

Senao International Co., Ltd. and Subsidiaries

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

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial English from statements have been translated into the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Senao International Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Senao International Co., Ltd. and its subsidiaries (collectively, the "Group") as of June 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission (FSC). Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 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.

Conclusion

Based on our reviews, 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 the Group as of June 30, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the FSC.


Lin, Yung-Chih


Pan, Hui-Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

August 1, 2025

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

ASSETS	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 25)	\$ 2,234,162	22	\$ 1,897,404	18	\$ 2,746,763	26
Financial assets at fair value through profit or loss - current (Notes 7 and 29)	535	-	263	-	-	-
Notes receivable, net (Note 8)	93,033	1	55,369	1	72,948	1
Trade receivables, net (Note 8)	573,048	6	633,304	6	482,235	5
Trade receivables from related parties (Note 25)	997,209	10	1,002,895	10	1,049,261	10
Other receivables (Note 8)	240,664	2	278,682	3	191,403	2
Other receivables from related parties (Note 25)	217,367	2	165,150	2	204,712	2
Inventories (Note 9)	2,330,486	22	2,598,586	25	2,269,333	22
Prepayments (Note 25)	71,743	1	82,907	1	63,389	-
Other current assets (Note 15)	23,001	-	22,996	-	22,632	-
Total current assets	6,781,248	66	6,737,556	66	7,102,676	68
NONCURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Note 29)	10,978	-	11,091	-	11,281	-
Investments accounted for using equity method (Note 11)	1,983,154	19	1,998,346	19	1,551,669	15
Property, plant and equipment (Notes 12 and 21)	772,115	7	777,533	7	777,965	8
Right-of-use assets (Notes 13, 21 and 25)	590,583	6	643,621	6	713,568	7
Intangible assets (Notes 14 and 21)	88,713	1	96,139	1	93,531	1
Deferred tax assets	25,838	-	20,499	-	42,052	-
Refundable deposits (Note 25)	55,129	1	54,838	1	55,362	1
Net defined benefit assets - noncurrent (Notes 15, 18 and 21)	24,984	-	23,030	-	619	-
Other noncurrent assets (Note 15)	47,559	-	50,426	-	47,559	-
Total noncurrent assets	3,599,053	34	3,675,523	34	3,293,606	32
TOTAL	\$ 10,380,301	100	\$ 10,413,079	100	\$ 10,396,282	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - current (Notes 7 and 29)	\$ 303	-	\$ -	-	\$ -	-
Contract liabilities (Note 20)	69,861	1	95,713	1	71,783	1
Notes payable (Note 16)	2,659	-	3,496	-	2,747	-
Trade payables (Note 16)	1,879,287	18	1,887,263	18	1,780,208	17
Trade payables to related parties (Note 25)	269,897	3	244,098	2	197,038	2
Other payables (Note 17)	1,056,278	10	699,231	7	1,187,573	11
Other payables to related parties (Note 25)	182,576	2	251,629	2	173,795	2
Current tax liabilities	33,930	-	38,379	-	9,126	-
Lease liabilities - current (Notes 13, 21 and 25)	255,951	2	279,988	3	277,890	3
Other current liabilities (Note 25)	49,879	-	49,452	-	41,750	-
Total current liabilities	3,800,621	36	3,549,249	33	3,741,910	36
NONCURRENT LIABILITIES						
Contract liabilities - noncurrent (Note 20)	856	-	-	-	-	-
Deferred tax liabilities	20,930	-	16,558	-	17,396	-
Lease liabilities - noncurrent (Notes 13, 21 and 25)	347,489	4	376,666	4	448,135	5
Guarantee deposits	21,896	-	22,547	-	22,546	-
Total noncurrent liabilities	391,171	4	415,771	4	488,077	5
Total liabilities	4,191,792	40	3,965,020	37	4,229,987	41
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Share capital - ordinary shares (Note 19)	2,582,527	25	2,582,527	25	2,582,527	25
Capital surplus (Note 19)	738,199	7	738,199	7	717,664	7
Retained earnings (Note 19)						
Legal reserve	1,789,226	17	1,739,517	17	1,739,517	17
Special reserve	9,318	-	32,003	-	32,003	-
Unappropriated earnings	1,101,832	11	1,355,510	14	1,087,480	10
Total retained earnings	2,900,376	28	3,127,030	31	2,859,000	27
Other equity	(41,659)	-	(9,318)	-	(2,962)	-
Equity attributable to shareholders of the parent	6,179,443	60	6,438,438	63	6,156,229	59
NONCONTROLLING INTERESTS (Note 19)	9,066	-	9,621	-	10,066	-
Total equity	6,188,509	60	6,448,059	63	6,166,295	59
TOTAL	\$ 10,380,301	100	\$ 10,413,079	100	\$ 10,396,282	100

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

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 20 and 25)								
Sales	\$ 7,102,224	97	\$ 7,075,224	95	\$ 14,466,793	97	\$ 14,943,596	96
Less: Sales returns	46,870	-	58,873	1	117,827	1	128,761	1
Sales discounts and allowances	226,078	3	209,824	2	446,930	3	408,090	3
Net sales	6,829,276	94	6,806,527	92	13,902,036	93	14,406,745	92
Service and repairs revenue	468,445	6	610,562	8	967,622	7	1,144,662	8
Total operating revenues	7,297,721	100	7,417,089	100	14,869,658	100	15,551,407	100
OPERATING COSTS (Notes 9, 18, 21 and 25)								
Cost of goods sold	6,398,564	88	6,465,120	87	13,072,134	88	13,613,989	88
Service and repairs costs	88,008	1	110,981	2	182,741	1	217,736	1
Total operating costs	6,486,572	89	6,576,101	89	13,254,875	89	13,831,725	89
GROSS PROFIT	811,149	11	840,988	11	1,614,783	11	1,719,682	11
OPERATING EXPENSES (Notes 18, 21 and 25)								
Selling and marketing expenses	671,554	9	673,729	9	1,328,686	9	1,333,779	9
General and administrative expenses	92,390	1	86,798	1	178,835	1	174,920	1
Total operating expenses	763,944	10	760,527	10	1,507,521	10	1,508,699	10
NET OTHER INCOME AND EXPENSES (Note 21)	102	-	(28)	-	443	-	(23)	-
INCOME FROM OPERATIONS	47,307	1	80,433	1	107,705	1	210,960	1
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 21 and 25)	22,360	-	21,663	-	44,287	-	39,654	-
Share of profit of associates accounted for using equity method	25,188	-	8,571	-	75,783	1	25,946	-
Interest income (Note 25)	5,136	-	6,450	-	6,315	-	7,891	-
Net gain (loss) on foreign currency exchange	2,952	-	(69)	-	2,890	-	(46)	-
Net loss on financial assets and liabilities at fair value through profit or loss (Note 7)	(769)	-	-	-	(31)	-	-	-
Interest expense (Notes 21 and 25)	(2,934)	-	(3,173)	-	(5,944)	-	(6,218)	-
Miscellaneous disbursements	(37)	-	(8)	-	(122)	-	(8)	-
Total non-operating income and expenses	51,896	-	33,434	-	123,178	1	67,219	-
INCOME BEFORE INCOME TAX	99,203	1	113,867	1	230,883	2	278,179	2
INCOME TAX EXPENSE (Note 22)	15,580	-	20,220	-	31,975	-	49,622	-
NET INCOME	83,623	1	93,647	1	198,908	2	228,557	2

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SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified to profit or loss:								
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	\$ 135	-	(\$ 59)	-	(\$ 113)	-	\$ 1,313	-
	<u>135</u>	-	<u>(59)</u>	-	<u>(113)</u>	-	<u>1,313</u>	-
Items that may be reclassified subsequently to profit or loss:								
Share of exchange differences arising from the translation of the foreign operations of associates	(35,266)	-	924	-	(32,228)	-	27,728	-
	<u>(35,266)</u>	-	<u>924</u>	-	<u>(32,228)</u>	-	<u>27,728</u>	-
Total other comprehensive (loss) income, net of income tax	(35,131)	-	865	-	(32,341)	-	29,041	-
TOTAL COMPREHENSIVE INCOME	\$ 48,492	1	\$ 94,512	1	\$ 166,567	2	\$ 257,598	2
NET INCOME								
ATTRIBUTABLE TO :								
Shareholders of the parent	\$ 83,893	1	\$ 93,913	1	\$ 199,463	1	\$ 229,061	1
Noncontrolling interests	(270)	-	(266)	-	(555)	-	(504)	-
	<u>\$ 83,623</u>	1	<u>\$ 93,647</u>	1	<u>\$ 198,908</u>	1	<u>\$ 228,557</u>	1
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO :								
Shareholders of the parent	\$ 48,762	1	\$ 94,778	1	\$ 167,122	1	\$ 258,102	2
Noncontrolling interests	(270)	-	(266)	-	(555)	-	(504)	-
	<u>\$ 48,492</u>	1	<u>\$ 94,512</u>	1	<u>\$ 166,567</u>	1	<u>\$ 257,598</u>	2
EARNINGS PER SHARE								
(Note 23)								
Basic	\$ 0.32		\$ 0.37		\$ 0.77		\$ 0.89	
Diluted	\$ 0.32		\$ 0.37		\$ 0.77		\$ 0.89	

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

(Concluded)

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)
(Reviewed, Not Audited)

