

Mildef Crete Inc. and Its Subsidiaries
Consolidated Financial Statements and
Independent Auditors' Review Report

Second quarter of 2025 and 2024

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Notice to Reader:

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Mildef Crete Inc.,:

Introduction

We have reviewed the accompanying consolidated balance sheets of Mildef Crete Inc. (the “Company”) and its subsidiaries (collectively, the “Group”) as of June 30, 2025 and 2024; the relevant consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, and the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2025 and 2024, and relevant notes, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). It is the management team’s responsibility to prepare the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports” by Securities Issuers and the IAS 34 “Interim Financial Reporting”, which has been endorsed and issued into effect by the Financial Supervisory Commission (FSC) of Republic of China, to present the consolidated financial position of the Consolidated Company fairly, while our responsibility is to make a conclusion on the consolidated financial statements based on our review results.

Scope

We conducted our review in accordance with the Standards on Review No. 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity”. The procedures performed when we reviewed the consolidated financial statements included inquiries (mainly from personnel in charge of financial and accounting affairs), analytical procedures, and other review procedures. The scope of review work is obviously smaller than that of audit work, so we might not be able to detect all the material matters that could have been identified through audit work, hence we were unable to express an audit opinion.

Conclusion

According to our review results, we have determined that the foregoing consolidated financial statements have been prepared in all material respects 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, with a fair presentation of the Group’s consolidated financial position as of June 30, 2025 and 2024 as well as consolidated financial performance for the three months and six months ended June 30, 2025 and 2024, and consolidated cash flows for six months ended June 30, 2025 and 2024.

KPMG

CPAs

Kao Ching-Wen
Tang Tzu-Chieh

Competent Securities Authority's
Approval Document No.

Jin-Guan-Zheng-Shen-Zi No.
: 1060005191
Jin-Guan-Zheng-Liu-Zi No.
0940100754

August 6, 2025

Mildef Crete Inc. and Its Subsidiaries

Consolidated Balance Sheets

As of June 30, 2025, December 31, 2024, and June 30, 2024

Unit: NT\$1,000

Assets		2025.6.30		2024.12.31		2024.6.30		Liabilities and equity		2025.6.30		2024.12.31		2024.6.30			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets																	
1100	Cash and cash equivalents (Note 6 (1))	\$	1,434,098	28	533,521	13	569,824	15	2130	Contract liabilities - current (Notes 6 (14) and 7)	\$	152,139	3	163,573	4	171,002	4
1110	Financial assets at fair value through profit or loss								2150	Notes payable		15,469	-	32,734	1	37,200	1
	- current (Note 6 (2))		222,943	4	210,499	5	150,560	4	2170	Accounts payable		81,130	2	94,676	2	137,757	4
1121	Financial assets at fair value through other comprehensive income - current (Note 6 (2) and 11)		1,378,151	27	-	-	-	-	2209	Other Payables (Notes 6 (15) and 7)		181,781	3	160,803	4	186,274	5
1150	Notes and accounts receivable, net (Notes 6 (3) and (14))		231,452	4	63,338	2	62,978	2	2216	Dividends payables (Note 6 (12))		352,113	7	-	-	316,902	8
1180	Accounts receivable - related parties, net (Notes 6 (3) & (14), 7)		-	-	151,421	4	298,915	8	2230	Current income tax liabilities		204,543	4	123,251	3	106,169	3
1212	Other payables-related party (Note 7)		-	-	-	-	40,888	1	2280	Lease liabilities - current (Note 6 (8))		33,309	1	35,771	1	33,499	1
130X	Inventories (Note 6 (4))		1,085,519	21	1,217,761	28	1,182,988	31	2399	Other current liabilities		1,495	-	826	-	1,347	-
1476	Other financial assets - current (Note 6 (1))		215,100	4	234,771	6	215,100	6	Total current liabilities			1,021,979	20	611,634	15	990,150	26
1479	Other current assets		24,698	-	18,678	-	18,370	-	Non-current liabilities:								
Total current assets			4,591,961	88	2,429,989	58	2,539,623	67	2552	Provisions for warranty liabilities (Note 6 (9))		12,935	-	21,621	-	15,983	-
Non-current assets:									2570	Deferred income tax liabilities		274,178	5	237,627	6	138,598	4
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (2))		81,719	2	1,248,678	30	722,496	19	2580	Lease liabilities - non-current (Note 6 (8))		37,375	1	45,763	1	48,200	1
1600	Property, plant and equipment (Note 6 (5))		352,512	7	343,674	8	346,124	9	2640	Net defined benefit liabilities—non-current		9,897	-	11,651	-	24,962	1
1755	Right-of-use assets (Note 6 (6))		69,929	1	80,804	2	81,052	2	Total non-current liabilities			334,385	6	316,662	7	227,743	6
1780	Intangible assets (Note 6 (7))		4,373	-	5,722	-	6,904	-	Total liabilities			1,356,364	26	928,296	22	1,217,893	32
1840	Deferred income tax assets		79,370	2	79,013	2	74,107	2	Equity attributed to owners of the parent company (Notes 6 (2), (12), and 7):								
1990	Other non-current assets (Note 8)		13,384	-	20,967	-	23,721	1	3110	Ordinary share capital		586,855	11	586,855	14	586,855	15
Total non-current assets			601,287	12	1,778,858	42	1,254,404	33	3200	Capital surplus		74,381	2	74,381	2	74,381	2
									3300	Retained earnings		2,285,256	44	1,925,319	45	1,697,509	45
									3400	Other equity		867,479	17	670,399	16	197,057	5
										Equity attributed to owners of the parent company		3,813,971	74	3,256,954	77	2,555,802	67
									36xx	Non-controlling interests		22,913	-	23,597	1	20,332	1
									Total equity			3,836,884	74	3,280,551	78	2,576,134	68
Total assets		\$	5,193,248	100	4,208,847	100	3,794,027	100	Total liabilities and equity		\$	5,193,248	100	4,208,847	100	3,794,027	100

(For details, please refer to notes to the consolidated financial statements)

Chairman: Shen I-Tung

Manager: Shen I-Tung

Accounting Manager: Liu Ya-Ping

Mildef Crete Inc. and Its Subsidiaries
Consolidated Statements of Comprehensive Income
For the Three Months and Six Months Ended June 30, 2025 and 2024

