

Asia Optical Co., Inc. and Subsidiaries

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Asia Optical Co., Inc.

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

As described in Note 12, the consolidated financial statements of certain insignificant subsidiaries were prepared and not reviewed by independent auditors for the same reporting periods. Total assets of these subsidiaries amounted to NT\$4,746,666 thousand and NT\$4,151,015 thousand, representing 19% and 17% of the related consolidated totals, and total liabilities amounted to NT\$1,232,143 thousand and NT\$1,143,527 thousand, representing 12% and 14% of the related consolidated totals, as at June 30, 2025 and 2024, respectively. Total comprehensive income (loss) of these subsidiaries amounted to (NT\$ 211,548) thousand and NT\$139,170 thousand, representing 15% and 18% of the related consolidated totals for the three-month periods ended June 30, 2025 and 2024. As for the six-month periods ended June 30, the total comprehensive income (loss) of these subsidiaries amounted to (NT\$78,825) thousand and NT\$259,184 thousand, representing 10% and 16% of the related consolidated totals. Also, as described in Note 14 to the consolidated financial statements, the financial statements of the investee accounted for using the equity method for the same period were not reviewed by independent auditors. Furthermore, the investments accounted for under equity method as at June 30, 2025 and 2024 amounted to NT\$51,737 thousand and NT\$52,019 thousand, respectively, and the related investment gain were NT\$2,161 thousand, NT\$1,502 thousand, NT\$4,393 thousand and NT\$1,913 thousand for the three-month and six-month periods then ended, respectively.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain non-significant subsidiaries and investee companies been reviewed by independent accountants as described in the preceding paragraph, that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30 2025 and 2024, its consolidated financial performance for the three months and six months then ended 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” as endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Shui-Ching Chiang and Wang, Samuel M.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 1, 2025

Notice to Readers

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

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

AS OF JUNE 30, 2025, DECEMBER 31, 2024 AND JUNE 30, 2024

(In Thousands of New Taiwan Dollars)

	June 30, 2025		December 31, 2024		June 30, 2024	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 11,653,203	47	\$ 13,141,780	51	\$ 11,663,763	49
Financial assets at amortized cost - current (Note 9)	152,138	1	156,095	-	192,544	1
Notes receivable (Note 23)	73,638	-	77,547	-	122,072	-
Trade receivables from unrelated parties (Notes 10 and 23)	5,259,943	21	4,819,607	19	4,663,860	20
Trade receivables from related parties (Notes 23 and 30)	174	-	-	-	-	-
Other receivables	52,548	-	39,533	-	46,118	-
Inventories (Note 11)	4,195,486	17	3,594,980	14	3,145,577	13
Other current assets (Note 13)	<u>110,906</u>	<u>-</u>	<u>158,701</u>	<u>1</u>	<u>126,273</u>	<u>1</u>
Total current assets	<u>21,498,036</u>	<u>86</u>	<u>21,988,243</u>	<u>85</u>	<u>19,960,207</u>	<u>84</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	25,666	-	32,656	-	147,793	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	37,036	-	54,749	-	70,851	-
Investments accounted for using the equity method (Note 14)	51,737	-	52,880	-	52,019	-
Property, plant and equipment (Note 15)	2,685,742	11	2,828,543	11	2,711,166	12
Right-of-use assets (Note 16)	319,629	1	274,888	1	271,372	1
Investment property (Note 17)	257,734	1	307,053	1	324,461	1
Other intangible assets (Note 18)	64,915	-	59,638	-	73,578	-
Deferred tax assets (Notes 4 and 25)	18,016	-	59,843	1	55,121	-
Prepayments for equipment	88,325	1	104,039	1	93,150	1
Refundable deposits	<u>14,773</u>	<u>-</u>	<u>13,553</u>	<u>-</u>	<u>13,839</u>	<u>-</u>
Total non-current assets	<u>3,563,573</u>	<u>14</u>	<u>3,787,842</u>	<u>15</u>	<u>3,813,350</u>	<u>16</u>
TOTAL	<u>\$ 25,061,609</u>	<u>100</u>	<u>\$ 25,776,085</u>	<u>100</u>	<u>\$ 23,773,557</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities – current (Note 23)	\$ 327,987	1	\$ 374,558	2	\$ 390,040	2
Notes payable	1,611	-	2,655	-	3,139	-
Trade payables to unrelated parties	4,732,034	19	4,661,549	18	3,994,595	17
Trade payables to related parties (Note 30)	12,856	-	5,244	-	12,517	-
Other payables (Note 19)	4,102,474	16	2,579,413	10	2,838,566	12
Current tax liabilities (Notes 4 and 25)	347,013	2	421,606	2	254,049	1
Lease liabilities - current (Note 16)	19,581	-	18,321	-	13,831	-
Other current liabilities (Note 23)	<u>115,583</u>	<u>1</u>	<u>101,636</u>	<u>-</u>	<u>124,086</u>	<u>-</u>
Total current liabilities	<u>9,659,139</u>	<u>39</u>	<u>8,164,982</u>	<u>32</u>	<u>7,630,823</u>	<u>32</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 25)	227,332	1	202,362	1	127,968	1
Lease liabilities - non-current (Note 16)	19,021	-	24,694	-	22,716	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	78,969	-	87,072	-	112,285	-
Guarantee deposits received	7,039	-	7,848	-	7,852	-
Other non-current liabilities (Note 20)	<u>2,351</u>	<u>-</u>	<u>2,338</u>	<u>-</u>	<u>2,327</u>	<u>-</u>
Total non-current liabilities	<u>334,712</u>	<u>1</u>	<u>324,314</u>	<u>1</u>	<u>273,148</u>	<u>1</u>
Total liabilities	<u>9,993,851</u>	<u>40</u>	<u>8,489,296</u>	<u>33</u>	<u>7,903,971</u>	<u>33</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						
Capital Stock	2,792,439	11	2,792,439	11	2,792,439	12
Capital surplus	5,476,803	22	5,476,803	21	5,476,803	23
Retained earnings						
Legal reserve	2,335,641	9	2,171,975	8	2,171,975	9
Special reserve	5,797	-	368,933	2	368,933	1
Unappropriated earnings	3,457,267	14	3,355,338	13	2,275,613	10
Other equity	<u>(1,251,376)</u>	<u>(5)</u>	<u>507,072</u>	<u>2</u>	<u>395,712</u>	<u>2</u>
Total Equity attributable to owners of the parent	12,816,571	51	14,672,560	57	13,481,475	57
NON-CONTROLLING INTERESTS	<u>2,251,187</u>	<u>9</u>	<u>2,614,229</u>	<u>10</u>	<u>2,388,111</u>	<u>10</u>
Total equity	<u>15,067,758</u>	<u>60</u>	<u>17,286,789</u>	<u>67</u>	<u>15,869,586</u>	<u>67</u>
TOTAL	<u>\$ 25,061,609</u>	<u>100</u>	<u>\$ 25,776,085</u>	<u>100</u>	<u>\$ 23,773,557</u>	<u>100</u>

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024 (In thousands of New Taiwan dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUES (Notes 23 and 30)	\$6,907,660	100	\$5,614,268	100	\$12,316,879	100	\$9,902,662	100
COSTS OF REVENUES (Notes 11, 21, 24 and 30)	<u>5,525,823</u>	<u>80</u>	<u>4,628,495</u>	<u>82</u>	<u>10,008,637</u>	<u>81</u>	<u>8,263,247</u>	<u>83</u>
GROSS PROFIT	<u>1,381,837</u>	<u>20</u>	<u>985,773</u>	<u>18</u>	<u>2,308,242</u>	<u>19</u>	<u>1,639,415</u>	<u>17</u>
OPERATING EXPENSES (Notes 21 and 24)								
Selling and marketing expenses	61,003	1	54,892	1	123,254	1	103,588	1
General and administrative expenses	398,018	6	344,097	6	756,181	6	659,571	7
Research and development expenses	241,615	3	206,488	4	443,595	4	395,003	4
Expected credit loss (reversal of provision) (Note 10)	<u>5,910</u>	<u>-</u>	<u>4,055</u>	<u>-</u>	<u>4,351</u>	<u>-</u>	<u>(400)</u>	<u>-</u>
Total operating expenses	<u>706,546</u>	<u>10</u>	<u>609,532</u>	<u>11</u>	<u>1,327,381</u>	<u>11</u>	<u>1,157,762</u>	<u>12</u>
INCOME FROM OPERATIONS	<u>675,291</u>	<u>10</u>	<u>376,241</u>	<u>7</u>	<u>980,861</u>	<u>8</u>	<u>481,653</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 24 and 30)	10,814	-	9,143	-	25,823	-	43,949	1
Other gains and losses (Note 24)	1,296	-	326	-	892	-	154	-
Finance costs (Note 16)	(441)	-	(271)	-	(724)	-	(481)	-
Share of profit of associates (Note 14)	2,161	-	1,502	-	4,393	-	1,913	-
Interest income	89,015	1	111,297	2	191,661	1	222,359	2
Foreign exchange gain	324,149	5	45,519	1	317,627	3	33,973	-
Net gain (loss) on financial asset at FVTPL	<u>(4,151)</u>	<u>-</u>	<u>39,306</u>	<u>-</u>	<u>(6,502)</u>	<u>-</u>	<u>39,306</u>	<u>-</u>
Total non-operating income and expenses	<u>422,843</u>	<u>6</u>	<u>206,822</u>	<u>3</u>	<u>533,170</u>	<u>4</u>	<u>341,173</u>	<u>3</u>
INCOME BEFORE INCOME TAX	1,098,134	16	583,063	10	1,514,031	12	822,826	8

(Continued)

