

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

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

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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 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 comprise the consolidated balance sheets as of June 30, 2025 and 2024, the consolidated statements of comprehensive income for the three months ended June 30, 2025 and 2024, and changes in equity and cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

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\$2,184,004 thousand and NT\$1,900,645 thousand, constituting 18% and 18% of consolidated total assets as of June 30, 2025 and 2024, respectively, total liabilities amounted to NT\$815,567 thousand and NT\$701,072 thousand, constituting 13% and 13% of consolidated total liabilities as of June 30, 2025 and 2024, respectively, and total comprehensive income of these subsidiaries amounted to NT\$(30,854) thousand, NT\$(53,094) thousand, NT\$(72,155) thousand and NT\$(91,786) thousand, constituting 5%, (33)%, 16% and (23)% of the consolidated total comprehensive income for the six months ended June 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 the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

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 independent auditors review report and 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 Jarlytec Co., Ltd. and its subsidiaries as of June 30, 2025 and 2024, and of its consolidated financial performance as of and for the three-month periods ended June 30, 2025 and 2024, and its consolidated cash flows for the six 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)
August 11, 2025

Notes to Readers

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Review only, not audited in accordance with Generally Auditing Standards as of June 30, 2025 and 2024
JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets**June 30, 2025, December 31, 2024, June 30, 2024**

(Expressed in Thousands of New Taiwan Dollars)

	Assets				Liabilities and Equity				Assets							
	June 30, 2025		December 31, 2024		June 30, 2024		Liabilities and Equity		June 30, 2025		December 31, 2024		June 30, 2024			
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	Amount	%	
Assets																
Current assets:							Current liabilities:									
1100 Cash and cash equivalents (Note 6(a))	\$ 3,314,621	28	3,275,344	29	3,188,458	30	2100 Short-term borrowings (Note 6(j) and 8)	\$ 152,030	2	522,390	5	146,685	1			
1110 Current financial assets at fair value through profit or loss (Note 6(b))	829,274	7	91,752	1	1,202,151	11	2170 Notes and accounts payable	2,595,965	22	2,631,231	23	2,190,995	20			
1170 Notes and accounts receivable, net (Note 6(c)(t))	3,119,079	26	3,622,782	31	2,043,288	19	2200 Other payables (Note 6(k))	813,539	7	1,194,454	11	1,257,735	12			
1200 Other receivables, net (Note 6(d))	39,078	-	54,764	-	25,975	-	2216 Cash dividends payable	132,184	1	-	-	297,411	3			
1220 Current tax assets	10	-	1,960	-	19,479	-	2230 Current tax liabilities	50,472	-	53,841	-	60,639	1			
130X Inventories (Note 6(e))	891,516	8	894,239	8	787,034	7	2280 Current lease liabilities (Note 6(n))	40,134	-	41,773	-	32,905	-			
1410 Prepayments and other current assets (Note 6(f))	140,199	1	129,074	1	92,004	1	2322 Long-term borrowings, current portion (Note 6(l) and 8)	13,995	-	13,995	-	84,428	1			
Total current assets	8,333,777	70	8,069,915	70	7,358,389	68	2399 Other current liabilities	33,015	-	47,475	-	30,002	-			
Non-current assets:							Total current liabilities	3,831,334	32	4,505,159	39	4,100,800	38			
1510 Non-current financial assets at fair value through profit or loss (Note 6(b))	2,410	-	1,200	-	2,672	-	Non-Current liabilities:									
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(b))	83,210	1	101,036	1	122,180	1	2500 Non-current financial liabilities at fair value through profit or loss	16,013	-	-	-	-	-			
1600 Property, plant and equipment (Note 6(g) and 8)	2,923,017	25	2,795,061	24	2,708,096	25	2530 Bonds payable (Note 6(m))	2,136,399	18	765,936	7	757,766	7			
1755 Right-of-use assets (Note 6(h))	251,971	2	288,093	3	270,129	3	2540 Long-term borrowings (Note 6(l) and 8)	47,817	-	54,815	-	61,812	1			
1780 Intangible assets (Note 6(i))	26,718	-	24,553	-	21,445	-	2570 Deferred income tax liabilities	181,736	2	181,762	2	181,442	2			
1840 Deferred income tax assets	60,322	-	60,553	1	44,729	-	2580 Non-current lease liabilities (Note 6(n))	77,132	1	93,548	1	93,857	1			
1915 Prepayments for business facilities	100,153	1	144,061	1	175,838	2	2640 Net defined benefit liability, non-current	37,129	-	37,541	-	36,788	-			
1990 Other non-current assets, others (Note 6(f))	127,758	1	42,226	-	51,821	1	2670 Other non-current liabilities, others	2,872	-	3,278	-	3,120	-			
Total non-current assets	3,575,559	30	3,456,783	30	3,396,910	32	Total non-current liabilities	2,499,098	21	1,136,880	10	1,134,785	11			
Total assets	\$ 11,909,336	100	11,526,698	100	10,755,299	100	Total liabilities	6,330,432	53	5,642,039	49	5,235,585	49			
Liabilities and Equity																
Equity attributable to owners of parent (Note 6(r)):																
3110 Share capital	660,914	6	660,914	6	660,914	6	3110 Share capital	660,914	6	660,914	6	3110 Share capital	660,914	6		
3140 Advance receipts for share capital	5	-	-	-	-	-	3140 Advance receipts for share capital	5	-	-	-	3140 Advance receipts for share capital	5	-		
3140 Ordinary share	16,523	-	-	-	-	-	3140 Ordinary share	16,523	-	-	-	3140 Ordinary share	16,523	-		
	677,442	6	660,914	6	601,228	6		677,442	6	660,914	6		677,442	6		
3200 Capital surplus	2,154,364	18	1,866,597	16	1,866,597	17	3200 Capital surplus	2,154,364	18	1,866,597	16	3200 Capital surplus	2,154,364	17		
Retained earnings:							3310 Legal reserve	565,006	5	506,588	4	506,588	5	3310 Legal reserve	565,006	5
3310 Legal reserve	-	-	-	-	-	-	3320 Special reserve	-	-	101,311	1	101,311	1	3320 Special reserve	-	-
3320 Special reserve	2,564,743	21	2,666,744	23	2,411,731	22	3350 Unappropriated retained earnings	2,564,743	21	2,666,744	23	2,411,731	22	3350 Unappropriated retained earnings	2,564,743	21
3350 Unappropriated retained earnings	3,129,749	26	3,274,643	28	3,019,630	28	Total retained earnings	3,129,749	26	3,274,643	28	3,019,630	28	Total retained earnings	3,129,749	26
Other equity							3410 Exchange differences on translation of foreign financial statements	(387,718)	-	61,442	1	(55,837)	-	3410 Exchange differences on translation of foreign financial statements	(387,718)	-
3410 Exchange differences on translation of foreign financial statements	5,067	-	21,063	-	28,410	-	3420 Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	5,067	-	21,063	-	28,410	-	3420 Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	5,067	-
3420 Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(382,651)	(3)	82,505	1	(27,427)	-	Total other equity	(382,651)	(3)	82,505	1	(27,427)	-	Total other equity	(382,651)	(3)
Total equity	5,578,904	47	5,884,659	51	5,519,741	51	Total liabilities and equity	5,578,904	47	5,884,659	51	5,519,741	51	Total liabilities and equity	5,578,904	47
Total liabilities and equity	\$ 11,909,336	100	11,526,698	100	10,755,299	100	Total assets	\$ 11,909,336	100	11,526,698	100	10,755,299	100			

(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 June 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