Unit: NT\$1,000

		April to June 2025		April to June 2024		January to June 2025		January to June 2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes 6 (14), 7 and 14)	\$ 769,318	100	727,442	100	1,532,013	100	1,485,397	100
5000	Operating cost (Notes 6(4), (5), (6), (8), (9), (10), (15), 7, and 12)	532,624	69	481,497	66	1,010,537	66	979,067	66
	Gross operating profit	236,694	31	245,945	34	521,476	34	506,330	34
	Operating expenses (Notes 6 (3), (5), (6), (8), (10), (15), 7, and 12):								
6100	Selling and marketing expenses	38,931	5	43,748	6	79,767	5	84,413	6
6200	General and administrative expenses	19,564	3	18,255	3	40,003	3	33,916	2
6300	Research and development expenses	25,392	3	29,751	4	50,754	3	53,505	3
6450	Expected credit loss	1,355	-	-	-	1,107	-	-	-
	Total operating expenses	85,242	11	91,754	13	171,631	11	171,834	11
	Net operating profit	151,452	20	154,191	21	349,845	23	334,496	23
	Non-operating income and expenses: (Notes 6(8) and (16))								
7100	Interest income	7,931	1	3,510	-	10,724	1	5,398	-
7010	Other income	4,511	-	61,249	9	5,206	-	61,826	4
7020	Other gains and losses	(109,237)	(14)	6,257	1	(99,616)	(7)	20,769	1
7510	Financial cost	(340)	-	(343)	-	(864)	-	(643)	-
	Total non-operating income and expenses	(97,135)	(13)	70,673	10	(84,550)	(6)	87,350	5
	Net profit before tax	54,317	7	224,864	31	265,295	17	421,846	28
7951	Minus: Income tax expense (Note 6 (11))	19,540	2	54,172	8	61,895	4	91,332	6
	Current net profit	34,777	5	170,692	23	203,400	13	330,514	22
8300	Other comprehensive income (Note 6 (2) and (11)):								
8310	Items not reclassified as income and loss								
	Unrealized gain (losses) on investments in equity instruments as at fair value through other comprehensive income	(159,534)	(21)	(132,627)	(18)	892,467	58	10,300	1
8349	Minus: Income tax related to items not reclassified	(30,514)	(4)	(26,525)	(4)	180,333	12	2,060	-
	Total amount of items not reclassified to profit or loss	(129,020)	(17)	(106,102)	(14)	712,134	46	8,240	1
8360	Items that may be reclassified subsequently to profit or loss								
	Exchange differences arising from the translation of the financial statements of foreign operations	(2,389)	-	403	-	(1,995)	-	315	-
	Unrealized valuation losses on debt instrument investments measured at fair value through other comprehensive income	(240)	-	-	-	(2,316)	-	-	-
8399	Minus: Income tax related to potentially classifiable items	(48)	-	-	-	(463)	-	-	-
	Total amount of items that may be reclassified subsequently to profit or loss	(2,581)	-	403	-	(3,848)	-	315	-
8300	Other comprehensive income	(131,601)	(17)	(105,699)	(14)	708,286	46	8,555	1
	Total amount of other current comprehensive gains and losses	\$ (96,824)	(12)	64,993	9	911,686	59	339,069	23
	Net profit/(loss) attributable to:								
8610	Owners of the Parent Company	\$ 34,696	5	170,372	23	200,844	13	326,703	22
8620	Non-controlling interests	81	-	320	-	2,556	-	3,811	-
		\$ 34,777	5	170,692	23	203,400	13	330,514	22
	Total comprehensive income/(loss) attributable to:								
8710	Owners of the Parent Company	\$ (96,905)	(12)	64,673	9	909,130	59	335,258	23
8720	Non-controlling interests	81	-	320	-	2,556	-	3,811	-
		\$ (96,824)	(12)	64,993	9	911,686	59	339,069	23
	Earnings per share (NT\$; (Note 6 (13))								
	Basic earnings per share	\$ 0.59		2.90		3.42		5.57	
	Diluted earnings per share	\$ 0.59		2.88		3.39		5.50	

(For details, please refer to notes to the consolidated financial statements)

Chairman: Shen I-Tung

Manager: Shen I-Tung

Accounting Manager: Liu Ya-Ping

Mildef Crete Inc. and Its Subsidiaries
Consolidated Statements of Changes in Equity
For the Six Months Ended June 30, 2025 and 2024

Unit: NT\$1,000

	Retained earnings					Other Equity Items						
	Ordinary share capital	Capital surplus	Legal reserve	Unappropriated earnings	Total	Exchange differences arising from the translation of Financial Report of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Defined benefits plans remeasure ment	Total	Total equity attributable to owners of the parent company	Non- controlling interests	Total equity
Balance on January 1, 2024	<u>\$ 586,855</u>	<u>74,113</u>	<u>542,578</u>	<u>1,091,986</u>	<u>1,634,564</u>	<u>20</u>	<u>252,022</u>	<u>(10,396)</u>	<u>241,646</u>	<u>2,537,178</u>	<u>20,641</u>	<u>2,557,819</u>
Current net profit	-	-	-	326,703	326,703	-	-	-	-	326,703	3,811	330,514
Other comprehensive income	-	-	-	-	-	315	8,240	-	8,555	8,555	-	8,555
Total amount of other current comprehensive gains and losses	-	-	-	326,703	326,703	315	8,240	-	8,555	335,258	3,811	339,069
Appropriation and distribution of earnings:												
Appropriation of legal reserve	-	-	47,303	(47,303)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	(316,902)	(316,902)	-	-	-	-	(316,902)	-	(316,902)
Differences between actual equity price paid and book value of subsidiaries	-	268	-	-	-	-	-	-	-	268	(268)	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,008	1,008
Cash dividends on acquiring subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,860)	(4,860)
Disposal of equity instruments designated at fair value through other comprehensive income (Note 6 (2))	-	-	-	53,144	53,144	-	(53,144)	-	(53,144)	-	-	-
Balance on June 30, 2024	<u>\$ 586,855</u>	<u>74,381</u>	<u>589,881</u>	<u>1,107,628</u>	<u>1,697,509</u>	<u>335</u>	<u>207,118</u>	<u>(10,396)</u>	<u>197,057</u>	<u>2,555,802</u>	<u>20,332</u>	<u>2,576,134</u>
Balance on January 1, 2025	<u>\$ 586,855</u>	<u>74,381</u>	<u>589,882</u>	<u>1,335,437</u>	<u>1,925,319</u>	<u>(408)</u>	<u>671,387</u>	<u>(580)</u>	<u>670,399</u>	<u>3,256,954</u>	<u>23,597</u>	<u>3,280,551</u>
Current net profit	-	-	-	200,844	200,844	-	-	-	-	200,844	2,556	203,400
Other comprehensive income	-	-	-	-	-	(1,995)	710,281	-	708,286	708,286	-	708,286
Total amount of other current comprehensive gains and losses	-	-	-	200,844	200,844	(1,995)	710,281	-	708,286	909,130	2,556	911,686
Appropriation and distribution of earnings:												
Appropriation of legal reserve	-	-	60,765	(60,765)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	(352,113)	(352,113)	-	-	-	-	(352,113)	-	(352,113)
Cash dividends on acquiring subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,240)	(3,240)
Disposal of equity instruments designated at fair value through other comprehensive income (Note 6 (2))	-	-	-	511,206	511,206	-	(511,206)	-	(511,206)	-	-	-
Balance on June 30, 2025	<u>\$ 586,855</u>	<u>74,381</u>	<u>650,647</u>	<u>1,634,609</u>	<u>2,285,256</u>	<u>(2,403)</u>	<u>870,462</u>	<u>(580)</u>	<u>867,479</u>	<u>3,813,971</u>	<u>22,913</u>	<u>3,836,884</u>

(For details, please refer to notes to the consolidated financial statements)

Chairman: Shen I-Tung

Manager: Shen I-Tung

Accounting Manager: Liu Ya-Ping

Mildef Crete Inc. and Its Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2025 and 2024

Unit: NT\$1,000

	January to June 2025	January to June 2024
Cash flows from operating activities:		
Net income before tax	\$ 265,295	421,846
Adjustments for:		
Profit and loss		
Depreciation expense	39,415	32,851
Amortization expense	1,444	3,928
Expected credit loss	1,107	-
Net gain on financial assets at fair value through profit or loss	(1,247)	(560)
Interest expense	864	643
Interest income	(10,724)	(5,398)
Dividend income	(4,058)	(61,203)
Gain on disposal of property, plant and equipment	(91)	(198)
Lease modification benefits	-	(4)
Others	-	(46)
Total profit/(loss)	<u>26,710</u>	<u>(29,987)</u>
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Notes and accounts receivable	(169,356)	57,107
Accounts receivable from related parties	151,556	10,522
Inventories	132,242	14,831
Other current assets	(5,599)	(394)
Other non-current assets	52	-
Total net changes in assets related to operating activities	<u>108,895</u>	<u>82,066</u>
Net changes in liabilities related to operating activities		
Contract liabilities	(11,434)	(66,637)
Notes payable	(17,265)	3,068
Accounts payable	(13,546)	18,503
Provisions for warranty liabilities	(8,686)	2,831
Other accounts payable and other current liabilities	18,407	36,266
Net defined benefit liabilities	(1,754)	(5,339)
Total amount of net changes in liabilities related to operating activities	<u>(34,278)</u>	<u>(11,308)</u>
Total amount of net changes in assets and liabilities related to operating activities	<u>74,617</u>	<u>70,758</u>
Total adjustments	<u>101,327</u>	<u>40,771</u>