	Equity Attributable to Stockholders of the Parent									
	Share Capital - Ordinary Shares (Note 19)	Capital Surplus (Note 19)	Retained Earnings (Note 19)			Exchange Differences on Translating Foreign Operations	Other Equity	Total	Noncontrolling Interests (Note 19)	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other			
							Comprehensive Income			
BALANCE, JANUARY 1, 2024	\$ 2,582,527	\$ 717,664	\$ 1,667,579	\$ -	\$ 1,478,865	(\$ 29,973)	(\$ 2,030)	\$ 6,414,632	\$ 10,570	\$ 6,425,202
Appropriations of 2023 earnings										
Legal reserve	-	-	71,938	-	(71,938)	-	-	-	-	-
Special reserve	-	-	-	32,003	(32,003)	-	-	-	-	-
Cash dividends distributed by the Company - \$2.00 per share	-	-	-	-	(516,505)	-	-	(516,505)	-	(516,505)
	-	-	71,938	32,003	(620,446)	-	-	(516,505)	-	(516,505)
Net income for the six months ended June 30, 2024	-	-	-	-	229,061	-	-	229,061	(504)	228,557
Other comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	27,728	1,313	29,041	-	29,041
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	229,061	27,728	1,313	258,102	(504)	257,598
BALANCE, JUNE 30, 2024	<u>\$ 2,582,527</u>	<u>\$ 717,664</u>	<u>\$ 1,739,517</u>	<u>\$ 32,003</u>	<u>\$ 1,087,480</u>	<u>(\$ 2,245)</u>	<u>(\$ 717)</u>	<u>\$ 6,156,229</u>	<u>\$ 10,066</u>	<u>\$ 6,166,295</u>
BALANCE, JANUARY 1, 2025	\$ 2,582,527	\$ 738,199	\$ 1,739,517	\$ 32,003	\$ 1,355,510	(\$ 8,410)	(\$ 908)	\$ 6,438,438	\$ 9,621	\$ 6,448,059
Appropriations of 2024 earnings										
Legal reserve	-	-	49,709	-	(49,709)	-	-	-	-	-
Special reserve	-	-	-	(22,685)	22,685	-	-	-	-	-
Cash dividends distributed by the Company - \$1.65 per share	-	-	-	-	(426,117)	-	-	(426,117)	-	(426,117)
	-	-	49,709	(22,685)	(453,141)	-	-	(426,117)	-	(426,117)
Net income for the six months ended June 30, 2025	-	-	-	-	199,463	-	-	199,463	(555)	198,908
Other comprehensive loss for the six months ended June 30, 2025	-	-	-	-	-	(32,228)	(113)	(32,341)	-	(32,341)
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	199,463	(32,228)	(113)	167,122	(555)	166,567
BALANCE, JUNE 30, 2025	<u>\$ 2,582,527</u>	<u>\$ 738,199</u>	<u>\$ 1,789,226</u>	<u>\$ 9,318</u>	<u>\$ 1,101,832</u>	<u>(\$ 40,638)</u>	<u>(\$ 1,021)</u>	<u>\$ 6,179,443</u>	<u>\$ 9,066</u>	<u>\$ 6,188,509</u>

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

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 230,883	\$ 278,179
Adjustments for:		
Depreciation expense	173,434	172,586
Amortization expense	20,813	15,370
Expected credit loss	2,233	2,317
Net loss on financial assets and liabilities at fair value through profit or loss	31	-
Interest expense	5,944	6,218
Interest income	(6,315)	(7,891)
Dividend income	(1,092)	(372)
Share of profit of associates accounted for using equity method	(75,783)	(25,946)
Net loss on disposal of property, plant and equipment	15	56
Net gain on lease modification	(458)	(33)
Provision for (reversal of) allowance for inventory obsolescence	1,046	(18,428)
Net loss (gain) on foreign currency exchange	8	(23)
Changes in operating assets and liabilities:		
Notes receivable	(37,664)	(2,814)
Trade receivables	58,023	121,639
Trade receivables from related parties	5,686	(154,616)
Other receivables	36,420	19,038
Other receivables from related parties	6,530	(13,801)
Inventories	267,054	128,727
Prepayments	11,164	2,911
Other current assets	(5)	(104)
Contract liabilities	(24,996)	(18,671)
Notes payable	(837)	(328)
Notes payable to related parties	-	(18)
Trade payables	(7,976)	290,299
Trade payables to related parties	25,799	48,932
Other payables	(69,070)	(2,113)
Other payables to related parties	(69,053)	(91,145)
Other current liabilities	427	(530)
Net defined benefit (assets) liabilities – noncurrent	(1,954)	(1,054)
Cash from operations	550,307	748,385
Interest paid	(5,944)	(6,218)
Income tax paid	(34,672)	(1,542)
Net cash generated from operating activities	<u>509,691</u>	<u>740,625</u>

(Continued)

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(\$ 16,594)	(\$ 12,283)
Increase in refundable deposits	(291)	(97)
Acquisition of intangible assets	(10,520)	(5,797)
Increase in other noncurrent assets	-	(619)
Interest received	<u>6,286</u>	<u>7,675</u>
Net cash used in investing activities	(<u>21,119</u>)	(<u>11,121</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in guarantee deposits	(651)	143
Repayment of the principal portion of lease liabilities	(<u>151,155</u>)	(<u>151,195</u>)
Net cash used in financing activities	(<u>151,806</u>)	(<u>151,052</u>)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	(<u>8</u>)	<u>26</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	336,758	578,478
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,897,404</u>	<u>2,168,285</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 2,234,162</u>	<u>\$ 2,746,763</u>

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

(Concluded)

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL

Senao International Co., Ltd. (“Senao”; Senao and subsidiaries are hereinafter collectively referred to as “the Group”) was incorporated in the Republic of China (“ROC”) on May 18, 1979. On January 12, 2001, Senao received approval from the Securities and Futures Commission (the “SFC”) for a domestic initial public offering and its common stocks were listed and traded on the Taiwan Stock Exchange (the “TWSE”) on May 24, 2001. In need of organizational reorganization and professional operation of all kinds of businesses, Senao has spun off the wireless communication business segment, including its assets and liabilities and incorporated Senao Networks, Inc. pursuant to the Business Mergers and Acquisitions Act. The spin-off date was October 1, 2006.

Senao mainly sells mobile phones, information appliance, home appliances, peripheral products, and health care products, and provides the related repairs and maintenance services.

Chunghwa Telecom Co., Ltd. (“Chunghwa”) acquired the shares of Senao on January 15, 2007. Chunghwa has a substantial control over Senao, and it is the ultimate parent entity of Senao. As of June 30, 2025, Chunghwa’s ownership interest in Senao was 27.79%.

The consolidated financial statements are presented in Senao’s functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on August 1, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

The initial application of the amendments to the IFRSs as endorsed and issued into effect by the FSC had no material impact on the Group’s accounting policies.

- b. The IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Specific provisions of Amendments to IFRS 9 and IFRS 7, “Amendments to the classification and measurement of financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note)</u>
Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 18, “Presentation and disclosure in financial statements”	January 1, 2027
Amendments to IFRS 19, “Subsidiaries without public accountability: disclosures”	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

As of the date the consolidated financial statements were authorized for issuance, except IFRS 18, “Presentation and disclosure in financial statements”, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements as required by IFRSs endorsed and issued into effect by the FSC.

Basis of Preparation and Consolidation

- a. Refer to principles prepared and used to the consolidated financial statements for the year ended December 31, 2024.
- b. See Note 10 and Table 6 for detailed information on subsidiaries, percentages of ownership and main businesses.

Other Material Accounting Policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2024.

- a. Defined benefit retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

b. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions which are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Refer to the statements of material accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2024.

6. CASH AND CASH EQUIVALENTS

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand and petty cash	\$ 318,278	\$ 305,268	\$ 272,562
Checking accounts and demand deposits	1,397,687	1,105,259	1,695,169
Cash equivalents			
Commercial paper	518,197	484,926	779,032
Stimulus vouchers	-	1,951	-
	<u>\$ 2,234,162</u>	<u>\$ 1,897,404</u>	<u>\$ 2,746,763</u>

The annual yield rates of bank deposits and commercial papers as of balance sheet dates were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Bank deposits	0.01%-0.80%	0.01%-0.80%	0.01%-1.45%
Commercial paper	1.07%-1.20%	1.07%-1.20%	1.07%-1.20%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Financial assets - current</u>			
Financial assets held for trading			
Derivative financial assets			
Forward exchange contracts	\$ 535	\$ 263	\$ -
<u>Financial liabilities - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities			
Forward exchange contracts	\$ 303	\$ -	\$ -

At the end of the reporting period, the outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
<u>June 30, 2025</u>			
Forward exchange contracts - buy	NTD/USD	2025.07.07~ 2025.07.18	NTD 124,584/ USD 4,197

December 31, 2024

Forward exchange contracts - buy	NTD/USD	2025.01.03~ 2025.01.17	NTD 45,879/ USD 1,408
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The Group entered into forward exchange contracts to hedge the exchange rate risk arising from assets and liabilities denominated in foreign currencies. The hedge accounting is not applicable as the criteria for an effective hedge are not met.