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2025 AND 2024 (In thousands of New Taiwan dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
INCOME TAX EXPENSE (Notes 4 and 25)	<u>236,689</u>	<u>4</u>	<u>31,098</u>	<u>-</u>	<u>336,680</u>	<u>3</u>	<u>76,381</u>	<u>1</u>
NET INCOME	<u>861,445</u>	<u>12</u>	<u>551,965</u>	<u>10</u>	<u>1,177,351</u>	<u>9</u>	<u>746,445</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(8,051)	-	(9,662)	-	(17,713)	-	(9,662)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	<u>(2,219,394)</u>	<u>(32)</u>	<u>214,159</u>	<u>3</u>	<u>(1,970,270)</u>	<u>(16)</u>	<u>875,458</u>	<u>9</u>
Other comprehensive income (loss)	<u>(2,227,445)</u>	<u>(32)</u>	<u>204,497</u>	<u>3</u>	<u>(1,987,983)</u>	<u>(16)</u>	<u>865,796</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME	<u>(\$1,366,000)</u>	<u>(20)</u>	<u>\$ 756,462</u>	<u>13</u>	<u>(\$810,632)</u>	<u>(7)</u>	<u>\$1,612,241</u>	<u>16</u>
NET INCOME ATTRIBUTE TO:								
Owner of the parent	\$ 798,878	11	\$ 446,094	8	\$1,019,435	8	\$ 556,936	5
Non-controlling interests	<u>62,567</u>	<u>1</u>	<u>105,871</u>	<u>2</u>	<u>157,916</u>	<u>1</u>	<u>189,509</u>	<u>2</u>
	<u>\$ 861,445</u>	<u>12</u>	<u>\$ 551,965</u>	<u>10</u>	<u>\$1,177,351</u>	<u>9</u>	<u>\$ 746,445</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTE TO:								
Owner of the parent	(\$1,168,961)	(17)	\$ 626,296	11	(\$739,013)	(6)	\$1,315,784	13
Non-controlling interests	<u>(197,039)</u>	<u>(3)</u>	<u>130,166</u>	<u>2</u>	<u>(71,619)</u>	<u>(1)</u>	<u>296,457</u>	<u>3</u>
	<u>(\$1,366,000)</u>	<u>(20)</u>	<u>\$ 756,462</u>	<u>13</u>	<u>(\$810,632)</u>	<u>(7)</u>	<u>\$1,612,241</u>	<u>16</u>
EARNINGS PER SHARE (Note 26)								
Basic	<u>\$ 2.86</u>		<u>\$ 1.59</u>		<u>\$ 3.65</u>		<u>\$ 1.99</u>	
Diluted	<u>\$ 2.84</u>		<u>\$ 1.59</u>		<u>\$ 3.62</u>		<u>\$ 1.98</u>	

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

(Concluded)

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
AS OF SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

			Retained Earnings (Note 22)			Other Equity				
	Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated	Exchange	Unrealized Losses			
	(Note 22)	(Notes 12 and 22)			Earnings	Differences on	from Investments in		Non-controlling	Total Equity
						Translation of the	Equity Instruments	Total	Interests	
						Financial	Measured at FVTOCI			
						Statements of				
						Foreign Operations				
BALANCE AT JANUARY 1, 2024	\$ 2,792,439	\$ 5,365,320	\$ 2,100,482	\$ 281,870	\$ 2,379,872	(\$ 363,136)	\$ -	\$ 12,556,847	\$ 2,270,757	\$ 14,827,604
Appropriation of 2023 earnings										
Legal reserve	-	-	71,493	-	(71,493)	-	-	-	-	-
Special reserve	-	-	-	87,063	(87,063)	-	-	-	-	-
Cash dividends, NT\$1.80 per share	-	-	-	-	(502,639)	-	-	(502,639)	-	(502,639)
Net income for the six months ended June 30, 2024	-	-	-	-	556,936	-	-	556,936	189,509	746,445
Other comprehensive income for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	768,510	(9,662)	758,848	106,948	865,796
Total comprehensive income for the six months ended June 30, 2024	-	-	-	-	556,936	768,510	(9,662)	1,315,784	296,457	1,612,241
Change in ownership interests in subsidiaries	-	111,483	-	-	-	-	-	111,483	(111,483)	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(67,620)	(67,620)
BALANCE AT JUNE 30, 2024	\$ 2,792,439	\$ 5,476,803	\$ 2,171,975	\$ 368,933	\$ 2,275,613	\$ 405,374	(\$ 9,662)	\$ 13,481,475	\$ 2,388,111	\$ 15,869,586
BALANCE AT JANUARY 1, 2025	\$ 2,792,439	\$ 5,476,803	\$ 2,171,975	\$ 368,933	\$ 3,355,338	\$ 532,836	(\$ 25,764)	\$ 14,672,560	\$ 2,614,229	\$ 17,286,789
Appropriation of 2024 earnings										
Legal reserve	-	-	163,666	-	(163,666)	-	-	-	-	-
Special reserve	-	-	-	(363,136)	363,136	-	-	-	-	-
Cash dividends, NT\$4.00 per share	-	-	-	-	(1,116,976)	-	-	(1,116,976)	-	(1,116,976)
Net income for the six months ended June 30, 2025	-	-	-	-	1,019,435	-	-	1,019,435	157,916	1,177,351
Other comprehensive income for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	(1,740,735)	(17,713)	(1,758,448)	(229,535)	(1,987,983)
Total comprehensive income for the six months ended June 30, 2025	-	-	-	-	1,019,435	(1,740,735)	(17,713)	(739,013)	(71,619)	(810,632)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(291,423)	(291,423)
BALANCE AT JUNE 30, 2025	\$ 2,792,439	\$ 5,476,803	\$ 2,335,641	\$ 5,797	\$ 3,457,267	(\$ 1,207,899)	(\$ 43,477)	\$ 12,816,571	\$ 2,251,187	\$ 15,067,758

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,514,031	\$ 822,826
Adjustments for:		
Depreciation expense	368,709	320,583
Amortization expense	17,295	18,457
Expected credit loss (reversal of provision)	4,351	(400)
Loss (gain) on financial assets at fair value through profit or loss, net	6,502	(39,306)
Finance costs	724	481
Interest income	(191,661)	(222,359)
Share of profit of associates	(4,393)	(1,913)
Loss (gain) on disposal of property, plant and equipment, net	32	(571)
Loss on inventory write-down and obsolescence (reversal of write-down)	(363)	17,122
Loss (gain) on foreign currency exchange, net	33,949	(2,188)
Recognition of provisions	13	13
Changes in operating assets and liabilities:		
Notes receivable	(1,988)	(12,971)
Trade receivables	(731,779)	(233,713)
Other receivables	(9,099)	(6,558)
Inventories	(966,245)	(179,076)
Other current assets	38,604	16,949
Contract liabilities	(35,116)	(7,503)
Notes payable	(87)	(958)
Trade payables	504,119	815,395
Other payables	287,639	48,432
Other current liabilities	20,106	27,346
Net defined benefit liabilities	(7,349)	(6,481)
Cash generated from operations	847,994	1,373,607
Interest received	191,661	222,359
Interest paid	(724)	(481)
Income tax paid	(323,398)	(220,473)
Net cash generated from operating activities	<u>715,533</u>	<u>1,375,012</u>

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ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(\$ 111,032)	(\$ 14,015)
Proceeds from disposal of financial assets at amortized cost	110,860	-
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	66,041
Acquisition of property, plant and equipment	(416,498)	(191,286)
Proceeds from disposal of property, plant and equipment	1,347	6,306
Increase in refundable deposits	(2,010)	(278)
Acquisition of intangible assets	(22,723)	(12,674)
Increase in prepayments for equipment	(48,699)	(167,851)
Net cash used in investing activities	(488,755)	(313,757)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	-	3,754
Repayment of the principal portion of lease liabilities	(95,544)	(10,369)
Change in non-controlling interests	-	156,962
Net cash generated from (used in) financing activities	(95,544)	150,347
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,619,811)	705,272
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,488,577)	1,916,874
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	13,141,780	9,746,889
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 11,653,203	\$ 11,663,763

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

(Concluded)

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

(In thousands of New Taiwan dollars and Foreign Currencies, Unless Stated Otherwise)

1. GENERAL INFORMATION

Asia Optical Co., Inc. (the “Company”) was incorporated in the Republic of China (ROC) in October, 1980 according to the Company Law of the ROC. The Company mainly manufactures, processes and sells cameras, riflescopes, photocopier lens, scanner lens and optical components.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since August, 2002.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s 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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Amendments to IAS 21 “Lack of Exchangeability”

The application of amendments to IAS 21 “Lack of Exchangeability” did not have any material impact on the Group’s accounting policies.

- b. New IFRS Accounting Standards issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2026

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026 (Note)
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards-Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9-Comparative Information”	January 1, 2023

Note : The above Amendments to IFRS Accounting Standards are effective for annual reporting periods beginning on or after January 1, 2026. Early application of the amendments is permitted on January 1, 2025.

Amendments to IFRS 9 and IFRS 7”Amendments to the Classification and Measurements of Financial Instruments ”

1) The amendments to the application guidance of classification of financial assets

The amendments main amend the requirements for the classification of financial assets , including :

- a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
 - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding;
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) To clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payments structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

2) The amendments to the application guidance of de-recognition of financial liabilities

The amendments mainly stipulate that a financial liability is de-recognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Group can choose to de-recognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in :

- The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction;
- The settlement risk associated with the electronic payment system being insignificant.

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

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

c. The IFRS Accounting Standards issued by IASB, but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Issued 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
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability : Disclosures"	January 1, 2027

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

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. 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 IAS 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 International Financing standard (IFRS).

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values and defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Refer Note 12 to Tables 5 and 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other Significant Accounting Policies

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

1) Defined 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 curtailments, settlements or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Income taxes for interim period 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. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION, UNCERTAINTY AND ASSUMPTION

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impacts on the measure in response to the U.S. reciprocal tariffs, including the cash flow projection, growth rates, discount rates, profitabilities, and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgments, estimates and assumptions uncertainty. For the critical accounting judgments and key sources of estimation, uncertainty and assumption applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended in December 31, 2024.