(For details, please refer to notes to the consolidated financial statements)

Chairman: Shen I-Tung Manager: Shen I-Tung Accounting Manager: Liu Ya-Ping

Mildef Crete Inc. and Its Subsidiaries
Consolidated Statements of Cash Flows (Continued)
For the Six Months Ended June 30, 2025 and 2024

Unit: NT\$1,000

	January to June 2025	January to June 2024
Net cash generated from/(used in) operations	366,622	462,617
Interest received	10,303	5,398
Income tax paid	(124,279)	(108,121)
Net cash inflow from operating activities	252,646	359,894
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(19,682)	-
Disposal of financial assets at fair value through other comprehensive income	683,131	153,779
Purchase of financial assets at fair value through profit or loss	-	(150,000)
Acquisition of property, plant and equipment (including prepayment for equipment)	(24,073)	(76,333)
Disposal of property, plant and equipment	1,861	346
Decrease (increase) in refundable deposits	956	(378)
Acquisition of intangible assets	(95)	(2,769)
Increase in other financial assets - current	19,671	(9,000)
Increase in other non-current assets	-	(3,750)
Dividends received	4,058	10,161
Net cash inflows (outflows) from investing activities	665,827	(77,944)
Cash flows from financing activities:		
Payment of the principal portion of lease liabilities	(19,350)	(19,102)
Dividends paid to non-controlling interests by subsidiaries	-	(4,860)
Disposal of equity in subsidiaries (without control lost)	-	1,008
Interests paid	(864)	(643)
Net cash outflow from financing activities	(20,214)	(23,597)
Effect of exchange rate changes on cash and cash equivalents	2,318	315
Increase in cash and cash equivalents	900,577	258,668
Beginning cash and cash equivalents balance	533,521	311,156
Ending cash and cash equivalents balance	\$ 1,434,098	569,824

(For details, please refer to notes to the consolidated financial statements)

Chairman: Shen I-Tung Manager: Shen I-Tung Accounting Manager: Liu Ya-Ping

Mildef Crete Inc. and Its Subsidiaries
Notes to the Consolidated Financial Statements
Second quarter of 2025 and 2024
(In thousands of NT\$, except otherwise specified)

I. Company History

Mildef Crete Inc. (hereinafter referred to as the “Company”) was incorporated on March 15, 1990 with the approval of the Ministry of Economic Affairs. Its registered address is 7F, No. 250, Section 3, Beishen Road, Shenkeng District, New Taipei City. The Company and its subsidiaries (hereinafter referred to as the “Consolidated Company”) mainly engage in the research, design, planning, manufacturing, sales, and import and export of various computer software and hardware and components thereof, as well as computer hardware and software combination, manufacturing, installation, and consulting services, and investment in relevant businesses.

II. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved and released by the Board of Directors on August 6, 2025.

III. Application of New and Amended Standards and Interpretations

- (I) Effect of the application of new and amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) as endorsed by the Financial Supervisory Commission (FSC)

The Consolidated Company has applied the following newly revised IFRS accounting standards since January 1, 2025, which has not caused any material impact on its consolidated financial statements.

- Amendments to IAS 21 "Lack of Exchangeability"

- (II) Effect of the IFRSs as endorsed by the FSC, but not yet adopted

The Consolidated Company has evaluated to apply the following newly revised IFRSs effective on January 1, 2026, which will not cause any significant impact on its consolidated financial statements.

- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- Amendments to IFRS 9 and IFRS 7 - 'Amendments to Classification and Measurement of Financial Instruments' regarding the application guidance of Sections 3.1 and 3.3 of IFRS 9 and related disclosure requirements of IFRS 7
- Annual improvements to IFRSs
- Amendments to IFRS 9 and IFRS 7: "Contracts for Renewable Electricity"

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

(III) New and amended standards and interpretations not yet endorsed by the FSC

The standards and interpretations that have been issued and amended by the International Accounting Standards Board (IASB) but have not yet been endorsed by the FSC, while may be relevant to the Consolidated Company are as follows:

New and amended standards	Main amendments	Effective date announced by the IASB
International Financial Reporting Standard No. 18 "Presentation and Disclosure of Financial Statements"	The new guidelines introduce three categories of income and expenses, two subtotals on the income statement, and a single footnote regarding management performance measurement. These three amendments and enhancements to the guidance on segmenting information in financial statements lay the foundation for providing users with improved and consistent information, and will have an impact on all companies. • A more structured income statement: The company currently uses various formats to express its financial performance, which makes it challenging for investors to compare the financial performance of different companies. The new guidelines have implemented a more structured income statement. They have introduced a new subtotal called "operating profit" and require that all revenues and expenses be classified into three new categories based on the company's main business activities. • Management Performance Measurement (MPMs): The new criteria introduce the concept of management performance measurement. Companies are now required to provide an explanation, in a single footnote in the financial statements, regarding the usefulness of each measurement indicator, its calculation method, and how it is adjusted for amounts recognized in accordance with international financial reporting standards accounting principles. • More detailed information: The new guidelines provide instructions on how companies can improve the organization of information in financial statements. This guidance includes determining whether the information should be included in the primary financial statements or further disaggregated in the notes.	January 1, 2027

Notes to the Consolidated Financial Statements of MilDef Crete Inc. and Its Subsidiaries (Continued)

The Consolidated Company is currently evaluating the impacts of the above standards and interpretations on its financial position and operating results and will disclose relevant impacts when completing the evaluation.

The Group does not expect that the new and amended standards below not yet endorsed by the FSC will have a material impact on the consolidated financial statements.

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

IV. Summary of Significant Accounting Policies

Except as stated below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the 2024 consolidated financial statements. Please refer to Note 4 to the 2024 consolidated financial statements for relevant information.

(I) Declaration of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and the IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. This consolidated financial statements do not include all the necessary information shall be disclosed in the entire annual consolidated financial statements prepared in accordance with the IFRSs approved accounting standards and issued into effect by the FSC.

(II) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements include:

Name of investor	Name of subsidiary	Nature of business	% of equity held		
			2025.6.30	2024.12.31	2024.6.30
The Company	Flexbasis Technology Inc. (Flexbasis)	Manufacturing of metal casings	56.2%	56.2%	56.2%
The Company	MilDef Crete Australasia Pty. Ltd.	Sale of rugged products	100%	100%	100%

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

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries (Continued)

(III) Employee benefits

The pension under the defined benefit plan during the interim period is calculated at actuarially determined pension cost rate on the balance sheet date of the prior year, from the beginning of the year to the end of this period and adjusted as per major market fluctuations after the balance sheet date, major reductions, settlements, or other major one-off events.

(IV) Income tax

The Consolidated Company measured and disclosed income tax expense incurred during the interim period in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”. Income tax expense is measured by multiplying the net income before tax for the interim reporting period by the management team’s best estimate of the average effective tax rate for the entire year and is fully recognized as current income tax expense.

Income tax expense recognized directly in equity or other comprehensive income is measured at the tax rate that is expected to be applicable when temporary differences between the carrying amounts of the relevant assets and liabilities and their tax bases at the balance sheet date are realized or settled.

