

Stock Code: 3548

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended
September 30, 2025 and 2024**

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The independent auditors' review report and the accompanying consolidated financial statements are English translations of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Jarllytec Co., Ltd.:

Introduction

We have reviewed the consolidated financial statements of Jarllytec Co., Ltd. and its subsidiaries, which include the consolidated balance sheets as of September 30, 2025, and 2024; the consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2025, and 2024; the consolidated statements of changes in equity and cash flows for the nine-month periods then ended; and the accompanying notes. Management is responsible for the preparation and fair presentation of these statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (IAS) 34, "Interim Financial Reporting," as endorsed by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion based on our review.

Scope of Review

Except as discussed in the following paragraph, we conducted our reviews in accordance with the International Standard on Review Engagements No. 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As described in Note 4(b), the financial statements of certain non-significant subsidiaries were not reviewed by independent auditors. These financial statements reflect total assets of these subsidiaries amounted to NT\$2,265,891 thousand and NT\$1,912,785 thousand, constituting 20% and 18% of consolidated total assets as of September 30, 2025 and 2024, respectively, total liabilities amounted to NT\$817,976 thousand and NT\$736,914 thousand, constituting 14% and 15% of consolidated total liabilities as of September 30, 2025 and 2024, respectively, and total comprehensive income of these subsidiaries amounted to NT\$(38,131) thousand, NT\$34,886 thousand, NT\$(110,286) thousand and NT\$(56,900) thousand, constituting (15)%, 22%, 53% and (10)% of the consolidated total comprehensive income for the three-month and nine-month periods ended September 30, 2025 and 2024, respectively.

Notes to Readers

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

The independent auditors review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English- and Chinese-language versions of the independent auditors' review report and the consolidated financial statements, the Chinese version shall prevail.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain non-significant subsidiaries and investee companies been reviewed by independent accountants as described in the preceding paragraph, that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Jarllytec Co., Ltd. and its subsidiaries as of September 30, 2025 and 2024, and of its consolidated financial performance as of and for the three-month periods ended September 30, 2025 and 2024, and its consolidated cash flows for the nine months periods then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)
November 11, 2025

Notes to Readers

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

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Review only; not audited in accordance with Generally Auditing Standards as of September 30, 2025 and 2024**JARLLYTEC CO., LTD. AND SUBSIDIARIES****Consolidated Balance Sheets****September 30, 2025, December 31, 2024, September 30, 2024**

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2025		December 31, 2024		September 30, 2024		Liabilities and Equity		September 30, 2025		December 31, 2024		September 30, 2024	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(a))	\$ 3,556,827	31	3,275,344	29	2,827,802	27	2100	Short-term borrowings (Note 6(j) and 8)	\$ 42,710	-	522,390	5	571,874	6
1110	Current financial assets at fair value through profit or loss (Note 6(b))	648,264	6	91,752	1	757,078	7	2170	Notes and accounts payable	2,164,900	19	2,631,231	23	1,985,724	19
1170	Notes and accounts receivable, net (Note 6(c)(t))	2,608,921	23	3,622,782	31	2,699,706	26	2200	Other payables(Note 6(k))	826,543	8	1,194,454	11	1,074,353	10
1200	Other receivables, net (Note 6(d))	43,701	-	54,764	-	38,975	-	2216	Dividends payable	132,184	1	-	-	-	-
1220	Current tax assets	14	-	1,960	-	19,000	-	2230	Current tax liabilities	24,103	-	53,841	-	37,858	-
130X	Inventories (Note 6(e))	937,926	8	894,239	8	761,717	7	2280	Current lease liabilities (Note 6(n))	27,454	-	41,773	-	30,004	-
1410	Prepayments and other current assets (Note 6(f))	158,374	1	129,074	1	108,357	1	2322	Long-term borrowings, current portion (Note 6(l) and 8)	10,827	-	13,995	-	46,087	-
	Total current assets	<u>7,954,027</u>	<u>69</u>	<u>8,069,915</u>	<u>70</u>	<u>7,212,635</u>	<u>68</u>	2399	Other current liabilities	32,856	-	47,475	-	29,842	-
									Total current liabilities	<u>3,261,577</u>	<u>28</u>	<u>4,505,159</u>	<u>39</u>	<u>3,775,742</u>	<u>35</u>
Non-current assets:								Non-Current liabilities:							
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	1,800	-	1,200	-	1,600	-	2500	Non-current financial liabilities at fair value through profit or loss(Note 6(b) and (m))	16,163	-	-	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	84,337	1	101,036	1	98,788	1	2530	Bonds payable (Note 6(m))	2,147,631	19	765,936	7	761,851	7
1600	Property, plant and equipment (Note 6(g) and 8)	2,984,339	26	2,795,061	24	2,741,202	26	2540	Long-term borrowings (Note 6(l) and 8)	34,285	-	54,815	-	58,313	1
1755	Right-of-use assets (Note 6(h))	225,404	2	288,093	3	260,805	3	2570	Deferred income tax liabilities	181,748	2	181,762	2	181,442	2
1780	Intangible assets (Note 6(i))	25,804	-	24,553	-	21,197	-	2580	Non-current lease liabilities (Note 6(n))	55,853	-	93,548	1	83,841	1
1840	Deferred income tax assets	60,429	-	60,553	1	44,729	-	2640	Net defined benefit liability, non-current	36,935	-	37,541	-	36,548	-
1915	Prepayments for business facilities	106,508	1	144,061	1	150,634	2	2670	Other non-current liabilities, others	2,998	-	3,278	-	3,175	-
1990	Other non-current assets, others (Note 6(f))	128,338	1	42,226	-	48,522	-		Total non-current liabilities	<u>2,475,613</u>	<u>21</u>	<u>1,136,880</u>	<u>10</u>	<u>1,125,170</u>	<u>11</u>
	Total non-current assets	<u>3,616,959</u>	<u>31</u>	<u>3,456,783</u>	<u>30</u>	<u>3,367,477</u>	<u>32</u>		Total liabilities	<u>5,737,190</u>	<u>49</u>	<u>5,642,039</u>	<u>49</u>	<u>4,900,912</u>	<u>46</u>
								Equity attributable to owners of parent (Note 6(r)):							
								3110	Ordinary share	677,442	6	660,914	6	660,914	6
								3200	Capital surplus	2,154,364	19	1,866,597	16	1,866,597	18
									Retained earnings:						
								3310	Legal reserve	565,006	5	506,588	4	506,588	5
								3320	Special reserve	-	-	101,311	1	101,311	1
								3350	Unappropriated retained earnings	2,610,526	23	2,666,744	23	2,492,326	24
									Total retained earnings	<u>3,175,532</u>	<u>28</u>	<u>3,274,643</u>	<u>28</u>	<u>3,100,225</u>	<u>30</u>
									Other equity:						
								3410	Exchange differences on translation of foreign financial statements	(184,643)	(2)	61,442	1	32,861	-
								3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	11,101	-	21,063	-	18,603	-
									Total other equity interest	<u>(173,542)</u>	<u>(2)</u>	<u>82,505</u>	<u>1</u>	<u>51,464</u>	<u>-</u>
									Total equity	<u>5,833,796</u>	<u>51</u>	<u>5,884,659</u>	<u>51</u>	<u>5,679,200</u>	<u>54</u>
Total assets		<u>\$ 11,570,986</u>	<u>100</u>	<u>11,526,698</u>	<u>100</u>	<u>10,580,112</u>	<u>100</u>	Total liabilities and equity		<u>\$ 11,570,986</u>	<u>100</u>	<u>11,526,698</u>	<u>100</u>	<u>10,580,112</u>	<u>100</u>

(See accompanying notes to financial statements)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Generally Auditing Standards

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

As of and For the Three Months Ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended September 30,				For the nine months ended September 30,				
	2025		2024		2025		2024		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (Note 6(t))	\$2,024,631	100	\$2,148,603	100	7,359,885	100	6,811,856	100
5000	Operating costs (Note 6(e)(p))	1,792,463	89	1,809,386	84	6,456,070	88	5,651,695	83
	Net gross profit	232,168	11	339,217	16	903,815	12	1,160,161	17
	Operating expenses (Note 6(c)(n)(p)(u)):								
6100	Selling expenses	53,990	2	63,915	3	171,508	2	165,143	2
6200	Administrative expenses	104,600	5	117,537	5	336,051	5	381,411	6
6300	Research and development expenses	58,129	3	76,856	4	182,946	2	198,805	3
6450	Expected credit losses (gain)	(3,902)	-	1,541	-	(620)	-	(4,456)	-
	Total operating expenses	212,817	10	259,849	12	689,885	9	740,903	11
	Net operating income	19,351	1	79,368	4	213,930	3	419,258	6
	Non-operating income and expenses (Note 6(n)(o)(v)):								
7010	Other income	12,155	-	71,335	3	87,280	1	110,357	2
7020	Other gains and losses, net	39,640	2	(32,543)	(2)	(93,033)	(1)	20,605	-
7050	Finance cost	(12,887)	-	(7,099)	-	(35,818)	-	(19,950)	-
7100	Interest income	15,192	-	14,626	-	41,889	-	51,521	1
	Total non-operating income and expenses	54,100	2	46,319	1	318	-	162,533	3
	Profit from continuing operations before tax	73,451	3	125,687	5	214,248	3	581,791	9
7950	Less: Income tax expenses (Note 6(q))	27,668	1	53,456	2	164,652	2	180,388	3
	Profit	45,783	2	72,231	3	49,596	1	401,403	6
8300	Other comprehensive income:								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6,034	-	(1,443)	-	(9,962)	-	173	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	6,034	-	(1,443)	-	(9,962)	-	173	-
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	203,075	10	88,698	4	(246,085)	(3)	160,966	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	203,075	10	88,698	4	(246,085)	(3)	160,966	2
8300	Other comprehensive income, net	209,109	10	87,255	4	(256,047)	(3)	161,139	2
8500	Total comprehensive income	\$ 254,892	12	159,486	7	(206,451)	(2)	562,542	8
	Net income attributable to:								
8610	Profit (loss), attributable to owners of parent	\$ 45,783	2	72,231	3	49,596	1	401,403	6
8710	Total comprehensive income attributable to parent	\$ 254,892	12	159,486	7	(206,451)	(2)	562,542	8
	Earnings per share (NT dollars) (Note 6(s)):								
9750	Basic earnings per share	\$ 0.68		1.07		0.73		5.93	
9850	Diluted earnings per share	\$ 0.66		1.05		0.71		5.71	

(See accompanying notes to financial statements)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only; not audited in accordance with Generally Auditing Standards
JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the Nine months Ended September 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Other equity		Total equity
	Ordinary shares	Advance receipts for share capital	Capital surplus	Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
				Legal reserve	Special reserve	Unappropriated retained earnings			
Balance at January 1, 2024	\$ 648,153	12,761	1,715,423	453,672	47,179	2,487,018	(128,105)	26,794	5,262,895
Profit	-	-	-	-	-	401,403	-	-	401,403
Other comprehensive income	-	-	-	-	-	-	160,966	173	161,139
Total comprehensive income	-	-	-	-	-	401,403	160,966	173	562,542
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	52,916	-	(52,916)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(297,411)	-	-	(297,411)
Reversal of special reserve	-	-	-	-	54,132	(54,132)	-	-	-
Changes in other capital surplus:									
Due to recognition of equity component of convertible bonds issued	-	-	151,174	-	-	-	-	-	151,174
Conversion of convertible bonds	12,761	(12,761)	-	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	8,364	-	(8,364)	-
Balance at September 30, 2024	\$ 660,914	-	1,866,597	506,588	101,311	2,492,326	32,861	18,603	5,679,200
Balance at January 1, 2025	\$ 660,914	-	1,866,597	506,588	101,311	2,666,744	61,442	21,063	5,884,659
Profit	-	-	-	-	-	49,596	-	-	49,596
Other comprehensive income	-	-	-	-	-	-	(246,085)	(9,962)	(256,047)
Total comprehensive income	-	-	-	-	-	49,596	(246,085)	(9,962)	(206,451)
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	58,418	-	(58,418)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(132,184)	-	-	(132,184)
Stock dividends on ordinary shares	16,523	-	-	-	-	(16,523)	-	-	-
Reversal of special reserve	-	-	-	-	(101,311)	101,311	-	-	-
Changes in other capital surplus:									
Due to recognition of equity component of convertible bonds issued	-	-	287,657	-	-	-	-	-	287,657
Conversion of convertible bonds	5	-	110	-	-	-	-	-	115
Balance at September 30, 2025	\$ 677,442	-	2,154,364	565,006	-	2,610,526	(184,643)	11,101	5,833,796