(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 Six months Ended June 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	Stock dividend to be distributed	Retained earnings			Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		
				Capital surplus	Legal reserve	Special reserve					
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	-	-	-	-	-	-	329,172	-	-	329,172	
Other comprehensive income	-	-	-	-	-	-	-	72,268	1,616	73,884	
Total comprehensive income	-	-	-	-	-	-	329,172	72,268	1,616	403,056	
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	-	52,916	-	(52,916)	-	-	-	
Cash dividends on ordinary shares	-	-	-	-	-	-	(297,411)	-	-	(297,411)	
Special reserve appropriated	-	-	-	-	-	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)	-	1,866,597	506,588	101,311	2,411,731	(55,837)	28,410	5,519,714	
Balance at June 30, 2024	\$ 660,914	-	-	1,866,597	506,588	101,311	2,411,731	(55,837)	28,410	5,519,714	
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	-	-	-	-	-	-	3,813	-	-	3,813	
Other comprehensive income	-	-	-	-	-	-	-	(449,160)	(15,996)	(465,156)	
Total comprehensive income	-	-	-	-	-	-	3,813	(449,160)	(15,996)	(461,343)	
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	-	58,418	-	(58,418)	-	-	-	
Cash dividends on ordinary shares	-	-	-	-	-	-	(132,184)	-	-	(132,184)	
Special reserve appropriated	-	-	16,523	-	-	-	(16,523)	-	-	-	
Special reserve appropriated	-	-	-	-	-	(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 June 30, 2025	\$ 660,914	5	16,523	2,154,364	565,006	-	2,564,743	(387,718)	5,067	5,578,904	

(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 Six months Ended June 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2025	2024
Cash flows from operating activities:		
Profit before tax	\$ 140,797	456,104
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	207,008	170,445
Amortization expense	16,939	15,975
Expected credit gain	3,282	(5,997)
Net loss on financial assets at fair value through profit or loss	17,897	(8,618)
Interest expense	22,931	12,851
Interest income	(26,697)	(36,895)
Dividend income	(15,874)	(4,998)
Loss from disposal and scrap of property, plant and equipment	717	2,561
Gain on disposals of investments	226,203	145,324
Total adjustments to reconcile profit (loss)		
Current financial assets at fair value through profit or loss	77,730	-
Notes receivables	1,462	(2,376)
Accounts receivable	499,200	983,983
Other receivables	14,529	14,028
Inventories	2,723	79,906
Prepayments	15,948	13,517
Other current assets	(25,925)	(2,577)
Notes payables	(35,266)	(240,385)
Other payable	(380,721)	101,039
Other current liabilities	(14,460)	522
Net defined benefit liability	(412)	(479)
Total changes in operating assets and liabilities	154,808	947,178
Total adjustments	381,011	1,092,502
Cash inflow generated from operations	521,808	1,548,606
Interest received	27,854	34,822
Interest paid	(5,373)	(5,371)
Income taxes paid	(138,403)	(154,160)
Net cash flows provided by (used in) operating activities	405,886	1,423,897
Cash flows from investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	2,400
Acquisition of financial assets at fair value through profit or loss	(1,203,572)	(1,861,255)
Disposal of financial assets at fair value through profit or loss	380,463	682,530
Acquisition of property, plant and equipment	(255,217)	(198,929)
Disposal of property, plant and equipment	6,308	940
Acquisition of intangible assets	(9,418)	(4,776)
Increase (decrease) in other non-current assets	(96,557)	19,380
Increase in prepayments for equipment	(151,813)	(204,120)
Dividends received	15,874	4,998
Net cash flows used in investing activities	(1,313,932)	(1,558,832)
Cash flows from financing activities:		
Decrease in short-term borrowings	(368,425)	(486,665)
Issuance of corporate bonds	1,645,246	899,237
Repayments of long-term borrowings	(6,998)	(108,681)
Repayment of lease principals	(25,482)	(23,647)
Increase in other non-current liabilities	(406)	128
Net cash flows (used in) from financing activities	1,243,935	280,372
Effect of movements in exchange on cash and cash equivalents	(296,612)	75,825
Net increase (decrease) in cash and cash equivalents	39,277	221,262
Cash and cash equivalents at beginning of period	3,275,344	2,967,196
Cash and cash equivalents at end of period	\$ 3,314,621	3,188,458

(See accompanying notes to financial statements)

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

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

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

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Six months Ended June 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

(1) Company history

Jarrrlytec 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 August 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 issued by IASB but not yet endorsed by the FSC

The Group assesses that the adoption of the (following) new amendments, effective for annual period 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”

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

(c) The impact of IFRS Accounting Standards 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:

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 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. 	January 1, 2027

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”

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

(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by 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 IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to note 4 of 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
			2025.6.30	2024.12.31	2024.6.30	
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	Jarlytec Singapore Pte. Ltd. (Jarlytec Singapore)	Computer design and service	100%	100%	100%	Note 1
Great Hinge	Jarlytec (Vietnam) Co., Ltd. (Jarlytec Vietnam)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Smart Hinge	Royal Jarly Holding Ltd. (Royal Jarly)	Investments	100%	100%	100%	-
Royal Jarly	Jarly Technology (Shanghai) Co., Ltd. (Shanghai Jarly)	Component equipment for the production and sale of materials business	80.56%	74.07%	74.07%	Note 3, Note 4
Royal Jarly	Fu Qing Jarly Electronics Co., Ltd. (Fu Qing Jarly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarly	Dong Guan Jarly Electronics Co., Ltd. (Dong Guan Jarly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarly	Kunshan Jarly Electronics Ltd. (Kunshan Jarly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarly	Jarly Electronics Technology (Shanghai) Co., Ltd. (Jarly Electronics Shanghai)	Production and sales business of precision hinges	100%	100%	100%	-
Royal Jarly	Xiamen Jarly Electronics Co., Ltd. (Xiamen Jarly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarly	Jarly Technology (Chongqing) Co., Ltd. (Chongqing Jarly)	Production and sales business of precision hinges	100%	100%	100%	Note 1
Royal Jarly	Jarlytec (Thailand) Co., Ltd. (Jarlytec Thailand)	Production and sales business of precision hinges	100%	100%	100%	Note 1

(Continued)

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

Name of Investor	Name of Subsidiary	Principal Activities	Percentage of Ownership (%)			Note
			2025.6.30	2024.12.31	2024.6.30	
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 business	19.44%	25.93%	25.93%	Note 3, Note 4
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 Jarlly Precision Manufacturing (Zhejiang) Co., Ltd. on January 24, 2024. Jarlly Technology (Shanghai) Co., Ltd. acquired 100% of the shares of Jarlly Precision Manufacturing (Zhejiang) Co., Ltd. from Royal Jarlly Holding Ltd. The based date is February 1, 2024.

Note 3: The Company has resolved by the board of directors on March 8, 2024 the indirect investment to Royal Jarlly through the 100% held investee, Smart Hinge, and invested US\$500 million to Shanghai Jarlly through capital increase by Royal Jarlly. The base date is April 1, 2024. As Fu Qing Jarlly did not increase the investments in accordance in proportion to percentage of ownership, the percentage of ownership has decreased from 41.18% to 25.93%, and the percentage of ownership of Royal Jarlly to Shanghai Jarlly has increased from 58.82% to 74.07%.

Note 4: The Company has resolved by the board of directors on November 12, 2024 the indirect investment to Royal Jarlly through the 100% held investee, Smart Hinge, and invested US\$450 million to Shanghai Jarlly through capital increase by Royal Jarlly. The base date is February 1, 2025. As Fu Qing Jarlly did not increase the investments in accordance in proportion to percentage of ownership, the percentage of ownership has decreased from 25.93% to 19.44%, and the percentage of ownership of Royal Jarlly to Shanghai Jarlly has 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 forecasted by the 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.