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Notes receivable</u>			
Notes receivable	\$ 93,964	\$ 56,300	\$ 73,879
Less: Allowance for impairment loss	(931)	(931)	(931)
	<u>\$ 93,033</u>	<u>\$ 55,369</u>	<u>\$ 72,948</u>
<u>Trade receivables</u>			
Trade receivables	\$ 595,644	\$ 653,650	\$ 502,006
Less: Allowance for impairment loss	(22,596)	(20,346)	(19,771)
	<u>\$ 573,048</u>	<u>\$ 633,304</u>	<u>\$ 482,235</u>
<u>Other receivables</u>			
Suppliers allowance receivable	\$ 188,668	\$ 217,954	\$ 147,971
Dividends receivable	1,092	-	372
Others	50,904	60,728	43,060
	<u>\$ 240,664</u>	<u>\$ 278,682</u>	<u>\$ 191,403</u>

The average credit terms range from 30 to 90 days.

The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

Since the Group's customers, apart from the abovementioned corporate customers, are large and unrelated to each other, the divergence of the credit risk is constrained.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group uses the lifetime expected loss provision for all notes receivable and trade receivables. The expected credit losses on notes receivable and trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The Group writes off notes receivable or a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For notes receivable or trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and trade receivables based on the Group's provision matrix.

June 30, 2025

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>Over 91 Days*</u>	<u>Total</u>
Expected credit loss rate	0%-0.1427%	46.4735%- 69.7051%	100%	100%	
Notes receivable and trade receivables	\$ 664,180	\$ 1,843	\$ 1,004	\$ 22,581	\$ 689,608
Less: Loss allowance (Lifetime ECL)	(606)	(1,058)	(1,004)	(20,859)	(23,527)
Amortized cost	<u>\$ 663,574</u>	<u>\$ 785</u>	<u>\$ -</u>	<u>\$ 1,722</u>	<u>\$ 666,081</u>

December 31, 2024

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>Over 91 Days*</u>	<u>Total</u>
Expected credit loss rate	0%-0.0303%	22.7092%- 53.3748%	98.1343%	100%	
Notes receivable and trade receivables	\$ 686,940	\$ 128	\$ 48	\$ 22,834	\$ 709,950
Less: Loss allowance (Lifetime ECL)	(154)	(68)	(47)	(21,008)	(21,277)
Amortized cost	<u>\$ 686,786</u>	<u>\$ 60</u>	<u>\$ 1</u>	<u>\$ 1,826</u>	<u>\$ 688,673</u>

June 30, 2024

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>Over 91 Days*</u>	<u>Total</u>
Expected credit loss rate	0%-0.0081%	4.9235%- 11.8626%	38.2875%	100%	
Notes receivable and trade receivables	\$ 550,519	\$ 606	\$ 71	\$ 24,689	\$ 575,885
Less: Loss allowance (Lifetime ECL)	(32)	(72)	(27)	(20,571)	(20,702)
Amortized cost	<u>\$ 550,487</u>	<u>\$ 534</u>	<u>\$ 44</u>	<u>\$ 4,118</u>	<u>\$ 555,183</u>

- * For those customers who provided the collateral, the Group evaluated the expected credit loss rate as 0% because the value of the collateral provided is greater than the carrying value of the notes receivable and trade receivables.

The movements of the loss allowance of notes and trade receivables were as follows:

	For the Six Months Ended June 30	
	2025	2024
Balance at January 1	\$ 21,277	\$ 18,357
Amounts recovered	17	28
Provision for impairment losses	<u>2,233</u>	<u>2,317</u>
Balance at June 30	<u>\$ 23,527</u>	<u>\$ 20,702</u>

9. INVENTORIES

	June 30, 2025	December 31, 2024	June 30, 2024
Merchandise	<u>\$ 2,330,486</u>	<u>\$ 2,598,586</u>	<u>\$ 2,269,333</u>

- a. The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2025 and 2024 were \$6,398,564 thousand and \$6,465,120 thousand, respectively. The amounts included the profit from inventory recovery due to inventory disposal and market price changes in net realizable value of \$3,878 thousand and \$1,590 thousand, respectively.
- b. The cost of inventories recognized as cost of goods sold for the six months ended June 30, 2025 and 2024 were \$13,072,134 thousand and \$13,613,989 thousand, respectively. The amounts included the loss and profit from inventory recovery due to inventory disposal and market price changes in net realizable value of (\$1,046) thousand and \$18,428 thousand, respectively.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Nature of Activities	Percentage of Ownership		
			June 30, 2025	December 31, 2024	June 30, 2024
Senao International Co., Ltd.	Youth Co., Ltd. (“Youth”)	Sale of information and communication technologies products	95.79	95.79	95.79
	Aval Technologies Co., Ltd. (“Aval”)	Sale of information and communication technologies products	100.00	100.00	100.00
	Senyoung Insurance Agent Co., Ltd. (“Senyoung”)	Property and liability insurance agency	100.00	100.00	100.00
Youth Co., Ltd.	ISPOT Co., Ltd. (“ISPOT”)	Sale of information and communication technologies products	100.00	100.00	100.00

Name of Investor	Name of Investee	Nature of Activities	Percentage of Ownership		
			June 30, 2025	December 31, 2024	June 30, 2024
Aval Technologies Co., Ltd.	Wiin Technologies Co., Ltd. (“Wiin”)	Sale of information and communication technologies products	100.00	100.00	100.00

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Investments in associates</u>			
Material associate			
Senao Networks, Inc. (“Senao Networks”)	<u>\$ 1,983,154</u>	<u>\$ 1,998,346</u>	<u>\$ 1,551,669</u>

Material associate

	Proportion of Ownership and Voting Rights		
	June 30, 2025	December 31, 2024	June 30, 2024
Senao Networks	33.16%	33.16%	33.79%

Although the Group is the single largest shareholder of Senao Networks, as of June 30, 2025, based on the evaluation of the active participation of other shareholders in Senao Networks’ shareholder meetings in the past, the Group did not have absolute dominance in voting on resolutions at the shareholders’ meeting and held less than half of the directors’ seats, which shows that the Group has no actual ability to unilaterally direct the relevant activities of the company, so it is judged that it does not control the company and only has a significant influence, and treats it as an associate.

Refer to Table 6 for the nature of activities, principal places of business and countries of incorporation of the associates.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Senao Networks	<u>\$ 3,368,182</u>	<u>\$ 3,838,161</u>	<u>\$ 3,116,858</u>

Summarized financial information in respect of each of the Group’s material associates is set out below. The summarized financial information below represents amounts shown in the associates’ financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Senao Networks and its subsidiaries

	June 30, 2025	December 31, 2024	June 30, 2024
Current assets	\$ 8,415,784	\$ 8,606,330	\$ 6,397,514
Noncurrent assets	4,329,497	4,231,876	4,110,403
Current liabilities	(5,480,161)	(5,698,916)	(5,458,173)
Noncurrent liabilities	(969,447)	(791,961)	(254,472)
Equity	6,295,673	6,347,329	4,795,272
Noncontrolling interests	(314,459)	(320,297)	(203,553)
	<u>\$ 5,981,214</u>	<u>\$ 6,027,032</u>	<u>\$ 4,591,719</u>
Proportion of the Group's ownership	33.16%	33.16%	33.79%
Equity attributable to the Group (carrying amount of the investment)	<u>\$ 1,983,154</u>	<u>\$ 1,998,346</u>	<u>\$ 1,551,669</u>
	For the Three Months Ended June 30	For the Six Months Ended June 30	
	2025	2024	2025
Operating revenue	<u>\$ 3,967,827</u>	<u>\$ 2,518,539</u>	<u>\$ 7,961,953</u>
			<u>\$ 5,375,748</u>
Net profit for the period	\$ 101,315	\$ 53,373	\$ 300,308
Other comprehensive income	(108,860)	2,761	(99,457)
Total comprehensive income for the period	<u>(\$ 7,545)</u>	<u>\$ 56,134</u>	<u>\$ 200,851</u>
			<u>\$ 207,315</u>

12. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2025	December 31, 2024	June 30, 2024
Assets used by the Group			
Land	\$ 172,415	\$ 172,415	\$ 172,415
Buildings	115,801	118,019	119,495
Machinery and equipment	2,477	2,562	2,898
Computer telecommunications equipment	34,219	30,012	30,085
Office equipment	13,800	15,517	13,616
Leasehold improvements	16,883	18,087	14,527
Other equipment	349	486	586
	<u>355,944</u>	<u>357,099</u>	<u>353,622</u>
Assets leased under operating leases			
Land	149,879	149,879	149,879
Buildings	266,292	270,555	274,464
	<u>416,171</u>	<u>420,434</u>	<u>424,343</u>
	<u>\$ 772,115</u>	<u>\$ 777,533</u>	<u>\$ 777,965</u>

Except for depreciation expenses, there was no significant addition, disposal, and impairment of the property, plant and equipment used by the Group for the six months ended June 30, 2025 and 2024.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

	Assets Used by the Group	Assets Leased under Operating Leases
Buildings		
Main buildings	50-55 years	55 years
Mechatronic construction	15 years	15 years
Decoration construction	3-5 years	3-5 years
Machinery and equipment	5-8 years	-
Computer telecommunications equipment	3-8 years	-
Office equipment	3-7 years	-
Leasehold improvements	3-5 years	-
Other equipment	4-6 years	-

There was no indication that property, plant and equipment was impaired; therefore, the Group did not recognize any impairment loss for the six months ended June 30, 2025 and 2024.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Carrying amount</u>			
Buildings	\$ 589,959	\$ 642,560	\$ 712,154
Transportation equipment	458	710	960
Others	165	351	454
	<u>\$ 590,583</u>	<u>\$ 643,621</u>	<u>\$ 713,568</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30
	2025	2024	2025
Depreciation charge for right-of-use assets			
Buildings	\$ 75,530	\$ 75,835	\$ 151,000
Transportation equipment	126	126	251
Others	93	104	232
	<u>\$ 75,749</u>	<u>\$ 76,065</u>	<u>\$ 151,437</u>
			<u>\$ 152,041</u>

The initial recognition of right-of-use assets and lease liabilities of \$130,876 thousand and \$228,184 thousand were noncash transactions for the six months ended June 30, 2025 and 2024, respectively.