(See accompanying notes to financial statements)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Generally Auditing Standards
JARLLYTEC CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Nine-month Period Ended September 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2025	2024
Cash flows from operating activities:		
Profit before tax	\$ 214,248	581,791
Adjustments to reconcile profit (loss)		
Depreciation expense	306,478	265,704
Amortization expense	26,773	23,998
Expected credit loss (gain)	(620)	(4,456)
Net loss (gain) on financial assets at fair value through profit or loss	14,522	(10,244)
Interest expense	35,818	19,950
Interest income	(41,889)	(51,521)
Dividend income	(15,993)	(19,979)
Loss on disposal of property, plant and equipment	515	2,973
Profit from lease modification	(773)	-
Total adjustments to reconcile profit (loss)	324,831	226,425
Changes in operating assets and liabilities:		
Current financial assets at fair value through profit or loss	46,289	(3,173)
Non-current financial assets at fair value through profit or loss	-	3,000
Notes receivables	643	(1,839)
Accounts receivable	1,013,957	325,275
Other receivables	9,920	6,424
Inventories	(43,687)	105,223
Prepayments	2,253	(8,383)
Other current assets	(36,179)	(120)
Accounts payable	(466,331)	(445,656)
Other payables	(486,158)	(82,551)
Other current liabilities	(14,619)	362
Net defined benefit liability	(606)	(719)
Total changes in operating assets and liabilities	25,482	(102,157)
Total adjustments	350,313	124,268
Cash inflow generated from operations	564,561	706,059
Interest received	43,032	49,708
Interest paid	(7,100)	(8,177)
Income taxes paid	(192,444)	(229,918)
Net cash flows provided by operating activities	408,049	517,672
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	9,703
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	5,758	9,640
Acquisition of financial assets at fair value through profit or loss	(1,649,460)	(2,659,614)
Proceeds from disposal of financial assets at fair value through profit or loss	1,042,937	1,928,833
Acquisition of property, plant and equipment	(160,999)	(234,463)
Proceeds from disposal of property, plant and equipment	6,886	14,069
Acquisition of intangible assets	(10,855)	(6,963)
Decrease (Increase) in other non-current assets, others	(103,921)	39,882
Increase in prepayments for equipment	(212,405)	(243,134)
Dividends received	15,993	19,979
Net cash flows used in investing activities	(1,066,066)	(1,122,068)
Cash flows from financing activities:		
Decrease in short-term borrowings	(478,645)	(63,816)
Issuance of corporate bonds	1,645,246	899,237
Repayments of long-term borrowings	(23,698)	(150,521)
Payment of lease liabilities	(36,590)	(37,076)
Increase in other non-current liabilities	(280)	183
Cash dividends paid	-	(297,411)
Net cash flows (used in) from financing activities	1,106,033	350,596
Effect of movements in exchange on cash and cash equivalents	(166,533)	114,406
Net decrease in cash and cash equivalents	281,483	(139,394)
Cash and cash equivalents at beginning of period	3,275,344	2,967,196
Cash and cash equivalents at end of period	\$ 3,556,827	2,827,802

(See accompanying notes to financial statements)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with Generally Auditing Standards of September 30, 2025 and 2024

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Nine months Ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

(1) Company history

Jarlllytec Co., Ltd. (the “Company”) was legally established with the approval of the Ministry of Economic Affairs (R.O.C.) on July 7, 2004, with registered address at No.13, Wugong 5th Rd., SinJhuang Dist., New Taipei City, Taiwan (R.O.C.). The Company and its subsidiaries (the “Group”) are primarily engaged in R&D, designing, manufacturing, assembly, inspection, production, and sales business of stamping parts, hinges and metal injection molding (MIM). The Group has been actively developing various hinges, which are widely applied in NB, LCD monitor, and other 3C related products and parts.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on November 11, 2025.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025.

- Amendments to IAS21 “Lack of Exchangeability”

- (b) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual periods beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards and interpretations, which may be relevant to the Group, have been issued by the International Accounting Standards Board (“IASB”), but have yet to be endorsed by the FSC:

(Continued)

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, ...and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated, and to reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	<p>January 1, 2027</p> <p>note : On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.</p>

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to as IFRSs endorsed by the FSC) for a complete set of annual consolidated financial statements.

Except for the accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2024.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal Activities	Percentage of Ownership (%)			Note
			2025.9.30	2024.12.31	2024.9.30	
The company	Great Hinge Trading Ltd. (Great Hinge)	Investments	100%	100%	100%	Note 1
The company	Smart Hinge Holdings Ltd. (Smart Hinge)	Investments	100%	100%	100%	-
The company	Jarwin Investment Co., Ltd. (Jarwin Investment)	Investments	100%	100%	100%	Note 1
The company	Jarlllytec Singapore Pte. Ltd. (Jarlllytec Singapore)	Computer design and service	100%	100%	100%	Note 1
Great Hinge	Jarlllytec (Vietnam) Co., Ltd. (Jarlllytec Vietnam)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Smart Hinge	Royal Jarlly Holding Ltd. (Royal Jarlly)	Investments	100%	100%	100%	-
Royal Jarlly	Jarlly Technology (Shanghai) Co., Ltd. (Shanghai Jarlly)	Component equipment for the production and sale of materials business	80.56%	74.07%	74.07%	Note 3, Note 4
Royal Jarlly	Fu Qing Jarlly Electronics Co., Ltd. (Fu Qing Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Dong Guan Jarlly Electronics Co., Ltd. (Dong Guan Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Kunshan Jarlly Electronics Ltd. (Kunshan Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Jarlly Electronics Technology (Shanghai) Co., Ltd. (Jarlly Electronics Shanghai)	Production and sales business of precision hinges	100%	100%	100%	-
Royal Jarlly	Xiamen Jarlly Electronics Co., Ltd. (Xiamen Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Jarlly Technology (Chongqing) Co., Ltd. (Chongqing Jarlly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Jarlllytec (Thailand) Co., Ltd. (Jarlllytec Thailand)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarlly	Jarlly Precision Manufacturing (Zhejiang) Co., Ltd. (Zhejiang Jarlly)	Production and sales business of precision hinges	-%	-%	-%	Note 2, Note 5,
Fu Qing Jarlly	Shanghai Jarlly	Component equipment for the production and sale of materials	19.44%	25.93%	25.93%	Note 3, Note 4,

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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Name of Investor	Name of Subsidiary	Principal Activities	Percentage of Ownership (%)			Note
			2025.9.30	2024.12.31	2024.9.30	
		business				
Shanghai Jarlly	Zhejiang Jarlly	Production and sales business of precision hinges	100%	100%	100%	Note 1, Note 2,

Note 1: Insignificant subsidiary.

Note 2: The company's Board of Directors resolved to change the investment structure of its investment in Zhejiang Jarlly Precision Technology Co., Ltd. on January 24, 2024. Jarlly Technology (Shanghai) Co., Ltd. acquired 100% of the shares of Zhejiang Jarlly Precision Technology Co., Ltd. from Royal Jarlly Holding Ltd. The based date is February 1, 2024.

Note 3: The Company's Board of Directors resolved on March 8, 2024 to make an indirect investment in Royal Jarlly through its wholly owned investee, Smart Hinge, and invested US\$5 million in Shanghai Jarlly through a capital increase by Royal Jarlly. The effective date is April 1, 2024. As Fu Qing Jarlly did not increase its investment in proportion to its ownership percentage, its ownership percentage decreased from 41.18% to 25.93%, while Royal Jarlly's ownership percentage in Shanghai Jarlly increased from 58.82% to 74.07%.

Note 4: The Company's Board of Directors resolved on November 12, 2024 to make an indirect investment in Royal Jarlly through its wholly owned investee, Smart Hinge, and invested US\$4.5 million in Shanghai Jarlly through a capital increase by Royal Jarlly. The effective date is February 1, 2025. As Fu Qing Jarlly did not increase its investment in proportion to its ownership percentage, its ownership percentage decreased from 25.93% to 19.44%, while Royal Jarlly's ownership percentage in Shanghai Jarlly increased from 74.07% to 80.56%.

Note 5: Zhejiang Jarlly Precision Technology Co., Ltd. changed its name to Jarlly Precision Manufacturing (Zhejiang) Co., Ltd. in June 2025.

(ii) Subsidiaries excluded from the consolidated financial statements: None.

(c) Income taxes

The income tax expenses have been measured and disclosed in accordance with paragraph B12 of IAS 34 "Interim Financial Reporting."

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecast by management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost in the interim period was calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, and adjusted for significant market fluctuations, significant curtailments, settlements, or other significant one-off events.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting." and endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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In preparing the consolidated interim financial statements, the estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with those used in the consolidated financial statements for the year ended December 31, 2024.

(6) Explanation of significant accounts

Except for the following disclosures, there were no significant differences as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2024. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2024.

(a) Cash and cash equivalents

	September 30, 2025	December 31, 2024	September 30, 2024
Cash on hand	\$ 766	561	725
Demand deposits	1,424,315	2,478,404	1,783,212
Time deposits	2,131,746	796,379	1,043,865
	<u>\$ 3,556,827</u>	<u>3,275,344</u>	<u>2,827,802</u>

(b) Financial instruments

(i) Financial assets at fair value through profit or loss

	September 30, 2025	December 31, 2024	September 30, 2024
Current mandatorily measured at fair value through profit or loss			
Domestic stocks	\$ 7,445	31,670	26,297
Open-ended funds	30,066	60,082	-
Investment products	610,753	-	730,781
	<u>\$ 648,264</u>	<u>91,752</u>	<u>757,078</u>
Non-current mandatorily measured at fair value through profit or loss			
Redemption right to convertible bonds	<u>\$ 1,800</u>	<u>1,200</u>	<u>1,600</u>

(ii) Financial liabilities at fair value through profit or loss

	September 30, 2025	December 31, 2024	September 30, 2024
Non-current financial liabilities designated at fair value through profit or loss			
Convertible Bond Put Option	<u>\$ 16,163</u>	<u>-</u>	<u>-</u>

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Financial assets at fair value through other comprehensive income

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Equity investments at fair value through other comprehensive income-non-current:			
Stocks unlisted on domestic market-Taiwan	\$ 64,135	79,855	77,394
Stocks unlisted on domestic market-China	<u>20,202</u>	<u>21,181</u>	<u>21,394</u>
Total	<u>\$ 84,337</u>	<u>101,036</u>	<u>98,788</u>

The Group designated the investment shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purpose.

- (iv) The net gain (loss) arising from financial instruments at fair value through profit or loss (FVTPL) of the group, recognized under Other Gains and Losses, was NT\$3,375 thousand, NT\$7,264 thousand, NT\$(14,522) thousand, and NT\$19,354 thousand for the three-month periods ended September 30, 2025 and 2024, and the nine month periods ended September 30, 2025 and 2024, respectively.
- (v) As of September 30, 2025, December 31, 2024 and September 30, 2024, the aforementioned financial assets were not pledged as collateral.

(c) Notes and accounts receivable

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Notes receivables	\$ 819	1,462	2,200
Accounts receivable	2,611,982	3,625,939	2,701,108
Less: loss allowance	<u>(3,880)</u>	<u>(4,619)</u>	<u>(3,602)</u>
	<u>\$ 2,608,921</u>	<u>3,622,782</u>	<u>2,699,706</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information.