V. Critical Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

In preparing the consolidated financial statements, the management should exercise judgments and make estimates about the future (including climate-related risks and opportunities) in accordance with the IAS 34 “Interim Financial Reporting” endorsed by the FSC, which will affect the adoption of accounting policies and the amounts of assets, liabilities, income, and expenses reported. Actual results may differ from estimates.

When the consolidated financial statements were prepared, the critical judgments exercised by the management in adopting the Consolidated Company’s accounting policies and the key sources of estimation uncertainty are consistent with Note 5 to the 2024 consolidated financial statements.

VI. Description of Significant Accounts

Except as stated below, there is no significant difference between the description of important accounting titles in these consolidated financial statements and the 2024 consolidated financial statements. Please refer to Note 4 to the 2024 consolidated financial statements for relevant information.

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

(I) Cash and cash equivalents

	2025.6.30	2024.12.31	2024.6.30
Cash on hand	\$ 460	582	437
Checking deposit and demand deposit	815,882	532,939	569,387
Time deposits with original maturities of three months or less	617,756	-	-
	<u>\$ 1,434,098</u>	<u>533,521</u>	<u>569,824</u>

The Group's bank time deposits with the initial duration of more than three months as of June 30, 2025, December 31, 2024, and June 30, 2023 were NT\$234,771 thousand, NT\$206,100 thousand, and NT\$215,100 thousand, respectively, which are recognized in other financial assets - current.

(II) Financial instruments

1. Financial assets at fair value through profit or loss - current

	2025.6.30	2024.12.31	2024.6.30
Money funds	\$ 212,103	210,499	150,560
Contingent consideration	10,840	-	-
	<u>\$ 222,943</u>	<u>210,499</u>	<u>150,560</u>

The aforementioned contingent consideration relates to the Consolidated Company's disposal of shares in Roda Computer GmbH, an unlisted company, in March 2025. Under the terms of the share disposal agreement, the Consolidated Company is entitled to receive additional consideration based on Roda Computer GmbH's profitability performance for fiscal year 2024. The contingent consideration is expected to be settled in August 2025.

Please refer to Note 6 (16) for the amount re-measured at fair value and recognized in profit or loss.

2. Financial assets at fair value through other comprehensive income

	2025.6.30	2024.12.31	2024.6.30
Debt instruments measured at fair value through other comprehensive income:			
Foreign government bonds	\$ 16,666	-	-
Foreign corporate bonds	15,836	19,449	-
Equity instruments measured at fair value through other comprehensive income:			

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

	2025.6.30	2024.12.31	2024.6.30
Unlisted stocks	-	141,640	18,262
Overseas stocks	1,427,368	1,087,589	704,234
Total	<u>\$ 1,459,870</u>	<u>1,248,678</u>	<u>722,496</u>
Current	\$ 1,378,151	-	-
Non-current	81,719	1,248,678	722,496
	<u>\$ 1,459,870</u>	<u>1,248,678</u>	<u>722,496</u>

- (1) Debt instrument investments measured at fair value through other comprehensive income

The Consolidated Company assesses that its bond investments are held within a business model aimed at achieving objectives through the collection of contractual cash flows and the sale of financial assets. Therefore, they are reported as financial assets measured at fair value through other comprehensive income.

- (2) Equity investments measured at fair value through other comprehensive income

The Consolidated Company holds these equity investments as long-term strategic investments, not for trading purposes. Therefore, they are designated as measured at fair value through other comprehensive income.

During the period from January 1 to June 30, 2025 and 2024, the Group sold a portion of the overseas listed stocks mentioned above as part of its investment strategy. The fair values at the time of disposal were NT\$484,443 thousand and NT\$153,779 thousand, respectively. The accumulated gains (after tax) from the disposal were NT\$322,335 thousand and NT\$53,144 thousand, respectively. These accumulated gains have been transferred from other equity to retained earnings.

In March 2025, the Consolidated Company disposed of its entire equity interest in Roda Computer GmbH, an unlisted company, to Mildef Consolidated Company AB. The total transaction consideration amounted to NT\$268,304 thousand, comprising cash of NT\$198,688 thousand (EUR 5,600 thousand), 110 thousand shares of Mildef Consolidated Company AB stock (with a fair value of NT\$58,419 thousand), and contingent consideration of NT\$11,197 thousand (refer to Note 6 (2) for details). The cumulative disposal gain (after tax) totaled NT\$188,871 thousand, and the

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries (Continued)

aforementioned cumulative gain has been reclassified from other equity to retained earnings. The aforementioned Mildef Consolidated Company AB shares acquired are subject to a two-year lock-up period (until March 2026).

Information on significant equity investments in foreign currencies on the balance sheet date is as follows:

	2025.6.30			2024.12.31			2024.6.30		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
EUR	\$	-	-	4,149	34.14	141,640	526	34.71	18,262
SEK	461.931	3.09	1,427,368	363,742	2.99	1,087,589	230.896	3.05	704,234

As of June 30, 2025, December 31, 2024 and June 30, 2024, none of the Group's financial assets above had been pledged as collateral.

(III) Notes and accounts receivable (related parties)

	2025.6.30	2024.12.31	2024.6.30
Notes and accounts receivable	\$ 233,057	63,701	62,978
Less: Allowance for losses	(1,605)	(363)	-
	<u>231,452</u>	<u>63,338</u>	<u>62,978</u>
Accounts receivable - related parties	-	151,556	298,915
Less: Allowance for losses	-	(135)	-
	<u>-</u>	<u>151,421</u>	<u>298,915</u>
	<u>\$ 231,452</u>	<u>214,759</u>	<u>361,893</u>

The Consolidated Company estimated expected credit losses using a simplified approach for all notes and accounts receivable, i.e., using lifetime expected credit losses, and forward-looking information. The analysis of expected credit losses on the Consolidated Company's notes and accounts receivable is as follows:

		2025.6.30	
	Carrying amount of notes and accounts receivable	Weighted average expected credit loss ratio	Allowance for lifetime expected credit losses
Not past due	\$ 204,033	0.09079%	185
Payment is due within 30 days	28,493	3.27613%	934
Overdue for 61 to 90 days	48	6.55787%	3
Past due for more than 91 days	483	100%	483
	<u>\$ 233,057</u>		<u>1,605</u>

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

	2024.12.31		
	Carrying amount of notes and accounts receivable	Weighted average expected credit loss ratio	Allowance for lifetime expected credit losses
Not past due	\$ 206,040	0.09512%	196
Payment is due within 30 days	<u>9,217</u>	<u>3.27620%</u>	<u>302</u>
	<u>\$ 215,257</u>		<u>498</u>

	2024.6.30		
	Carrying amount of notes and accounts receivable	Weighted average expected credit loss ratio	Allowance for lifetime expected credit losses
Not past due	\$ 361,881	0.00000%	-
Payment is due within 30 days	<u>12</u>	<u>0.00002%</u>	<u>-</u>
	<u>\$ 361,893</u>		<u>-</u>

Changes in allowance for loss on notes and accounts receivable of the Consolidated Company are as follows:

	January to June 2025	January to June 2024
Opening balance	\$ 498	-
Provision for the current period	<u>1,107</u>	<u>-</u>
Ending balance	<u>\$ 1,605</u>	<u>-</u>

(IV) Inventories

	2025.6.30	2024.12.31	2024.6.30
Merchandise	\$ 142,402	136,035	162,568
Finished goods	18,429	1,380	4,774
Semi-finished goods	146,284	163,208	136,579
Work in process	209,171	241,222	293,219
Raw materials	<u>569,233</u>	<u>675,916</u>	<u>585,848</u>
	<u>\$ 1,085,519</u>	<u>1,217,761</u>	<u>1,182,988</u>

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

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

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Costs of inventories sold	\$ 511,855	473,249	1,003,675	948,867
Warranty provision (reversal)	732	(992)	(8,015)	3,910
Inventory valuation loss	20,037	9,240	14,877	26,290
	<u>\$ 532,624</u>	<u>481,497</u>	<u>1,010,537</u>	<u>979,067</u>

The above inventory valuation loss is recognized by the consolidated company due to the write-down of the inventory to the net realizable value.