6. CASH AND CASH EQUIVALENTS

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Cash on hand and petty cash	\$ 49,518	\$ 50,414	\$ 56,485
Checking and savings accounts	3,200,879	2,652,505	1,826,651
Cash equivalent (Time deposits with original maturities of less than three months)	8,402,806	10,438,861	9,780,627
	<u>\$ 11,653,203</u>	<u>\$ 13,141,780</u>	<u>\$ 11,663,763</u>
Interest rate intervals of cash in bank (%)	0.001-4.53	0.001-4.96	0.001-5.60

7. FINANCIAL ASSETS AT FVTPL - NON-CURRENT

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Unlisted shares			
Pioneer Technology Co., Ltd. ("Pioneer")	\$ -	\$ -	\$ 104,288
OTO Brite Electronics, Inc. ("OTO Brite")	21,394	27,896	38,753
Guangdong Xinwei Automobile Technology Co., Ltd ("Guangdong Xinwei")	4,272	4,760	4,752
B-STORM. CO., LTD. ("B-STORM")	-	-	-
Shisei Datum Ltd. ("Shisei Datum")	-	-	-
	<u>\$ 25,666</u>	<u>\$ 32,656</u>	<u>\$ 147,793</u>

Pioneer has resolved, at the shareholders' meeting held in 2024, to reduce its capital and return shareholders' paid-up capital. The Group had received NT\$ 66,041 thousand of investment by its ownership and resolved to dispose the entire shareholdings of Pioneer by the amount of NT\$ 153,605 thousand.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Unlisted shares			
Myrias Optics, Inc. ("Myrias")	\$ 37,306	\$ 54,749	\$ 70,851

The Group invests in Myrias for medium to long-term strategic purposes and expects to make profits through long-term investments. The management level of the Group believes that if the short-term fair

value fluctuations of these investments are included in profit and loss, it'd be inconsistent with the long-term investment plan previously mentioned. Therefore, the investment has been specified as financial assets measured at fair value through other comprehensive income.

9. FINANCIAL ASSETS AT AMORTIZED COST – CURRENT

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Time deposits with original maturities of more than 3 months	\$ <u>152,138</u>	\$ <u>156,095</u>	\$ <u>192,544</u>
Market rate intervals of time deposits (%)	1.05-1.69	1.29-1.69	1.25-1.69

10. TRADE RECEIVABLES FROM UNRELATED PARTIES

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>At amortized cost</u>			
Gross carrying amount	\$ 5,285,664	\$ 4,845,785	\$ 4,719,104
Less: Loss Allowance	(<u>25,721</u>)	(<u>26,178</u>)	(<u>55,244</u>)
	\$ <u>5,259,943</u>	\$ <u>4,819,607</u>	\$ <u>4,663,860</u>

The average credit period of sales of goods is 30 to 240 days. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and reviewed by the management annually.

In order to minimize credit risk, the management of the Company 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 receivables.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated 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. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due days from the invoice date is not further distinguished according to the Group's different customer base.

The Group writes off 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 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 trade receivables:

	<u>Less than 90 days</u>	<u>91 to 120 Days</u>	<u>121 to 150 Days</u>	<u>151 to 180 Days</u>	<u>181 to 210 Days</u>	<u>Over 211 Days</u>	<u>Total</u>
<u>June 30, 2025</u>							
Expected credit loss rate (%)	0-1.00	0-5.56	0-16.67	0-32.63	0-68.80	0-100	
Gross carrying amount	\$ 5,084,437	\$ 169,169	\$ 12,349	\$ 9,169	\$ 1,396	\$ 9,144	\$ 5,285,664
Loss allowance (Lifetime ECLs)	(<u>16,366</u>)	(<u>1,213</u>)	(<u>59</u>)	(<u>380</u>)	(<u>503</u>)	(<u>7,200</u>)	(<u>25,721</u>)
Amortized cost	\$ <u>5,068,071</u>	\$ <u>167,956</u>	\$ <u>12,290</u>	\$ <u>8,789</u>	\$ <u>893</u>	\$ <u>1,944</u>	\$ <u>5,259,943</u>
<u>December 31, 2024</u>							
Expected credit loss rate (%)	0-1.00	0-5.56	0-23.91	0-32.63	0-68.80	0-100	
Gross carrying amount	\$ 4,504,273	\$ 276,951	\$ 30,230	\$ 13,275	\$ 1,606	\$ 19,450	\$ 4,845,785

Loss allowance (Lifetime ECLs)	(10,383)	(1,567)	(2,564)	(1,435)	(377)	(9,852)	(26,178)
Amortized cost	<u>\$ 4,493,890</u>	<u>\$ 275,384</u>	<u>\$ 27,666</u>	<u>\$ 11,840</u>	<u>\$ 1,229</u>	<u>\$ 9,598</u>	<u>\$ 4,819,607</u>
June 30, 2024							
Expected credit loss rate (%)	0-2.70	0-6.04	0-23.91	0-32.63	0-68.80	0-100	
Gross carrying amount	\$ 4,270,203	\$ 280,624	\$ 117,945	\$ 30,763	\$ 2,539	\$ 17,030	\$ 4,719,104
Loss allowance (Lifetime ECLs)	(24,045)	(7,670)	(7,502)	(3,106)	(930)	(11,991)	(55,244)
Amortized cost	<u>\$ 4,246,158</u>	<u>\$ 272,954</u>	<u>\$ 110,443</u>	<u>\$ 27,657</u>	<u>\$ 1,609</u>	<u>\$ 5,039</u>	<u>\$ 4,663,860</u>

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

	For the Six Months Ended June 30	
	2025	2024
Balance at January 1	\$ 26,178	\$ 53,929
Add: Provision(Reversal)	4,351	(400)
Less: Written off	(2,395)	(756)
Effect of exchange rate changes	(2,413)	2,471
Balance at June 30	<u>\$ 25,721</u>	<u>\$ 55,244</u>

11. INVENTORIES

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	\$ 2,621,738	\$ 2,176,330	\$ 1,896,454
Supplies	42,341	60,346	41,036
Work in process	472,707	492,753	433,568
Finished goods	<u>1,058,700</u>	<u>865,551</u>	<u>774,519</u>
	<u>\$ 4,195,486</u>	<u>\$ 3,594,980</u>	<u>\$ 3,145,577</u>

The nature of the cost of goods sold is as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Cost of inventories sold	\$ 5,519,425	\$ 4,617,496	\$10,009,000	\$ 8,246,125
Inventory loss from write-down (reversal of write-down)	<u>6,398</u>	<u>10,999</u>	<u>(363)</u>	<u>17,122</u>
	<u>\$ 5,525,823</u>	<u>\$ 4,628,495</u>	<u>\$10,008,637</u>	<u>\$ 8,263,247</u>

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	% of Ownership		
		June 30, 2025	December 31, 2024	June 30, 2024
Asia Optical	Asia Optical International Ltd. ("Asia International")	100	100	100
	Powerlink Electronic International Ltd. ("Powerlink")	100	100	100

Investor	Investee	% of Ownership		
		June 30, 2025	December 31, 2024	June 30, 2024
	Richman International Group Co., Ltd. (“Richman”)	100	100	100
	Taiwan Top Optical Co., Ltd. (“Taiwan Top”)	94	94	94
	Asia Tech Image, Inc. (“Asia Tech”)	26	26	26
	Powerlink Electronic International (Cayman) Ltd. (“Powerlink Cayman”)	100	100	100
	Asia Optical Philippines Inc. (“AOPI”)	100	100	-
Asia Optical and Asia International	AOE Optronics Co., Ltd. (“AOE Optronics”)	93	93	93
Asia Optical, Richman and Asia International	Dong-Guan Tailien Optical Co., Ltd. (“Dong-Guan Tailien”)	90	90	90
Asia International	Dong-Guan Sintai Optical Co., Ltd. (“Dong-Guan Sintai”)	100	100	100
	Shen Zhen Sintai Optical Co., Ltd. (“Shen Zhen Sintai”)	100	100	100
	Sintai Photonics Technology (Shang Hai) Ltd. (“Shang Hai Sintai”)	100	100	100
	AOI Development Center, Limited (“AOIDC”)	100	100	100
	Myanmar Asia Optical International Co., Ltd. (“Myanmar Asia”)	100	100	100
Richman	Crosszone Limited (“Crosszone”)	100	100	100
Richman and Asia International	Yorkey Optical International (Cayman) Ltd. (“Yorkey Cayman”)	100	100	100
Powerlink	Scopro Optical Co., Ltd. (“Scopro”)	100	100	100
Asia Tech	Asia Image (Samoa) Technology Limited (“Asia Tech Samoa”)	100	100	100
Asia Tech Samoa	Atii Tech Image (Shen Zhen) Co., Ltd. (“Shen Zhen Atii”)	100	100	100
AOE Optronics	AOE International (Cayman) Limited (AOE Cayman)	100	100	100
AOE Cayman	AOE Optronics (Shen Zhen) Ltd. (“AOE Shen Zhen”)	100	100	100
Powerlink Cayman	Asia Scopro Optics Co., Inc. (Asia Scopro)	100	100	100
	ASAM Industries Inc. (“ASAM”)	100	100	100
Yorkey Cayman	Yorkey Optical Technology Limited (“Yorkey Technology”)	100	100	100
Yorkey Technology	Dong-Guan Yorkey Optical Co., Ltd. (“Dong-Guan Yorkey”)	100	100	100

AOE Optronics has completed a cash capital increase in March 2024. The Group did not subscribe in proportion to its shareholding, and its shareholding ratio decreased from 98% to 93%. The effect of ownership interest changes is recognized in the capital reserve.

The Company invested NT\$6,509 thousand to establish AOPI in November 2024. The Company obtained 100% ownership interest in AOPI .

Asia International adopted its Board of Directors resolution to approve the capital increased by US\$10,586 thousand out of debt for equity swap to Myanmar Asia in January, 2025.

Restricted by local laws, the Company entrusted others to invest in Scopro, Asia Scopro and ASAM; The Company still has a 100% ownership interest in the subsidiaries mentioned above.

The financial statements for the six months ended June 30, 2025 and 2024 of Asia International, Asia Tech, AOE Optronics , Shen Zhen Sintai, Asia Tech Samoa, Shen Zhen Atii, Myanmar Asia , Yorkey Cayman , AOE Cayman, and AOE Shen Zhen were reviewed by independent auditors. Other financial statements of non-significant subsidiaries were not reviewed.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	June 30, 2025	December 31, 2024	June 30, 2024
Asia Tech	74	74	74

Refer to Table 5 and 6 for the information on principal place of business and place of incorporation.

13. OTHER CURRENT ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
Prepayments	\$ 83,883	\$ 128,337	\$ 86,422
Net input VAT	11,379	18,124	20,026
Other	<u>15,644</u>	<u>12,240</u>	<u>19,825</u>
	<u>\$ 110,906</u>	<u>\$ 158,701</u>	<u>\$ 126,273</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investee	June 30, 2025		December 31, 2024		June 30, 2024	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Unlisted companies</u>						
Dong-Guan Nikon Surveying Instruments Co., Ltd. (Dong-Guan Nikon)	<u>\$ 51,737</u>	40	<u>\$ 52,880</u>	40	<u>\$ 52,019</u>	40

Refer to Table 6 for the nature of activities, principal place of business and country of incorporation of the

associate.