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The loss allowance provisions were determined as follows:

	September 30, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,545,079	0%~1%	-
1 to 30 days past due	46,685	0%~1%	-
31 to 60 days past due	494	0%~1%	-
61 to 90 days past due	15,995	0%~10%	254
More than 90 days past due	<u>4,548</u>	30%~100%	<u>3,626</u>
	<u>\$ 2,612,801</u>		<u>3,880</u>
	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 3,597,537	0%~1%	1,815
1 to 30 days past due	975	0%~5%	24
31 to 60 days past due	22,837	0%~10%	1,077
61 to 90 days past due	877	0%~20%	150
More than 90 days past due	<u>5,175</u>	30%~100%	<u>1,553</u>
	<u>\$ 3,627,401</u>		<u>4,619</u>
	September 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,650,857	0%~1%	-
1 to 30 days past due	33,167	0%~1%	209
61 to 90 days past due	11,577	0%~10%	1,081
More than 90 days past due	<u>7,707</u>	30%~100%	<u>2,312</u>
	<u>\$ 2,703,308</u>		<u>3,602</u>

The movements in the allowance for notes and accounts receivable during the period were as follows:

	For the nine months ended September 30,	
	2025	2024
Balance at January 1	\$ 4,619	7,946
Impairment losses reversed	(620)	(4,456)
Effect of movements in exchange	<u>(119)</u>	<u>112</u>
Balance at September 30	<u>\$ 3,880</u>	<u>3,602</u>

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Other receivables

	September 30, 2025	December 31, 2024	September 30, 2024
Overpaid business tax returned	\$ 30,647	22,284	16,865
Interest receivable	3,560	4,703	5,143
Others	9,494	27,777	16,967
	<u>\$ 43,701</u>	<u>54,764</u>	<u>38,975</u>

For further credit risk information, please refer to note 6(w).

(e) Inventories

	September 30, 2025	December 31, 2024	September 30, 2024
Raw materials and supplies	\$ 145,656	123,381	129,285
Work in process	272,447	328,101	265,383
Finished goods	519,823	442,757	367,049
	<u>\$ 937,926</u>	<u>894,239</u>	<u>761,717</u>

(i) For the three months ended September 30, 2025 and 2024, the amount of the decrease in operating costs was NT\$44,018 and NT\$24,202, as the factors that previously caused the net realizable value of inventories to be lower than cost no longer exist.

(ii) For the nine months ended September 30, 2025 and 2024, the amount of the loss on valuation of inventories was NT\$51,851 and NT\$34,466, wherein such loss was included in cost of sales.

(iii) As of September 30, 2025, December 31, 2024 and September 30, 2024, the inventories were not pledged as collateral.

(f) Prepayments, other current assets and others

Components of prepayments, other current and non-current assets were listed below:

	September 30, 2025	December 31, 2024	September 30, 2024
Prepayment for mold	\$ 24,187	44,336	31,161
Other prepayments	42,540	48,555	42,304
Input tax	7,211	-	4,676
Tax overpaid	39,235	27,161	24,372
Others	45,201	9,022	5,844
Total prepayments and other current assets	<u>\$ 158,374</u>	<u>129,074</u>	<u>108,357</u>
Other deferred expenses	\$ 31,397	27,903	35,385
Refundable deposits	8,255	9,866	8,725
Other financial assets	86,638	1,311	1,266
Others	2,048	3,146	3,146
Total other noncurrent assets	<u>\$ 128,338</u>	<u>42,226</u>	<u>48,522</u>

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Property, plant and equipment

Information of property, plant and equipment was listed below:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machine and equipment</u>	<u>Mold equipment</u>	<u>Rental equipment</u>	<u>Other facilities</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost:								
Balance at January 1, 2025	\$1,057,375	836,690	2,217,799	3,022	103,008	280,921	31,888	4,530,703
Additions	-	14,708	214,597	-	-	17,916	276,849	524,070
Reclassifications	-	7,727	13,252	-	-	5,400	(26,379)	-
Disposals	-	-	(94,692)	-	-	(6,446)	-	(101,138)
Effect of movements in exchange	(641)	(21,500)	(51,652)	(29)	(4,762)	(9,979)	(664)	(89,227)
Balance at September 30, 2025	<u>\$1,056,734</u>	<u>837,625</u>	<u>2,299,304</u>	<u>2,993</u>	<u>98,246</u>	<u>287,812</u>	<u>281,694</u>	<u>4,864,408</u>
Balance at January 1, 2024	\$1,054,812	756,865	1,789,834	3,001	100,285	231,190	80,081	4,016,068
Additions	-	4,899	335,176	-	-	26,702	17,489	384,266
Reclassifications	-	46,597	22,186	-	(784)	5,581	(55,701)	17,879
Disposals	-	-	(54,877)	-	-	(7,334)	(139)	(62,350)
Effect of movements in exchange	3,631	17,309	30,905	28	4,542	4,319	5,226	65,960
Balance at September 30, 2024	<u>\$1,058,443</u>	<u>825,670</u>	<u>2,123,224</u>	<u>3,029</u>	<u>104,043</u>	<u>260,458</u>	<u>46,956</u>	<u>4,421,823</u>
Accumulated depreciation:								
Balance at January 1, 2025	\$ -	342,709	1,186,857	2,959	47,129	155,988	-	1,735,642
Depreciation	-	36,536	195,884	-	-	30,820	-	263,240
Reclassifications	-	(2,252)	167	-	2,252	(167)	-	-
Disposals	-	-	(87,811)	-	-	(5,882)	-	(93,693)
Effect of movements in exchange	-	(7,074)	(14,085)	(27)	(2,203)	(1,731)	-	(25,120)
Balance at September 30, 2025	<u>\$ -</u>	<u>369,919</u>	<u>1,281,012</u>	<u>2,932</u>	<u>47,178</u>	<u>179,028</u>	<u>-</u>	<u>1,880,069</u>
Balance at January 1, 2024	\$ -	278,137	1,016,049	2,940	42,869	135,918	-	1,475,913
Depreciation	-	36,108	164,058	-	-	25,382	-	225,548
Reclassifications	-	11,036	2,074	-	2,005	(11,306)	-	3,809
Disposals	-	-	(37,418)	-	-	(6,842)	-	(44,260)
Effect of movements in exchange	-	6,431	8,609	25	1,942	2,604	-	19,611
Balance at September 30, 2024	<u>\$ -</u>	<u>331,712</u>	<u>1,153,372</u>	<u>2,965</u>	<u>46,816</u>	<u>145,756</u>	<u>-</u>	<u>1,680,621</u>
Carrying amounts								
Balance at January 1, 2025	<u>\$1,057,375</u>	<u>493,981</u>	<u>1,030,942</u>	<u>63</u>	<u>55,879</u>	<u>124,933</u>	<u>31,888</u>	<u>2,795,061</u>
Balance at September 30, 2025	<u>\$1,056,734</u>	<u>467,706</u>	<u>1,018,292</u>	<u>61</u>	<u>51,068</u>	<u>108,784</u>	<u>281,694</u>	<u>2,984,339</u>
Balance at January 1, 2024	<u>\$1,054,812</u>	<u>478,728</u>	<u>773,785</u>	<u>61</u>	<u>57,416</u>	<u>95,272</u>	<u>80,081</u>	<u>2,540,155</u>
Balance at September 30, 2024	<u>\$1,058,443</u>	<u>493,958</u>	<u>969,852</u>	<u>64</u>	<u>57,227</u>	<u>114,702</u>	<u>46,956</u>	<u>2,741,202</u>

As of September 30, 2025, December 31, 2024 and September 30, 2024, the property, plant and equipment of the Group had been pledged as collateral for bank borrowings. Please refer to Note 8.

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(h) Right-of-use assets

Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2025	\$ 164,367	354,404	1,022	519,793
Additions	-	20,586	-	20,586
Disposals	-	(56,412)	(777)	(57,189)
Other	-	(2,135)	-	(2,135)
Effect of movements in exchange	<u>(10,690)</u>	<u>(16,344)</u>	<u>-</u>	<u>(27,034)</u>
Balance at September 30, 2025	<u>\$ 153,677</u>	<u>300,099</u>	<u>245</u>	<u>454,021</u>
Balance at January 1, 2024	\$ 149,203	254,726	777	404,706
Additions	-	58,628	-	58,628
Effect of movements in exchange	<u>4,800</u>	<u>11,549</u>	<u>-</u>	<u>16,349</u>
Balance at September 30, 2024	<u>\$ 154,003</u>	<u>324,903</u>	<u>777</u>	<u>479,683</u>
Accumulated depreciation and impairment losses:				
Balance at January 1, 2025	\$ 21,601	209,281	818	231,700
Depreciation	2,899	40,156	183	43,238
Disposals	-	(34,188)	(777)	(34,965)
Effect of movements in exchange	<u>(1,308)</u>	<u>(10,048)</u>	<u>-</u>	<u>(11,356)</u>
Balance at September 30, 2025	<u>\$ 23,192</u>	<u>205,201</u>	<u>224</u>	<u>228,617</u>
Balance at January 1, 2024	\$ 16,427	153,433	561	170,421
Depreciation	2,824	37,138	194	40,156
Effect of movements in exchange	<u>670</u>	<u>7,631</u>	<u>-</u>	<u>8,301</u>
Balance at September 30, 2024	<u>\$ 19,921</u>	<u>198,202</u>	<u>755</u>	<u>218,878</u>
Carrying amount:				
Balance at January 1, 2025	<u>\$ 142,766</u>	<u>145,123</u>	<u>204</u>	<u>288,093</u>
Balance at September 30, 2025	<u>\$ 130,485</u>	<u>94,898</u>	<u>21</u>	<u>225,404</u>
Balance at January 1, 2024	<u>\$ 132,776</u>	<u>101,293</u>	<u>216</u>	<u>234,285</u>
Balance at September 30, 2024	<u>\$ 134,082</u>	<u>126,701</u>	<u>22</u>	<u>260,805</u>

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Intangible assets

Information about the Group's intangible assets was presented below:

	Software
Cost:	
Balance at January 1, 2025	\$ 122,095
Separate acquisitions	10,855
Effect of movements in exchange	(2,306)
Balance at September 30, 2025	<u>\$ 130,644</u>
Balance at January 1, 2024	\$ 108,246
Separate acquisitions	6,963
Disposals	(507)
Effect of movements in exchange	1,748
Balance at September 30, 2024	<u>\$ 116,450</u>
Accumulated amortization:	
Balance at January 1, 2025	\$ 97,542
Amortization	8,964
Effect of movements in exchange	(1,666)
Balance at September 30, 2025	<u>\$ 104,840</u>
Balance at January 1, 2024	\$ 86,600
Amortization	7,798
Disposals	(507)
Effect of movements in exchange	1,362
Balance at September 30, 2024	<u>\$ 95,253</u>
Carrying amounts :	
Balance at January 1, 2025	<u>\$ 24,553</u>
Balance at September 30, 2025	<u>\$ 25,804</u>
Balance at January 1, 2024	<u>\$ 21,646</u>
Balance at September 30, 2024	<u>\$ 21,197</u>

As of September 30, 2025, December 31, 2024 and September 30, 2024, none of the intangible assets were pledged as collateral.

(j) Short-term borrowings

	September 30, 2025	December 31, 2024	September 30, 2024
Secured bank loans	\$ -	300,000	300,000
Unsecured bank loans	<u>\$ 42,710</u>	<u>222,390</u>	<u>271,874</u>
	<u>\$ 42,710</u>	<u>522,390</u>	<u>571,874</u>
Unused short-term credit lines	<u>\$ 1,364,221</u>	<u>531,434</u>	<u>519,000</u>
Range of interest rates	<u>2.90%</u>	<u>1.825%~3.10%</u>	<u>1.825%~3.10%</u>

(Continued)

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Please refer to Note 8 for details of the assets pledged as collateral for bank borrowings.