Except for the addition and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the right-of-use assets of the Group as of June 30, 2025 and 2024.

b. Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Carrying amount</u>			
Current	<u>\$ 255,951</u>	<u>\$ 279,988</u>	<u>\$ 277,890</u>
Non-current	<u>\$ 347,489</u>	<u>\$ 376,666</u>	<u>\$ 448,135</u>

Range of discount rates for lease liabilities was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Buildings	1.30%-2.65%	1.30%-2.63%	1.30%-2.50%
Transportation equipment	1.80%	1.80%	1.80%
Others	1.80%-1.90%	1.80%-1.90%	1.84%-1.90%

c. Material leasing activities and terms

The Group leases certain buildings for the use of offices and retail stores with lease terms of 1 to 10 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms.

d. Other lease information

Lease under operating leases for the leasing out of freehold property, plant and equipment are set out in Note 12.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Expenses relating to low-value asset leases	\$ 1,020	\$ 1,053	\$ 2,022	\$ 1,976
Interest expense on lease liabilities	\$ 2,934	\$ 3,173	\$ 5,944	\$ 6,218
Total cash outflow for leases	\$ 79,640	\$ 79,899	\$ 159,121	\$ 159,389

The Group leases certain office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption, and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INTANGIBLE ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
Assets used by the Group			
Computer software	\$ 18,101	\$ 19,626	\$ 11,117
Licenses and franchises	68,050	71,369	74,688
Trademark	2,562	5,144	7,726
	<u>\$ 88,713</u>	<u>\$ 96,139</u>	<u>\$ 93,531</u>

Except for amortization expenses, there was no significant addition, disposal, and impairment of the intangible assets used by the Group for the six months ended June 30, 2025 and 2024.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-5 years
Licenses and franchises	20 years
Trademark	10-11 years

15. OTHER ASSETS

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Current</u>			
Trust account deposit (Note)	\$ <u>23,001</u>	\$ <u>22,996</u>	\$ <u>22,632</u>
<u>Non-current</u>			
Net defined benefit assets	\$ 24,984	\$ 23,030	\$ 619
Others	<u>47,559</u>	<u>50,426</u>	<u>47,559</u>
	\$ <u>72,543</u>	\$ <u>73,456</u>	\$ <u>48,178</u>

Note : Advance receipts of electronic reward points of Senao are guaranteed by trust delivery. Senao signs a trust contract with the special deposit account bank (Cathay United Bank), and remits the advance receipts of electronic reward points to the trust account according to the trust contract, and the special trust account is recognized as other current assets. The outstanding electronic reward points held in trust are recognized as a contract liability. As of June 30, 2025, December 31, 2024 and June 30, 2024, the amount of the trust were \$12,837 thousand, \$13,564 thousand and \$14,910 thousand, respectively.

The annual yield rates of deposit were as follows:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Trust account deposit	0.635%	0.635%	0.640%

16. NOTES PAYABLE AND TRADE PAYABLES

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Notes payable</u>			
Operating	\$ <u>2,659</u>	\$ <u>3,496</u>	\$ <u>2,747</u>
<u>Trade payables</u>			
Operating	\$ <u>1,879,287</u>	\$ <u>1,887,263</u>	\$ <u>1,780,208</u>

a. Notes payable

Notes payable were mainly from the payment for the rent of the offices and the business places.

b. Trade payables

The average credit period is one month. The Group has set up financial risk management policies in place to ensure that all payables will be paid within the pre-agreed credit terms.

17. OTHER PAYABLES

	June 30, 2025	December 31, 2024	June 30, 2024
Payables for dividends	\$ 426,117	\$ -	\$ 516,505
Payables for salaries	153,483	149,622	148,837
Payables for bonuses	88,944	170,022	89,426
Accrued compensation to employees and remuneration to directors	36,589	32,462	47,415
Accrued marketing compensation	35,662	38,256	54,706
Others	<u>315,483</u>	<u>308,869</u>	<u>330,684</u>
	<u>\$ 1,056,278</u>	<u>\$ 699,231</u>	<u>\$ 1,187,573</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Senao, Youth, ISPOT, Aval, Wiin and Senyoung within the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

For the three months and six months ended June 30, 2025 and 2024, the pension expenses of defined benefit plans were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2024 and 2023, respectively.

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Operating costs (reversal)	(\$ 9)	\$ 4	(\$ 18)	\$ 8
Operating expenses (reversal)	(95)	40	(190)	80
	<u>(\$ 104)</u>	<u>\$ 44</u>	<u>(\$ 208)</u>	<u>\$ 88</u>

19. EQUITY

a. Share capital - ordinary shares

	June 30, 2025	December 31, 2024	June 30, 2024
Number of shares authorized (in thousands)	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>
Shares authorized	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>258,253</u>	<u>258,253</u>	<u>258,253</u>
Shares issued	<u>\$ 2,582,527</u>	<u>\$ 2,582,527</u>	<u>\$ 2,582,527</u>

The issued ordinary shares with a par value at \$10 are entitled the right to vote and receive dividends.

b. Capital surplus

The capital surplus for the six months ended June 30, 2025 and 2024 were as follows:

	Share Premium	Compensation Costs Related to Share-based Payment	Movements of Capital Surplus for Associates Accounted for Using Equity Method and Subsidiaries	Movements of Capital Surplus due to Transactions of Treasury Shares	Total
Balance on January 1, 2025 and June 30, 2025	<u>\$ 346,007</u>	<u>\$ 215,648</u>	<u>\$ 152,036</u>	<u>\$ 24,508</u>	<u>\$ 738,199</u>
Balance on January 1, 2024 and June 30, 2024	<u>\$ 346,007</u>	<u>\$ 215,648</u>	<u>\$ 131,501</u>	<u>\$ 24,508</u>	<u>\$ 717,664</u>

Capital surplus from share premium and the premium from disposal of treasury shares may be utilized to offset deficits; furthermore, when Senao has no deficit, it may be distributed in cash or capitalized, which however is limited to a certain percentage of Senao's paid-in capital.

The capital surplus from movements of investments in associates and subsidiaries accounted for using equity method and subsequent invalidation from share-based payment transactions may only be utilized to offset deficits.

The change in the equity method recognition of the capital reserve of affiliated companies as of January 1, 2025 and for the six months ended June 30, 2025 is primarily due to the cash capital increase and new shares issuance by Senao Networks in October, 2024, wherein Senao did not subscribe to the capital increase in proportion to its shareholding.

c. Retained earnings and dividends policy

Under the Senao's dividends policy, where Senao made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by Senao's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Senao's board of directors shall, with more than two-thirds of the directors present, and the resolution of more than half of the directors present, shall distribute all or part of the dividends, bonuses, capital reserve or statutory surplus reserve in cash, which shall be reported to the shareholders during their meeting. The provisions of the above paragraph which should be subject to the resolution of the shareholders is not applicable. For Senao's policies on the distribution of employees' compensation and remuneration of directors, refer to Employees' compensation and remuneration of directors in Note 21-f.

In order to meet "the balanced dividend policy" to conform with Senao's current operating environment and the goal of sustainability, the policy on the distribution of dividends emphasizes the need for Senao's stability and growth. No less than 30% of the distributable remaining earnings shall be distributed as stockholders' dividends, of which cash dividends to be distributed shall not be less than 10% of the total amount of dividends to be distributed.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals Senao's paid-in capital. The legal reserve may be used to offset deficit. If Senao has no deficit and the legal reserve has exceeded 25% of Senao's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company should appropriate a special reserve when the net amount of other equity items is negative at the end of reporting period upon the earnings distribution. Distribution can be made out of any subsequent reversal of the debit to other equity items.

The appropriations of earnings for 2024 and 2023 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Fiscal Year	For Fiscal Year	For Fiscal	For Fiscal
	2024	2023	Year 2024	Year 2023
Legal reserve	\$ 49,709	\$ 71,938		
(Reversal) provision of special reserve	(22,685)	32,003		
Cash dividends	426,117	516,505	\$ 1.65	\$ 2.00

The above appropriations for cash dividends have been resolved by Senao's board of directors on February 14, 2025 and February 16, 2024, respectively; the other proposed appropriations have been resolved by the shareholders in their meeting held on May 28, 2025 and May 20, 2024.