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

15. PROPERTY, PLANT AND EQUIPMENT

For the Six Months Ended June 30, 2025						
	Balance, January 1	Additions	Decrease	Reclassification	Effect of Exchange Rate Changes	Balance, June 30
<u>Cost</u>						
Land	\$ 306,898	\$ -	\$ -	\$ -	(\$ 1,557)	\$ 305,341
Buildings	2,563,759	1,431	(9,377)	1,406	(216,810)	2,340,409
Machinery and equipment	7,823,605	116,915	(51,566)	37,351	(778,167)	7,148,138
Office equipment	411,282	755	(248)	-	(43,427)	368,362
Other equipment	2,983,090	134,207	(30,274)	23,403	(309,445)	2,800,981
Construction in progress	<u>131,539</u>	<u>120,182</u>	<u>-</u>	<u>(37,028)</u>	<u>(11,573)</u>	<u>203,120</u>
	<u>14,220,173</u>	<u>\$ 373,490</u>	<u>(\$ 91,465)</u>	<u>\$ 25,132</u>	<u>(\$ 1,360,979)</u>	<u>13,166,351</u>
<u>Accumulated depreciation</u>						
Buildings	1,940,571	\$ 118,452	(\$ 9,377)	\$ -	(\$ 186,296)	1,863,350
Machinery and equipment	6,795,615	111,593	(51,531)	-	(693,676)	6,162,001
Office equipment	387,379	660	(248)	-	(40,960)	346,831
Other equipment	<u>2,268,065</u>	<u>103,954</u>	<u>(28,930)</u>	<u>-</u>	<u>(234,662)</u>	<u>2,108,427</u>
	<u>11,391,630</u>	<u>\$ 334,659</u>	<u>(\$ 90,086)</u>	<u>\$ -</u>	<u>(\$ 1,155,594)</u>	<u>10,480,609</u>
	<u>\$ 2,828,543</u>					<u>\$ 2,685,742</u>
For the Six Months Ended June 30, 2024						
	Balance, January 1	Additions	Decrease	Reclassification	Effect of Exchange Rate Changes	Balance, June 30
<u>Cost</u>						
Land	\$ 308,219	\$ -	\$ -	\$ -	(\$ 2,865)	\$ 305,354
Buildings	2,463,261	-	(3,001)	-	101,704	2,561,964
Machinery and equipment	7,265,758	131,047	(91,322)	2,416	354,478	7,662,377
Office equipment	398,666	428	(662)	-	22,444	420,876
Other equipment	2,624,604	52,324	(29,074)	121,071	131,699	2,900,624
Construction in progress	<u>237</u>	<u>22,100</u>	<u>-</u>	<u>-</u>	<u>(743)</u>	<u>21,594</u>
	<u>13,060,745</u>	<u>\$ 205,899</u>	<u>(\$ 124,059)</u>	<u>\$ 123,487</u>	<u>\$ 606,717</u>	<u>13,872,789</u>
<u>Accumulated depreciation</u>						
Buildings	\$ 1,716,766	\$ 67,310	(\$ 3,001)	\$ -	\$ 77,246	\$ 1,858,321
Machinery and equipment	6,375,184	124,315	(85,589)	-	323,328	6,737,238
Office equipment	357,799	550	(660)	-	20,222	377,911
Other equipment	<u>2,022,453</u>	<u>94,546</u>	<u>(29,074)</u>	<u>-</u>	<u>100,228</u>	<u>2,188,153</u>
	<u>10,472,202</u>	<u>\$ 286,721</u>	<u>(\$ 118,324)</u>	<u>\$ -</u>	<u>\$ 521,024</u>	<u>11,161,623</u>
	<u>\$ 2,588,543</u>					<u>\$ 2,711,166</u>

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

Buildings	
Main buildings	25-50 years
Others	2-20 years
Machinery and equipment	2-12 years

Office equipment	2-8 years
Other equipment	2-35 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Carrying amount</u>			
Land	\$ 285,712	\$ 237,889	\$ 241,831
Buildings	33,021	36,667	29,040
Other equipment	<u>896</u>	<u>332</u>	<u>501</u>
	<u>\$ 319,629</u>	<u>\$ 274,888</u>	<u>\$ 271,372</u>

	<u>Six Months Ended June 30</u>	
	<u>2025</u>	<u>2024</u>
Additions to right-of-use assets		
Land		
Land	\$ 85,574	\$ -
Buildings	5,725	16,284
Other equipment	<u>735</u>	<u>-</u>
	<u>\$ 92,034</u>	<u>\$ 16,284</u>

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Depreciation of right-of-use assets				
Land	\$ 3,375	\$ 2,807	\$ 6,729	\$ 5,900
Buildings	4,331	4,556	8,548	9,157
Other equipment	<u>86</u>	<u>92</u>	<u>171</u>	<u>184</u>
	<u>\$ 7,792</u>	<u>\$ 7,455</u>	<u>\$ 15,448</u>	<u>\$ 15,241</u>

Besides the addition and recognized depreciation expenses, there were no material subleases and impairment loss of the right-of-use assets of the Group for the six months ended June 30, 2025 and 2024.

b. Lease liabilities

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Carrying amount</u>			
Current	\$ 19,581	\$ 18,321	\$ 13,831
Non-current	<u>\$ 19,021</u>	<u>\$ 24,694</u>	<u>\$ 22,716</u>

Range of discount rates for lease liabilities was as follows:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Land	2%	2%	2%
Buildings	1.5%-5%	1.5%-5%	1.1%-5%
Office equipment	2%-4.75%	2%-4.75%	2%-4.75%
Other equipment	1.5%-4.75%	1.5%-4.75%	1.5%-4.75%

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Finance Costs				
Interest expense from lease liabilities	\$ <u>267</u>	\$ <u>271</u>	\$ <u>550</u>	\$ <u>481</u>

c. Material lease-in activities and terms

The Group leases lands and buildings for the use of plants and offices with lease terms of 2 to 50 years. The lease contracts for land located in the ROC's export processing zone specify that lease payments will be adjusted in the next month after change in land value prices is announced. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Expenses relating to short-term leases	\$ <u>6,463</u>	\$ <u>4,528</u>	\$ <u>11,309</u>	\$ <u>9,037</u>
Total cash outflow for leases			\$ <u>107,403</u>	\$ <u>19,887</u>

17. INVESTMENT PROPERTY

	<u>Balance, January 1</u>	<u>Additions</u>	<u>Effect of Exchange Rate Changes</u>	<u>Balance, June 30</u>
<u>Six Months Ended June 30, 2025</u>				
Cost	\$ 1,186,404	\$ <u>-</u>	(\$ <u>122,515</u>)	\$ 1,063,889
Accumulated depreciation	(<u>879,351</u>)	(<u>18,602</u>)	\$ <u>91,798</u>	(<u>806,155</u>)
	\$ <u>307,053</u>			\$ <u>257,734</u>
<u>Six Months Ended June 30, 2024</u>				
Cost	\$ 1,124,985	\$ <u>-</u>	\$ <u>57,957</u>	\$ 1,182,942
Accumulated depreciation	(<u>798,668</u>)	(<u>18,621</u>)	(\$ <u>41,192</u>)	(<u>858,481</u>)

\$ 326,317

\$ 324,461

The investment properties are depreciated using the straight-line method over 20-50 years.

The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

18. OTHER INTANGIBLE ASSETS

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Computer software	\$ 29,340	\$ 24,723	\$ 35,813
Goodwill	14,883	14,883	14,883
Others	<u>20,692</u>	<u>20,032</u>	<u>22,882</u>
	<u>\$ 64,915</u>	<u>\$ 59,638</u>	<u>\$ 73,578</u>

The computer software is amortized on a straight-line basis over 1 to 10 years.

19. OTHER PAYABLES

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Dividend payable	\$ 1,408,399	\$ -	\$ 727,221
Salaries and bonus	970,282	1,173,740	889,825
Compensation of employees and remuneration of directors	768,287	479,570	426,640
Payables for consumables, supplies and packing charges	230,161	200,099	197,635
Payables for annual leave	48,931	49,594	54,122
Others	<u>676,414</u>	<u>676,410</u>	<u>543,123</u>
	<u>\$ 4,102,474</u>	<u>\$ 2,579,413</u>	<u>\$ 2,838,566</u>

20. PROVISIONS

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Employee benefits (other non-current liabilities)	\$ <u>2,351</u>	\$ <u>2,338</u>	\$ <u>2,327</u>

Employee benefits refer to estimates of certain long-term benefits.

21. RETIREMENT BENEFIT PLANS

Relevant pension cost of defined benefit plans recognized for the three months and six months ended June 30, 2025 and 2024 were determined by the pension cost rates of actuarial valuation as of December 31, 2024 and 2023, amounting to NT\$526 thousand, NT\$368 thousand, NT\$843 thousand, and NT\$735 thousand, respectively.

22. EQUITY

a. Capital Stock

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Number of shares authorized (in thousands)	<u>313,000</u>	<u>313,000</u>	<u>313,000</u>
Capital authorized	<u>\$ 3,130,000</u>	<u>\$ 3,130,000</u>	<u>\$ 3,130,000</u>
Number of shares issued and fully paid (in thousands)	<u>279,244</u>	<u>279,244</u>	<u>279,244</u>
Capital issued	<u>\$ 2,792,439</u>	<u>\$ 2,792,439</u>	<u>\$ 2,792,439</u>

Each issued common stock with par value of NT\$10 is entitled the right to vote and receive dividends.

b. Capital surplus

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Additional paid-in capital	\$ 430,838	\$ 430,838	\$ 430,838
From convertible bonds	4,660,886	4,660,886	4,660,886
<u>May be used to offset a deficit only (2)</u>			
From changes in ownership interest of subsidiaries	183,844	183,844	183,844
From interest payable compensation of convertible bonds	74,343	74,343	74,343
Others - share options expired	<u>126,892</u>	<u>126,892</u>	<u>126,892</u>
	<u>\$ 5,476,803</u>	<u>\$ 5,476,803</u>	<u>\$ 5,476,803</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and once a year.
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, and/or from the relevant payable interest compensation and stock options occurred in converting the corporate bonds and not received before expiration time.

c. Retained earnings and dividends policy

According to the earnings distribution policy of the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the legal reserve equals the Company's total issued capital, and 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 the Company'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. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 24.