(k) Other payables

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Payroll payables	\$ 151,223	227,621	179,080
Payables on equipment	203,364	84,851	91,275
Others	471,956	881,982	803,998
	<u>\$ 826,543</u>	<u>1,194,454</u>	<u>1,074,353</u>

(l) Long-term borrowings

The details were as follows:

	<u>September 30, 2025</u>			
	<u>Currency</u>	<u>Interest range</u>	<u>Expiration</u>	<u>Amount</u>
Secured bank loans	TWD	1.285%	2029	\$ 45,112
Less: current portion				(10,827)
Total				<u>\$ 34,285</u>
Unused long-term credit lines				<u>\$ -</u>

	<u>December 31, 2024</u>			
	<u>Currency</u>	<u>Interest range</u>	<u>Expiration</u>	<u>Amount</u>
Secured bank loans	TWD	1.285%	2029	\$ 68,810
Less: current portion				(13,995)
Total				<u>\$ 54,815</u>
Unused long-term credit lines				<u>\$ -</u>

	<u>September 30, 2024</u>			
	<u>Currency</u>	<u>Interest range</u>	<u>Expiration</u>	<u>Amount</u>
Secured bank loans	TWD	1.285%	2024~2029	\$ 72,308
Unsecured bank loans	TWD	1.225%~1.275%	2024	32,092
Less: current portion				(46,087)
Total				<u>\$ 58,313</u>
Unused long-term credit lines				<u>\$ -</u>

(i) Borrowings issue and repayment

The long-term borrowings amounted to NT\$0 and NT\$0 for the nine months ended September 30, 2025 and 2024, respectively; the repayment amounts were NT\$23,698 and NT\$150,521.

(ii) Collaterals for bank secured borrowings

Please refer to Note 8 for details of the assets pledged as collateral for bank borrowings

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(m) Bonds payable

The details were as follows:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Total convertible bonds issued	\$ 2,300,000	800,000	800,000
Discount on bonds payable, balance unamortized	(152,269)	(34,064)	(38,149)
Cumulative amount redeemed	-	-	-
Cumulative amount converted	(100)	-	-
Ending Balance of Bonds Payable	<u>\$ 2,147,631</u>	<u>765,936</u>	<u>761,851</u>
Embedded derivatives-redemption right (carried at financial assets-non current at fair value through profit or loss)	<u>\$ 1,800</u>	<u>1,200</u>	<u>1,600</u>
Embedded derivatives-put option (carried at financial assets at fair value through profit or loss – non-current)	<u>\$ 16,163</u>	<u>-</u>	<u>-</u>
Equity component-conversion right (carried at capital surplus)	<u>\$ 438,831</u>	<u>151,174</u>	<u>151,174</u>

	<u>For the three months ended September 30, 2025</u>	<u>For the three months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2025</u>	<u>For the nine months ended September 30, 2024</u>
Gain or loss arising from the re-measurement of embedded derivatives at fair value	<u>\$ (760)</u>	<u>(800)</u>	<u>(10,800)</u>	<u>(240)</u>
Financial costs – amortization of discounts on convertible bonds	<u>\$ (11,232)</u>	<u>(4,085)</u>	<u>(28,985)</u>	<u>(11,948)</u>

The Group's rights and obligations to the outstanding unsecured convertible bonds issued are as follows:

Item	3rd domestic unsecured convertible corporate bonds
Total amount issued	NT\$1,500,000 thousand
Issue date	February 25, 2025
Issue period	February 25, 2025 ~ February 25, 2030
Coupon rate	0%
Trustee	KGI Bank Co., Ltd.
Terms of repayment	Unless the bonds are converted to ordinary shares of the Company in accordance with Article 10 of these Regulations, or the Company redeems in advance in accordance with Article 18 of these Regulations, or Exercise a put option in accordance with Article 19 of these Regulations, or the Company buys back from the TPEX for the cancellation, the Company shall repay in cash one lump sum according to the band face value when the convertible bonds mature. Payments shall be made within five business days (including the fifth business day) after the due date.
Terms of redemption	(1) From the day following the three-month period after the issuance of the

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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prior to maturity	<p>convertible bonds (May 26, 2025) to 40 days before the expiry of the issuance period (January 16, 2030), when the closing price of the Company's ordinary shares exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days, the Company may, within the next 30 business days, send the "Bond Redemption Notice" expiring 30 days by registered mail (the aforesaid period starts from the date the Company sends the letter, and the expiry date of the period is the base date for bond redemption, and the aforesaid period shall not be the conversion closure period) to the bond holders (subject to the name list of bond holders on the fifth business day prior to the date of dispatch of the "Bond Redemption Notice"; for bond holders who acquire the convertible bonds due to trading or other reasons thereafter, the announcement shall be followed). The redemption price is set as the denomination of the bonds, and all the bonds will be redeemed in cash, and a notification letter will be delivered to the TPEX for the announcement. When the Company executes the redemption request, it shall redeem the convertible bonds in cash within seven business days from the bond redemption base date.</p> <p>(2) From the day following the three-month period after the issuance of the convertible bonds (May 26, 2025) to 40 days before the expiry of the issuance period (January 16, 2030), when the outstanding balance of the convertible bonds is lower than 10% of the original total issued amount, the Company may, at any time thereafter, send the "Bond Redemption Notice" expiring 30 days by registered mail (the aforesaid period starts from the date the Company sends the letter, and the expiry date of the period is the base date for bond redemption, and the aforesaid period shall not be the conversion closure period) to the bond holders (subject to the name list of bond holders on the fifth business day prior to the date of dispatch of the "Bond Redemption Notice"; for bond holders who acquire the convertible bonds due to trading or other reasons thereafter, the announcement shall be followed). The redemption price is set as the denomination of the bonds, and all the bonds will be redeemed in cash, and a notification letter will be delivered to the TPEX for the announcement. When the Company executes the redemption request, it shall redeem the convertible bonds in cash within seven business days from the bond redemption base date.</p> <p>(3) If the creditor fails to reply in writing to the Company's stock transfer agent before the bond redemption base date as stated in the "Bond Redemption Notice" (it will take effect immediately upon delivery, and the postmark date shall be used as the basis for the post mails), the Company will redeem the convertible bonds in cash at the bond par value within seven business days after the bond redemption base date.</p> <p>(4) If the Company executes the redemption request, the deadline for bond holders to request for conversion is the second business day after the trading day on TPEX of the converted bonds is terminated.</p>
Put option	<p>From the day following the three-month period after the issuance of the convertible bonds (February 25, 2028) shall be the put option exercise date for bondholders to request early redemption. The Company shall, forty days prior to the put option exercise date (January 16, 2028), send a "Put Option Exercise Notice" via registered mail to bondholders (based on the bondholder register as of the fifth business day prior to the dispatch date of the "Put Option Exercise Notice." For bondholders who acquire these convertible bonds through trading or other means thereafter, public announcement will be made). The Company shall also officially request the Taipei Exchange to announce the exercise of the put option by holders of</p>

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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	<p>these convertible bonds.</p> <p> Holders of these convertible bonds may, within forty days prior to the put option exercise date, provide written notice to the Company's stock transfer agent (effective upon delivery; for mailed notices, the postmark date will be used as proof) to request the Company redeem their convertible bonds at face value. Upon receiving a redemption request, the Company shall redeem these convertible bonds in cash within seven business days (inclusive of the seventh business day) after the put option exercise date. If the aforementioned date falls on a day when the Taipei Exchange is closed, it shall be postponed to the next business day.</p>
Conversion period	<p>From the day following the three-month period after the issuance of the convertible bonds (May 26, 2025) to the maturity date (February 25, 2030), the bond holders may, through the original trading securities company, notify Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC") to the Company's stock transfer agent to request the conversion of the convertible bonds into the Company's ordinary shares in accordance with these Regulations and the provisions of Article 10, Article 11, Article 13 and Article 15 of these Regulations; except (1) the book closure period of the ordinary shares according to law; (2) from the 15 business days prior to the closure date of the Company's stock dividends, the closure date of cash dividends, or the closure date of cash capital increase subscription, to the ex-dividend date; (3) from the capital reduction base date to the day before the trading day of producing the new stock certificates due to the capital reduction; (4) from the starting date of the conversion (subscription) closure date for changing the denomination of the stock to the day before the trading day of producing the new stock certificates.</p> <p>The starting date the conversion closure date for changing the denomination of the stock in the preceding paragraph is the business day before applying to the Ministry of Economic Affairs for the change registration. The Company shall announce four business days before the starting date of the conversion closure period.</p>
Conversion price	NT\$162.8

Item	2nd domestic unsecured convertible corporate bonds
Total amount issued	NT\$800,000 thousand
Issue date	January 8, 2024
Issue period	January 8, 2024 ~ January 8, 2027
Coupon rate	0%
Trustee	Bank Sinpac Co., Ltd.
Terms of repayment	Unless the bonds are converted into the Company's ordinary shares in accordance with Article 10 of these Regulations, or are redeemed early in accordance with Article 18 of these Regulations, or are repurchased by the Company on the TPEX for cancellation, the Company shall repay the bonds in cash in a lump sum at face value upon maturity. Payment shall be made within five business days after the maturity date.
Terms of redemption prior to maturity	(1) From the day following the three-month period after the issuance of the convertible bonds (April 9, 2024) to 40 days before the expiry of the issuance period (November 29, 2026), if the closing price of the Company's ordinary shares exceeds the then-current conversion price by 30% (inclusive) for 30 consecutive business days, the Company may, within the subsequent 30

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	<p>business days, send a “Bond Redemption Notice” to bondholders by registered mail with a 30-day notice period. The notice period starts from the date the Company sends the notice, and its expiry date will be the bond redemption record date (the “bond redemption base date”), which shall not fall within the conversion closure period specified in Article 9. The redemption price shall be the face value of the bonds, and all bonds will be redeemed in cash. The Company will also notify the TPEX for public announcement. The Company shall redeem the convertible bonds in cash within five business days from the bond redemption base date.</p> <p>(2) From the day following the three-month period after the issuance of the convertible bonds (April 9, 2024) to 40 days before the expiry of the issuance period (November 29, 2026), when the outstanding balance of the convertible bonds is lower than 10% of the original total issued amount, the Company may, at any time thereafter, send the “Bond Redemption Notice” expiring 30 days by registered mail (the aforesaid period starts from the date the Company sends the letter, and the expiry date of the period is the base date for bond redemption, and the aforesaid period shall not be the conversion closure period as stated in Article 9) to the bond holders (subject to the name list of bond holders on the fifth business day prior to the date of dispatch of the “Bond Redemption Notice”; for bond holders who acquire the convertible bonds due to trading or other reasons thereafter, the announcement shall be followed). The redemption price is set as the denomination of the bonds, and all the bonds will be redeemed in cash, and a notification letter will be delivered to the TPEX for the announcement. When the Company executes the redemption request, it shall redeem the convertible bonds in cash within five business days from the bond redemption base date.</p> <p>(3) If the creditor fails to reply in writing to the Company’s stock transfer agent before the bond redemption base date as stated in the “Bond Redemption Notice” (it will take effect immediately upon delivery, and the postmark date shall be used as the basis for the post mails), the Company will redeem the convertible bonds in cash at the bond par value within five business days after the bond redemption base date.</p> <p>(4) If the Company executes the redemption request, the deadline for bond holders to request for conversion is the second business day after the trading day on TPEX of the converted bonds is terminated.</p>
Conversion period	<p>From the day following the three-month period after the issuance of the convertible bonds (April 9, 2024) to the maturity date (January 8, 2027), the bond holders may, through the original trading securities company, notify Taiwan Depository & Clearing Corporation (hereinafter referred to as “TDCC”) to the Company’s stock transfer agent to request the conversion of the convertible bonds into the Company’s ordinary shares in accordance with these Regulations and the provisions of Article 10, Article 11, Article 13 and Article 15 of these Regulations; except (1) the book closure period of the ordinary shares according to law; (2) from the 15 business days prior to the closure date of the Company’s stock dividends, the closure date of cash dividends, or the closure date of cash capital increase subscription, to the ex-dividend date; (3) from the capital reduction base date to the day before the trading day of producing the new stock certificates due to the capital reduction; (4) from the starting date of the conversion (subscription) closure date for changing the denomination of the stock to the day before the trading day of producing the new stock certificates.</p> <p>The starting date the conversion closure date for changing the denomination</p>

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	of the stock in the preceding paragraph is the business day before applying to the Ministry of Economic Affairs for the change registration. The Company shall announce four business days before the starting date of the conversion closure period.
Conversion price	NT\$186

(n) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Current	<u>\$ 27,454</u>	<u>41,773</u>	<u>30,004</u>
Non-current	<u>\$ 55,853</u>	<u>93,548</u>	<u>83,841</u>

For the maturity analysis, please refer to Note 6(w).