Information on the appropriation of Senao's earnings approved by the shareholders is available at the Market Observation Post System website.

d. Noncontrolling interests

	For the Six Months Ended June 30	
	2025	2024
Beginning balance	\$ 9,621	\$ 10,570
Shares attributed to noncontrolling interests		
Net loss of the period	(555)	(504)
Ending balance	<u>\$ 9,066</u>	<u>\$ 10,066</u>

20. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Revenue from contracts with customers				
Revenue from sale of goods	\$ 6,829,276	\$ 6,806,527	\$ 13,902,036	\$ 14,406,745
Revenue from rendering of services	358,467	473,936	742,202	876,770
Revenue from repairs and maintenance services	109,978	136,626	225,420	267,892
	<u>\$ 7,297,721</u>	<u>\$ 7,417,089</u>	<u>\$ 14,869,658</u>	<u>\$ 15,551,407</u>

Refer to Note 31 for detailed information relating to disaggregation of revenues.

Contract Balances

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
<u>Contract liabilities - current</u>				
Sale of goods	\$ 65,637	\$ 89,830	\$ 65,991	\$ 84,811
Others	4,224	5,883	5,792	5,643
	<u>\$ 69,861</u>	<u>\$ 95,713</u>	<u>\$ 71,783</u>	<u>\$ 90,454</u>

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
<u>Contract liabilities - noncurrent</u>				
Others	\$ <u>856</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

As of June 30, 2025, the long-term warranty agreements signed between Senao and customers have not been fulfilled. Revenue will be recognized in the following years as the performance obligations are satisfied over time.

21. NET INCOME

a. Other operating income and expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Net loss on disposal of property, plant and equipment	(\$ 5)	(\$ 28)	(\$ 15)	(\$ 56)
Net gain on lease modification	<u>107</u>	<u>-</u>	<u>458</u>	<u>33</u>
	<u>\$ 102</u>	<u>(\$ 28)</u>	<u>\$ 443</u>	<u>(\$ 23)</u>

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Rental income	\$ 19,029	\$ 18,897	\$ 37,753	\$ 35,018
Dividend income	1,092	372	1,092	372
Others	<u>2,239</u>	<u>2,394</u>	<u>5,442</u>	<u>4,264</u>
	<u>\$ 22,360</u>	<u>\$ 21,663</u>	<u>\$ 44,287</u>	<u>\$ 39,654</u>

c. Interest expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Interest on lease liabilities	<u>\$ 2,934</u>	<u>\$ 3,173</u>	<u>\$ 5,944</u>	<u>\$ 6,218</u>

d. Depreciation and amortization expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Property, plant and equipment	\$ 11,092	\$ 10,295	\$ 21,997	\$ 20,545
Right-of-use assets	75,749	76,065	151,437	152,041
Intangible assets	10,990	8,078	20,813	15,370
	<u>\$ 97,831</u>	<u>\$ 94,438</u>	<u>\$ 194,247</u>	<u>\$ 187,956</u>
An analysis of depreciation by function				
Operating costs	\$ 164	\$ 203	\$ 338	\$ 419
Operating expenses	86,677	86,157	173,096	172,167
	<u>\$ 86,841</u>	<u>\$ 86,360</u>	<u>\$ 173,434</u>	<u>\$ 172,586</u>
An analysis of amortization by function				
Selling and marketing expenses	\$ 3,868	\$ 4,225	\$ 8,031	\$ 7,606
General and administrative expenses	7,122	3,853	12,782	7,764
	<u>\$ 10,990</u>	<u>\$ 8,078</u>	<u>\$ 20,813</u>	<u>\$ 15,370</u>

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Post-employment benefits (Note 18)				
Defined contribution plans	\$ 18,068	\$ 16,995	\$ 36,010	\$ 33,863
Defined benefit plans	(104)	44	(208)	88
	17,964	17,039	35,802	33,951
Termination benefits	867	324	871	369
Other employee benefits	400,290	394,265	795,450	788,850
	<u>\$ 419,121</u>	<u>\$ 411,628</u>	<u>\$ 832,123</u>	<u>\$ 823,170</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 13,263	\$ 14,758	\$ 26,968	\$ 30,016
Operating expenses	405,858	396,870	805,155	793,154
	<u>\$ 419,121</u>	<u>\$ 411,628</u>	<u>\$ 832,123</u>	<u>\$ 823,170</u>

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of Senao, Senao accrued employees' compensation and remuneration of directors at rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. At least 5% of the employees' compensation and remuneration specified above shall be allocated for distribution to frontline employees.

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and will be recognized in the following year.

The employees' compensation and remuneration of directors of the Group were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Employees' compensation	\$ 3,959	\$ 4,657	\$ 9,227	\$ 11,029
Remuneration of directors	\$ 1,684	\$ 1,983	\$ 3,931	\$ 4,701

The employees' compensation and remuneration of directors of Senao for the years ended December 31, 2024 and 2023, which had been approved by Senao's board of directors on February 14, 2025 and February 16, 2024, respectively, were as follows:

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Employees' compensation	\$ 21,071	\$ 29,685
Remuneration of directors	\$ 9,030	\$ 12,722

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023.

Information on the employees' compensation and remuneration of directors resolved by Senao's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Current tax				
In respect of the current period	\$ 12,551	\$ 2,340	\$ 32,096	\$ 4,252
Income tax on unappropriated earnings	2,198	4,951	2,198	4,951
Adjustments for prior year	(1,352)	(1,830)	(1,352)	(1,830)
Deferred tax				
In respect of the current period	2,122	18,733	(1,028)	46,223
Adjustments for prior year	<u>61</u>	<u>(3,974)</u>	<u>61</u>	<u>(3,974)</u>
Income tax expense recognized in profit or loss	<u>\$ 15,580</u>	<u>\$ 20,220</u>	<u>\$ 31,975</u>	<u>\$ 49,622</u>

According to the Income Tax Act in the ROC, the applicable tax rate used by the Group is 20%.

b. Income tax assessments

The income tax returns of Senao, Youth, ISPOT, Aval, Wiin and Senyoung through 2023 have been assessed by the tax authorities.

23. EARNINGS PER SHARE (EPS)

Net income and weighted average number of ordinary shares used in the calculation of earnings per share were as follows:

Net Income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Net income used to compute the basic and diluted earnings per share				
Net income attributable to the parent	<u>\$ 83,893</u>	<u>\$ 93,913</u>	<u>\$ 199,463</u>	<u>\$ 229,061</u>

Weighted Average Number of Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Weighted average number of ordinary shares used in the computation of basic earnings per share	258,253	258,253	258,253	258,253
Effect of potentially dilutive ordinary shares				
Compensation of employees	<u>285</u>	<u>268</u>	<u>439</u>	<u>465</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>258,538</u>	<u>258,521</u>	<u>258,692</u>	<u>258,718</u>

Senao may settle the employee compensation in shares or cash; therefore, Senao presumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

	Dividends payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2025	\$ -	\$656,654	\$ 22,547	\$ 679,201
Changes in cash flow from financing activities	-	(151,155)	(651)	(151,806)
Changes in other non-cash items	<u>426,117</u>	<u>97,941</u>	<u>-</u>	<u>524,058</u>
At June 30, 2025	<u>\$426,117</u>	<u>\$603,440</u>	<u>\$ 21,896</u>	<u>\$1,051,453</u>
	Dividends payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2024	\$ -	\$654,117	\$ 22,403	\$ 676,520
Changes in cash flow from financing activities	-	(151,195)	143	(151,052)
Changes in other non-cash items	<u>516,505</u>	<u>223,103</u>	<u>-</u>	<u>739,608</u>
At June 30, 2024	<u>\$516,505</u>	<u>\$726,025</u>	<u>\$ 22,546</u>	<u>\$1,265,076</u>

25. TRANSACTIONS WITH RELATED PARTIES

- a. The Group engages in business transactions with the following related parties:

Company	Relationship
Chunghwa Telecom Co., Ltd. (“Chunghwa Telecom”)	Ultimate parent entity
Fellow subsidiary	
Chunghwa System Integration Co., Ltd.	Chunghwa Telecom’s subsidiary
Spring House Entertainment Tech. Inc.	Chunghwa Telecom’s subsidiary
CHYP Multimedia Marketing & Communications Co., Ltd.	Chunghwa Telecom’s subsidiary
CHT Security Co., Ltd.	Chunghwa Telecom’s subsidiary
CHIEF Telecom Inc.	Chunghwa Telecom’s subsidiary
Smartfun Digital Co., Ltd.	Chunghwa Telecom’s subsidiary
Honghwa International Co., Ltd.	Chunghwa Telecom’s subsidiary
International Integrated Systems, Inc.	Chunghwa Telecom’s subsidiary
Chunghwa Precision Test Tech. Co., Ltd.	Chunghwa Telecom’s subsidiary of a subsidiary
Associate	
Senao Networks, Inc. (“Senao Networks”)	Senao’s investee using the equity method
Emplus Technologies, Inc.	Senao Networks’s subsidiary
EnGenius Networks Inc.	Senao Networks’s subsidiary
Other related party	
Senao Technical and Cultural Foundation	A nonprofit organization of which the funds donated by SENAO exceeds one third of its total funds
E-Life Mall Co., Ltd.	Substantial related party
Engenius Technologies Co., Ltd.	Substantial related party
Cheng Keng Investment Co., Ltd.	Substantial related party
Cheng Feng Investment Co., Ltd.	Substantial related party
Hwa Shun Investment Co., Ltd.	Substantial related party
Yu Yu Investment Co., Ltd.	Substantial related party
All Oriented Investment Co., Ltd.	Substantial related party
Kangsin Co., Ltd.	Substantial related party

Company	Relationship
Tsann Kuen Enterprise Co., Ltd.	Substantial related party
Ba Gua Liao Foundation	Substantial related party
KKBOX Taiwan Co., Ltd.	Chunghwa Telecom's investment accounted for equity method
Next Commercial Bank Co., Ltd.	Chunghwa Telecom's investment accounted for equity method
Clickforce Co., Ltd.	Chunghwa Telecom's investment accounted for equity method

- b. Balances and transactions between Senao and subsidiaries have been eliminated on consolidation and not disclosed in this note. For the information on endorsements and guarantees Senao made for its subsidiaries, refer to Table 1. Terms of the transactions with related parties were not significantly different from transactions with non-related parties. Details of transactions between the Group and other related parties are disclosed below.