In accordance with Article 240 of Company Act, the dividends and bonuses, capital surplus, or legal reserve can be distributed in the whole or in part by cash in accordance with Article 241 of the Company Act after a resolution has been adopted by a majority of directors present at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholders' meeting.

Under the Company Law of the ROC and the Company's Articles of Incorporation, in deciding its stock dividend policy, the Company should consider that it is currently expanding and has a great demand for capital. Thus, for a stable dividend policy, the board of directors should take into account the results of operations, financial position and capital demand of the Company when deciding the type of dividends (cash or shares) to be distributed. Total dividends paid should be less than 90% of retained earnings available for appropriation, and the cash dividends must be more than 10% of total dividends paid.

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

The Company specifies that when the special reserve is allocated from the net deduction of other equity accumulated in the previous period, if the undistributed surplus in the previous period is insufficient for allocation, the after-tax net income plus items other than the after-tax net income of the current period will be added into the undistributed surplus of the current period for the allocation.

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

	Amounts		Dividends Per Share(NT\$)	
	2024	2023	2024	2023
Legal reserve	\$ 163,666	\$ 71,493		
Special reserve (reversed)	(363,136)	87,063		
Cash dividends	1,116,976	502,639	<u>\$ 4.00</u>	<u>\$ 1.80</u>

The above appropriation for cash dividends for 2024 and 2023 were resolved by the Company's board of directors in March, 2025 and 2024, and the other proposed appropriations were already resolved by the shareholders meetings in May, 2025 and 2024.

23. NET REVENUES

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Revenues from Contracts with customers				
Sale of goods	<u>\$ 6,907,660</u>	<u>\$ 5,614,268</u>	<u>\$ 12,316,879</u>	<u>\$ 9,902,662</u>

The rate of discount is estimated using the most likely amount, taking into account the Group's accumulated historical experience of discount. The balance of refund liability was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Refund liability	<u>\$ 36,951</u>	<u>\$ 36,951</u>	<u>\$ 36,951</u>

a. Contract information

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
Notes receivable and trade receivables	<u>\$ 5,333,755</u>	<u>\$ 4,897,154</u>	<u>\$ 4,785,932</u>	<u>\$ 4,376,295</u>
Contract liabilities				
Sale of goods	<u>\$ 327,987</u>	<u>\$ 374,558</u>	<u>\$ 390,040</u>	<u>\$ 393,691</u>

b. Disaggregation of revenues

Refer to Note 34 for information about disaggregation of revenues.

	Six Months Ended June 30	
	2025	2024
<u>Timing of revenue recognition</u>		
Obligation satisfied at a point in time	<u>\$ 12,316,879</u>	<u>\$ 9,902,662</u>

24. NET INCOME FROM CONTINUING OPERATIONS

a. Other income

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Rental income (Note 30)	\$ 4,687	\$ 5,656	\$ 9,652	\$ 11,310
Others	<u>6,127</u>	<u>3,487</u>	<u>16,171</u>	<u>32,639</u>
	<u>\$ 10,814</u>	<u>\$ 9,143</u>	<u>\$ 25,823</u>	<u>\$ 43,949</u>

b. Other gains and losses

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Gain (loss) on disposal of property, plant and equipment	(\$ 27)	\$ 525	(\$ 32)	\$ 571
Other losses	<u>1,323</u>	<u>(199)</u>	<u>924</u>	<u>(417)</u>
	<u>\$ 1,296</u>	<u>\$ 326</u>	<u>\$ 892</u>	<u>\$ 154</u>

c. Employee benefits, depreciation and amortization expenses

	Three Months Ended June 30					
	2025			2024		
	Recognized in Operating Costs	Recognized in Operating Expenses	Total	Recognized in Operating Costs	Recognized in Operating Expenses	Total
Employee benefits expense						
Salaries and bonuses	\$925,699	\$384,058	\$1,309,757	\$ 770,245	\$ 322,180	\$ 1,092,425
Other employee benefits	96,233	36,954	133,187	88,212	35,113	123,325

Post-employment benefits						
Defined contribution plans	52,493	16,368	68,861	48,291	21,118	69,409
Defined benefit plans	313	213	526	132	236	368
Depreciation	107,155	71,559	178,714	119,551	42,843	162,348
Amortization	253	9,010	9,263	239	9,355	9,594

Six Months Ended June 30						
	2025			2024		
	Recognized in Operating Costs	Recognized in Operating Expenses	Total	Recognized in Operating Costs	Recognized in Operating Expenses	Total
Employee benefits expense						
Salaries and bonuses	\$1,664,035	\$689,249	\$2,353,284	\$ 1,427,007	\$ 597,672	\$ 2,024,679
Other employee benefits	185,860	83,203	269,063	176,573	74,632	251,205
Post-employment benefits						
Defined contribution plans	104,330	38,584	142,914	85,167	39,528	124,695
Defined benefit plans	423	420	843	260	475	735
Depreciation	244,392	124,317	368,709	234,686	85,897	320,583
Amortization	518	16,777	17,295	462	17,995	18,457

d. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company shall accrue compensation of employees and remuneration of directors at rates of 5% to 20% and no higher than 3.5%, respectively, of net income before income tax. According to the amendments to Securities and Exchange Act in August, 2024, the Company approved the resolution to the amendments to the Company's Articles of Incorporation by 2025 Annual General Shareholders' Meeting, and the amount of employee compensation shall be distributed no less than 1% to the junior staff. The compensation of employees and remuneration of directors for the six months ended June 30, 2025 and 2024 respectively, were as follows:

Three Months Ended June 30				
	2025		2024	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	15%	\$ 169,739	15%	\$ 79,541
Remuneration of directors	2%	22,632	2%	10,272

Six Months Ended June 30				
	2025		2024	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	15%	\$ 214,994	15%	\$ 100,000
Remuneration of directors	2%	28,666	2%	13,000

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 in next year.

The compensation of employees and remuneration of directors for the year ended December 31, 2024 and 2023 were resolved by the board of directors in March 2025 and 2024, respectively, as follows:

	2024		2023	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	15%	\$ 310,500	16%	\$ 160,000
Remuneration of directors	2%	40,000	2%	20,000

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

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

25. INCOME TAX RELATING TO CONTINUING OPERATIONS

a. Major Components of tax expense in profit or loss

Income tax expense consisted of the following:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Current tax expense				
Current tax expense recognized in the current period	\$ 110,216	\$ 89,330	\$ 225,332	\$ 139,761
Undistributed retained earnings surcharge	52,216	8,873	52,216	8,873
Income tax adjustments on prior years	(6,931)	(10,692)	(6,874)	(10,375)
	155,501	87,511	270,674	138,259
Deferred income tax expense				
Current tax expense recognized in the current period	81,188	(56,413)	66,006	(61,878)
Income tax expense recognized in profit or loss	<u>\$ 236,689</u>	<u>\$ 31,098</u>	<u>\$ 336,680</u>	<u>\$ 76,381</u>

b. Income tax assessment

The income tax returns of the Company and Taiwan Top Optical Co., Ltd. through 2023 have been examined. The income tax returns of AOE Optronics and Asia Tech through 2022 have been examined.

26. EARNINGS PER SHARE

	Net Income (Numerator)	Number of Shares (In Thousands) (Denominator)	Earnings Per Share (In Dollars)
<u>Three months ended June 30, 2025</u>			
Basic EPS			
Net income available to shareholders of the common shares	\$ 798,878	279,244	<u>\$ 2.86</u>
Dilutive effects			
Subsidiaries' compensation of employees	(91)	-	
Company's compensation of employees	<u>-</u>	<u>1,569</u>	
Diluted EPS			
Net income available to owners of the parent	<u>\$ 798,787</u>	<u>280,813</u>	<u>\$ 2.84</u>
<u>Three months ended June 30, 2024</u>			
Basic EPS			
Net income available to shareholders of the common shares	\$ 446,094	279,244	<u>\$ 1.59</u>
Dilutive effects			
Subsidiaries' compensation of employees	(250)	-	
Company's compensation of employees	<u>-</u>	<u>1,437</u>	
Diluted EPS			
Net income available to owners of the parent	<u>\$ 445,844</u>	<u>280,681</u>	<u>\$ 1.59</u>
<u>Six months ended June 30, 2025</u>			
Basic EPS			
Net income available to shareholders of the common shares	\$ 1,019,435	279,244	<u>\$ 3.65</u>
Dilutive effects			
Subsidiaries' compensation of employees	(401)	-	
Company's compensation of employees	<u>-</u>	<u>2,128</u>	
Diluted EPS			
Net income available to owners of the parent	<u>\$ 1,019,034</u>	<u>281,372</u>	<u>\$ 3.62</u>
<u>Six months ended June 30, 2024</u>			
Basic EPS			
Net income available to shareholders of the common shares	\$ 556,936	279,244	<u>\$ 1.99</u>
Dilutive effects			
Subsidiaries' compensation of employees	(652)	-	
Company's compensation of employees	<u>-</u>	<u>2,301</u>	
Diluted EPS			
Net income available to owners of the parent	<u>\$ 556,284</u>	<u>281,545</u>	<u>\$ 1.98</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares, if dilutive, are included in the weighted average number of shares outstanding used in the computation of diluted

earnings per share. 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.

27. NON-CASH TRANSACTIONS

For the six months ended June 30, 2025 and 2024, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

- a. The Group reclassified prepayments for equipment in the amount of \$25,132 thousand and \$123,487 thousand to property, plant and equipment for the six months ended June 30, 2025 and 2024, respectively.
- b. The cash dividends for non-controlling interest resolved by the board of directors remain \$291,423 thousand and \$224,582 thousand to be paid as of June 30, 2025 and 2024, respectively.
- c. The cash dividends resolved by the board of directors remain at \$1,116,976 thousand and \$502,639 thousand to be paid as of June 30, 2025 and 2024, respectively.

28. CAPTIAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued ordinary shares, capital surplus, retained earnings and other equity).