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Interest on lease liabilities	<u>\$ 690</u>	<u>805</u>	<u>2,572</u>	<u>1,881</u>
Expenses relating to short-term leases	<u>\$ 4,646</u>	<u>4,011</u>	<u>13,933</u>	<u>12,195</u>

	For the nine months ended September 30,	
	2025	2024
Cash paid for rental expenses from operating activities	\$ 13,933	12,195
Cash paid for interest on lease liabilities from operating activities	2,572	1,881
Cash paid for repayment of lease principal from financing activities	<u>36,590</u>	<u>37,076</u>
Total cash outflow for leases	<u>\$ 53,095</u>	<u>51,152</u>

(i) Real estate leases

The Group leases buildings for its office space, which typically run for a period of 3 years.

(ii) Other leases

The Group leases employee dormitory and other equipment, with contract terms of one to three years. These leases are short-term or leases of low-value items. Therefore, the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

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(o) Operating lease

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Less than one year	\$ 4,027	23,841	20,716
One to two years	6	30	4,957
	<u>\$ 4,033</u>	<u>23,871</u>	<u>25,673</u>

(p) Employee benefits

(i) Defined benefit plans

Given there was no significant volatility of the market or any significant reimbursement, settlement or other one-time events since prior fiscal year. As a result, pension cost in the accompanying interim consolidated financial statement was measured and disclosed in accordance with the actuarial report measured as of December 31, 2024 and 2023.

The pension costs of the defined benefit plans were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Operating costs	\$ -	-	-	-
Operating expenses	\$ -	-	-	-

(ii) Defined contribution plans

The pension costs under the defined contribution plans were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Operating costs	<u>\$ 13,995</u>	<u>14,310</u>	<u>42,822</u>	<u>40,644</u>
Operating expenses	<u>\$ 5,425</u>	<u>5,250</u>	<u>16,443</u>	<u>14,927</u>

(q) Income taxes

(i) The components of income tax expense were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Current tax expense				
Current period	\$ 22,286	53,456	125,507	162,467
Adjustment of current income tax for the previous period	<u>5,382</u>	<u>-</u>	<u>39,145</u>	<u>17,921</u>
	<u>27,668</u>	<u>53,456</u>	<u>164,652</u>	<u>180,388</u>
Deferred tax expense				
Origination and reversal of temporary differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 27,668</u>	<u>53,456</u>	<u>164,652</u>	<u>180,388</u>

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(ii) The Group has no income tax expense recognized in equity and other comprehensive income.

(iii) The Group's tax returns for the years through 2023 were assessed by the National Taiwan Bureau.

(r) Capital and other equity

There was no significant change for capital and other equity for the periods from for the nine months ended September 30, 2025 and 2024. For the related information, please refer to Note 6(r) of the consolidated financial statements for the year ended December 31, 2024.

(i) Ordinary shares

As of September 30, 2025, December 31, 2024 and September 30, 2024, the numbers of authorized ordinary share each consisted were \$1,200,000. In addition, the number of issued shares were 67,744 thousand shares, 66,091 thousand shares , and 66,091 thousand shares , with a par value of \$10 per share. All the issued shares are ordinary shares.

The Company issued 514 shares of new shares at par with total amount of \$5 thousand for the conversion by convertible bonds holders for the year ended September 30, 2025. The company has completed the statutory registration procedures.

At the shareholders' meeting on June 19, 2025, the company approved the distribution of a stock dividend of NT\$16,523 thousand from unappropriated earnings. The Board of Directors has set September 13, 2025, as the record date for this capital increase. The company has completed the statutory registration procedures.

(ii) Capital surplus

The balances of capital surplus were as follows:

	<u>September 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>September 30,</u> <u>2024</u>
Share capital	\$ 1,314,010	1,314,010	1,314,010
Conversion premium of convertible bonds	380,999	380,889	380,889
Treasury share transactions	6,195	6,195	6,195
Employee share options (including those ceased to be effective)	14,329	14,329	14,329
Issuance of convertible bond options	438,831	151,174	151,174
	<u>\$ 2,154,364</u>	<u>\$ 1,866,597</u>	<u>1,866,597</u>

(iii) Retained earnings

The Company's Articles of incorporation stipulate that any Company's net earnings should first be used to offset the prior years' deficits, before paying any income taxes. Then 10% of the remaining balance is to be appropriated as legal reserve, unless such legal reserve has amounted to the paid-in capital. The remainder, if any, should be set aside as special reserve in accordance with the operating requirement and the laws, together with any undistributed retained earnings that can be distributed up to 90% of the shareholder dividend after the board of directors has made the proposal of earnings distribution, wherein the distributable dividend and bonus may be paid by issuing new shares after a resolution has been adopted in the shareholders' meeting.

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When the Company sets aside the special reserve according to law, the same amount of special reserve shall be set aside from the prior-period undistributed earnings before the distribution of earnings, for the net increment of prior-period cumulative investment properties fair value and the insufficient amount of prior-period cumulative other equity net deduction. If there is still an insufficient amount, the current after-tax net profit plus other items shall be included in the current undistributed earnings to be set aside.

According to Article 240, paragraphs 5 of Company Act, the distributable dividends and bonus, in whole or in part, or the legal reserve and capital reserved, in whole or in part, which are brought in Article 241, paragraphs 1 of Company Act, may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, the current and prior-period earnings that remain undistributed will be proposed for distribution by the board of directors to be approved during the meeting of the shareholders. The cash dividends shall not be more than 10% of total dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing fund, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the regulations of the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2024 and 2023 had been approved during the board meetings on May 9, 2025 and May 6, 2024, respectively. The amounts of dividends distributed to shareholders were as follows:

	2024		2023	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to ordinary shareholders				
Cash	\$ 2.00	132,184	4.50	297,411
Stock	0.25	<u>16,523</u>	-	<u>-</u>
		<u>\$ 148,707</u>		<u>297,411</u>

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(iv) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2025	\$ 61,442	21,063	82,505
Exchange differences on foreign operations	(246,085)	-	(246,085)
Unrealized losses from financial assets measured at fair value through other comprehensive income			
The company	-	(1,966)	(1,966)
Subsidiary	-	(7,996)	(7,996)
Balance at September 30, 2025	<u>\$ (184,643)</u>	<u>11,101</u>	<u>(173,542)</u>

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2024	\$ (128,105)	26,794	(101,311)
Exchange differences on foreign operations	160,966	-	160,966
Unrealized losses from financial assets measured at fair value through other comprehensive income			
The company	-	(7,240)	(7,240)
Subsidiary	-	7,413	7,413
Disposal of investments in equity instruments designated at fair value through other comprehensive income			
Subsidiary	-	(8,364)	(8,364)
Balance at September 30, 2024	<u>\$ 32,861</u>	<u>18,603</u>	<u>51,464</u>

(s) Earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	<u>\$ 45,783</u>	<u>72,231</u>	<u>49,596</u>	<u>401,403</u>
Weighted average number of outstanding ordinary shares (in thousands)	<u>67,744</u>	<u>67,743</u>	<u>67,744</u>	<u>67,743</u>
Basic earnings per share (in dollars)	<u>\$ 0.68</u>	<u>1.07</u>	<u>0.73</u>	<u>5.93</u>

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	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company (basic)	\$ 45,783	72,231	49,596	401,403
Loss from remeasurement of embedded derivatives at fair value	<u>(760)</u>	<u>-</u>	<u>(9,600)</u>	<u>-</u>
After-tax effect of convertible bonds	<u>8,986</u>	<u>3,268</u>	<u>13,176</u>	<u>9,558</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 54,009</u>	<u>75,499</u>	<u>53,172</u>	<u>410,961</u>
Weighted average number of outstanding ordinary shares (in thousands)	67,744	67,743	67,744	67,743
Effect of employee share bonus (in thousands)	38	50	110	262
Effect of conversion of convertible bonds (in thousands)	<u>13,515</u>	<u>4,119</u>	<u>7,358</u>	<u>4,014</u>
Weighted average number of outstanding ordinary shares (after adjustments of effects of dilutive potential ordinary shares) (in thousands)	<u>81,297</u>	<u>71,912</u>	<u>75,212</u>	<u>72,019</u>
Diluted earnings per share (in dollars)	<u>\$ 0.66</u>	<u>1.05</u>	<u>0.71</u>	<u>5.71</u>

Note: The Company's earnings were capitalized into 1,652 thousand shares in 2025. Accordingly, the weighted average number of outstanding common shares for the nine months ended September 30, 2024 has been retrospectively adjusted to 67,743 thousand shares.

(t) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended September 30, 2025		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 1,597,133	133,251	1,730,384
America	4,395	26,425	30,820
Thailand	139,801	-	139,801
Taiwan	17,790	3,618	21,408
Vietnam	84,687	-	84,687
Other country	7,033	10,498	17,531
	<u>\$ 1,850,839</u>	<u>173,792</u>	<u>2,024,631</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 1,850,839</u>	<u>173,792</u>	<u>2,024,631</u>

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JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended September 30, 2024

	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 1,975,859	42,337	2,018,196
America	7,687	34,817	42,504
Thailand	36,927	-	36,927
Taiwan	10,269	2,048	12,317
Vietnam	30,368	-	30,368
Other country	6,595	1,696	8,291
	<u>\$ 2,067,705</u>	<u>80,898</u>	<u>2,148,603</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 2,067,705</u>	<u>80,898</u>	<u>2,148,603</u>

For the nine months ended September 30, 2025

	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 6,295,738	334,858	6,630,596
America	12,659	67,433	80,092
Thailand	354,810	-	354,810
Taiwan	38,088	7,620	45,708
Vietnam	219,066	-	219,066
Other country	13,227	16,386	29,613
	<u>\$ 6,933,588</u>	<u>426,297</u>	<u>7,359,885</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 6,933,588</u>	<u>426,297</u>	<u>7,359,885</u>

For the nine months ended September 30, 2024

	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 6,289,382	112,439	6,401,821
America	23,681	73,181	96,862
Thailand	127,903	-	127,903
Taiwan	39,965	3,214	43,179
Vietnam	120,338	-	120,338
Other country	17,422	4,331	21,753
	<u>\$ 6,618,691</u>	<u>193,165</u>	<u>6,811,856</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 6,618,691</u>	<u>193,165</u>	<u>6,811,856</u>

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JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Contract balances

	September 30, 2025	December 31, 2024	September 30, 2024
Notes receivables	\$ 819	1,462	2,200
Accounts receivable	2,611,982	3,625,939	2,701,108
Less: loss allowance	<u>(3,880)</u>	<u>(4,619)</u>	<u>(3,602)</u>
Total	<u>\$ 2,608,921</u>	<u>3,622,782</u>	<u>2,699,706</u>

For details on notes and accounts receivable and its loss allowance, please refer to note 6(c).