(Continued)

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

(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.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to note 5 of 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

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand	\$ 866	561	666
Demand deposits	1,220,189	2,478,404	2,050,662
Time deposits	2,093,566	796,379	1,137,130
	<u>\$ 3,314,621</u>	<u>3,275,344</u>	<u>3,188,458</u>

(b) Financial instruments

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

	June 30, 2025	December 31, 2024	June 30, 2024
Current mandatorily measured at fair value through profit or loss			
Domestic stocks	\$ 6,165	31,670	23,426
Beneficiary certificates	-	60,082	-
Investment products	823,109	-	1,178,725
	<u>\$ 829,274</u>	<u>91,752</u>	<u>1,202,151</u>
Non-current mandatorily measured at fair value through profit or loss			
Private offered funds	\$ -	-	272
Redemption right to convertible bonds	2,410	1,200	2,400
	<u>\$ 2,410</u>	<u>1,200</u>	<u>2,672</u>

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

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

	June 30, 2025	December 31, 2024	June 30, 2024
Non-current financial liabilities designated at fair value through profit or loss			
Convertible Bond Put Option	\$ 16,013	-	-

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

	June 30, 2025	December 31, 2024	June 30, 2024
Equity investments at fair value through other comprehensive income-non- current:			
Stocks unlisted on domestic market- Taiwan	\$ 63,859	79,855	94,399
Stocks unlisted on domestic market- China	19,351	21,181	27,781
Total	\$ 83,210	101,036	122,180

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) As of June 30, 2025, December 31, 2024 and June 30, 2024, the aforementioned financial assets were not pledged as collateral.

(c) Notes and accounts receivable

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivables	\$ -	1,462	2,737
Accounts receivable	3,126,739	3,625,939	2,042,400
Less: loss allowance	(7,660)	(4,619)	(1,849)
	\$ 3,119,079	3,622,782	2,043,288

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.

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

The loss allowance provisions were determined as follows:

	June 30, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 3,071,693	0%~1%	1,344
1 to 30 days past due	34,224	0%~5%	858
61 to 90 days past due	12,670	0%~20%	2,100
More than 90 days past due	<u>8,152</u>	30%~100%	<u>3,358</u>
	<u>\$ 3,126,739</u>		<u>7,660</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>

	June 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,024,915	0%~1%	-
1 to 30 days past due	8,105	0%~5%	33
31 to 60 days past due	703	0%~10%	12
61 to 90 days past due	7,580	0%~15%	654
More than 90 days past due	<u>3,834</u>	30%~100%	<u>1,150</u>
	<u>\$ 2,045,137</u>		<u>1,849</u>

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

	For the six months ended June 30	
	2025	2024
Balance at January 1	\$ 4,619	7,946
Impairment losses	3,282	-
Impairment losses reversed	-	(5,997)
Effect of movements in exchange	<u>(241)</u>	<u>(100)</u>
Balance at June 30	<u>\$ 7,660</u>	<u>1,849</u>

(Continued)

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

(d) Other receivables

	June 30, 2025	December 31, 2024	June 30, 2024
Overpaid business tax returned	\$ 21,884	22,284	8,836
Interest receivable	3,546	4,703	5,403
Others	<u>13,648</u>	<u>27,777</u>	<u>11,736</u>
	<u>\$ 39,078</u>	<u>54,764</u>	<u>25,975</u>

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

(e) Inventories

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials and supplies	\$ 106,901	123,381	97,983
Work in process	289,752	328,101	259,895
Finished goods	<u>494,863</u>	<u>442,757</u>	<u>429,156</u>
	<u>\$ 891,516</u>	<u>894,239</u>	<u>787,034</u>

- (i) For the three months ended June 30, 2025 and 2024, the amount of the loss on valuation of inventories was NT\$23,929 and NT\$20,723, wherein such loss was included in cost of sales.
- (ii) For the six months ended June 30, 2025 and 2024, the amount of the loss on valuation of inventories was NT\$95,869 and NT\$58,668, wherein such loss was included in cost of sales.
- (iii) As of June 30, 2025, December 31, 2024 and June 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:

	June 30, 2025	December 31, 2024	June 30, 2024
Prepayment for mold	\$ 20,196	44,336	25,864
Other prepayments	35,554	48,555	32,754
Business tax paid	11,956	-	7,211
Excess business tax paid	37,546	27,161	17,874
Others	<u>34,947</u>	<u>9,022</u>	<u>8,301</u>
Total prepayments and other current assets	<u>\$ 140,199</u>	<u>129,074</u>	<u>92,004</u>
Other deferred expenses	\$ 33,124	27,903	38,921
Refundable deposits	9,594	9,866	8,456
Other financial assets - others	82,992	1,311	1,298
Others	<u>2,048</u>	<u>3,146</u>	<u>3,146</u>
Total other noncurrent assets - others	<u>\$ 127,758</u>	<u>42,226</u>	<u>51,821</u>

(Continued)

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

(g) Property, plant and equipment

Changes in property, plant and equipment held by the Group was presented below:

	Land	Buildings and construction	Machine and equipment	Mold equipment	Rental equipment	Other facilities	Construction in progress and testing equipment	Total
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	-	8,163	140,727	-	-	14,805	277,142	440,837
Reclassifications	-	2,929	13,389	-	-	5,400	(21,718)	-
Disposals	-	-	(72,695)	-	-	(5,475)	-	(78,170)
Effect of movements in exchange	(2,350)	(36,947)	(98,544)	(54)	(8,903)	(17,565)	(14,577)	(178,940)
Balance at June 30, 2025	\$ 1,055,025	810,835	2,200,676	2,968	94,105	278,086	272,735	4,714,430
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	-	4,978	243,200	-	-	18,905	16,357	283,440
Reclassifications	-	46,214	19,124	-	(771)	674	(47,352)	17,889
Disposals	-	-	(27,153)	-	-	(3,794)	(195)	(31,142)
Effect of movements in exchange	(641)	6,757	17,943	17	2,734	2,220	979	30,009
Balance at June 30, 2024	\$ 1,054,171	814,814	2,042,948	3,018	102,248	249,195	49,870	4,316,264
Accumulated depreciation:								
Balance at January 1, 2025	\$ -	342,709	1,186,857	2,959	47,129	155,988	-	1,735,642
Depreciation	-	24,612	130,690	-	-	22,080	-	177,382
Reclassification	-	(1,525)	-	-	1,525	-	-	-
Disposals	-	-	(65,799)	-	-	(4,699)	-	(70,498)
Effect of movements in exchange	-	(13,278)	(27,887)	(49)	(4,176)	(5,723)	-	(51,113)
Balance at June 30, 2025	\$ -	352,518	1,223,861	2,910	44,478	167,646	-	1,791,413
Balance at January 1, 2024	\$ -	278,137	1,016,049	2,940	42,869	135,918	-	1,475,913
Depreciation	-	23,908	104,694	-	-	15,844	-	144,446
Reclassification	-	11,843	2,074	-	1,198	(11,334)	-	3,781
Disposals	-	-	(23,220)	-	-	(3,544)	-	(26,764)
Effect of movements in exchange	-	3,188	4,948	15	1,169	1,472	-	10,792
Balance at June 30, 2024	\$ -	317,076	1,104,545	2,955	45,236	138,356	-	1,608,168
Carrying amounts								
Balance at January 1, 2025	\$ 1,057,375	493,981	1,030,942	63	55,879	124,933	31,888	2,795,061
Balance at June 30, 2025	\$ 1,055,025	458,317	976,815	58	49,627	110,440	272,735	2,923,017
Balance at January 1, 2024	\$ 1,054,812	478,728	773,785	61	57,416	95,272	80,081	2,540,155
Balance at June 30, 2024	\$ 1,054,171	497,738	938,403	63	57,012	110,839	49,870	2,708,096

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

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

(h) Right-of-use assets

Changes in right-of-use assets held by the Group was presented below:

	Land	Buildings and construction	Other equipment	Total
Cost:				
Balance at January 1, 2025	\$ 164,367	354,404	1,022	519,793
Additions	-	20,586	-	20,586
Disposals	-	-	(777)	(777)
Other	-	(2,045)	-	(2,045)
Effect of movements in exchange	<u>(16,398)</u>	<u>(30,567)</u>	<u>-</u>	<u>(46,965)</u>
Balance at June 30, 2025	<u>\$ 147,969</u>	<u>342,378</u>	<u>245</u>	<u>490,592</u>
Balance at January 1, 2024	\$ 149,203	254,726	777	404,706
Additions	-	56,753	-	56,753
Effect of movements in exchange	<u>2,890</u>	<u>6,946</u>	<u>-</u>	<u>9,836</u>
Balance at June 30, 2024	<u>\$ 152,093</u>	<u>318,425</u>	<u>777</u>	<u>471,295</u>
Accumulated depreciation and impairment losses:				
Balance at January 1, 2025	\$ 21,601	209,281	818	231,700
Depreciation	1,955	27,549	122	29,626
Disposals	-	-	(777)	(777)
Effect of movements in exchange	<u>(2,177)</u>	<u>(19,751)</u>	<u>-</u>	<u>(21,928)</u>
Balance at June 30, 2025	<u>\$ 21,379</u>	<u>217,079</u>	<u>163</u>	<u>238,621</u>
Balance at January 1, 2024	\$ 16,427	153,433	561	170,421
Depreciation	1,880	23,989	130	25,999
Effect of movements in exchange	<u>383</u>	<u>4,363</u>	<u>-</u>	<u>4,746</u>
Balance at June 30, 2024	<u>\$ 18,690</u>	<u>181,785</u>	<u>691</u>	<u>201,166</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 June 30, 2025	<u>\$ 126,590</u>	<u>125,299</u>	<u>82</u>	<u>251,971</u>
Balance at January 1, 2024	<u>\$ 132,776</u>	<u>101,293</u>	<u>216</u>	<u>234,285</u>
Balance at June 30, 2024	<u>\$ 133,403</u>	<u>136,640</u>	<u>86</u>	<u>270,129</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	9,418
Effect of movements in exchange	<u>(4,560)</u>
Balance at June 30, 2025	<u>\$ 126,953</u>
Balance at January 1, 2024	\$ 108,246
Separate acquisitions	4,776
Disposals	(507)
Effect of movements in exchange	<u>1,036</u>
Balance at June 30, 2024	<u>\$ 113,551</u>
Accumulated amortization:	
Balance at January 1, 2025	\$ 97,542
Amortization	5,914
Effect of movements in exchange	<u>(3,221)</u>
Balance at June 30, 2025	<u>\$ 100,235</u>
Balance at January 1, 2024	\$ 86,600
Amortization	5,222
Disposals	(507)
Effect of movements in exchange	<u>791</u>
Balance at June 30, 2024	<u>\$ 92,106</u>
Carrying amounts :	
Balance at January 1, 2025	<u>\$ 24,553</u>
Balance at June 30, 2025	<u>\$ 26,718</u>
Balance at January 1, 2024	<u>\$ 21,646</u>
Balance at June 30, 2024	<u>\$ 21,445</u>

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

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(j) Short-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Secured bank loans	\$ -	300,000	-
Unsecured bank loans	152,030	222,390	146,685
	<u>\$ 152,030</u>	<u>522,390</u>	<u>146,685</u>
Unused credit lines	<u>\$ 815,612</u>	<u>531,434</u>	<u>619,000</u>
Range of interest rates	<u>2.22%~5.285%</u>	<u>1.825%~3.10%</u>	<u>3.00%~3.10%</u>

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

(k) Other payables

	June 30, 2025	December 31, 2024	June 30, 2024
Payroll payables	\$ 179,683	227,621	207,315
Payables on equipment	196,074	84,851	113,158
Others	<u>437,782</u>	<u>881,982</u>	<u>937,262</u>
	<u>\$ 813,539</u>	<u>1,194,454</u>	<u>1,257,735</u>

(l) Long-term borrowings

The details were as follows:

	June 30, 2025			
	Currency	Interest range	Expiration	Amount
Secured bank loans	TWD	1.285%	2029	\$ 61,812
Less: current portion				(13,995)
Total				<u>\$ 47,817</u>
Unused long-term credit lines				<u>\$ -</u>

	December 31, 2024			
	Currency	Interest range	Expiration	Amount
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>

	June 30, 2024			
	Currency	Interest range	Expiration	Amount
Secured bank loans	TWD	1.285%~1.825%	2024~2029	\$ 82,057
Unsecured bank loans	TWD	1.225%~1.275%	2024	64,183
Less: current portion				(84,428)
Total				<u>\$ 61,812</u>
Unused long-term credit lines				<u>\$ -</u>

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(i) Borrowings issue and repayment

The long-term borrowings amounted to NT\$0 and NT\$0 for the six months ended June 30, 2025 and 2024, respectively; the repayment amounts were NT\$6,998 and NT\$108,681.

(ii) Collaterals for bank secured borrowings

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

(m) Bonds payable

The details were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Total convertible bonds issued	\$ 2,300,000	800,000	800,000
Discount on bonds payable, balance unamortized	(163,501)	(34,064)	(42,234)
Cumulative amount redeemed	-	-	-
Cumulative amount converted	(100)	-	-
Balance at June 30, 2024	\$ 2,136,399	765,936	757,766
Embedded derivatives-redemption right (carried at financial assets at fair value through profit or loss – non-current)	\$ 2,410	1,200	2,400
Embedded derivatives-put option (carried at financial assets at fair value through profit or loss – non-current)	\$ 16,013	-	-
Equity component-conversion right (carried at capital surplus)	\$ 438,831	151,174	151,174

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Gain or loss arising from the re-measurement of embedded derivatives at fair value	\$ (2,630)	(3,680)	(10,040)	560
Financial costs – amortization of discounts on convertible bonds	\$ (11,233)	(4,085)	(17,753)	(7,863)

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

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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	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 bond 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 prior to maturity	<p>(1) 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 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	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

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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	<p>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 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\$170

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 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 the Company

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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	<p>buys back from the TPEx for the cancellation, the Company shall repay in cash one lump sum according to the bond face value when the convertible bonds mature. Payments shall be made within five business days (including the fifth business day) after the due date.</p>
Terms of redemption prior to maturity	<p>(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), 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 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>(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	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

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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	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. 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.
Conversion price	NT\$194.2

(n) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Current	<u>\$ 40,134</u>	<u>41,773</u>	<u>32,905</u>
Non-current	<u>\$ 77,132</u>	<u>93,548</u>	<u>93,857</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 June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Interest on lease liabilities	<u>\$ 910</u>	<u>591</u>	<u>1,882</u>	<u>1,076</u>
Expenses relating to short-term leases	<u>\$ 4,603</u>	<u>4,088</u>	<u>9,287</u>	<u>8,184</u>

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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The amounts recognized in the statement of cash flows for the Group were as follows:

	For the six months ended June 30,	
	2025	2024
Cash paid for rental expenses from operating activities	\$ 9,287	8,184
Cash paid for interest on lease liabilities from operating activities	1,882	1,076
Cash paid for repayment of lease principal from financing activities	25,482	23,647
Total cash outflow for leases	\$ 36,651	32,907

(i) Leases of buildings and structures

The Group leases buildings and structures 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.

(o) Operating lease

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

	June 30, 2025	December 31, 2024	June 30, 2024
Less than one year	\$ 11,751	23,841	21,442
One to two years	11	30	9,844
	\$ 11,762	23,871	31,286

(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 June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Operating costs	\$ -	-	-	-
Operating expenses	\$ -	-	-	-

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(ii) Defined contribution plans

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Operating costs	\$ 14,097	13,832	28,827	26,334
Operating expenses	\$ 5,440	4,930	11,018	9,677

(q) Income taxes

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Current tax expense				
Current period	\$ 91,182	65,951	136,984	126,932
Deferred tax expense				
Origination and reversal of temporary differences	-	-	-	-
	\$ 91,182	65,951	136,984	126,932

- (ii) The Group has no income tax expense recognized in equity and other comprehensive income.
- (iii) The Company's tax returns of Profit-seeking Enterprise Income Tax for the years through 2022 were assessed by the tax authorities.

(r) Capital and other equity

There was no significant change for capital and other equity for the periods from for the six months ended June 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 June 30, 2025, December 31, 2024 and June 30, 2024, the numbers of authorized ordinary share each consisted were \$1,200,000. In addition, the number of issued shares were both 66,091 thousand shares, with a par value of \$10 per share. All the issued shares are ordinary shares.