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

29. FINICIAL INSTRUMENTS

- a. Fair value of financial instruments measured at fair value on a recurring basis

- 1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>June 30, 2025</u>				
Financial assets at FVTPL				
Foreign unlisted shares	\$ -	\$ 4,272	\$ -	\$ 4,272
Domestic unlisted shares	-	21,394	-	21,394
Financial assets at FVTOCI				
Foreign unlisted shares	-	37,036	-	37,036
<u>December 31, 2024</u>				
Financial assets at FVTPL				
Foreign unlisted shares	\$ -	\$ 4,760	\$ -	\$ 4,760
Domestic unlisted shares	-	27,896	-	27,896

Financial assets at FVTOCI				
Foreign unlisted shares	-	54,749	-	54,749

June 30, 2024

Financial assets at FVTPL				
Foreign unlisted shares	-	109,040	-	109,040
Domestic unlisted shares	-	38,753	-	38,753

Financial assets at FVTOCI				
Foreign unlisted shares	-	70,851	-	70,851

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Domestic/foreign Unlisted shares	Market approach: using the market transaction price and other relevant information of same or comparable (similar) assets and liabilities, or a group of assets and liabilities (e.g., operation). Income approach: utilizing discounted cash flows to determine the present value of the expected future economic benefits that will be derived from investment. Asset approach: measuring the fair value of individual assets and liabilities at net asset value.

b. Categories of financial instruments

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Financial assets</u>			
at amortized cost (Note 1)	\$ 17,206,417	\$ 18,248,115	\$ 16,702,196
Financial assets at FVTPL			
Mandatorily at FVTPL	25,666	32,656	147,793
Financial assets at FVTOCI			
Equity instruments	37,036	54,749	70,851

Financial liabilities

at amortized cost (Note 2)	5,660,115	5,553,805	4,758,861
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(Note 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturity of more than 3 months, notes and trade receivables, other financial assets and refundable deposits and so on.

(Note 2) The balances include financial liabilities at amortized cost, which comprise notes and trade payables, other payables and guarantee deposits received and so on.

c. Financial risk management objectives and policies

The Group's major financial instruments included equity, trade receivables, trade payables, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to 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 currency risk and interest rate risk), credit risk and

liquidity risk.

Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

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

1) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities are shown in Note 32.

Sensitivity analysis

The Group was mainly exposed to the USD, JPY and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. Numbers below indicate the change in pre-tax profit or loss associated with the New Taiwan dollar strengthening 1% against the relevant currency:

	Six Months Ended	
	June 30	
	2025	2024
Profit or loss		
USD impact	\$ 705	\$ 16,775
RMB impact	7,431	9,064
JPY impact	892	762

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

2) Interest rate risk

The Group was exposed to interest rate risk because the Group's deposits and lease liabilities are at both fixed and floating interest rates.

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Fair value interest rate risk			
Financial assets	\$8,554,944	\$10,594,956	\$9,973,171
Lease liabilities	38,602	43,015	36,547
Cash flow interest rate risk			
Financial assets	3,144,821	2,504,081	1,783,296

Sensitivity analysis

If interest rates had been 5% basis points higher/lower and all other variables been held constant, the Group's pretax profits for the six months ended June 30, 2025 and 2024 would have increased/decreased by \$1,596 thousand and \$1,144 thousand, respectively. A 5% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

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 at 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:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount that may be payable in relation to financial guarantees issued by the Group, regardless of its probability.

The Group adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, 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 allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

Liquidity risk

The Group's operating funds are deemed sufficient to meet the cash flow demand, therefore, liquidity risk is not considered to be significant.

Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

	Less Than 1 Year	1-5 Years	More Than 5 Years	Total
<u>June 30, 2025</u>				
Non-interest bearing payables	\$ 7,061,475	\$ 7,039	\$ -	\$ 7,068,514
Lease liabilities	<u>20,111</u>	<u>19,568</u>	<u>599</u>	<u>40,278</u>
	<u>\$ 7,081,586</u>	<u>\$ 26,607</u>	<u>\$ 599</u>	<u>\$ 7,108,792</u>
<u>December 31, 2024</u>				
Non-interest bearing payables	\$ 5,545,957	\$ 7,848	\$ -	\$ 5,553,805
Lease liabilities	<u>19,226</u>	<u>24,716</u>	<u>629</u>	<u>44,571</u>
	<u>\$ 5,565,183</u>	<u>\$ 32,564</u>	<u>\$ 629</u>	<u>\$ 5,598,376</u>
<u>June 30, 2024</u>				
Non-interest bearing payables	\$ 5,478,230	\$ 7,852	\$ -	\$ 5,486,082
Lease liabilities	<u>14,712</u>	<u>22,869</u>	<u>674</u>	<u>38,255</u>
	<u>\$ 5,492,942</u>	<u>\$ 30,721</u>	<u>\$ 674</u>	<u>\$ 5,524,337</u>

30. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Dong-Guan Nikon	Associate

b. Trading transactions

Line Item	Related Party Category	Three Months Ended June 30		Six Months Ended June 30	
		2025	2024	2025	2024
Net revenues	Associate	<u>\$ 165</u>	<u>\$ -</u>	<u>\$ 170</u>	<u>\$ -</u>
Purchase of goods	Associate	<u>\$ 17,255</u>	<u>\$ 17,508</u>	<u>\$ 37,646</u>	<u>\$ 22,869</u>
Rental income	Associate	<u>\$ 375</u>	<u>\$ 392</u>	<u>\$ 771</u>	<u>\$ 775</u>

The sales terms and selling price to related parties were not significantly different from these sales to third parties.

Purchases were made at discounted market price to reflect the quantity of goods purchased and relationships between the parties. The payment terms to related parties were not significantly different from those of purchases from third parties.

The rentals were based on the market rentals in the area, and were paid monthly.

c. Receivables from related parties

Line Item	Related Party Category	June 30, 2025	December 31, 2024	June 30, 2024
Trade Receivables	Associate	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ -</u>
Other Receivables	Associate	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140</u>

d. Payables to related parties

<u>Line Item</u>	<u>Related Party Category</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Trade payables	Associate	\$ 12,856	\$ 5,244	\$ 12,517

e. Compensation of key management personnel

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 5,664	\$ 5,585	\$ 19,185	\$ 17,823

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

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group were as follows:

In order to provide for sufficient operating funds, the Company obtained a syndicated loan with a credit line of NT\$1.2 billion thousand with Chinatrust Commercial Bank and the related management group. The Company is required to maintain its current ratio at no less than 100%, debt ratio less than 110%, interest coverage ratio at no less than 4 times and the value of net tangible assets at no less than NT\$12 billion during the contractual period of the loan agreement. The Group has not drawn against the credit line as of June 30, 2025.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The entities' 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:

	<u>June 30, 2025</u>		<u>Carrying Amount</u>
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	
<u>Financial assets</u>			
Monetary items			
USD	\$ 117,691	29.3 (USD:NTD)	\$ 3,448,346
USD	176,213	7.1586 (USD:RMB)	5,163,041
USD	10,690	56.3137 (USD:PHP)	313,217
JPY	2,869,748	0.0494 (JPY:RMB)	580,177
JPY	2,595,389	0.2034 (JPY:NTD)	524,710
RMB	181,546	0.1397 (RMB:USD)	743,106
<u>Financial liabilities</u>			
Monetary items			
USD	248,577	29.3 (USD:NTD)	7,283,306
USD	34,061	7.1586 (USD:RMB)	997,987
USD	24,361	56.3137 (USD:PHP)	713,777

JPY	5,024,007	0.2034	(JPY:NTD)	1,015,703
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	December 31, 2024			
	Foreign Currency	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 174,611	32.785	(USD:NTD)	\$ 5,724,622
USD	174,990	7.1884	(USD:RMB)	5,737,047
USD	12,538	57.8117	(USD:PHP)	411,058
JPY	2,390,261	0.0460	(JPY:RMB)	501,469
JPY	1,784,696	0.2099	(JPY: NTD)	374,472
RMB	201,131	0.1391	(RMB:USD)	917,237

Financial liabilities

Monetary items				
USD	239,461	32.785	(USD:NTD)	7,850,729
USD	30,870	7.1884	(USD:RMB)	1,012,073
USD	22,545	57.8117	(USD:PHP)	739,138
JPY	4,387,406	0.2099	(JPY:NTD)	920,583

	June 30, 2024			
	Foreign Currency	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 122,512	32.45	(USD:NTD)	\$ 3,975,514
USD	176,019	7.1268	(USD:RMB)	5,711,817
USD	33,605	58.5952	(USD:PHP)	1,090,482
JPY	1,675,711	0.0442	(JPY:RMB)	337,136
JPY	1,283,938	0.2017	(JPY: NTD)	258,315
RMB	199,081	0.1403	(RMB:USD)	906,363

Financial liabilities

Monetary items				
USD	227,529	32.45	(USD:NTD)	7,383,316
USD	32,745	7.1268	(USD:RMB)	1,062,575
USD	20,167	58.5952	(USD:PHP)	654,419
JPY	3,338,614	0.2017	(JPY:NTD)	671,696

For three and six months ended June 30, 2025 and 2024, realized and unrealized net foreign exchange gain were NT\$324,149 thousand, NT\$45,519 thousand, NT\$317,627 thousand, and NT\$33,973 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

33. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1.
 - 2) Endorsements/guarantees provided: None.
 - 3) Marketable securities held (excluding investment in subsidiaries and associates): None.
 - 4) Marketable securities acquired and disposed at costs or prices at least NT\$100 million or 20% of the paid-in capital: Table 2.
 - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
 - 6) Other: Intercompany relationships and significant intercompany transactions: Table 4.
- b. Information on investees: Table 5.
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 6.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 2.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 2.
 - c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Note 30.