(u) Remuneration to employees, and directors

On June 19, 2025, the Company's shareholders' meeting resolved to amend its Articles of Incorporation. According to the amended Articles of Incorporation, if there is profit at the end of each fiscal year, a ratio of no less than 2% of profit of the current year distributable as employees' compensation (The allocated compensation for non-executive employees shall not be less than 20% of the total allocated employee compensation). and no higher than 2% as directors' compensation shall be appropriated. However, the Company's accumulated losses shall have been covered first. The employees and non-executive employees mentioned above are paid to the stock or cash, including the eligible employees. The Articles of Incorporation prior to amendment stipulated that if there is profit at the end of each fiscal year, a ratio of no less than 2% of profit of the current year distributable as employees' compensation and no higher than 2% as directors' compensation shall be appropriated. However, the Company's accumulated losses shall have been covered first. The employees mentioned above are paid to the stock or cash, including the eligible employees.

For the three months ended September 30, 2025 and the nine months ended September 30, 2025, the Company accrued and recognized its employee remuneration amounting to \$3,318 and \$3,990, respectively; as well as its remuneration to directors amounting to \$830 and \$997, respectively. These estimates amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's Articles of incorporation, and expensed under operating expenses. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustments will be regarded as change in accounting estimates and will be reflected in profit or loss in the following year.

For the three months ended September 30, 2024 and the nine months ended September 30, 2024, the Company accrued and recognized its employee remuneration amounting to \$8,757 and \$38,720, respectively; as well as its remuneration to directors amounting to \$2,189 and \$9,679, respectively. These estimates amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's Articles of incorporation, and expensed under operating expenses. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustments will be regarded as change in accounting estimates and will be reflected in profit or loss in the following year.

For 2024 and 2023, the Company recognized its employee remuneration amounting to \$52,213 and \$47,162, respectively, and its remuneration to directors of \$13,053 and \$11,791, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distribution for 2024 and 2023. Related information is available on the Market Observation Post System website.

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JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(v) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Rent income	\$ 5,937	6,385	18,307	18,631
Dividend income	119	14,981	15,993	19,979
Sample income	1,167	1,950	1,605	6,073
Mold income	4,233	1,010	18,551	4,483
Others	699	47,009	32,824	61,191
	<u>\$ 12,155</u>	<u>71,335</u>	<u>87,280</u>	<u>110,357</u>

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Losses on disposal of property, plant and equipment	\$ 202	(412)	(515)	(2,973)
Foreign exchange gains(losses)	35,322	(33,388)	(55,116)	20,716
Gains (Losses) on financial assets at fair value through profit or loss	3,375	7,264	(14,522)	19,354
Sample expenses	(2,569)	(2,073)	(7,927)	(5,471)
Mold expenses	(1,320)	(948)	(2,360)	(2,063)
Others	4,630	(2,986)	(12,593)	(8,958)
	<u>\$ 39,640</u>	<u>(32,543)</u>	<u>(93,033)</u>	<u>20,605</u>

(iii) Finance costs

The details of finance costs were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Interest expense for bank loans	\$ (965)	(2,209)	(4,261)	(6,121)
Interest expense for lease liabilities	(690)	(805)	(2,572)	(1,881)
Amortization of discount on convertible bonds	(11,232)	(4,085)	(28,985)	(11,948)
	<u>\$ (12,887)</u>	<u>(7,099)</u>	<u>(35,818)</u>	<u>(19,950)</u>

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Interest income

The details of interest income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Interest income from bank deposits	\$ 15,043	14,483	41,452	51,341
Other interest income	149	143	437	180
	<u>\$ 15,192</u>	<u>14,626</u>	<u>41,889</u>	<u>51,521</u>

(w) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk and market risk arising from financial instruments. For the related information, please refer to Note 6(w) of the consolidated financial statements for the year ended December 31, 2024.

(i) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including the impacts of estimated interest payments.

	Carrying amount	Contractual cash flow	Within six months	6-12 months	1-2 years	2-5 years	Over 5 years
September 30, 2025							
Non derivative financial liabilities							
Short-term borrowings	\$ 42,710	42,961	42,961	-	-	-	-
Notes and accounts payable	2,164,900	2,164,900	2,164,900	-	-	-	-
Other payables	826,543	826,543	826,543	-	-	-	-
Cash dividends payable	132,184	132,184	132,184	-	-	-	-
Bonds payable	2,147,631	2,299,900	-	-	799,900	1,500,000	-
Lease liabilities	83,307	101,852	23,554	20,801	34,007	23,490	-
Long-term borrowings (current portion included)	45,112	46,802	5,745	5,755	11,362	23,940	-
	<u>\$5,442,387</u>	<u>5,615,142</u>	<u>3,195,887</u>	<u>26,556</u>	<u>845,269</u>	<u>1,547,430</u>	<u>-</u>
December 31, 2024							
Short-term borrowings	\$ 522,390	524,346	501,815	22,531	-	-	-
Notes and accounts payable	2,631,231	2,631,231	2,631,231	-	-	-	-
Other payables	1,194,454	1,194,454	1,194,454	-	-	-	-
Bonds payable	765,936	800,000	-	-	-	800,000	-
Lease liabilities	135,321	152,931	27,805	27,954	44,286	52,886	-
Long-term borrowings (current portion included)	68,810	71,020	7,421	7,376	14,617	41,606	-
	<u>\$5,318,142</u>	<u>5,373,982</u>	<u>4,362,726</u>	<u>57,861</u>	<u>58,903</u>	<u>894,492</u>	<u>-</u>

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within six months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
September 30, 2024							
Non derivative financial liabilities							
Short-term borrowings	\$ 571,874	574,055	551,121	22,934	-	-	-
Notes and accounts payable	1,985,724	1,985,724	1,985,724	-	-	-	-
Other payables	1,074,353	1,074,353	1,074,353	-	-	-	-
Bonds payable	761,851	800,000	-	-	-	800,000	-
Lease liabilities	113,845	135,671	24,251	24,495	40,499	46,426	-
Long-term borrowings (current portion included)	<u>104,400</u>	<u>106,905</u>	<u>39,601</u>	<u>7,399</u>	<u>14,662</u>	<u>42,907</u>	<u>2,336</u>
	<u>\$4,612,047</u>	<u>4,676,708</u>	<u>3,675,050</u>	<u>54,828</u>	<u>55,161</u>	<u>889,333</u>	<u>2,336</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(ii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>September 30, 2025</u>			<u>December 31, 2024</u>			<u>September 30, 2024</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 104,834	30.445	3,191,671	100,628	32.785	3,299,089	100,984	31.650	3,196,144
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	20,692	30.445	629,968	29,313	32.785	961,027	33,113	31.650	1,048,026

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the conversion of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD as of the nine-month periods ended September 30, 2025 and 2024 would have increased or decreased the net profit before tax by \$128,085 and \$107,406, respectively, assuming all other factors remain constant. The analysis for the two periods was on the same basis.

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JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Foreign exchange gains and loss on monetary items

Since the Group transacts in different functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three months ended September 30, 2025 and 2024 and the nine months ended September 30, 2025 and 2024, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$35,322, \$(33,388), \$(55,116) and \$20,716, respectively.

(iii) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to the management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased (decreased) by 1% basis points, the Group's net income would have decreased or increased by \$26,662 and \$5,072 for the nine-month periods ended September 30, 2025 and 2024, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in floating variable rates.

(iv) Other price risk

The impacts on items of comprehensive income by the changes in prices of equity securities at the reporting date (The analyses of the two periods are on the same basis, and assume other variable factors remain constant.) are as follows:

Security price at the reporting date	For the nine months ended September 30, 2025		For the nine months ended September 30, 2024	
	Other comprehensive income, net of tax	Profit or loss before tax	Other comprehensive income, net of tax	Profit or loss before tax
Increase by 1%	\$ <u>843</u>	<u>74</u>	<u>988</u>	<u>263</u>
Decrease by 1%	\$ <u>(843)</u>	<u>(74)</u>	<u>(988)</u>	<u>(263)</u>

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	September 30, 2025				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 650,054	37,511	1,800	610,753	650,064
Financial assets at fair value through other comprehensive income	84,337	-	-	84,337	84,337
Loans and accounts receivable					
Cash and cash equivalents	3,556,827	-	-	-	-
Notes and accounts receivable	2,608,921	-	-	-	-
Other receivables	43,701	-	-	-	-
Guarantee deposits paid	8,255	-	-	-	-
Subtotal	6,217,704	-	-	-	-
Total	\$ 6,952,095	37,511	1,800	695,090	734,401
Financial liabilities at fair value through profit or loss	16,163	-	16,163	-	16,163
Financial liabilities at amortized cost					
Short-term borrowings	\$ 42,710	-	-	-	-
Notes and accounts payable	2,164,900	-	-	-	-
Other payables	826,543	-	-	-	-
Dividends payables	132,184	-	-	-	-
Bonds payable	2,147,631	-	-	-	-
Lease liabilities	83,307	-	-	-	-
Long-term borrowings (current portion included)	45,112	-	-	-	-
Subtotal	5,442,387	-	-	-	-
Total	\$ 5,458,550	-	16,163	-	16,163

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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December 31, 2024					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 92,952	91,752	1,200	-	92,952
Financial assets at fair value through other comprehensive income	101,036	-	-	101,036	101,036
Loans and receivables					
Cash and cash equivalents	3,275,344	-	-	-	-
Notes and accounts receivable	3,622,782	-	-	-	-
Other receivables	54,764	-	-	-	-
Guarantee deposits paid	9,866	-	-	-	-
Subtotal	6,962,756	-	-	-	-
Total	\$ 7,156,744	91,752	1,200	101,036	193,988
Financial liabilities at amortized cost:					
Short-term borrowings	\$ 522,390	-	-	-	-
Notes and accounts payables	2,631,231	-	-	-	-
Other payables	1,194,454	-	-	-	-
Bond payables	765,936	-	-	-	-
Lease liabilities	135,321	-	-	-	-
Long-term borrowings (current portion included)	68,810	-	-	-	-
Subtotal	5,318,142	-	-	-	-
Total	\$ 5,318,142	-	-	-	-

September 30, 2024					
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 758,678	26,297	1,600	730,781	758,678
Financial assets at fair value through other comprehensive income	98,788	-	-	98,788	98,788
Loans and accounts receivable					
Cash and cash equivalents	2,827,802	-	-	-	-
Notes and accounts receivable	2,699,706	-	-	-	-
Other receivables	38,975	-	-	-	-
Subtotal	5,566,483	-	-	-	-
Total	\$ 6,423,949	26,297	1,600	829,569	857,466
Financial liabilities at amortized cost:					
Short-term borrowings	\$ 571,874	-	-	-	-
Notes and accounts payable	1,985,724	-	-	-	-
Other payables	1,074,353	-	-	-	-
Lease liabilities	761,851	-	-	-	-
Bonds payable	113,845	-	-	-	-
Long-term borrowings (current portion included)	104,400	-	-	-	-
Subtotal	4,612,047	-	-	-	-
Total	\$ 4,612,047	-	-	-	-

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments measured at fair value

The methods and assumptions used for estimating the instruments not measured at fair value are as follows:

(2.1) Financial assets at amortized cost

If public quoted prices in active markets are available, the market prices are the fair value. If there is no market price for reference, the fair value shall be estimated by valuation method or the counterparty prices.

(2.2) Financial assets and liabilities at amortized cost

If quoted prices in active markets are available, those quoted prices are used to determine fair value. If such quoted prices are not available, fair value is estimated using appropriate valuation techniques (for example, discounted cash flow methods) and observable market inputs where available. When applicable, prices quoted by counterparties may be used as an input to the valuation.

3) Valuation techniques for financial instruments measured at fair value

(3.1) non-derivative financial instruments

If there are public quoted prices in an active market for a financial instrument, the public quoted prices are the fair value of the financial instrument.

The market prices in major exchanges, and the market prices of hot bonds declared by central government bond OTC center are the basis of listed equity instruments and debt instruments with market public quoted prices in active markets.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the aforementioned conditions do not conform, then the market is regarded as inactive. In general, a market with high bid-ask spreads, significant increase in bid-ask spreads, or low trading volume is indicated as inactive.

Unquoted equity instruments: the fair value shall be estimated by discounted cash flow model, which is assumed on the investors' expected future cash flows that are discounted by the rate of return reflecting time value of money and investment risk.