(V) Property, plant and equipment

Details of changes in the Consolidated Company's property, plant and equipment are as follows:

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Leasehold improvements	Total
Cost:								
Balance on January 1, 2025	\$ 147,478	76,876	181,855	8,355	2,337	120,004	-	536,905
Additions	-	2,351	8,733	-	-	6,359	2,257	19,700
Disposal	-	-	(1,900)	-	-	-	-	(1,900)
Reclassification (Note)	-	-	-	-	-	1,374	13,424	14,798
Balance on June 30, 2025	<u>\$ 147,478</u>	<u>79,227</u>	<u>188,688</u>	<u>8,355</u>	<u>2,337</u>	<u>127,737</u>	<u>15,681</u>	<u>569,503</u>
Balance as of January 1, 2024	\$ 147,478	75,609	109,746	7,567	2,212	91,532	-	434,144
Additions	-	-	53,472	1,500	-	20,358	-	75,330
Disposal	-	-	(400)	(1,500)	-	-	-	(1,900)
Reclassification (Note)	-	-	26,958	-	-	1,009	-	27,967
Balance on June 30, 2024	<u>\$ 147,478</u>	<u>75,609</u>	<u>189,776</u>	<u>7,567</u>	<u>2,212</u>	<u>112,899</u>	<u>-</u>	<u>535,541</u>
Depreciation								
Balance on January 1, 2025	\$ -	33,359	69,602	5,484	895	83,891	-	193,231
Depreciation	-	1,493	7,909	617	145	7,899	1,977	20,040
Disposal	-	-	(130)	-	-	-	-	(130)
Reclassification (Note)	-	-	-	-	-	-	3,850	3,850
Balance on June 30, 2025	<u>\$ -</u>	<u>34,852</u>	<u>77,381</u>	<u>6,101</u>	<u>1,040</u>	<u>91,790</u>	<u>5,827</u>	<u>216,991</u>
Balance as of January 1, 2024	\$ -	30,094	70,428	5,881	632	70,564	-	177,599
Depreciation	-	1,636	5,306	513	124	5,991	-	13,570
Disposal	-	-	(252)	(1,500)	-	-	-	(1,752)
Balance on June 30, 2024	<u>\$ -</u>	<u>31,730</u>	<u>75,482</u>	<u>4,894</u>	<u>756</u>	<u>76,555</u>	<u>-</u>	<u>189,417</u>
Book value:								
June 30, 2025	<u>\$ 147,478</u>	<u>44,375</u>	<u>111,307</u>	<u>2,254</u>	<u>1,297</u>	<u>35,947</u>	<u>9,854</u>	<u>352,512</u>
January 1, 2025	<u>\$ 147,478</u>	<u>43,517</u>	<u>112,253</u>	<u>2,871</u>	<u>1,442</u>	<u>36,113</u>	<u>-</u>	<u>343,674</u>
June 30, 2024	<u>\$ 147,478</u>	<u>43,879</u>	<u>114,294</u>	<u>2,673</u>	<u>1,456</u>	<u>36,344</u>	<u>-</u>	<u>346,124</u>

(Note) Transferred from prepaid equipment and other non-current assets.

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

(VI) Right-of-use assets

The cost and accumulated depreciation of properties and buildings leased by the Consolidated Company, along with the details of changes, are as follows:

	<u>Buildings</u>
Cost of right-of-use assets:	
Balance on January 1, 2025	\$ 227,929
Additions	8,534
The effects of changes in foreign exchange rates	(121)
Balance on June 30, 2025	<u>\$ 236,342</u>
Balance as of January 1, 2024	\$ 198,865
Additions	25,978
Decrease	(8,232)
The effects of changes in foreign exchange rates	33
Balance on June 30, 2024	<u>\$ 216,644</u>
Accumulated depreciation of right-of-use assets:	
Balance on January 1, 2025	\$ 147,125
Depreciation in this period	19,375
The effects of changes in foreign exchange rates	(87)
Balance on June 30, 2025	<u>\$ 166,413</u>
Balance as of January 1, 2024	\$ 123,521
Depreciation in this period	19,281
Decrease	(7,234)
The effects of changes in foreign exchange rates	24
Balance on June 30, 2024	<u>\$ 135,592</u>
Book value:	
June 30, 2025	<u>\$ 69,929</u>
January 1, 2025	<u>\$ 80,804</u>
June 30, 2024	<u>\$ 81,052</u>

(VII) Intangible assets

	<u>Computer software</u>
Carrying amount	
June 30, 2025	<u>\$ 4,373</u>
January 1, 2025	<u>\$ 5,722</u>
June 30, 2024	<u>\$ 6,904</u>

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

There was no significant addition, disposal, provision for impairment, or reversal of the Consolidated Company's intangible assets during the six months ended June 30, 2025 and 2024. Please refer to the depreciation amount for the current period. Please refer to Note 12(1) for the amortization amount in this period. Please refer to Note 6(7) to the 2024 consolidated financial statements for other relevant information.

(VIII) Lease liabilities

The carrying amounts of the Consolidated Company's lease liabilities are as follows:

	2025.6.30	2024.12.31	2024.6.30
Current	<u><u>\$ 33,309</u></u>	<u><u>35,771</u></u>	<u><u>33,499</u></u>
Non-current	<u><u>\$ 37,375</u></u>	<u><u>45,763</u></u>	<u><u>48,200</u></u>

For maturity analysis, please refer to Note 6 (17) Financial Instruments.

The amounts of leases recognized in profit or loss are as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Interest expenses on lease liabilities	<u><u>\$ 331</u></u>	<u><u>334</u></u>	<u><u>612</u></u>	<u><u>624</u></u>
Short-term lease expenses	<u><u>\$ 39</u></u>	<u><u>77</u></u>	<u><u>158</u></u>	<u><u>198</u></u>

The amounts recognized in the cash flow statement are as follows:

	January to June 2025	January to June 2024
Total cash outflow from leases	<u><u>\$ 20,120</u></u>	<u><u>19,924</u></u>

The Consolidated Company leases retail stores and factories, with lease terms typically ranging from one to five years. Upon expiration of the lease period, the lease agreements are renegotiated for the lease duration and payment terms.

The Consolidated Company leases parking spaces for scooters, and these leases are low-value leases. The Consolidated Company elects to apply recognition exemptions and does not recognize its relevant right-of-use assets and lease liabilities.

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

(IX) Provision for liabilities

	Warranty
Balance on January 1, 2025	\$ 21,621
Provision for liabilities used in the current period	(671)
Liability provisions reversed during the period	(8,015)
Balance on June 30, 2025	<u>\$ 12,935</u>
Balance as of January 1, 2024	\$ 13,152
Provision for new liabilities in the current period	3,910
Provision for liabilities used in the current period	(1,079)
Balance on June 30, 2024	<u>\$ 15,983</u>

The provision for warranty liabilities primarily relates to computer sales. The provision is estimated based on historical warranty data for the sold goods. The Consolidated Company expects that the majority of these liabilities will be incurred gradually over one to three years following the sale.

(X) Employee benefits

1. Defined benefit plan

As there were no major market fluctuation, major reduction, settlement, or other major one-off events after the balance sheet date of the prior year, the Consolidated Company measured and disclosed pension costs for interim periods at the actuarial determined pension costs on December 31, 2024 and 2023.