The Company issued 1 thousand of new shares at par with total amount of \$5 thousand for the conversion by convertible bonds holders for the year ended March 31, 2025. The 1 thousand of shares have been listed under "advance receipts for share capital," and the legal registration process has not been completed as of the financial report issuance date.

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 capital increase was approved and became effective by the Financial Supervisory Commission on July 23, 2025. The Board of

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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Directors has set September 13, 2025, as the record date for this capital increase.

(ii) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Additional paid-in 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 expired)	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.

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.

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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>\$ 148,707</u>			<u>297,411</u>

(iv) Other equity

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2025	\$ 61,442	21,063
Exchange differences on foreign operations	(449,160)	-
Unrealized losses from financial assets measured at fair value through other comprehensive income		
The company	-	(7,444)
Subsidiary	-	(8,552)
Balance at June 30, 2025	<u>\$ (387,718)</u>	<u>5,067</u>

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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	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	72,268	-	72,268
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	1,616	1,616
Balance at June 30, 2024	<u>\$ (55,837)</u>	<u>28,410</u>	<u>(27,427)</u>

(s) Earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ (52,234)	164,034	3,813	329,172
Weighted average number of outstanding ordinary shares (in thousands)	66,092	66,091	66,092	66,091
Basic earnings per share (in dollars)	<u>\$ (0.79)</u>	<u>2.48</u>	<u>0.06</u>	<u>4.98</u>
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company (basic)	\$ (52,234)	164,034	3,813	329,172
After-tax effect of convertible bonds	(Note)	3,268	(Note)	6,290
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ (52,234)</u>	<u>167,302</u>	<u>3,813</u>	<u>335,462</u>
Weighted average number of outstanding ordinary shares (in thousands)	66,092	66,091	66,092	66,091
Effect of employee share bonus (in thousands)	(Note)	82	114	217
Effect of conversion of convertible bonds (in thousands)	(Note)	4,020	(Note)	3,865
Weighted average number of outstanding ordinary shares (after adjustments of effects of dilutive potential ordinary shares) (in thousands)	<u>66,092</u>	<u>70,193</u>	<u>66,206</u>	<u>70,173</u>

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	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Diluted earnings per share (in dollars)	\$ <u>(0.79)</u>	<u>2.38</u>	<u>0.06</u>	<u>4.78</u>

Note: Due to antidilution effect, it was not included in the computation of diluted earnings per share..

The company's shareholder meeting, held on June 19, 2025, resolved to distribute stock dividend. The board of directors has set September 13, 2025, as the capital increase record date. If this stock dividend occurs before the financial statements are approved and issued, the pro forma retroactive adjustment of earnings per share is as follows.

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Basic earnings per share (in dollars)	\$ <u>(0.77)</u>	<u>2.42</u>	<u>0.06</u>	<u>4.86</u>
Diluted earnings per share (in dollars)	\$ <u>(0.77)</u>	<u>2.33</u>	<u>0.06</u>	<u>4.67</u>

(t) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended June 30, 2025		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 2,315,135	108,776	2,423,911
America	6,086	26,028	32,114
Thailand	158,685	-	158,685
Taiwan	11,499	2,576	14,075
Vietnam	71,264	-	71,264
Other country	3,261	4,039	7,300
	<u>\$ 2,565,930</u>	<u>141,419</u>	<u>2,707,349</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 2,565,930</u>	<u>141,419</u>	<u>2,707,349</u>

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	For the three months ended June 30, 2024		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 2,126,273	29,984	2,156,257
America	6,331	23,284	29,615
Thailand	31,990	-	31,990
Taiwan	11,458	1,015	12,473
Vietnam	45,889	-	45,889
Other country	6,935	1,510	8,445
	<u>\$ 2,228,876</u>	<u>55,793</u>	<u>2,284,669</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 2,228,876</u>	<u>55,793</u>	<u>2,284,669</u>
	For the six months ended June 30, 2025		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 4,698,605	201,607	4,900,212
America	8,264	41,008	49,272
Thailand	215,009	-	215,009
Taiwan	20,298	4,002	24,300
Vietnam	134,379	-	134,379
Other country	6,194	5,888	12,082
	<u>\$ 5,082,749</u>	<u>252,505</u>	<u>5,335,254</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 5,082,749</u>	<u>252,505</u>	<u>5,335,254</u>
	For the six months ended June 30, 2024		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	\$ 4,313,523	70,102	4,383,625
America	15,994	38,364	54,358
Thailand	90,976	-	90,976
Taiwan	29,696	1,166	30,862
Vietnam	89,970	-	89,970
Other country	10,827	2,635	13,462
	<u>\$ 4,550,986</u>	<u>112,267</u>	<u>4,663,253</u>
Main product/service line:			
Electronic component manufacturing and sales	<u>\$ 4,550,986</u>	<u>112,267</u>	<u>4,663,253</u>

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(ii) Contract balances

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivables	\$ -	1,462	2,737
Accounts receivable	3,126,739	3,625,939	2,042,400
Less: loss allowance	<u>(7,660)</u>	<u>(4,619)</u>	<u>(1,849)</u>
Total	<u>\$ 3,119,079</u>	<u>3,622,782</u>	<u>2,043,288</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 June 30, 2025 and the six months ended June 30, 2025, the Company accrued and recognized its employee remuneration amounting to \$(4,372) and \$672, respectively; as well as its remuneration to directors amounting to \$(1,093) and \$167, 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. If the Board of Directors decides to distribute employee compensation by shares, the number of shares will be calculated based on the closing price of common stock on the day prior to the board meeting's resolution.

For the three months ended June 30, 2024 and the six months ended June 30, 2024, the Company accrued and recognized its employee remuneration amounting to \$15,809 and \$29,963, respectively; as well as its remuneration to directors amounting to \$3,953 and \$7,490, 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

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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. If the Board of Directors decides to distribute employee compensation by shares, the number of shares will be calculated based on the closing price of common stock on the day prior to the board meeting's resolution.

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.

(v) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Rent income	\$ 5,980	6,115	12,370	12,246
Dividend income	12,049	156	15,874	4,998
Sample income	225	3,451	438	4,123
Mold income	13,203	688	14,318	3,473
Others	26,939	7,733	32,125	14,182
	\$ 58,396	18,143	75,125	39,022

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(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended		For the six months ended	
	June 30, 2025	2024	June 30, 2025	2024
Gains (Losses) on disposal of property, plant and equipment	\$ (420)	(271)	(717)	(2,561)
Foreign exchange gains	(111,176)	23,795	(90,438)	54,104
Gains (Losses) on financial assets at fair value through profit or loss	(5,267)	2,859	(17,897)	12,090
Sample expenses	(4,269)	(1,984)	(5,358)	(3,398)
Mold expenses	(1,040)	(1,115)	(1,040)	(1,115)
Others	<u>(13,271)</u>	<u>(2,998)</u>	<u>(17,223)</u>	<u>(5,972)</u>
	<u>\$ (135,443)</u>	<u>20,286</u>	<u>(132,673)</u>	<u>53,148</u>

(iii) Finance costs

The details of other gains and losses were as follows:

	For the three months ended		For the six months ended	
	June 30, 2025	2024	June 30, 2025	2024
Interest expense for bank loans	\$ (901)	(1,569)	(3,296)	(3,912)
Interest expense for lease liabilities	(910)	(591)	(1,882)	(1,076)
Amortization of discount on convertible bonds	<u>(11,233)</u>	<u>(4,085)</u>	<u>(17,753)</u>	<u>(7,863)</u>
	<u>\$ (13,044)</u>	<u>(6,245)</u>	<u>(22,931)</u>	<u>(12,851)</u>

(iv) Interest income

The details of interest income were as follows:

	For the three months ended		For the six months ended	
	June 30, 2025	2024	June 30, 2025	2024
Interest income from bank deposits	\$ 16,229	20,498	26,409	36,858
Other interest income	<u>116</u>	<u>19</u>	<u>288</u>	<u>37</u>
	<u>\$ 16,345</u>	<u>20,517</u>	<u>26,697</u>	<u>36,895</u>

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

(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 estimated interest payments impact.