(3.2) Derivatives

Valuations are based on valuation models widely accepted by market users, such as discounting methods and option pricing models. Forward exchange agreements are usually valued based on the current forward rate. Structured interest rate derivatives are based on an appropriate option pricing model (such as the Black-Scholes model) or other evaluation methods, such as Monte Carlo simulation.

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JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

4) Details of changes in level 3 fair value measurement

	<u>Measured at fair value through profit or loss</u>	<u>Measured at fair value through other comprehensive income</u>
Balance at January 1, 2025	\$ -	101,036
Total gains or losses		
Recognized in profit or loss	4,230	-
Recognized in other comprehensive income	-	(9,962)
Additions	1,649,460	-
Disposals	(1,042,937)	-
Other refund of paid-up capital	-	(5,758)
Effect of movements in exchange	-	(979)
Balance at September 30, 2025	<u>\$ 610,753</u>	<u>84,337</u>
Balance at January 1, 2024	\$ 254	122,164
Total gains or losses		
Recognized in profit or loss	2,746	-
Recognized in other comprehensive income	-	173
Additions	2,659,614	-
Disposals	(1,931,833)	(15,239)
Other refund of paid-up capital	-	(9,640)
Effect of movements in exchange	-	1,330
Balance at September 30, 2024	<u>\$ 730,781</u>	<u>98,788</u>

The aforementioned total gains or losses were presented under “other gains and losses” and “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income.” The portion related to the assets held by the Group as of September 30, 2025 and 2024 is as follows:

	<u>For the nine months ended September 30, 2025</u>	<u>For the nine months ended September 30, 2024</u>
Total gains or losses		
Recognized in profit or loss (presented under “other gains and losses”)	\$ 4,230	2,746
Recognized in other comprehensive income (presented under “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”)	(9,962)	173

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “fair value through other comprehensive income (available-for-sale financial assets) – equity investments”.

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Most of the Group's financial instruments that use Level 3 inputs have only single significant unobservable inputs. Only those equity investments without an active market have plural significant unobservable inputs. The significant unobservable inputs of equity investment without an active market are independent with one another, so they are not correlated. Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income - equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> · Net asset value · The market illiquidity discount rate (30% on September 30, 2025, December 31, 2024 and September 30, 2024) 	<ul style="list-style-type: none"> · The higher the market illiquidity discount, the lower the fair value. · The higher the discount on lack of market liquidity, the lower fair value
Financial assets at fair value through profit or loss – Investment product	Discounted Cash Flow Method	<ul style="list-style-type: none"> · Discount rate (0.59%~2.73%, -%, and 1.10%~3.15% on September 30, 2025, December 31, 2024 and September 30, 2024) 	<ul style="list-style-type: none"> · The higher the discount rate, the lower the fair value.

6) Fair value measurement in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the Group is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For fair value measurements in Level 3, if the evaluation parameters change, would have the following effects of profit or loss or other comprehensive income:

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Input	Assumptions	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
September 30, 2025						
Financial assets at fair value through profit or loss — Investment product	Discount rate	5%	360	(360)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Lack of Marketability Discount	5%	-	-	4,217	(4,217)
December 31, 2024						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Lack of Marketability Discount	5%	-	-	5,052	(5,052)
September 30, 2024						
Financial assets at fair value through profit or loss — Investment product	Discount rate	5%	399	(399)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Lack of Marketability Discount	5%	-	-	4,939	(4,939)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

- (x) Financial risk management
The Group's objectives and policies for managing the financial risk are consistent with those disclosed in the Note 6(x) of the consolidated financial statements for the year ended December 31, 2024.
- (y) Capital management
The Group's objectives, policies and processes of capital management are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2024. There were no significant changes of quantitative data of capital management compared with the consolidated financial statements for the year ended December 31, 2024. Please refer to Note 6(y) of the consolidated financial statements for the year ended December 31, 2024.

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(z) Investments and financing activities through non-cash transactions

The Group's investments and financing activities through non-cash transactions for the nine-month periods ended September 30, 2025 and 2024 were as follows:

- (i) Right-of-use assets are acquired through leasing. Please refer to Note6(h).
- (ii) The Group's assets through investing activities and reconciliation were as follows:

	Non-cash changes						
	January 1, 2025	Cash flows	Acquired	Changes in Foreign Exchange Rate	Interest expense	Others	September 30, 2025
Short-term borrowings	\$ 522,390	(478,645)	-	(1,035)	-	-	42,710
Long-term borrowings (current portion included)	68,810	(23,698)	-	-	-	-	45,112
Bonds payable	765,936	1,645,246	-	-	28,985	(292,536)	2,147,631
Lease liabilities	<u>135,321</u>	<u>(36,590)</u>	<u>20,586</u>	<u>(6,253)</u>	<u>-</u>	<u>(29,757)</u>	<u>83,307</u>
Total liabilities arising from financing activities	<u>\$1,492,457</u>	<u>1,106,313</u>	<u>20,586</u>	<u>(7,288)</u>	<u>28,985</u>	<u>(322,293)</u>	<u>2,318,760</u>
	Non-cash change						
	January 1, 2024	Cash flows	Acquired	Changes in Foreign Exchange Rate	Interest expense	Others	September 30, 2024
Short-term borrowings	\$ 629,810	(63,816)	-	5,880	-	-	571,874
Long-term borrowings (current portion included)	254,921	(150,521)	-	-	-	-	104,400
Bonds payable	-	899,237	-	-	11,948	(149,334)	761,851
Lease liabilities	<u>94,505</u>	<u>(37,076)</u>	<u>58,628</u>	<u>4,305</u>	<u>-</u>	<u>(6,517)</u>	<u>113,845</u>
Total liabilities arising from financing activities	<u>\$ 979,236</u>	<u>647,824</u>	<u>58,628</u>	<u>10,185</u>	<u>11,948</u>	<u>(155,851)</u>	<u>1,551,970</u>

(7) Related-party transactions

- (a) Parent company and ultimate controlling company

The Company is both the parent company and the ultimate controlling party of the Group.

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Short-term employee benefits	\$ 4,752	9,262	13,640	19,075
Post-employment benefits	184	199	558	614
	<u>\$ 4,936</u>	<u>9,461</u>	<u>14,198</u>	<u>19,689</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2025	December 31, 2024	September 30, 2024
Land	Secured loans	\$ 684,947	684,947	684,947
Buildings	Secured loans	169,697	173,495	179,341
		<u>\$ 854,644</u>	<u>858,442</u>	<u>864,288</u>

(9) Commitments and contingencies

The Group's significant contractual commitments were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Acquisition of property, plant and equipment	<u>\$ 236,092</u>	<u>88,129</u>	<u>77,080</u>

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other

- (a) The employee benefits, depreciation, and amortization expenses categorized by function, were as follows:

By function By item	For the three months ended September 30, 2025			For the three months ended September 30, 2024		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	233,412	94,080	327,492	229,245	98,694	327,939
Labor and health insurance	15,532	6,423	21,955	14,056	6,368	20,424
Pension	13,995	5,425	19,420	14,310	5,250	19,560
Remuneration of directors	-	1,241	1,241	-	2,609	2,609
Others	12,327	4,219	16,546	13,779	5,169	18,948
Depreciation	81,466	18,004	99,470	77,066	18,193	95,259
Amortization	4,328	5,506	9,834	3,427	4,596	8,023

By function By item	For the nine months ended September 30, 2025			For the nine months ended September 30, 2024		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	827,940	295,321	1,123,261	698,771	319,448	1,018,219
Labor and health insurance	45,877	20,712	66,589	39,980	18,976	58,956
Pension	42,822	16,443	59,265	40,644	14,927	55,571
Remuneration of directors	-	2,261	2,261	-	10,961	10,961
Others	44,320	17,130	61,450	38,110	17,810	55,920
Depreciation	247,302	59,176	306,478	214,877	50,827	265,704
Amortization	12,195	14,578	26,773	10,613	13,385	23,998

- (b) The seasonality of operation:

The operation of the Group is not affected by seasonal or cyclical factors.

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group as of September 30, 2025:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Nature of financing (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1 & 2)	Maximum limit of fund financing (Note 1 & 2)
													Item	Value		
0	The Company	Jarlllytec (Vietnam) Co., Ltd.	Other receivables	Yes	121,780	-	-	3%	2	-	Operating turnover	-	-	-	777,839	2,333,518
1	Jarllly Technology (Chongqing) Co., Ltd.	Jarllly Precision Manufacturing (Zhejiang) Co., Ltd.	Other receivables	Yes	85,420	85,420	85,420	3%	2	-	Operating turnover	-	-	-	408,139	408,139
2	Smart Hinge Holdings Ltd.	Great Hinge Trading Ltd.	Other receivables	Yes	54,801	54,801	54,801	0%	2	-	Operating turnover	-	-	-	2,793,311	2,793,311
3	Jarllly Technology (Shanghai) Co., Ltd.	Jarllly Precision Manufacturing (Zhejiang) Co., Ltd.	Other receivables	Yes	85,420	85,420	12,813	3%	2	-	Operating turnover	-	-	-	1,124,398	1,124,398
4	Jarllly Electronics Technology (Shanghai) Co., Ltd.	Jarllly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	128,130	128,130	-	3%	2	-	Operating turnover	-	-	-	283,851	283,851

Note 1: The Company

- (a) The total amount available for financing purposes shall not exceed 40% of the Company's net worth.
- (b) The total amount for short-term financing to one entity shall not exceed one third of the Company's loanable amount or 40% of the net transaction amount in recent year, whichever is lower.
- (c) The total amount for short-term financing to one entity shall not exceed one third of the Company's loanable amount.

Note 2: Subsidiaries

- (a) The total amount available for financing purposes shall not exceed 60% of the subsidiaries' net worth. The total amount for short-term financing to one entity shall not exceed one third of the subsidiaries' loanable amount or 40% of the transaction amount in recent year, whichever is lower.
- (b) For the entities that have short-term financing needs but have no business transaction with the Company, the total amount available for financing purposes shall not exceed 40% of the subsidiaries' net worth.
- (c) For short-term financing needs, the amount available for financing of each entity shall not exceed one third of the Company's loanable amount.
- (d) For those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares the amount available for financing shall not exceed the 60% of the Company's net worth.

Note 3: Financing purpose

- (a) 1 for entities the Company has business transactions with.
- (b) 2 for entities that have short-term financing needs.