1) Operating revenues

Line Items	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2025	2024	2025	2024
Sales	Ultimate parent entity	\$ 1,842,524	\$ 1,885,742	\$ 3,591,422	\$ 3,838,475
	Fellow subsidiaries	452	286	2,438	1,566
	Associates	199	64	1,448	2,502
	Other related parties	36,902	3,633	72,078	5,886
		<u>\$ 1,880,077</u>	<u>\$ 1,889,725</u>	<u>\$ 3,667,386</u>	<u>\$ 3,848,429</u>
Service	Ultimate parent entity	\$ 247,982	\$ 383,898	\$ 516,681	\$ 684,343
	Fellow subsidiaries	349	26	745	386
		<u>\$ 248,331</u>	<u>\$ 383,924</u>	<u>\$ 517,426</u>	<u>\$ 684,729</u>
Repairs and maintenance	Ultimate parent entity	\$ 1,916	\$ 313	\$ 2,178	\$ 471
	Fellow subsidiaries	5	14	8	31
	Other related parties	28	24	147	31
		<u>\$ 1,949</u>	<u>\$ 351</u>	<u>\$ 2,333</u>	<u>\$ 533</u>

2) Purchases of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Ultimate parent entity	\$ 929,145	\$ 820,631	\$ 1,906,178	\$ 1,914,222
Fellow subsidiaries	103	2,133	108	4,343
Associates	6,267	22	6,533	197
Other related parties	-	7	-	(443)
	<u>\$ 935,515</u>	<u>\$ 822,793</u>	<u>\$ 1,912,819</u>	<u>\$ 1,918,319</u>

3) Operating expenses

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Ultimate parent entity	\$ 82,238	\$ 81,465	\$ 163,185	\$ 163,964
Fellow subsidiaries	99	63	895	126
Associates	-	376	180	576
Other related parties	3,477	3,581	7,072	7,469
	<u>\$ 85,814</u>	<u>\$ 85,485</u>	<u>\$ 171,332</u>	<u>\$ 172,135</u>

Operating expenses paid to ultimate parent entity were mainly the marketing expenses resulting from goods sold by the ultimate parent entity for Senao.

4) Non-operating transactions

Line Items	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2025	2024	2025	2024
Non-operating income	Ultimate parent entity	\$ 176	\$ 159	\$ 180	\$ 232
	Other related parties	<u>666</u>	<u>516</u>	<u>1,385</u>	<u>607</u>
		<u>\$ 842</u>	<u>\$ 675</u>	<u>\$ 1,565</u>	<u>\$ 839</u>

5) Receivables from related parties

Line Item	Related Party Category	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable from related parties	Ultimate parent entity	\$ 971,199	\$ 990,466	\$1,045,741
	Fellow subsidiaries	424	3,153	337
	Associates	176	235	19
	Other related parties	<u>25,410</u>	<u>9,041</u>	<u>3,164</u>
		<u>\$ 997,209</u>	<u>\$1,002,895</u>	<u>\$1,049,261</u>

The outstanding receivables from related parties are unsecured. As of June 30, 2025, December 31, 2024 and June 30, 2024, no allowance loss was recognized for receivables from related parties.

6) Other receivables from related parties

Line Item	Related Party Category	June 30, 2025	December 31, 2024	June 30, 2024
Other receivables from related parties	Ultimate parent entity	\$ 158,620	\$ 165,150	\$ 138,215
	Associates	58,747	-	66,316
	Other related parties	<u>-</u>	<u>-</u>	<u>181</u>
		<u>\$ 217,367</u>	<u>\$ 165,150</u>	<u>\$ 204,712</u>

Other receivables were mainly balances of sales proceeds of goods sold by the ultimate parent entity for Senao.

7) Prepayments

Line Item	Related Party Category	June 30, 2025	December 31, 2024	June 30, 2024
Prepaid rents	Ultimate parent entity	<u>\$ 231</u>	<u>\$ 231</u>	<u>\$ 231</u>

8) Refundable deposits

Line Item	Related Party Category	June 30, 2025	December 31, 2024	June 30, 2024
Refundable deposits	Ultimate parent entity	\$ 480	\$ 450	\$ 450
	Fellow subsidiaries	<u>500</u>	<u>-</u>	<u>-</u>
		<u>\$ 980</u>	<u>\$ 450</u>	<u>\$ 450</u>

9) Trade payables to related parties

Line Item	Related Party Category	June 30, 2025	December 31, 2024	June 30, 2024
Trade payables to related parties	Ultimate parent entity	\$ 265,823	\$ 244,097	\$ 196,989
	Fellow subsidiaries	-	1	22
	Associates	4,074	-	24
	Other related parties	-	-	3
		<u>\$ 269,897</u>	<u>\$ 244,098</u>	<u>\$ 197,038</u>

The trade payables to related parties were unsecured.

10) Other payables to related parties

Line Item	Related Party Category	June 30, 2025	December 31, 2024	June 30, 2024
Other payables to related parties	Ultimate parent entity	\$ 178,144	\$ 246,549	\$ 169,395
	Fellow subsidiaries	-	-	-
	Associates	954	871	820
	Other related parties	3,478	4,209	3,580
		<u>\$ 182,576</u>	<u>\$ 251,629</u>	<u>\$ 173,795</u>

The balances for the ultimate parent entity were proceeds of goods sold by Senao for the ultimate parent entity and the collection of monthly fees and bills on behalf of the ultimate parent entity. The balances of associates were daily subsistence allowance in Hwa Ya's plants for Senao. The transactions with other related parties were donations to other related parties.

11) Acquisitions of property, plant and equipment

Related Party Category	Purchase Price			
	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2025	2024	2025	2024
Ultimate parent entity	\$ 1,619	\$ -	\$ 1,619	\$ -
Associates	-	63	-	63
	<u>\$ 1,619</u>	<u>\$ 63</u>	<u>\$ 1,619</u>	<u>\$ 63</u>

The main transactions involve Senao's purchasing firewall computer equipment from the ultimate parent entity and acquiring computer communication equipment from associates.

12) Acquisitions of intangible assets

Related Party Category	Purchase Price			
	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2025	2024	2025	2024
Ultimate parent entity	<u>\$ 5,143</u>	<u>\$ -</u>	<u>\$ 5,143</u>	<u>\$ -</u>

The main transaction involves Senao's purchasing firewall software from the ultimate parent entity.

13) Lease arrangements - the Group is lessee

Senao entered into contracts with the ultimate parent entity and the rent was paid monthly or in quarterly installments.

Acquisition of right-of-use assets

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Ultimate parent entity	<u>\$ 3,070</u>	<u>\$ 3,494</u>	<u>\$ 11,169</u>	<u>\$ 66,237</u>

Line Item	Related Party Category	June 30, 2025	December 31, 2024	June 30, 2024
Lease liabilities - current	Ultimate parent entity	<u>\$ 20,804</u>	<u>\$ 34,006</u>	<u>\$ 33,817</u>
Lease liabilities – noncurrent	Ultimate parent entity	<u>\$ 14,757</u>	<u>\$ 8,040</u>	<u>\$ 21,947</u>

Line Item	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2025	2024	2025	2024
Interest expense	Ultimate parent entity	<u>\$ 196</u>	<u>\$ 267</u>	<u>\$ 438</u>	<u>\$ 565</u>
Lease expense (accounted for operating expense)	Ultimate parent entity	<u>\$ 3,828</u>	<u>\$ 5,379</u>	<u>\$ 8,944</u>	<u>\$ 10,636</u>

14) Lease arrangements - the Group is lessor

Senao Networks entered into contracts with Senao to lease part of Hwa Ya's plant. The rental income referred to the rental level of similar assets and was received monthly according to the lease agreement.

Line Item	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2025	2024	2025	2024
Non-operating income	Ultimate parent entity	<u>\$ 853</u>	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ -</u>
	Associates	<u>11,970</u>	<u>11,780</u>	<u>23,951</u>	<u>23,191</u>
	Other related parties	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
		<u>\$ 12,823</u>	<u>\$ 11,780</u>	<u>\$ 25,153</u>	<u>\$ 23,193</u>

15) Transactions with Next Commercial Bank Co., Ltd.

Line Item	June 30, 2025	December 31, 2024	June 30, 2024
Bank deposits and time deposits	<u>\$ 70,845</u>	<u>\$ 70,402</u>	<u>\$ 50,180</u>

Line Item	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Interest income	<u>\$ 247</u>	<u>\$ 88</u>	<u>\$ 490</u>	<u>\$ 179</u>

c. Compensation of key management personnel

The remuneration of directors and members of key management personnel for the three months and six months ended June 30, 2025 and 2024 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 13,388	\$ 12,982	\$ 27,029	\$ 28,113
Termination benefits	153	196	317	391
	<u>\$ 13,541</u>	<u>\$ 13,178</u>	<u>\$ 27,346</u>	<u>\$ 28,504</u>

The remuneration of directors and key management personnel was determined by the remuneration committee based on the performance of individuals and market trends.

