for operating decisions.

<u>April 1 to June 30, 2026</u>	Taiwan		International business segment	Total
	Domestic business segment	Others		
Segment income	\$ 313,023	\$ 19,635	\$ 199,925	\$ 532,583
Segment profit or loss	\$ 11,875	\$ 6,970	\$ 4,239	\$ 23,084
Interest income and other income				2,315
Other gains and losses				743
Finance costs				(9,571)
Net Income before tax				16,571
Income tax expense				(4,283)
Net income after tax				\$ 12,288

<u>April 1 to June 30, 2025</u>	Taiwan		International business segment	Total
	Domestic business segment	Others		
Segment income	\$ 251,289	\$ -	\$ 172,009	\$ 423,298
Segment profit or loss	\$ 9,484	(\$ 2,705)	\$ 12,688	\$ 19,467
Interest income and other income				1,597
Other gains and losses				(21,537)
Finance costs				(1,785)
Net Income before tax				2,528
Income tax expense				3,436
Net income after tax				\$ 1,178

<u>January 1 to June 30, 2026</u>	Taiwan		International business segment	Total
	Domestic business segment	Others		
Segment income	\$ 625,476	\$ 25,046	\$ 365,140	\$ 1,015,662
Segment profit or loss	\$ 9,373	(\$ 8,186)	\$ 15,889	\$ 33,448
Interest income and other income				7,961
Other gains and losses				(544)
Finance costs				(19,007)
Net Income before tax				21,858
Income tax expense				(5,698)
Net income after tax				\$ 16,160

<u>January 1 to June 30, 2025</u>	Taiwan		International business segment	Total
	Domestic business segment	Others		
Segment income	\$ 541,717	\$ -	\$ 311,012	\$ 852,729
Segment profit or loss	\$ 24,481	(\$ 2,922)	\$ 33,758	\$ 55,317
Interest income and other income				2,002
Other gains and losses				(16,712)
Finance costs				(2,697)
Net Income before tax				37,910
Income tax expense				(4,359)
Net income after tax				\$ 33,551

(III) Reconciliation of segment profit or loss

Sales between segments are conducted in accordance with the fair-trade principle. The revenue from external parties and segment profit or loss reported to the main operation decision maker are measured in a manner consistent with the income indicated in the income statement.

Walrus Pump Co., Ltd. and Subsidiaries
Information on Investments in China - Basic Information
January 1 to June 30, 2026

Table 1

Unit: NTD thousands
(unless otherwise specified)

Name of investee in China	Main business item	Paid-in capital	Investment method (Note 1)	Accumulated outward remittance for investment from Taiwan at beginning of the current period	Outward remittance or repatriation of investment amount at beginning of the current period		Accumulated outward remittance for investment from Taiwan at end of the current period	Current profit/loss of investee	Shareholding percentage of direct or indirect investment of the Company	Current Investment profit/loss recognized (Note 2)	Carrying amount at end of the period	Accumulated repatriation of investment income as of end of current period	Note
					Outward remittance	Repatriation							
Suzhou Walrus	Manufacture and sale of water pump	\$ 79,625	(1)	\$ 41,405	\$ -	\$ -	\$ 41,405	\$ 5,858	100%	\$ 5,858	\$ 102,123	\$ -	
		(USD 2,500 thousand)		(USD 1,300 thousand)			(USD 1,300 thousand)						
Company name	Accumulated outward remittance for investment in China region at end of the period	Investment amount approved by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA										
Suzhou Walrus	\$ 41,405	\$ 79,625	\$ 523,894										
	(USD 1,300 thousand)	(USD 2,500 thousand)											

Note 1: The investment types are classified into three types as follows:

- (1) Direct investment in China
- (2) Indirect investment in China through a company in a third region (please indicate the investing company in the third region)
- (3) Other methods

Note 2: Investment gains and losses are recognized based on financial statements reviewed and audited by the CPAs of the parent company.

Note 3: The relevant figures in this table are expressed in NTD. If foreign currencies are involved, they are converted at the USD to NTD exchange rate of 31.85 on the balance sheet date.