The details of pension expenses under the Consolidated Company's defined benefit plan are as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Operating cost	\$ 18	-	20	28
Operating expenses	59	131	134	234
	<u>\$ 77</u>	<u>131</u>	<u>154</u>	<u>262</u>

2. Defined contribution plan

The details of pension expenses under the Consolidated Company's defined contribution plan are as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Operating cost	\$ 1,122	1,136	2,224	2,179
Operating expenses	2,121	2,053	4,338	4,191
	<u>\$ 3,243</u>	<u>3,189</u>	<u>6,562</u>	<u>6,370</u>

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

(XI) Income tax

1. The details of the Consolidated Company's income tax expenses are as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Income tax expenses	<u>\$ 19,540</u>	<u>54,172</u>	<u>61,895</u>	<u>91,332</u>

2. The details of income tax expenses (benefits) recognized by the Group in other comprehensive income are as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Financial assets at fair value through other comprehensive income	<u>\$ (30,562)</u>	<u>(26,525)</u>	<u>179,870</u>	<u>2,060</u>

3. The Company has submitted tax return applications until the year of 2023, as prescribed by the tax authority, upon settlement and audit.

(XII) Capital and other equity

Except as stated below, there was no significant change in the Group's capital and other equity during the six months ended June 30, 2025 and 2024. Please refer to Note 6 (13) to the 2024 consolidated financial statements for relevant information.

1. Earnings distribution:

As per the Articles of Incorporation, the Company shall pay the tax first to make up for the previous losses if there are any earnings in the Company's annual general final accounts, and it shall then set aside 10% of the legal reserve. However, it may not be set aside when the legal reserve has reached the amount of the paid-in capital of the Company. Furthermore, after the special reserve is set aside or reversed depending on the needs or as per laws and regulations, any remaining profit, together with any cumulative undistributed earnings, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution.

The annual shareholders' meeting passed the resolutions for the 2024 and 2023 earnings distribution proposals on June 11, 2025 and June 14, 2023, respectively. The dividends distributed to owners are as follows:

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

	2024		2023	
	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)	Amount
Dividends distributed to owners of ordinary shares:				
Cash	\$ 6.00	<u>\$ 352,113</u>	5.40	<u>316,902</u>

Relevant information of the earnings distribution is available on the Market Observation Post System (MOPS).

2. Other equity (net after-tax)

	Exchange differences arising from the translation of Financial Report of foreign operations	Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	Remeasurement of defined benefit plan	Total
Balance on January 1, 2025	\$ (408)	671,387	(580)	670,399
Exchange differences arising from the net assets of foreign operations	(1,995)	-	-	(1,995)
Unrealized gains on financial assets at fair value measurement through other comprehensive income	-	710,281	-	710,281
Disposal of equity instruments designated at fair value through other comprehensive income	-	(511,206)	-	(511,206)
Balance on June 30, 2025	<u>\$ (2,403)</u>	<u>870,462</u>	<u>(580)</u>	<u>867,479</u>
Balance as of January 1, 2024	\$ 20	252,022	(10,396)	241,646
Exchange differences arising from the net assets of foreign operations	315	-	-	315
Unrealized gains on financial assets at fair value measurement through other comprehensive income	-	8,240	-	8,240
Disposal of equity instruments designated at fair value through other comprehensive income	-	(53,144)	-	(53,144)
Balance on June 30, 2024	<u>\$ 335</u>	<u>207,118</u>	<u>(10,396)</u>	<u>197,057</u>

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

(XIII) Earnings per share

1. Basic earnings per share

	<u>April to June 2025</u>	<u>April to June 2024</u>	<u>January to June 2025</u>	<u>January to June 2024</u>
Net income attributable to holders of the Company's ordinary shares	<u>\$ 34,696</u>	<u>170,372</u>	<u>200,844</u>	<u>326,703</u>
Weighted average number of outstanding ordinary shares (in thousands of shares)	<u>58,685</u>	<u>58,685</u>	<u>58,685</u>	<u>58,685</u>
Basic earnings per share (NT\$)	<u>\$ 0.59</u>	<u>2.90</u>	<u>3.42</u>	<u>5.57</u>

2. Diluted earnings per share

	<u>April to June 2025</u>	<u>April to June 2024</u>	<u>January to June 2025</u>	<u>January to June 2024</u>
Net income attributable to holders of the Company's ordinary shares	<u>\$ 34,696</u>	<u>170,372</u>	<u>200,844</u>	<u>326,703</u>
Weighted average number of outstanding ordinary shares (in thousands of shares)	58,685	58,685	58,685	58,685
The effect of employee remuneration	<u>294</u>	<u>389</u>	<u>513</u>	<u>673</u>
Weighted average number of outstanding ordinary shares (after adjustment for the effect of potentially dilutive ordinary shares)	<u>58,979</u>	<u>59,074</u>	<u>59,198</u>	<u>59,358</u>
Diluted earnings per share (NT\$)	<u>\$ 0.59</u>	<u>2.88</u>	<u>3.39</u>	<u>5.50</u>

(XIV) Revenue from customer contracts

1. Breakdown of income

	<u>April to June 2025</u>	<u>April to June 2024</u>	<u>January to June 2025</u>	<u>January to June 2024</u>
Major sales market:				
Asia	\$ 416,380	363,091	831,680	746,362
Europe	329,733	318,844	602,800	618,199

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Oceania	10,721	8,433	65,967	9,820
Americas	12,484	37,074	31,566	111,016
Total	<u>\$ 769,318</u>	<u>727,442</u>	<u>1,532,013</u>	<u>1,485,397</u>
Main product/service lines:				
Business computer \$	355,546	326,545	688,244	649,542
Rugged computer	404,121	386,770	802,969	803,430
Repair and maintenance services and others	9,651	14,127	40,800	32,425
	<u>\$ 769,318</u>	<u>727,442</u>	<u>1,532,013</u>	<u>1,485,397</u>

2. Contract balance

	2025.6.30	2024.12.31	2024.6.30
Notes and accounts receivable (related parties)	\$ 233,057	215,257	361,893
Less: Allowance for losses	(1,605)	(498)	-
Total	<u>\$ 231,452</u>	<u>214,759</u>	<u>361,893</u>
Contract liabilities (including related parties)	<u>\$ 152,139</u>	<u>163,573</u>	<u>171,002</u>

Please refer to Note 6 (3) for the notes and accounts receivable (including related parties) and impairment thereof disclosed.

The contract liabilities mainly arise from advances received from the sales of rugged computers, which will be reclassified to revenue when the Consolidated Company delivers the products to clients. The opening balances of contract liabilities as of January 1, 2025 and 2024 recognized in income for the six months ended June 30, 2025 and 2024 were NT\$25,900 thousand and NT\$81,438 thousand, respectively.

(XV) Remuneration to employees and directors

On June 11, 2025, the Company's shareholders' meeting resolved to amend the Articles of Incorporation. According to the amended Articles, if the Company has earnings in a given year, 5% to 10% shall be appropriated as employee compensation and up to 3% as director compensation. Of the employee compensation mentioned

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

above, no less than 10% shall be allocated to frontline employees. However, when the Company still has accumulated losses, it should reserve the amount in advance to make up for it. Prior to the amendment, the Articles of Incorporation provided that, if the Company had earnings in a given year, 5% to 10% should be appropriated as employee compensation and up to 3% as director compensation. However, when the Company still has accumulated losses, it should reserve the amount in advance to make up for it. The aforementioned employees are paid in stock or cash, including employees of subordinate companies who meet certain criteria.