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments of the Group were as follows:

The Group applied for post-release duty payment to the customs. As of June 30, 2025, December 31, 2024 and June 30, 2024, the amount of bank guarantees for the application was \$10,000 thousand.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

June 30, 2025

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Liabilities denominated in foreign currencies</u>			
<u>Monetary items</u>			
USD	\$ 4,202	1:29.30 (USD:NTD)	\$ 123,110

December 31, 2024

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Liabilities denominated in foreign currencies</u>			
<u>Monetary items</u>			
USD	\$ 1,408	1:32.785 (USD:NTD)	\$ 46,153

The Company does not have significant unrealized foreign exchange gain or loss.

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The carrying amounts of the Group's financial assets and liabilities not measured at fair value approximate their fair values.

b. Financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVPL				
Derivatives				
Forward foreign exchange contracts	\$ -	\$ 535	\$ -	\$ 535
Financial liabilities at FVPL				
Derivatives				
Forward foreign exchange contracts	\$ -	\$ 303	\$ -	\$ 303
Financial assets at FVOCI				
Investments in equity instruments at FVOCI				
Domestic non-listed shares	\$ -	\$ -	\$ 10,978	\$ 10,978

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVPL				
Derivatives				
Forward foreign exchange contracts	\$ -	\$ 263	\$ -	\$ 263
Financial assets at FVOCI				
Investments in equity instruments at FVOCI				
Domestic non-listed shares	\$ -	\$ -	\$ 11,091	\$ 11,091

June 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVOCI				
Investments in equity instruments at FVOCI				
Domestic non-listed shares	\$ -	\$ -	\$ 11,281	\$ 11,281

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2025 and 2024.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Derivative instruments are valued based on the foreign exchange rates displayed by the financial institution's quotation system. The fair value of individual forward foreign exchange contracts is calculated using the forward exchange rate for each contract's maturity date. The estimates and assumptions used in the Company's valuation methods are consistent with those used by market participants when pricing financial instruments.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of non-listed domestic equity investments were determined using the balance sheet approach.

In the balance sheet approach, the total value, including all specific assets and liabilities of the evaluation target, is considered to reflect the entity's integrated value. A decrease in discount for lack of marketability would result in increase in fair value.

c. Categories of financial instruments

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Financial assets</u>			
Financial assets at amortized cost (a)	\$ 4,478,004	\$ 4,152,311	\$ 4,866,187
Financial assets at FVOCI			
Equity instruments	10,978	11,091	11,281
Designated as at FVPL			
Financial assets mandatorily measured at fair value through profit or loss	535	263	-
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (b)	3,133,576	2,756,157	3,078,232
Designated as at FVPL			
Financial assets mandatorily measured at fair value through profit or loss	303	-	-

Remarks:

- The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables from related parties, partial other receivables, other current assets, refundable deposits and partial other noncurrent assets.
- The balances include financial liabilities measured at amortized cost, which comprise notes payable, trade payables, trade payables to related parties, other payables to related parties, partial other payables and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include receivables, payables and lease liabilities. The Group's Finance Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, whose purpose was to effectively manage the risks caused by changes in foreign currency rates and interest rates. Compliance with policies and exposure limits were reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's Finance Department reports quarterly to the Group's board of directors, which assesses if the report is consistent with the established operating strategies and risk standards.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into foreign exchange forward contracts to manage its exposure to foreign currency risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Sensitivity analysis

The Group was mainly exposed to the fluctuations of USD.

The Group's sensitivity to a 5% increase and decrease in the New Taiwan dollars (i.e. the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The movement in pre-tax profit associated with the New Taiwan dollar strengthening 5% against the USD. For a 5% weakening of the New Taiwan dollars against the relevant currency, the pre-tax profit and the balances below would be an equal and negative change.

The Group does not have significant foreign currency risk.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Fair value interest rate risk			
Financial assets	\$ 541,733	\$ 510,136	\$ 801,664
Financial liabilities	603,440	656,654	726,025
Cash flow interest rate risk			
Financial assets	1,357,145	1,063,368	1,648,522

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables held constant, the Group's pre-tax profit for the six months ended June 30, 2025 and 2024 would decrease/increase by \$1,696 thousand and \$2,061 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its demand deposits.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed related departments, such as finance and investment, to monitor the price risk.

Sensitivity analysis

The sensitivity analysis was based on the exposure to equity price risks at the end of the reporting period. If equity prices of financial assets at FVOCI had increased/decreased by 5%, the pre-tax other comprehensive income would have increased/decreased by \$549 thousand and \$564 thousand.

The Group does not have significant other price risk.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's main credit risk is concentrated on the Group's major clients. The receivables from the major clients comprised 53%, 54% and 59% of the total trade receivables as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively. The clients mentioned above have good credit records, no material default risk was assessed; material credit risk did not exist.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest rate risk table

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities

June 30, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative <u>financial liabilities</u>				
Non-interest bearing	\$ 3,111,680	\$ -	\$ -	\$ 21,896

Information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	Total
Lease liabilities	\$ 265,828	\$ 344,267	\$ 13,645	\$ 623,740

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative <u>financial liabilities</u>				
Non-interest bearing	\$ 2,733,610	\$ -	\$ -	\$ 22,547

Information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	Total
Lease liabilities	\$ 290,304	\$ 384,385	\$ 2,549	\$ 677,238

June 30, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative <u>financial liabilities</u>				
Non-interest bearing	\$ 3,055,685	\$ -	\$ -	\$ 22,546

Information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	Total
Lease liabilities	<u>\$ 288,081</u>	<u>\$ 454,416</u>	<u>\$ 3,624</u>	<u>\$ 746,121</u>

The table below presents the liquidity analysis conducted by the consolidated company for derivative instruments. For derivatives that are settled on a gross basis, the analysis is prepared based on the undiscounted total contractual cash inflows and outflows.

June 30, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Gross settlement				
Forward foreign				
exchange contracts				
-Provided by	\$ 124,816	\$ -	\$ -	\$ -
-Used in	<u>124,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
	<u>\$ 232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Gross settlement				
Forward foreign				
exchange contracts				
-Provided by	\$ 46,142	\$ -	\$ -	\$ -
-Used in	<u>45,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
	<u>\$ 263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank loan facility			
Amount used	\$ -	\$ -	\$ -
Amount unused	<u>2,730,000</u>	<u>2,880,000</u>	<u>2,930,000</u>
	<u>\$ 2,730,000</u>	<u>\$ 2,880,000</u>	<u>\$ 2,930,000</u>

30. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: See Table 1.
- 3) Significant marketable securities held (excluding investments in subsidiaries and associates): See Table 2.
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 3.

5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 4.

6) Intercompany relationships and significant intercompany transactions: See Table 5.

b. Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): See Table 6.

c. Information on investments in mainland China

None.

31. SEGMENT INFORMATION

The Group's reportable segments were sales department and other departments.

Sales department - selling information and communication products and the peripheral products.

Other departments - other unreported operating activities and departments. These departments provide services to support the sales department. Also, the sales made by the subsidiaries were part of other departments.

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments.

	<u>Sales</u>	<u>Others</u>	<u>Total</u>
<u>For the three months ended June 30, 2025</u>			
Revenue from external customers	<u>\$ 6,569,439</u>	<u>\$ 728,282</u>	<u>\$ 7,297,721</u>
Segment income	<u>\$ 134,163</u>	<u>\$ 7,634</u>	<u>\$ 141,797</u>
Share of profit of associates accounted for using the equity method			25,188
Net loss on financial assets and liabilities at fair value through profit or loss			(769)
Rental income			19,029
Interest income			5,136
Dividend income			1,092
Gain on foreign currency exchange			2,952
Other gain and loss			102
Interest expense			(2,934)
Central administration costs and remuneration to directors			(92,390)
Profit before tax			<u>\$ 99,203</u>

	<u>Sales</u>	<u>Others</u>	<u>Total</u>
<u>For the six months ended June 30, 2025</u>			
Revenue from external customers	\$ 13,387,542	\$ 1,482,116	\$ 14,869,658
Segment income	\$ 284,485	\$ 6,932	\$ 291,417
Share of profit of associates accounted for using the equity method			75,783
Net loss on financial assets and liabilities at fair value through profit or loss			(31)
Rental income			37,753
Interest income			6,315
Dividend income			1,092
Gain on foreign currency exchange			2,890
Other gain and loss			443
Interest expense			(5,944)
Central administration costs and remuneration to directors			(178,835)
Profit before tax			\$ 230,883
<u>For the three months ended June 30, 2024</u>			
Revenue from external customers	\$ 6,777,496	\$ 639,593	\$ 7,417,089
Segment income	\$ 195,573	(\$ 25,928)	\$ 169,645
Share of profit of associates accounted for using the equity method			8,571
Rental income			18,897
Interest income			6,450
Dividend income			372
Loss on foreign currency exchange			(69)
Other gain and loss			(28)
Interest expense			(3,173)
Central administration costs and remuneration to directors			(86,798)
Profit before tax			\$ 113,867
<u>For the six months ended June 30, 2024</u>			
Revenue from external customers	\$ 14,193,694	\$ 1,357,713	\$ 15,551,407
Segment income	\$ 417,376	(\$ 27,217)	\$ 390,159
Share of profit of associates accounted for using the equity method			25,946
Rental income			35,018
Interest income			7,891
Dividend income			372
Loss on foreign currency exchange			(46)
Other gain and loss			(23)
Interest expense			(6,218)
Central administration costs and remuneration to directors			(174,920)
Profit before tax			\$ 278,179

The segment revenues reported above all came from transactions with external customers.