	Carrying amount	Contractual cash flow	Within six months	6-12 months	1-2 years	2-5 years	Over 5 years
June 30, 2025							
Non derivative financial liabilities							
Short-term borrowings	\$ 152,030	153,341	153,341	-	-	-	-
Notes and accounts payable	2,595,965	2,595,965	2,595,965	-	-	-	-
Other payables	813,539	813,539	813,539	-	-	-	-
Cash dividends payable	132,184	132,184	132,184	-	-	-	-
Bonds payable	2,136,399	2,299,900	-	-	799,900	1,500,000	-
Lease liabilities	117,266	131,320	28,552	23,236	42,885	36,647	-
Long-term borrowings (current portion included)	61,812	63,599	7,376	7,331	14,527	34,365	-
	\$6,009,195	6,189,848	3,730,957	30,567	857,312	1,571,012	-
December 31, 2024							
Non derivative financial liabilities							
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	-
	\$5,318,142	5,373,982	4,362,726	57,861	58,903	894,492	-
June 30, 2024							
Non derivative financial liabilities							
Short-term borrowings	\$ 146,685	148,086	134,664	13,422	-	-	-
Notes and accounts payable	2,190,995	2,190,995	2,190,995	-	-	-	-
Other payables	1,257,735	1,257,735	1,257,735	-	-	-	-
Cash dividends payable	297,411	297,411	297,411	-	-	-	-
Bonds payable	757,766	800,000	-	-	-	800,000	-
Lease liabilities	126,762	145,974	25,541	23,628	42,254	54,551	-
Long-term borrowings (current portion included)	146,240	149,161	78,141	7,421	14,707	43,042	5,850
	\$4,923,594	4,989,362	3,984,487	44,471	56,961	897,593	5,850

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

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(ii) Currency risk

1) Exposure to foreign currency risk

The Group's financial assets and liabilities with significant exposure to foreign currency exchange rate risk was as follows:

	June 30, 2025			December 31, 2024			June 30, 2024		
	Foreign currency	Exchange rate	New Taiwan Dollars	Foreign currency	Exchange rate	New Taiwan Dollars	Foreign currency	Exchange rate	New Taiwan Dollars
Financial assets									
Monetary items									
USD	\$ 104,881	29.300	3,073,013	100,628	32.785	3,299,089	95,497	32.450	3,098,878
Financial liabilities									
Monetary items									
USD	22,561	29.300	661,037	29,313	32.785	961,027	35,696	32.450	1,158,335

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 six-month periods ended June 30, 2025 and 2024 would have increased (decreased) the net profit before tax by \$120,599 and \$97,027, respectively. The analysis for the two periods was on the same basis.

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 June 30, 2025 and 2024 and the six months ended June 30, 2025 and 2024, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(111,176), \$23,795, \$(90,438) and \$54,104, 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 \$15,915 and \$1,465 for the six-month periods ended June 30, 2025 and 2024, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in floating variable rates.

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

(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 six months ended June 30, 2025		For the six months ended June 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%	\$ 832	62	1,222	234
Decrease by 1%	\$ (832)	(62)	(1,222)	(234)

(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:

	June 30, 2025				
	Fair value				
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	\$ 831,684	6,165	2,410	823,109	831,684
Financial assets at fair value through other comprehensive income	83,210	-	-	83,210	83,210
Loans and receivables					
Cash and cash equivalents	3,314,621	-	-	-	-
Notes and accounts receivable	3,119,079	-	-	-	-
Other receivables	39,078	-	-	-	-
Guarantee deposits paid	9,594	-	-	-	-
Subtotal	6,482,372	-	-	-	-
Total	\$ 7,397,266	6,165	2,410	906,319	914,894
Financial liabilities at fair value through profit or loss	\$ 16,013		16,013		16,013
Financial liabilities at amortized cost:					
Short-term borrowings	152,030	-	-	-	-
Notes and accounts payables	2,595,965	-	-	-	-
Other payables	813,539	-	-	-	-
Dividends payables	132,184	-	-	-	-
Bonds payables	2,136,399	-	-	-	-
Lease liabilities	117,266	-	-	-	-
Long-term borrowings (current portion included)	61,812	-	-	-	-
Subtotal	6,009,195	-	-	-	-
Total	\$ 6,025,208	-	16,013	-	16,013

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES
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	December 31, 2024				
	Fair value				
	Book value	Level 1	Level 2	Level 3	Total
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	-	-	-	-
	June 30, 2024				
	Fair value				
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	\$ 1,204,823	23,426	2,400	1,178,997	1,204,823
Financial assets at fair value through other comprehensive income	122,180	-	-	122,180	122,180
Loans and receivables					
Cash and cash equivalents	3,188,458	-	-	-	-
Notes and accounts receivable	2,043,288	-	-	-	-
Other receivables	25,975	-	-	-	-
Guarantee deposits paid	8,456	-	-	-	-
Subtotal	5,266,177	-	-	-	-
Total	\$ 6,593,180	23,426	2,400	1,301,177	1,327,003
Financial liabilities at amortized cost:					
Short-term borrowings	146,685	-	-	-	-
Notes and accounts payables	2,190,995	-	-	-	-
Other payables	1,257,735	-	-	-	-
Dividends payables	297,411	-	-	-	-
Bonds payables	757,766	-	-	-	-
Lease liabilities	126,762	-	-	-	-
Long-term borrowings (current portion included)	146,240	-	-	-	-
Subtotal	4,923,594	-	-	-	-
Total	\$ 4,923,594	-	-	-	-

(Continued)

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

2) Valuation techniques for financial instruments not 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 of deals or market makers are available, fair value shall be evaluated on the basis of the recent deal prices or quoted prices. If there is no market price for reference, fair value shall be estimated by valuation method. The estimates and assumptions used in the valuation method are estimating fair value by the discounted cash flows.

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.

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

4) Details of changes in level 3 fair value measurement

	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income
Balance at January 1, 2025	\$ -	101,036
Total gains or losses		
Recognized in other comprehensive income	-	(15,996)
Additions	1,203,572	-
Disposals	(380,463)	-
Effect of movements in exchange	-	(1,830)
Balance at June 30, 2025	<u>823,109</u>	<u>83,210</u>
Balance at January 1, 2024	\$ 254	122,164
Total gains or losses		
Recognized in profit or loss	18	-
Recognized in other comprehensive income	-	1,616
Additions	1,861,255	-
Disposals	(682,530)	-
Other refund of paid-up capital		(2,400)
Effect of movements in exchange	-	800
Balance at June 30, 2024	<u>1,178,997</u>	<u>122,180</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 June 30, 2025 and 2024 were as follows:

	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Total gains or losses		
Recognized in profit or loss (presented under“other gains and losses”)	\$ -	18
Recognized in other comprehensive income (presented under“unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”)	(15,996)	1,616

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 primarily include “fair value through other comprehensive income – equity investments”.

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:

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Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income - equity investments without an active market	Net Asset Value Method	·Net asset value ·The market illiquidity discount rate (30% on June 30, 2025, December 31, 2024 and June 30, 2024)	·The higher the net asset value, the higher 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	·Discount rate (1.20%~2.44%, and 1.12%~3.15% on June 30, 2025, December 31, 2024 and June 30, 2024)	·The higher the discount rate, the lower fair value
Financial assets at fair value through profit or loss – Private offered funds	Net Asset Value Method	·Net asset value	·The higher the net asset value, the higher 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:

	Input	Assumptions	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
June 30, 2025						
Financial assets at fair value through profit or loss – Investment product	Discount rate	5%	353	(353)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	30%	5%	-	-	4,161	(4,161)
December 31, 2024						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	30%	5%	-	-	5,052	(5,052)
June 30, 2024						
Financial assets at fair value through profit or loss – Investment product	Discount rate	5%	443	(443)	-	-
Financial assets at fair value through profit or loss – Private offered funds	Net asset value	5%	14	(14)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	30%	5%	-	-	6,109	(6,109)

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.

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(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.