The estimated amounts of the Company's employee remuneration for the three months and six months ended June 30, 2025 and 2024 were NT\$6,150 thousand, NT\$24,282 thousand, NT\$28,058 thousand, and NT\$43,915 thousand, respectively, and the estimated amounts of directors' remuneration for the periods then ended were NT\$1,232 thousand, NT\$4,866 thousand, NT\$5,623 thousand, and NT\$8,801 thousand, respectively. The amounts were estimated based on the Company's net income before tax before the remuneration to employees and directors was deducted for each period, multiplied by the percentages of the profit for employee and directors' remuneration as stipulated in the Company's Articles of Incorporation, and the amounts were recognized in operating costs or operating expenses for the period. If there is a difference between the amounts distributed in the following year and the estimated amounts, it will be treated as a change in accounting estimates, and the difference will be recognized in profit and loss for the following year.

The estimated amounts of the Company's 2024 and 2023 employee remuneration were NT\$67,752 thousand and NT\$61,896 thousand, respectively, and the estimated amounts of directors' remuneration for the periods then ended were NT\$13,579 thousand and NT\$12,634 thousand, respectively. The amounts are the same as those resolved by the Board of Directors and all were distributed in cash. Relevant information is available on the MOPS.

(XVI) Non-operating income and expenses

1. Interest income

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Interest income from cash in banks	\$ 6,188	2,388	7,591	3,208
Other interest income	1,743	1,122	3,133	2,190
	<u>\$ 7,931</u>	<u>3,510</u>	<u>10,724</u>	<u>5,398</u>

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

2. Other income

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Dividend income	\$ 4,058	61,203	4,058	61,203
Others	453	46	1,148	623
	\$ 4,511	61,249	5,206	61,826

3. Other gains and losses

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Foreign exchange gains (losses)	\$ (109,617)	5,748	(100,954)	20,011
Gains on financial assets measured at fair value through profit or loss	289	509	1,247	560
Gain on disposal of property, plant and equipment	91	-	91	198
	\$ (109,237)	6,257	(99,616)	20,769

4. Financial cost

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Interest expense				
Lease liabilities	\$ (331)	(334)	(612)	(624)
Others	(9)	(9)	(252)	(19)
	\$ (340)	(343)	(864)	(643)

(XVII) Financial instruments

Except as stated below, there was no significant change in the fair value of the Consolidated Company's financial instruments and exposure to credit risk, liquidity risk, and market risk due to the financial instruments held. Please refer to Note 6 (17) for relevant information.

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

1. Types of financial instruments

(1) Financial assets

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Financial assets at fair value through profit or loss - current			
Money funds	\$ 212,103	210,499	150,560
Contingent consideration	10,840	-	-
Financial assets at fair value through other comprehensive income - current			
Overseas listed stocks	1,378,151	-	-
Financial assets at fair value through other comprehensive income - non-current			
Foreign government bonds	16,666	-	-
Foreign corporate bonds	15,836	19,449	-
Unlisted stocks	-	141,640	18,262
Overseas listed stocks	-	1,087,589	704,234
Overseas listed stocks subject to lock-up period	49,217	-	-
Financial assets at amortized cost:			
Cash and cash equivalents	1,434,098	533,521	569,824
Notes and accounts receivable (related parties)	231,452	214,759	361,893
Other payables (including related parties)	-	-	40,888
Other financial assets - current	215,100	234,771	215,100
Other non-current assets - guarantee deposits paid	8,828	9,784	8,878
Total	<u><u>\$ 3,572,291</u></u>	<u><u>2,452,012</u></u>	<u><u>2,069,639</u></u>

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

(2) Financial liabilities

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Financial liabilities at amortized cost:			
Notes and accounts payable	\$ 96,599	127,410	174,957
Lease liabilities	70,684	81,534	81,699
Other payables (including related parties) and dividends payables	<u>533,894</u>	<u>160,803</u>	<u>503,176</u>
Total	<u>\$ 701,177</u>	<u>369,747</u>	<u>759,832</u>

2. Liquidity risk

The contract maturity date of the Consolidated Company's financial liabilities, including the estimated interest, is analyzed as follows:

	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
June 30, 2025						
Notes and accounts payable	\$ (96,599)	(96,599)	-	-	-	-
Lease liabilities	(72,385)	(19,577)	(14,477)	(31,618)	(6,713)	-
Other payables (including related parties) and dividends payables	<u>(533,894)</u>	<u>(533,894)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (702,878)</u>	<u>(650,070)</u>	<u>(14,477)</u>	<u>(31,618)</u>	<u>(6,713)</u>	<u>-</u>
December 31, 2024						
Notes and accounts payable	\$ (127,410)	(127,410)	-	-	-	-
Lease liabilities	(83,654)	(19,443)	(17,386)	(34,982)	(11,655)	(188)
Other payables (including related parties)	<u>(160,803)</u>	<u>(160,803)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (371,867)</u>	<u>(307,656)</u>	<u>(17,386)</u>	<u>(34,982)</u>	<u>(11,655)</u>	<u>(188)</u>
June 30, 2024						
Notes and accounts payable	\$ (174,957)	(174,957)	-	-	-	-
Lease liabilities	(83,923)	(19,646)	(14,843)	(23,200)	(26,234)	-
Other payables (including related parties) and dividends payables	<u>(503,176)</u>	<u>(503,176)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (762,056)</u>	<u>(697,779)</u>	<u>(14,843)</u>	<u>(23,200)</u>	<u>(26,234)</u>	<u>-</u>

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries (Continued)

The Consolidated Company does not expect the cash flows analyzed at maturity to be materially earlier or the actual amount to be materially different.

3. Exchange rate risk

The Consolidated Company's financial assets and liabilities exposed to significant foreign currency exchange rate risk are as follows:

	2025.6.30			2024.12.31			2024.6.30		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
<u>Financial assets</u>									
<u>Monetary item</u>									
USD	\$ 30,308	29.300	888,024	8,616	32.785	282,460	11,302	32.450	366,750
SEK	91,399	3.090	282,422	-	-	-	1,703	3.050	5,194
EUR	363	34.350	12,469	6	34.140	203	18	34.710	625
AUD	170	19.140	3,254	170	20.390	3,461	169	21.520	3,637
<u>Financial liabilities</u>									
<u>Monetary item</u>									
USD	20	29.300	586	71	32.785	2,328	62	32.450	2,012

Due to the diverse transactional currencies within the consolidated company, the information on foreign exchange gains or losses related to monetary items is disclosed on an aggregated basis. The foreign exchange (losses) gains (including realized and unrealized) for the periods from January 1 to June 30, 2025 and 2024 amounted to NT\$(100,954) thousand and NT\$20,011 thousand, respectively.

The Consolidated Company's exchange rate risk primarily arises from foreign-currency-denominated cash and cash equivalents, accounts receivable (including related parties), debt instrument investments at fair value through other comprehensive income (corporate bonds and government bonds), financial instruments measured at fair value through profit or loss (contingent consideration), accounts payable, and other payables (including related parties), leading to foreign exchange gains or losses upon conversion. If the NT\$ depreciated or appreciated by 1% against USD, SEK, EUR, and AUD with all other variables remaining unchanged, the Consolidated Company's net income before tax for the six months ended June 30, 2025 and 2024 would have increased or decreased by NT\$11,856 thousand and NT\$3,742 thousand, respectively. The same basis was used for analyses for both periods.

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

4. Fair value information

(1) Financial instruments not at fair value

The Consolidated Company's management believes that the carrying amounts of financial assets and financial liabilities at amortized cost in the financial statements approximate their fair values.

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

The Consolidated Company's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The fair value levels are defined as follows:

- A. Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- B. Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly (i.e. prices) or indirectly (i.e. derived from prices) for assets or liabilities.
- C. Level 3: Unobservable inputs for assets or liabilities not based on observable market data (unobservable inputs).