34. SEGMENT INFORMATION

The analysis of revenue and profits by reportable segments are as below:

- a. Segment revenue and results

	Segment Revenue		Segment Profit (Loss)	
	Six Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Optical components	\$ 5,844,873	\$ 4,883,908	\$ 344,882	\$ (12,748)
Contact image sensor modules	2,056,315	1,905,448	289,912	238,268
Optronics components	1,582,480	1,358,125	136,835	92,315
Digital camera	2,303,955	1,193,656	150,060	52,568
Optronics products	<u>731,641</u>	<u>683,071</u>	<u>59,190</u>	<u>112,855</u>
	<u>\$ 12,519,264</u>	<u>\$ 10,069,208</u>	<u>\$ 980,879</u>	<u>\$ 483,258</u>

b. Reconciliation of segment revenue and segment profit (loss)

1) Segment revenue

	Six Months Ended June 30	
	2025	2024
Reportable segment revenue	\$ 12,519,264	\$ 10,069,208
Eliminated intersegment revenue	<u>(202,385)</u>	<u>(166,546)</u>
Net revenue	<u>\$ 12,316,879</u>	<u>\$ 9,902,662</u>

2) Segment profit (loss)

	Six Months Ended June 30	
	2025	2024
Reportable segment profit	\$ 980,879	\$ 483,258
Other segment profit and loss	(18)	(1,605)
Other income	26,715	44,103
Financial costs	(724)	(481)
Share of profit of associates	4,393	1,913
Interest income	191,661	222,359
Foreign exchange gain, net	317,627	33,973
Gain (Loss) on fair value of financial assets at FVTPL	<u>(6,502)</u>	<u>39,306</u>
Income before income tax	<u>\$ 1,514,031</u>	<u>\$ 822,826</u>

Segment profit represents the profit earned by each segment without allocation of central administration expenses and directors' compensation, share of profit of associates, interest income, rental income, dividend income, gain or loss on disposal of assets, net exchange gain or loss, valuation gain or loss on financial instruments, interest expense and income tax expense. This is the amount reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

TABLE 1

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
SIX MONTHS ENDED JUNE 30, 2025
(In Thousands of New Taiwan Dollars or Foreign Currencies)

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
1	Shen Zhen Sintai	Shang Hai Sintai	Receivables from related parties	Yes	\$ 111,745 (RMB 27,300)	\$ 105,605 (RMB 25,800)	\$ 105,605 (RMB 25,800)	0.5	Short-term financing	\$ -	For working capital	\$ -	-	\$ -	\$ 1,000,000	\$ 2,000,000
Total						\$ 105,605	\$ 105,605			\$ -		\$ -		\$ -		

Note 1: The lending amount to a company shall not exceed forty percent (40%) of the net worth of the Company, and the aggregate amount for lending shall not exceed fifty percent (50%) of the net worth of the Company. The restriction of these term shall not apply to inter-company loans for funding between 100% owned subsidiaries, and the Group sets an additional rule that the amount available for lending purpose between 100% owned subsidiaries shall be (a) no more than NT\$1 billion for the individual financier and (b) no more than NT\$2 billion in total.

Note 2: Intercompany accounts and transactions have been eliminated.

TABLE 2

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

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

Purchaser or Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable or (Payable)		Note
			Purchases / Sales	Amount	%	Payment Terms	Unit Price	Payment Terms	Ending Balance	%	
Asia Optical	Shen Zhen Sintai	Note 1	Purchases	\$ 488,446	22	30-180 days	-	-	(\$ 1,227,605)	(19)	Note 2
	Scopro	Note 1	Purchases	258,370	12	30-180 days	-	-	(158,936)	(2)	Note 2
	Myanmar Asia	Note 1	Purchases	394,028	18	30-180 days	-	-	(799,260)	(12)	Note 2
	Dong-Guan Sintai	Note 1	Purchases	220,893	10	30-180 days	-	-	(306,848)	(5)	Note 2
	Dong-Guan Tailien	Note 1	Purchases	109,397	5	30-180 days	-	-	(156,533)	(2)	Note 2
	Scopro	Note 1	Sales	(131,138)	(4)	30-180 days	-	-	143,255	13	Note 2
Asia International	Shen Zhen Sintai	Note 1	Purchases	412,192	5	30-180 days	-	-	(808,735)	(36)	Note 2
	Myanmar Asia	Note 1	Purchases	237,430	3	30-180 days	-	-	-	-	Note 2
Asia Tech	Asia Tech Samoa	Note 1	Purchases	1,717,702	100	30-180 days	-	-	(1,594,173)	(100)	Note 2
Asia Tech Samoa	Asia Tech	Note 1	Sales	(1,717,702)	(100)	30-180 days	-	-	1,594,173	100	Note 2
	Shen Zhen Atii	Note 1	Purchases	1,048,961	60	30-180 days	-	-	(1,210,548)	(66)	Note 2
Shen Zhen Atii	Asia Tech Samoa	Note 1	Sales	(1,048,961)	(94)	30-180 days	-	-	1,210,548	98	Note 2
AOE Shen Zhen	Shen Zhen Sintai	Note 1	Purchases	301,255	15	30-180 days	-	-	(103,706)	(7)	Note 2
	AOE Cayman	Note 1	Sales	(721,594)	(26)	30-180 days	-	-	153,564	10	Note 2
	AOE Cayman	Note 1	Purchases	244,125	12	30-180 days	-	-	(127,262)	(9)	Note 2
AOE Cayman	AOE Shen Zhen	Note 1	Sales	(244,125)	(29)	30-180 days	-	-	134,717	27	Note 2
	AOE Shen Zhen	Note 1	Purchases	721,594	74	30-180 days	-	-	(153,564)	(63)	Note 2
	AOE Optronics	Note 1	Sales	(553,822)	(65)	30-180 days	-	-	171,317	34	Note 2
AOE Optronics	AOE Cayman	Note 1	Purchases	553,822	87	30-180 days	-	-	(171,129)	(72)	Note 2
Shen Zhen Sintai	Asia International	Note 1	Sales	(412,192)	(24)	30-180 days	-	-	965,752	37	Note 2
	Asia Optical	Note 1	Sales	(488,446)	(28)	30-180 days	-	-	1,272,394	48	Note 2
	AOE Shen Zhen	Note 1	Sales	(301,255)	(17)	30-180 days	-	-	143,968	5	Note 2
	Myanmar Asia	Note 1	Sales	(237,430)	(38)	30-180 days	-	-	-	-	Note 2
Myanmar Asia	Asia International	Note 1	Sales	(237,430)	(38)	30-180 days	-	-	-	-	Note 2
	Asia Optical	Note 1	Sales	(394,028)	(62)	30-180 days	-	-	805,013	100	Note 2
Doan-Guan Yorkey	Yorkey Technology	Note 1	Sales	(555,308)	(37)	30-180 days	-	-	1,584,781	309	Note 2
Dong-Guan Sintai	Asia Optical	Note 1	Sales	(220,893)	(95)	30-180 days	-	-	308,367	79	Note 2
Dong-Guan Tailien	Asia Optical	Note 1	Sales	(109,397)	(24)	30-180 days	-	-	159,030	40	Note 2
Yorkey Technology SCOPRO											
	Dong-Guan Yorkey	Note 1	Purchases	555,308	84	30-180 days	-	-	(1,584,781)	(97)	Note 2
	Asia Optical	Note 1	Sales	(258,370)	(100)	30-180 days	-	-	159,182	100	Note 2
	Asia Optical	Note 1	Purchases	131,138	67	30-180 days	-	-	(139,140)	(36)	Note 2

Note 1: Refer to Note 12 to the consolidated financial statements.

Note 2: Intercompany accounts and transactions have been eliminated.

TABLE 3

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

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

Company Name	Related Party Note 2	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Asia Optical	Scopro	Affiliate	\$ 143,255	Note 1	\$ -	-	\$ 17,574	\$ -
	Asia Tech	Affiliate	103,702	Note 1	-	-	103,702	-
	AOPI	Subsidiary of Asia Optical	120,056	Note 1	-	-	-	-
Asia International	Myanmar Asia	Subsidiary of Asia International	1,385,730	Note 1	-	-	-	-
	AOE Cayman	Affiliate	189,200	Note 1	-	-	-	-
	Asia Optical	Parent company of Asia International	3,230,775	Note 1	-	-	113,176	-
	Dong-Guan Tailien	Affiliate	158,727	Note 1	-	-	-	-
AOE Cayman	AOE Shen Zhen	Subsidiary of AOE Cayman	134,717	Note 1	-	-	-	-
	AOE Shen Zhen	Subsidiary of AOE Cayman	853,392	Note 1	-	-	-	-
	AOE Optronics	Parent company of AOE Cayman	171,317	Note 1	-	-	78,553	-
	ASIA SCOPRO	Affiliate	170,813	Note 1	-	-	-	-
Dong-Guan Sintai	Asia Optical	Parent company of Asia International	308,367	Note 1	-	-	18,173	-
Dong-Guan Tailien	Asia Optical	Parent company of Asia International	159,030	Note 1	-	-	-	-
AOE Shen Zhen	AOE Cayman	Parent company of AOE Shen Zhen	153,564	Note 1	-	-	78,541	-
Shen Zhen Sintai	Asia International	Parent company of Shen Zhen Sintai	965,752	Note 1	-	-	2,136	-
	Shang Hai Sintai	Affiliate	109,647	Note 1	-	-	5,321	-
	Asia Optical	Parent company of Asia International	1,272,394	Note 1	-	-	6,361	-
	AOE Shen Zhen	Affiliate	143,968	Note 1	-	-	70,577	-
Myanmar Asia	Asia Optical	Parent company of Asia International	805,013	Note 1	-	-	37,916	-
Powerlink Cayman	Scopro	Affiliate	203,237	Note 1	-	-	-	-
	Asia Scopro	Parent company of Asia Scopro	171,067	Note 1	-	-	-	-
Asia Tech Samoa	Asia Tech	Parent company of Asia Tech Samoa	1,594,173	Note 1	-	-	214,197	-
Shen Zhen Atii	Asia Tech Samoa	Parent company of Shen Zhen Atii	1,210,548	Note 1	-	-	26,980	-
Dong-Guan Yorkey	Yorkey Technology	Parent company of Dong-Guan Yorkey	1,584,781	Note 1	-	-	55,111	-
Scopro	Asia Optical	Affiliate	159,182	Note 1	-	-	42,679	-

Note 1: The receivables resulted from purchases of materials and property, plant, and equipment on behalf of Asia International and loan transaction; thus, turnover analysis was not suitable.

Note 2: Intercompany accounts and transactions have been eliminated.