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

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

(i) Right-of-use assets are acquired through leasing. Please refer to Note 6(h).

(ii) The Group's assets through investing activities and reconciliation were as follows:

	January 1, 2025	Cash flows	Acquired	Non-cash changes			June 30, 2025
				Changes in Foreign Exchange Rate	Interest expense	Others	
Short-term borrowings	\$ 522,390	(368,425)	-	(1,935)	-	-	152,030
Long-term borrowings (current portion included)	68,810	(6,998)	-	-	-	-	61,812
Bonds payable	765,936	1,645,246	-	-	17,753	(292,536)	2,136,399
Lease liabilities	135,321	(25,482)	20,586	(11,764)	-	(1,395)	117,266
Total liabilities arising from financing activities	\$ 1,492,457	1,244,341	20,586	(13,699)	17,753	(293,931)	2,467,507

	January 1, 2024	Cash flows	Acquired	Non-cash changes			June 30, 2024
				Changes in Foreign Exchange Rate	Interest expense	Others	
Short-term borrowings	\$ 629,810	(486,665)	-	3,540	-	-	146,685
Long-term borrowings (current portion included)	254,921	(108,681)	-	-	-	-	146,240
Bonds payable	-	899,237	-	-	7,863	(149,334)	757,766
Lease liabilities	94,505	(23,647)	56,753	2,578	-	(3,427)	126,762
Total liabilities arising from financing activities	\$ 979,236	280,244	56,753	6,118	7,863	(152,761)	1,177,453

(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.

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(b) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
	\$		\$	
Short-term employee benefits	\$ 4,611	4,935	8,888	9,813
Post-employment benefits	185	195	375	415
	\$ 4,796	5,130	9,262	10,228

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	June 30, 2025	December 31, 2024	June 30, 2024
Land	Bank Loans and Credit Line Guarantees	\$ 684,947	684,947	684,947
Buildings	Bank Loans and Credit Line Guarantees	170,060	173,495	179,052
		\$ 855,007	858,442	863,999

(9) Commitments and contingencies

The Group's significant contractual commitments were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Acquisition of property, plant and equipment	\$ 260,815	88,129	122,636

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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(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 June 30, 2025			For the three months ended June 30, 2024		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	303,312	99,011	402,323	232,047	110,131	342,178
Labor and health insurance	14,990	6,658	21,648	13,364	5,976	19,340
Pension	14,097	5,440	19,537	13,832	4,930	18,762
Remuneration of directors	-	(673)	(673)	-	4,388	4,388
Others	14,754	6,038	20,792	12,123	5,620	17,743
Depreciation	81,442	20,922	102,364	69,920	19,521	89,441
Amortization	3,917	4,735	8,652	3,808	2,170	5,978

By function By item	For the six months ended June 30, 2025			For the six months ended June 30, 2024		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	594,528	201,241	795,769	469,526	220,754	690,280
Labor and health insurance	30,345	14,289	44,634	25,924	12,608	38,532
Pension	28,827	11,018	39,845	26,334	9,677	36,011
Remuneration of directors	-	1,020	1,020	-	8,352	8,352
Others	31,993	12,911	44,904	24,331	12,641	36,972
Depreciation	165,836	41,172	207,008	137,810	32,635	170,445
Amortization	7,867	9,072	16,939	7,186	8,789	15,975

(b) The seasonality of operation:

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

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(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 June 30, 2025:Loans to other parties:

(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	Jarlytec (Vietnam) Co.,Ltd.	Other receivables	Yes	117,200	-	-	3%	2	-	Operating turnover	-	-	-	743,853	2,231,561
1	Jarly Technology (Chongqing) Co., Ltd.	Zhejiang Jarly Precision Technology Co., Ltd.	Other receivables	Yes	81,820	81,820	65,456 (Note 4)	3%	2	-	Operating turnover	-	-	-	376,736	376,736
2	Smart Hinge Holdings Ltd.	Great Hinge Trading Ltd.	Other receivables	Yes	52,740	52,740	52,740 (Note 4)	0%	2	-	Operating turnover	-	-	-	2,643,175	2,643,175
3	Jarly Technology (Shanghai) Co., Ltd.	Zhejiang Jarly Precision Technology Co., Ltd.	Other receivables	Yes	81,820	81,820	-	3%	2	-	Operating turnover	-	-	-	1,065,510	1,065,510
4	Jarly Electronics Technology (Shanghai) Co., Ltd.	Jarly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	122,730	122,730	-	3%	2	-	Operating turnover	-	-	-	270,277	270,277

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

(iii) Securities held as of June 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	2,879	43,390	4.61 %	43,390	-
Jarwin Investment Co., Ltd.	Second phase Stock of WK Innovation Ltd.	-	Non-current financial assets at fair value through other comprehensive income	3,000	20,469	2.67 %	20,469	-

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

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	
Fu Qing Jarly Electronics Co., Ltd.	Fuqing Jelly Plastic Product Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	3,273	16.00 %	3,273	-
Fu Qing Jarly Electronics Co., Ltd.	Chongqing Jelly Plastics Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	2,209	18.00 %	2,209	-
Fu Qing Jarly Electronics Co., Ltd.	Chongqing Yuli Hardware Products Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	2,209	18.00 %	2,209	-
Xiamen Jarly Electronics Co., Ltd.	Xiamen Jinli Hardware Products Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	-	3,887	19.00 %	3,887	-
Xiamen Jarly Electronics Co., Ltd.	Xiamen Jinyaoli Precision Hardware Co., Ltd	-	Non-current financial assets at fair value through other comprehensive income	-	7,773	19.00 %	7,773	-
Jarwin Investment Co., Ltd.	Quanta Computer INC., stock		Current financial assets at fair value through profit or loss	10	2,745	-%	2,745	-
Jarwin Investment Co., Ltd.	Unimicron Technology Corp., stock		Current financial assets at fair value through profit or loss	30	3,420	- %	3,420	-
Jarly Electronics Technology (Shanghai) Co., Ltd.	Fubon Bank (China) structured deposits - financial products	-	Current financial assets at fair value through profit or loss	-	40,910	- %	40,910	
Jarly Technology (Shanghai) Co., Ltd.	Bank of China structured deposits - financial products	-	Current financial assets at fair value through profit or loss	-	531,830	- %	531,830	
Jarly Technology (Chongqing) Co., Ltd.	SinoPac Bank (China) structured deposits - financial products	-	Current financial assets at fair value through profit or loss	-	118,639	- %	118,639	
Xiamen Jarly Electronics Co., Ltd.	China Merchants Bank structured deposits - financial products	-	Current financial assets at fair value through profit or loss	-	49,910	- %	49,910	
Fu Qing Jarly Electronics Co., Ltd.	China Merchants Bank structured deposits - financial products	-	Current financial assets at fair value through profit or loss	-	81,820	- %	81,820	-

(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		
Jarly Technology (Chongqing) Co., Ltd.	The Company	Associates	Sale	(259,920)	43.64%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	224,233	51.30% Note
The Company	Jarly Technology (Chongqing) Co., Ltd.	Associates	Purchase	259,920	30.77%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(224,233)	42.42% Note

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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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)	
Kunshan Jarly Electronics Ltd.	The Company	Associates	Sale	(179,213)	40.98%	150 days		Related parties are 150 days, third parties are ranged from 30 to 180 days.	115,701	36.64%	Note
The Company	Kunshan Jarly Electronics Ltd.	Associates	Purchase	179,213	21.22%	150 days		Related parties are 150 days, third parties are ranged from 30 to 180 days.	(115,701)	21.89%	Note
Fu Qing Jarly Electronics Co., Ltd	Jarlytec (Thailand) Co., Ltd.	Associates	Sale	(117,740)	21.34%	150 days		Related parties are 150 days, third parties are ranged from 30 to 180 days.	91,995	22.09%	Note
Jarlytec (Thailand) Co., Ltd.	Fu Qing Jarly Electronics Co., Ltd	Associates	Purchase	117,740	79.84%	150 days		Related parties are 150 days, third parties are ranged from 30 to 180 days.	(91,995)	87.63%	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		
Kunshan Jarly Electronics Ltd.	The Company	Associates	115,701	3.20	-	-	11,801	-
Jarly Technology (Chongqing) Co., Ltd.	The Company	Associates	224,233	2.41	-	-	38,095	-