Segment profit represented the profit before tax earned by each segment without share of profit of associates accounted for using the equity method, net loss on financial assets and liabilities at fair value through profit or loss, rental income, interest income, dividend income, exchange gains or losses, other gains and losses, interest expense and central administration costs and remuneration to directors. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The measurement of segment total assets and liabilities is not reported to the chief operating decision maker. Therefore, the information is not disclosed.

c. Disaggregation of revenues from customer contracts

	Sales	Others	Total
<u>For the three months ended June 30, 2025</u>			
Information and communication products	\$ 5,457,982	\$ 356,226	\$ 5,814,208
Revenues from services and repairs	352,001	116,444	468,445
Others	<u>759,456</u>	<u>255,612</u>	<u>1,015,068</u>
	<u>\$ 6,569,439</u>	<u>\$ 728,282</u>	<u>\$ 7,297,721</u>
 <u>For the six months ended June 30, 2025</u>			
Information and communication products	\$ 11,012,813	\$ 691,865	\$ 11,704,678
Revenues from services and repairs	732,209	235,413	967,622
Others	<u>1,642,520</u>	<u>554,838</u>	<u>2,197,358</u>
	<u>\$ 13,387,542</u>	<u>\$ 1,482,116</u>	<u>\$ 14,869,658</u>
	Sales	Others	Total
<u>For the three months ended June 30, 2024</u>			
Information and communication products	\$ 5,521,253	\$ 278,585	\$ 5,799,838
Revenues from services and repairs	501,449	109,113	610,562
Others	<u>754,794</u>	<u>251,895</u>	<u>1,006,689</u>
	<u>\$ 6,777,496</u>	<u>\$ 639,593</u>	<u>\$ 7,417,089</u>
 <u>For the six months ended June 30, 2024</u>			
Information and communication products	\$ 11,608,778	\$ 592,361	\$ 12,201,139
Revenues from services and repairs	926,521	218,141	1,144,662
Others	<u>1,658,395</u>	<u>547,211</u>	<u>2,205,606</u>
	<u>\$ 14,193,694</u>	<u>\$ 1,357,713</u>	<u>\$ 15,551,407</u>

TABLE 1

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
SIX MONTHS ENDED JUNE 30, 2025
(Amounts in Thousands of New Taiwan Dollars)**

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 5)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 5)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 5)	Note
		Name	Nature of Relationship (Note 2)											
0	Senao International Co., Ltd.	Aval Wiin	b b	\$ 617,944 617,944	\$ 300,000 200,000	\$ 300,000 200,000	\$ 300,000 200,000	\$ - -	4.85% 3.24%	\$ 3,089,721 3,089,721	Yes Yes	- -	- -	

Note 1: Significant transactions between the parent and its subsidiaries or among subsidiaries are numbered as follows:

- a. “0” for the parent.
- b. Subsidiaries are numbered from “1”.

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

- a. A company with which it does business.
- b. A company in which the Company directly and indirectly holds more than 50 % of the voting shares.
- c. A company that directly and indirectly holds more than 50 % of the voting shares in the Company.
- d. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- e. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- f. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- g. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act.

Note 3: The total amount of endorsement or guarantee that the parent is allowed to provide is up to 50% of the net equity of the parent. The limits on endorsement or guarantee amount provided to each guaranteed party is up to 10% of the net equity of the parent.

Note 4: The maximum balance for the period and the ending balance are quota approved by the board of directors.

Note 5: The following circumstances represent “Yes”:

- a. Endorsement/Guarantee given by parent on behalf of subsidiaries.
- b. Endorsement/Guarantee given by subsidiaries on behalf of parent.
- c. Endorsement/Guarantee given on behalf of companies in mainland China.

TABLE 2

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARY AND RELATED PARTY)
JUNE 30, 2025
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2025				Note
				Shares (Thousands/Thousand Units)	Carrying Value	Percentage of Ownership (%)	Fair Value	
Senao International Co., Ltd.	<u>Stocks</u> N.T.U. Innovation Incubation Corporation	-	Financial assets at FVOCI	1,200	\$ 10,978	9.41	\$ 10,978	

Note: For related information on subsidiaries and associates, refer to Table 6.

TABLE 3

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2025
(Amounts in Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 2)		Notes/Trade Payable or Receivable		Note
			Purchase/ Sales	Amount	% to Total	Payment Terms	Units Price	Payment Terms	Ending Balance	% to Total	
Senao International Co., Ltd.	Chunghwa Telecom	Ultimate parent entity	Sales	\$ 4,110,281	27.64	30-90 days	\$ -	-	\$ 971,199	58.39	Note 1
			Purchase	1,906,178	15.06	30 days	-	-	(265,823)	(12.35)	
	Aval	Subsidiary	Purchase	165,928	1.31	30 days	-	-	(21,200)	(0.99)	

Note 1: The sales from Chunghwa Telecom Co., Ltd. include sales revenue, service revenue and repairs and maintenance revenue.

Note 2: Terms of the transactions with related parties were not significantly different from transactions with non-related parties.

TABLE 4

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2025
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
Senao International Co., Ltd.	Chunghwa Telecom	Ultimate parent entity	\$ 1,129,819 (Note 1)	8.38 (Note 2)	\$ -	-	\$ 181,505	\$ -

Note 1: The receivables from related parties included \$154,787 thousand which is the amount of products sold by Chunghwa Telecom Co., Ltd. for Senao, but not yet collected.

Note 2: The computation of the turnover of average receivables balance had already subtracted the receivables from Chunghwa Telecom Co., Ltd. for products sold for Senao.

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
SIX MONTHS ENDED JUNE 30, 2025
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 3、6)	Payment Terms (Note 4)	% of Total Sales or Assets (Note 5)
0	Senao International Co., Ltd.	Aval	a	Cost of goods sold	\$ 165,928	-	1
			a	Trade payables to related parties	21,200	-	-
		Senyoung	a	Service revenue	54,683	-	-
			a	Trade receivables from related parties	28,684	-	-
1	Aval	Youth	c	Sales revenue	15,931	-	-
		ISPOT	c	Sales revenue	22,869	-	-

Note 1: Significant transactions between Senao and its subsidiaries or among subsidiaries are numbered as follows:

- a. “0” for the parent.
- b. Subsidiaries are numbered from “1”.

Note 2: Related party transactions are divided into three categories as follows (there is no need for repeated disclosure between the entities, i.e., if the parent company discloses a transaction with a subsidiary, the subsidiary does not have to disclose the same information in the financial statements. Also, if a subsidiary discloses a transaction with another subsidiary, the other subsidiary does not have to disclose the same information in the financial statements):

- a. The parent to subsidiaries.
- b. Subsidiaries to the parent.
- c. Subsidiaries to subsidiaries.

Note 3: The amount was eliminated upon consolidation.

Note 4: The transaction terms related to the related parties are determined by both sides.

Note 5: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of June 30, 2025, while revenues, costs and expenses are shown as a percentage to consolidated revenues for the six months ended June 30, 2025.

Note 6: Only related party transactions with an amount of NT\$10 million or more are disclosed.

TABLE 6

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
SIX MONTHS ENDED JUNE 30, 2025
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2025			Net Income (Loss) of the Investee	Recognized Gain (Loss)	Note
				June 30, 2025	December 31, 2024	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value			
Senao International Co., Ltd.	Senao Networks	Taiwan	Telecommunication facilities manufacturing and sales	\$ 578,186	\$ 578,186	19,582	33.16	\$ 1,983,154	\$ 228,564	\$ 75,783	Note 1
	Youth	Taiwan	Sale of information and communication technologies products	427,850	427,850	14,752	95.79	155,701	(1,649)	(5,697)	Notes 1, 2 and 5
	Aval	Taiwan	Sale of information and communication technologies products	89,550	89,550	13,740	100.00	144,069	1,351	1,348	Notes 1, 3 and 5
Youth	Senyoung ISPOT	Taiwan	Property and liability insurance agency	59,000	59,000	8,909	100.00	123,547	16,671	16,671	Notes 1 and 5
		Taiwan	Sale of information and communication technologies products	53,021	53,021	-	100.00	13,286	(147)	(163)	Notes 1, 4 and 5
Aval	Wiin	Taiwan	Sale of information and communication technologies products	29,550	29,550	5,029	100.00	53,187	587	587	Notes 1 and 5

- Note 1: Calculated for the same period as the period of the reviewed financial statements.
- Note 2: An investment loss of \$1,579 thousand plus \$14 thousand arising from amortization of the premium and \$11 thousand arising from lease arrangements between the parent entity and subsidiaries, and less \$4,143 thousand arising from the amortization of premium and intangible assets.
- Note 3: An investment gain of \$1,351 thousand, less \$3 thousand arising from lease arrangements between the parent entity and subsidiaries.
- Note 4: An investment loss of \$147 thousand, less \$16 thousand arising from amortization of the premium and intangible assets.
- Note 5: The amount was eliminated upon consolidation.