TABLE 4

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

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

Number	Investee Company	Counterparty	Relationship (Note 1)	Transaction In Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 2)
0	Asia Optical	Asia International	1	Trade payables	\$ 3,145,116	30-180 days	13
				Other payables	184,650	-	1
		Dong-Guan Tailien	1	Purchases	109,397	30-180 days	1
				Trade payables	156,533	30-180 days	1
		Dong-Guan Sintai	1	Purchases	220,893	30-180 days	2
				Trade payables	306,848	-	1
		Shen Zhen Sintai	1	Purchases	488,446	30-180 days	4
				Trade payables	1,227,605	-	5
		Myanmar Asia	1	Purchases	394,028	30-180 days	3
				Trade payables	799,260	-	3
		Scopro	1	Sales	131,138	30-180 days	1
				Purchases	258,370	30-180 days	2
				Trade receivables	143,255	30-180 days	1
				Trade payables	158,936	30-180 days	1
1	Asia International	Shen Zhen Sintai	2	Purchases	412,192	30-180 days	3
				Trade payables	808,735	30-180 days	3
				Other payables	157,017	30-180 days	1
		Myanmar Asia	2	Trade receivables	1,385,730	30-180 days	6
				Purchases	237,430	30-180 days	2
		AOE Cayman	2	Trade receivables	189,200	30-180 days	1
		Dong-Guan Tailien	2	Trade receivables	158,727	30-180 days	1
2	AOE Optronics	AOIDC	2	Prepayments	169,706	30-180 days	1
		AOE Cayman	2	Purchases	553,822	30-180 days	4
				Trade payables	171,129	30-180 days	1
3	AOE Shen Zhen	Aisa Scopro	2	Purchases	67,387	30-180 days	1
		Dong-Guan Tailien	2	Sales	64,326	30-180 days	1
4	Asia Tech	Asia Tech Samoa	2	Purchases	1,717,702	30-180 days	14
				Trade payables	1,594,173	30-180 days	6
5	Asia Tech Samoa	Shen Zhen Atii	2	Purchases	1,048,961	30-180 days	9
				Trade payables	1,210,548	30-180 days	5

(Continue

Number	Investee Company	Counterparty	Relationship (Note 1)	Transaction In Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 2)
6	AOE Cayman	Asia Scopro	2	Trade receivables	\$ 170,813	30-180 days	1
		AOE Shen Zhen	2	Sales	244,125	30-180 days	2
				Purchases	721,594	30-180 days	6
				Trade receivables	134,717	30-180 days	1
				Other receivables	853,392	-	3
				Trade payables	153,564	30-180 days	1
7	Shen Zhen Sintai	AOE Shen Zhen	2	Sales	301,255	30-180 days	2
				Trade receivables	143,968	30-180 days	1
		Dong-Guan Yorkey	2	Sales	62,319	30-180 days	1
8	Powerlink Cayman	Scopro	2	Trade receivables	203,237	30-180 days	1
		Asia Scopro	2	Trade receivables	171,067	30-180 days	1
9	Yorkey Technology	Dong-Guan Yorkey	2	Purchases	555,308	30-180 days	5
				Trade payables	1,584,781	30-180 days	6

(Concluded)

Note 1: 1. From the parent company to the subsidiary.

2. From the subsidiary to the subsidiary.

Note 2: The percentage of transactions to consolidated assets and liabilities items are calculated at the balance as of the end of reporting period; income and expense items are calculated at the accumulated amount of consolidated sales.

Note 3: Intercompany accounts and transactions have been eliminated.

TABLE 5

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
SIX MONTHS ENDED JUNE 30, 2025
(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	Share of Profit (Loss)	Note
				June 30, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value			
Asia Optical	Asia International	British Virgin Islands	Sale of riflescopes, lenses and optical components	\$ 2,701,520	\$ 2,701,520	15,686,000	100	\$ 12,857,059	\$ 370,229	\$ 370,229	Subsidiary
	Asia Tech	New Taipei	Sale of precision instruments and image sensors	231,753	231,753	19,027,964	26	775,905	201,102	52,749	Subsidiary
	Powerlink Cayman AOE Optronics	Cayman Islands Taichung	Holding company	44,392	44,392	1,500,000	100	534,832	(21,176)	(21,176)	Subsidiary
			Design, manufacture and sale of cell phone related products	1,938,431	1,938,431	19,179,577	91	992,578	55,843	50,610	Subsidiary
	Richman Taiwan Top	British Virgin Islands Changhua	Holding company	99,520	99,520	2,566,000	100	165,529	17,231	17,231	Subsidiary
			Manufacture and sale of cameras, copy machines, printers and facsimile machines	588,105	588,105	8,248,348	94	133,380	(7,383)	(6,912)	Subsidiary
Asia International	Powerlink AOPI	British Virgin Islands Malvar, Philippines	Holding company	14,000	14,000	50,000	100	(67,844)	17,093	17,093	Subsidiary
			Manufacture and trade of riflescopes, telescopes, lenses and optical components	22,874	6,509	406,712	100	18,761	(2,299)	(2,299)	Subsidiary
	Yorkey Cayman	Cayman Islands	Holding company	2,663,778	2,663,778	776,346,000	95	1,963,480	196,720	187,396	Indirect Subsidiary
	AOE Optronics	Taichung	Design, manufacture and sale of cell phone related products	298,179	298,179	506,880	2	26,221	55,843	1,340	Subsidiary
	AOIDC	Japan	Development and technology services	22,071	22,071	100	100	25,966	(121)	(121)	Indirect Subsidiary
	Myanmar Asia	Myanmar Yangon	Manufacture of lens and related products	985,581	634,082	5,582,305	100	(76,571)	149,739	149,739	Indirect subsidiary
Powerlink Cayman	Asia Scopro	Calamba, Philippines	Manufacture and trade of riflescopes, telescopes, lenses and optical component	17,043	17,043	241,000	100	(93,219)	(20,653)	(20,653)	Indirect subsidiary
	ASAM	Calamba, Philippines	Anode processing factory	9,690	9,690	150,000	100	26,352	(5,942)	(5,942)	Indirect subsidiary
Asia Tech	Asia Tech Samoa	Samoa	Sale of precision instruments and image sensors	845,520	845,520	18,662,310	100	2,573,161	29,829	29,829	Indirect Subsidiary
Powerlink	Scopro	Manila, Philippines	Manufacture and trade of riflescopes, lenses and optical components	5,119	5,119	4,000,000	100	(75,647)	17,921	17,921	Indirect subsidiary
Richman	Yorkey Cayman	Cayman Islands	Holding company	291,289	291,289	40,000,000	5	101,156	196,720	9,639	Indirect Subsidiary
	Crosszone	British Virgin Islands	Trading company	1,568	1,568	50,000	100	(3,362)	34	34	Indirect subsidiary
AOE Optronics	AOE Cayman	Cayman Islands	Sale of cell phone related products	1,311,447	1,311,447	44,176,066	100	875,753	88,746	88,746	Indirect subsidiary
Yorkey Cayman	Yorkey Technology	Samoa	Trading company	302,910	302,910	550,001	100	929,059	193,538	193,538	Indirect subsidiary

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2025
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2025	Accumulated Repatriation of Investment Income as of June 30, 2025
					Outward	Inward						
Shen Zhen Sintai	Manufacture of laser printers, cameras, scanners and plastic products	US\$ 38,000	(2)	\$ 1,270,274 (US\$ 38,000)	\$ -	\$ -	\$ 1,270,274 (US\$ 38,000)	\$ 46,983	100	\$ 46,983	\$ 3,022,389	\$ -
Dong-Guan Sintai	Manufacture of optical components and finished products	US\$ 16,600	(2)	1,234,670 (US\$ 35,937)	-	-	1,234,670 (US\$ 35,937)	17,668	100	17,668	466,728	454,587 (US\$ 14,000)
Shen Zhen Atii	Manufacture and sale of image sensor	US\$ 10,000	(2)	170,256 (US\$ 5,400)	-	-	170,256 (US\$ 5,400)	8,579	26	2,212	427,140	-
Shang Hai Sintai	Manufacture and sale of parts of DV and DSC	US\$ 34,000	(2)	1,098,606 (US\$ 34,000)	-	-	1,098,606 (US\$ 34,000)	(3,259)	100	(3,259)	52,523	-
Dong-Guan Tailien	Manufacture and processing of cameras and parts	US\$ 3,160	(2)	123,440 (US\$ 4,000)	-	-	123,440 (US\$ 4,000)	60,050	61	36,789	171,164	149,145 (US\$ 4,778)
			(3)	11,163 (US\$ 420)	-	-	11,163 (US\$ 420)	60,050	17	10,263	47,900	57,727 (US\$ 1,823)
			(2)	22,614 (US\$ 700)	-	-	22,614 (US\$ 700)	60,050	12	6,916	32,274	31,070 (US\$ 971)
			(2)	291,289 (US\$ 9,079)	-	-	291,289 (US\$ 9,079)	160,343	5	7,857	100,001	-
Dong-Guan Yorkey	Manufacture of plastic and metallic parts, molds and cases of optical and optronics products	US\$ 20,680	(2)	2,663,778 (US\$ 93,994)	-	-	2,663,778 (US\$ 93,994)	160,343	95	152,802	1,941,055	-
Dong-Guan Nikon	Research and manufacture of equipment for electronic use	US\$ 2,000	(2)	27,772 (US\$ 800)	-	-	27,772 (US\$ 800)	10,986	40	4,393	51,737	-
AOE Shen Zhen	Manufacture of cell phone related products	US\$ 12,000	(2)	360,186 (US\$ 12,000)	-	-	360,186 (US\$ 12,000)	88,802	91	80,428	(36,851)	-
Guangdong Xinwei	Manufacture of car parts	RMB\$ 9,100	(3)	-	-	-	-	88,802	2	2,131	(1,016)	-
				-	-	-	-	-	38	-	4,272	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2025	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ 7,791,858 (US\$ 235,131)	\$ 10,280,622 (US\$ 328,042)	(Note 3)

Note 1: The investments were made as follows:
(1) The investment was made directly by a subsidiary located in mainland China.
(2) The investment was made through a corporation established in a third country, which, in turn, invested in companies located in mainland China (refer to Note 12 to the accompanying consolidated financial statements; in addition, Asia International is the investor of Dong-Guan Nikon).
(3) Others

Note 2: Investment gain (loss) was recognized based on the financial un-reviewed statements except for Shen Zhen Sintai, Shen Zhen Atii, and AOE Shen Zhen.

Note 3: Under the “Regulations for the Screening of Applications to Engage in Technical Cooperation in Mainland China” issued by the Investment Commission of the Ministry of Economic Affairs on August 29, 2008, the amount of investment in mainland China has no limit since the parent company, Asia Optical Co., Inc. had acquired the approval by the Industrial Development Bureau to establish operating headquarters in Taiwan.