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		
1	Chongqing Jarly	The Company	2	Sales revenue	259,920	Mark up by cost		4.87%
1	Chongqing Jarly	The Company	2	Accounts receivable	224,233	150 days		1.88%
1	Chongqing Jarly	Zhejiang Jarly	3	Other receivables	65,456	Follow the agreement		0.55%
2	Dong Guan Jarly	The Company	2	Sales revenue	64,886	Mark up by cost		1.22%
2	Dong Guan Jarly	The Company	2	Accounts receivable	44,782	150 days		0.38%
3	Fu Qing Jarly	Jarlytec Thailand	3	Sales revenue	117,740	Mark up by cost		2.21%
3	Fu Qing Jarly	Jarlytec Thailand	3	Accounts receivable	91,995	150 days		0.77%
3	Fu Qing Jarly	Dong Guan Jarly	3	Sales revenue	7,706	Mark up by cost		0.14%
3	Fu Qing Jarly	Dong Guan Jarly	3	Accounts receivable	8,123	150 days		0.07%
3	Fu Qing Jarly	Kunshan Jarly	3	Sales revenue	27,526	Mark up by cost		0.52%
3	Fu Qing Jarly	Kunshan Jarly	3	Accounts receivable	24,306	150 days		0.20%

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
4	Kunshan Jarlly	The Company	2	Sales revenue	179,213	Mark up by cost	3.36%
4	Kunshan Jarlly	The Company	2	Accounts receivable	115,701	150 days	0.97%
4	Kunshan Jarlly	Jarlytec Vietnam	3	Sales revenue	33,176	Mark up by cost	0.62%
4	Kunshan Jarlly	Jarlytec Vietnam	3	Accounts receivable	30,544	150 days	0.26%
5	Jarlytec Vietnam	The Company	2	Sales revenue	20,297	Mark up by cost	0.38%
5	Jarlytec Vietnam	The Company	2	Accounts receivable	17,197	150 days	0.14%
6	Xiamen Jarlly	The Company	2	Sales revenue	7,603	Mark up by cost	0.14%
6	Xiamen Jarlly	Fu Qing Jarlly	3	Processing fees revenue	11,397	150 days	0.21%
6	Xiamen Jarlly	Fu Qing Jarlly	3	Accounts receivable	6,732	150 days	0.06%
6	Xiamen Jarlly	Dong Guan Jarlly	3	Sales revenue	32,239	Mark up by cost	0.60%
6	Xiamen Jarlly	Dong Guan Jarlly	3	Accounts receivable	37,208	150 days	0.31%
7	Smart Hinge	Great Hinge	3	Other receivables	52,740	Follow the agreement	0.44%
8	Zhejiang Jarlly	Shanghai Jarlly	3	Sales revenue	44,863	Mark up by cost	0.84%
8	Zhejiang Jarlly	Shanghai Jarlly	3	Accounts receivable	43,012	150 days	0.36%

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:

(a) Parent to subsidiary.

(b) Subsidiary to parent.

(c) Subsidiary to subsidiary.

Note 3. Disclose only operating revenue and accounts receivable; related purchase, expense, and prepayment are neglected.

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

(b) Information on investees:

The following is the information on investees for the six months ended June 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 March 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 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%	310,666	(1,369)	(662)	Note
The Company	Smart Hinge Holdings Ltd.	British Virgin Islands	Investments	1,154,871	1,062,626	36,501	100.00%	4,403,261	195,837	194,087	Note
The Company	Jarwin Investment Co., Ltd.	Republic of China	Investments	80,000	80,000	8,000	100.00%	79,437	(4,183)	(4,183)	Note
The Company	Jarlytec Singapore Pt. Ltd.	Singapore	Computer design and service	423	423	-	100.00%	1,089	143	143	Note
Great Hinge Trading Ltd.	Jarlytec (Vietnam) Co., Ltd.	Vietnam	Sale and produce Precision Hinge	488,453	488,453	-	100.00%	379,464	(1,326)	(1,326)	Note
Smart Hinge Holdings Ltd.	Royal Jarlly Holding Ltd.	Hong Kong	Investments	1,154,871	1,062,626	36,501	100.00%	4,352,199	194,128	194,128	Note
Royal Jarlly Holding Ltd.	Jarlytec (Thailand) Co., Ltd.	Thailand	Sale and produce Precision Hinge	446,167	353,922	4,800	100.00%	382,929	(3,725)	(3,725)	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 June 31, 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
Jarly Technology (Shanghai) Co., Ltd.	Sale and produce special purpose material of component equipment	567,177	(2)	289,297	-	-	289,297	100.00%	168,570	1,652,824	-
Fu Qing Jarly Electronics Co., Ltd.	Sale and produce Precision Hinge	240,658	(2)	27,370	-	-	27,370	100.00%	25,063	575,230	-
Dong Guan Jarly Electronics Co., Ltd.	Sale and produce Precision Hinge	81,466	(2)	81,466	-	-	81,466	(26,705)	100.00%	(26,712)	87,847
Kunshan Jarly Electronics Ltd.	Sale and produce Precision Hinge	71,906	(2)	65,369	-	-	65,369	10,505	100.00%	10,502	226,973
Jarly Electronics Technology (Shanghai) Co., Ltd.	Sale and produce Precision Hinge	473,450	(2)	386,330	-	-	386,330	3,899	100.00%	3,899	450,462
Xiamen Jarly Electronics Co., Ltd.	Sale and produce Precision Hinge	43,801	(2)	29,281	-	-	29,281	2,971	100.00%	970	109,013
Jarly Technology (Chongqing) Co., Ltd.	Sale and produce Precision Hinge	61,722	(2)	29,500	-	-	29,500	70,915	100.00%	70,915	627,894
Zhejiang Jarly Precision Technology Co., Ltd.	Powder metallurgy and other metal products manufacturing and trading business	312,038	(2)	154,013	-	-	154,013	(57,930)	100.00%	(57,930)	122,851

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 June 30, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,062,626 (USD33,434)	1,360,516 (USD46,434)	3,347,342 -

(iii) Significant transactions:

As of the six months ended of June 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".

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JARLLYTEC CO., LTD. AND SUBSIDIARIES
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(14) Segment information

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

	For the three months ended June 30,			
	2025			
	Hinge department	Fiber optic department	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 2,565,930	141,419	-	2,707,349
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 2,565,930</u>	<u>141,419</u>	<u>-</u>	<u>2,707,349</u>
Reportable segment profit or loss	<u>\$ 34,965</u>	<u>3,983</u>	<u>-</u>	<u>38,948</u>
For the three months ended June 30,				
2024				
	Hinge department	Fiber optic department	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 2,228,876	55,793	-	2,284,669
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 2,228,876</u>	<u>55,793</u>	<u>-</u>	<u>2,284,669</u>
Reportable segment profit or loss	<u>\$ 220,731</u>	<u>9,254</u>	<u>-</u>	<u>229,985</u>

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	For the six months ended June 30,			
	2025			
	Hinge department	Fiber optic department	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 5,082,749	252,505	-	5,335,254
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 5,082,749</u>	<u>252,505</u>	<u>-</u>	<u>5,335,254</u>
Reportable segment profit or loss	<u>\$ 121,942</u>	<u>18,855</u>	<u>-</u>	<u>140,797</u>
	For the six months ended June 30,			
	2024			
	Hinge department	Fiber optic department	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 4,550,986	112,267	-	4,663,253
Intersegment revenues	-	-	-	-
Total revenue	<u>\$ 4,550,986</u>	<u>112,267</u>	<u>-</u>	<u>4,663,253</u>
Reportable segment profit or loss	<u>\$ 441,554</u>	<u>14,550</u>	<u>-</u>	<u>456,104</u>

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