Note 4: The transaction has been eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties: None

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Securities held as of September 30, 2025 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	WK Technology Fund IX Ltd., stock	-	Non-current financial assets at fair value through other comprehensive income	2,303	43,110	4.61 %	43,110	-
Jarwin Investment Co., Ltd.	Second phase Stock of WK Innovation Ltd.	-	Non-current financial assets at fair value through other comprehensive income	3,000	21,025	2.67 %	21,025	-
Fu Qing Jarly Electronics Co., Ltd.	Fuqing Jelly Plastic Product Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	3,417	16.00 %	3,417	-
Fu Qing Jarly Electronics Co., Ltd.	Chongqing Jelly Plastics Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	2,306	18.00 %	2,306	-
Fu Qing Jarly Electronics Co., Ltd.	Chongqing Yuli Hardware Products Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	2,306	18.00 %	2,306	-
Xiamen Jarly Electronics Co., Ltd.	Xiamen Jinli Hardware Products Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	4,058	19.00 %	4,058	-
Xiamen Jarly Electronics Co., Ltd.	Xiamen Jinyaoli Precision Hardware Co., Ltd	-	Non-current financial assets at fair value through other comprehensive income	-	8,115	19.00 %	8,115	-
The Company	Franklin Sinoam Money Market Fund	-	Current financial assets at fair value through profit or loss	2,757	30,066	-%	30,066	-
Jarwin Investment Co., Ltd.	Quanta Computer INC., stock	-	Current financial assets at fair value through profit or loss	10	2,900	-%	2,900	-
Jarwin Investment Co., Ltd.	Unimicron Technology Corp., stock	-	Current financial assets at fair value through profit or loss	30	4,545	-%	4,545	-
Xiamen Jarly Electronics Co., Ltd.	China Merchants Bank structured deposits - financial products	-	Current financial assets at fair value through profit or loss	-	42,710	-%	42,710	-
Jarly Electronics Technology (Shanghai) Co., Ltd.	Bank of China structured deposits - financial products	-	Current financial assets at fair value through profit or loss	-	435,642	-%	435,642	-
Jarly Technology (Shanghai) Co., Ltd.	Bank of Ningbo structured deposits - financial products	-	Current financial assets at fair value through profit or loss	-	85,420	-%	85,420	-
Jarly Technology (Chongqing) Co., Ltd.	SinoPac Bank (China) structured deposits - financial products	-	Current financial assets at fair value through profit or loss	-	46,981	-%	46,981	-

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Name of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase / Sale	Amount	Percentage of total purchase/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Jarlyly Technology (Chongqing) Co., Ltd.	The Company	Associates	Sale	(370,703)	41.52%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	209,207	46.80%	Note
The Company	Jarlyly Technology (Chongqing) Co., Ltd.	Associates	Purchase	370,703	30.04%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(209,207)	43.82%	Note
Kunshan Jarly Electronics Ltd.	The Company	Associates	Sale	(230,939)	37.05%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	79,129	25.69%	Note
The Company	Kunshan Jarly Electronics Ltd.	Associates	Purchase	230,939	18.72%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(79,129)	16.57%	Note
Fu Qing Jarly Electronics Co., Ltd	Jarlylytec (Thailand) Co., Ltd.	Associates	Sale	(149,119)	19.62%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	65,544	19.15%	Note
Jarlylytec (Thailand) Co., Ltd.	Fu Qing Jarly Electronics Co., Ltd	Associates	Purchase	149,119	74.37%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(65,544)	82.70%	Note

Note: The amount was eliminated in the consolidated financial statements.

- (v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance (Note)	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Jarlyly Technology (Chongqing) Co., Ltd.	The Company	Associates	209,207	2.38	-	-	31,827	-

Note: The amount was eliminated in the consolidated financial statements.

- (vi) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	Jarlylytec Thailand	1	Sales revenue	5,870	Mark up by cost	0.08%
1	Chongqing Jarly	The Company	2	Sales revenue	370,703	Mark up by cost	5.04%
1	Chongqing Jarly	The Company	2	Accounts receivable	209,207	150 days	1.81%
1	Chongqing Jarly	Zhejiang Jarly	3	Other receivables	85,420	Follow the agreement	0.74%

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
2	Dong Guan Jarlly	The Company	2	Sales revenue	97,614	Mark up by cost	1.33%
2	Dong Guan Jarlly	The Company	2	Accounts receivable	42,989	150 days	0.37%
3	Fu Qing Jarlly	Kunshan Jarlly	3	Sales revenue	42,167	Mark up by cost	0.57%
3	Fu Qing Jarlly	Kunshan Jarlly	3	Accounts receivable	28,450	150 days	0.25%
3	Fu Qing Jarlly	Jarlllytec Thailand	3	Sales revenue	149,119	Mark up by cost	2.03%
3	Fu Qing Jarlly	Jarlllytec Thailand	3	Accounts receivable	65,544	150 days	0.57%
3	Fu Qing Jarlly	Dong Guan Jarlly	3	Sales revenue	8,186	Mark up by cost	0.11%
3	Fu Qing Jarlly	Dong Guan Jarlly	3	Accounts receivable	9,139	150 days	0.08%
4	Kunshan Jarlly	The Company	2	Sales revenue	230,939	Mark up by cost	3.14%
4	Kunshan Jarlly	The Company	2	Accounts receivable	79,129	150 days	0.68%
4	Kunshan Jarlly	Jarlllytec Vietnam	3	Sales revenue	72,596	Mark up by cost	0.99%
4	Kunshan Jarlly	Jarlllytec Vietnam	3	Accounts receivable	59,900	150 days	0.52%
5	Jarlllytec Vietnam	The Company	2	Sales revenue	26,647	Mark up by cost	0.36%
5	Jarlllytec Vietnam	The Company	2	Accounts receivable	9,448	150 days	0.08%
6	Xiamen Jarlly	The Company	2	Sales revenue	11,216	Mark up by cost	0.15%
6	Xiamen Jarlly	The Company	2	Accounts receivable	9,401	150 days	0.08%
6	Xiamen Jarlly	Fu Qing Jarlly	3	Processing fees revenue	11,220	150 days	0.15%
6	Xiamen Jarlly	Dong Guan Jarlly	3	Sales revenue	101,017	Mark up by cost	1.37%
6	Xiamen Jarlly	Dong Guan Jarlly	3	Accounts receivable	102,271	150 days	0.88%
7	Smart Hinge	Great Hinge	3	Other receivables	54,801	Follow the agreement	0.47%
8	Zhejiang Jarlly	Shanghai Jarlly	3	Sales revenue	63,064	Mark up by cost	0.86%
8	Zhejiang Jarlly	Shanghai Jarlly	3	Accounts receivable	33,893	150 days	0.29%
9	Shanghai Jarlly	Zhejiang Jarlly	3	Other receivables	12,813	Follow the agreement	0.11%

Note 1. Number represents:

- (a) 0 represents the Company.
(b) 1 and thereafter represent subsidiaries.

Note 2. The relationships between guarantor and guarantee are as follows:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3. Only operating revenue and accounts receivable are disclosed; related purchases, expenses, and prepayments are omitted.

Note 4. The amount was eliminated in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2025 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of September 30, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
The Company	Great Hinge Trading Ltd.	British Virgin Islands	Investments	322,048	322,048	20	100.00%	314,226	(5,059)	(4,917)	Note
The Company	Smart Hinge Holdings Ltd.	British Virgin Islands	Investments	1,154,871	1,062,626	36,501	100.00%	4,654,169	250,834	249,746	Note
The Company	Jarwin Investment Co., Ltd.	Republic of China	Investments	80,000	80,000	8,000	100.00%	81,458	(2,718)	(2,718)	Note
The Company	Jarlllytec Singapore Pte. Ltd.	Singapore	Computer design and service	423	423	-	100.00%	1,235	259	259	Note
Great Hinge Trading Ltd.	Jarlllytec (Vietnam) Co., Ltd.	Vietnam	Sale and produce Precision Hinge	488,453	488,453	-	100.00%	386,447	(4,867)	(4,867)	Note
Smart Hinge Holdings Ltd.	Royal Jarlly Holding Ltd.	Hong Kong	Investments	1,154,871	1,062,626	36,501	100.00%	4,600,351	249,160	249,160	Note
Royal Jarlly Holding Ltd.	Jarlllytec (Thailand) Co., Ltd.	Thailand	Sale and produce Precision Hinge	446,167	353,922	4,800	100.00%	388,306	(15,209)	(15,209)	Note

Note: The amount was eliminated in the consolidated financial statements.

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on overseas branches and representative offices:

(i) The names of investees in Mainland China, the main business and products, and other information:

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2025	Net income (losses) of the investee	Percentage of ownership	Invest income (losses) (Note 2 and 3)	Book value (Note 3)	Accumulated remittance of earnings in current period
					Remitted to China	Remitted back to Taiwan						
Jarll Technology (Shanghai) Co., Ltd.	Sale and produce special purpose material of component equipment	567,177	(2)	289,297	-	-	289,297	211,700	100.00%	211,588	1,770,709	-
Fu Qing Jarll Electronics Co., Ltd.	Sale and produce Precision Hinge	240,658	(2)	27,370	-	-	27,370	46,171	100.00%	47,203	622,692	-
Dong Guan Jarll Electronics Co., Ltd.	Sale and produce Precision Hinge	81,466	(2)	81,466	-	-	81,466	(32,549)	100.00%	(32,540)	85,538	15,366
Kunshan Jarll Electronics Ltd.	Sale and produce Precision Hinge	71,906	(2)	65,369	-	-	65,369	7,779	100.00%	7,741	234,391	-
Jarll Electronics Technology (Shanghai) Co., Ltd.	Sale and produce Precision Hinge	473,450	(2)	386,330	-	-	386,330	6,674	100.00%	6,674	473,086	-
Xiamen Jarll Electronics Co., Ltd.	Sale and produce Precision Hinge	43,801	(2)	29,281	-	-	29,281	10,988	100.00%	8,424	121,205	-
Jarll Technology (Chongqing) Co., Ltd.	Sale and produce Precision Hinge	61,722	(2)	29,500	-	-	29,500	94,799	100.00%	94,560	679,999	-
Jarll Precision Manufacturing (Zhejiang) Co., Ltd.	Sale and produce Powder metallurgy and other metal products	312,038	(2)	154,013	-	-	154,013	(82,582)	100.00%	(82,574)	102,960	-

Note 1: Investments are made through one of three ways:

- (1) Direct investment from Mainland China.
- (2) Indirect investment from third-party country.
- (3) Others.

Note 2: The recognition of gain and loss on investment for partial subsidiaries based on the financial report which was assured by R.O.C. Accountant, the rest of them have not been reviewed.

Note 3: The amount was eliminated in the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,062,626 (USD33,434)	1,413,683 (USD46,434)	3,500,277

(iii) Significant transactions:

As of the nine months ended of September 30, 2025, the significant inter-company directly or indirectly transactions with the subsidiary in Mainland China, which were eliminated in the preparation of financial statements, are disclosed in "Information on significant transactions".

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information

The Group's operating segment information and reconciliation were as follows:

	<u>For the three months ended September 30,</u>			
	<u>2025</u>			
	<u>Hinge</u>	<u>Fiber optic</u>	<u>Reconciliati</u>	
	<u>department</u>	<u>department</u>	<u>on and</u>	<u>Total</u>
			<u>elimination</u>	
Revenue:				
Revenue from external customers	\$ 1,850,839	173,792	-	2,024,631
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 1,850,839</u>	<u>173,792</u>	<u>-</u>	<u>2,024,631</u>
Reportable segment profit or loss	<u>\$ 50,907</u>	<u>22,544</u>	<u>-</u>	<u>73,451</u>
	<u>2024</u>			
	<u>Hinge</u>	<u>Fiber optic</u>	<u>Reconciliati</u>	
	<u>department</u>	<u>department</u>	<u>on and</u>	<u>Total</u>
			<u>elimination</u>	
Revenue:				
Revenue from external customers	\$ 2,067,705	80,898	-	2,148,603
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 2,067,705</u>	<u>80,898</u>	<u>-</u>	<u>2,148,603</u>
Reportable segment profit or loss	<u>\$ 123,707</u>	<u>10,344</u>	<u>-</u>	<u>134,051</u>
	<u>For the nine months ended September 30,</u>			
	<u>2025</u>			
	<u>Hinge</u>	<u>Fiber optic</u>	<u>Reconciliati</u>	
	<u>department</u>	<u>department</u>	<u>on and</u>	<u>Total</u>
			<u>elimination</u>	
Revenue:				
Revenue from external customers	\$ 6,933,588	426,297	-	7,359,885
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 6,933,588</u>	<u>426,297</u>	<u>-</u>	<u>7,359,885</u>
Reportable segment profit or loss	<u>\$ 172,849</u>	<u>41,399</u>	<u>-</u>	<u>214,248</u>
	<u>2024</u>			
	<u>Hinge</u>	<u>Fiber optic</u>	<u>Reconciliati</u>	
	<u>department</u>	<u>department</u>	<u>on and</u>	<u>Total</u>
			<u>elimination</u>	
Revenue:				
Revenue from external customers	\$ 6,618,691	193,165	-	6,811,856
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 6,618,691</u>	<u>193,165</u>	<u>-</u>	<u>6,811,856</u>
Reportable segment profit or loss	<u>\$ 556,897</u>	<u>24,894</u>	<u>-</u>	<u>581,791</u>

Note: The measurement amounts of department assets are not provided to the operating decision maker, the disclosure amount of the Group is zero.