		2025.6.30			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:					
Money funds	\$ 212,103	212,103	-	-	212,103
Contingent consideration	10,840	-	-	10,840	10,840
Total	<u>\$ 222,943</u>	<u>212,103</u>	<u>-</u>	<u>10,840</u>	<u>222,943</u>
Financial assets at fair value through other comprehensive income:					
Foreign government bonds	\$ 16,666	-	16,666	-	16,666
Foreign corporate bonds	15,836	-	15,836	-	15,836
Overseas stocks	1,378,151	1,378,151	-	-	1,378,151
Overseas listed stocks subject to lock-up period	49,217	-	-	49,217	49,217
Total	<u>\$ 1,459,870</u>	<u>1,378,151</u>	<u>32,502</u>	<u>49,217</u>	<u>1,459,870</u>

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

2024.12.31					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:					
Money funds	\$ 210,499	210,499	-	-	210,499
Financial assets at fair value through other comprehensive income:					
Foreign corporate bonds	\$ 19,449	-	19,449	-	19,449
Unlisted stocks	141,640	-	-	141,640	141,640
Overseas stocks	1,087,589	1,087,589	-	-	1,087,589
Total	\$ 1,248,678	1,087,589	19,449	141,640	1,248,678

2024.6.30					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:					
Money funds	\$ 150,560	150,560	-	-	150,560
Financial assets at fair value through other comprehensive income:					
Unlisted stocks	\$ 18,262	-	-	18,262	18,262
Overseas stocks	704,234	704,234	-	-	704,234
Total	\$ 722,496	704,234	-	18,262	722,496

There were no transfers of financial assets and liabilities within the fair value hierarchy during the six months ended June 30, 2025 and 2024.

(3) Fair value valuation techniques for financial instruments at fair value

When the quoted market price of a financial instrument is available, the price shall be adopted as the fair value.

A financial instrument is considered to have a quoted price in an active market if such quotes can be obtained promptly and regularly from exchanges, brokers, underwriters, industry associations, pricing services, or regulatory agencies, and if the price represents actual and frequent fair market transactions. If these conditions are not met, the market is deemed inactive. Generally, wide bid-ask spreads, significant increases in bid-ask spreads, or minimal trading volume are indicators of an inactive market.

There are standard terms and conditions for the money funds and overseas listed stocks held by the Consolidated Company, and such funds

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

and stocks are traded in active markets; thus, the fair values thereof are determined as per the quoted market prices.

Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties. For the fair value obtained through the valuation techniques, the Company refers to the current fair value of other financial instruments with similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including calculations using models based on the market information available at the balance sheet date.

The fair value of foreign government bonds and foreign corporate bonds held by the Consolidated Company is determined based on quotes provided by third-party institutions. The overseas listed stocks subject to lock-up period held by the Consolidated Company are primarily measured based on the market quotations of listed companies, adjusted for the discount effect of lack of marketability of such equity securities. Additionally, contingent consideration and unlisted company stocks in inactive markets is primarily estimated using the income approach, with the discounted cash flow model. The main assumption involves measuring the fair value by discounting the expected future cash flows of the investee at a rate that reflects the time value of money and investment risks.

(4) Details of changes in the level 3

	Contingent consideration measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income Equity instruments
January 1, 2025	\$ -	141,640
Total profit or loss		
Recognized in profit or loss	(357)	-
Recognized in other comprehensive income	-	117,462
Acquisition	11,197	58,419
Disposal	-	(268,304)
June 30, 2025	<u><u>\$ 10,840</u></u>	<u><u>49,217</u></u>
June 30, 2024 (i.e., balance as of January 1, 2024)	<u><u>\$ -</u></u>	<u><u>18,262</u></u>

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

The above total profit or loss is recognized and included under "Other gains and losses" and "Unrealized valuation gain (loss) on equity instrument investments measured at fair value through other comprehensive income" in the statement of comprehensive income. Of which, those related to assets still held as of June 30, 2025 and 2024 are as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Total profit or loss				
Recognized in profit or loss (presented under "Other gains and losses")	\$ (512)	-	(357)	-
Recognized in other comprehensive income (presented under "Unrealized valuation gain (loss) on equity instrument investments measured at fair value through other comprehensive income")	(6,967)	-	(9,202)	-

(5) Quantitative information on measurement of significant unobservable fair value input (Level 3)

The Consolidated Company's financial instruments measured at fair value and classified as Level 3 consist of financial assets at fair value through profit or loss - contingent consideration and financial assets at fair value through other comprehensive income - overseas listed stocks subject to lock-up period and unlisted company stocks.

Quantitative information on significant unobservable inputs is listed as follows:

Item	Valuation technique	Significant unobservable input	Relations between significant unobservable input and fair value
Financial assets measured at fair value through	Discounted cash flow method	• Discount rate (8.52% as of June 30, 2025)	• The higher the discount rate, the

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

Item	Valuation technique	Significant unobservable input	Relations between significant unobservable input and fair value
profit or loss - contingent consideration			lower the fair value
Financial assets measured at fair value through other comprehensive income - overseas listed stocks subject to lock-up period	Market approach	• Discount for lack of market liquidity (26.93% as of June 30, 2025)	• The higher the discount for lack of market liquidity, the lower the fair value
Financial assets at fair value through other comprehensive income - unlisted stocks	Discounted cash flow method	• Cost of equity capital (8.51% and 11.22% as of December 31, 2024 and June 30, 2024, respectively)	• The higher the cost of equity capital, the lower the fair value

(6) Analysis of sensitivity of Level 3 fair value to reasonably possible alternative assumptions

The measurement of fair values of financial instruments by the Consolidated Company is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, if the valuation parameters change, the effect on the current period's gains or losses and other comprehensive income in this period is as follows:

		Increase or decrease change	Changes in fair value reflected in the current period's profit or loss		Changes in fair value reflected in other comprehensive income	
	Input		Favorable change	Unfavorable change	Favorable change	Unfavorable change
June 30, 2025						
Financial assets						
measured at fair						
value through profit						
or loss						
Contingent	Discount	1.00%	<u>\$ 17</u>	<u>17</u>	<u>-</u>	<u>-</u>
consideration	rate					
	discount					
Financial assets at fair						
value through other						
comprehensive						

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

	Input	Increase or decrease change	Changes in fair value reflected in the current period's profit or loss		Changes in fair value reflected in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
income						
Overseas listed stocks	Market liquidity discount	5.00%	<u>\$ -</u>	<u>-</u>	<u>3,368</u>	<u>3,368</u>
December 31, 2024						
Financial assets at fair value through other comprehensive income						
Unlisted stocks	Cost of equity capital	1.00%	<u>\$ -</u>	<u>-</u>	<u>2,579</u>	<u>2,502</u>
June 30, 2024						
Financial assets at fair value through other comprehensive income						
Unlisted stocks	Cost of equity capital	1.00%	<u>\$ -</u>	<u>-</u>	<u>460</u>	<u>422</u>

The Consolidated Company's favorable and unfavorable changes refer to the fluctuations of fair values, and fair values are calculated with the valuation techniques based on different unobservable inputs. If the fair value of a financial instrument is affected by more than one input, the above table only reflects the effect of changes in a single input without taking into account the correlation and variability between the inputs.

(XVIII) Financial risk management

There is no significant difference between the Consolidated Company's financial risk management goals and policies and those disclosed in Note 6 (18) to the 2024 consolidated financial statements.

(XIX) Capital management

The Consolidated Company's capital management goals, policies, and procedures are consistent with those disclosed in the 2024 consolidated financial statements. There was no significant difference between the aggregate quantitative data on items under capital management and those disclosed in the 2024 consolidated financial statements.

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

Please refer to Note 6 (19) of the 2024 consolidated financial statements for relevant information.

(XX) Non-cash transactions in investing and financing activities

1. Please refer to Note 6 (6) for details of right-of-use assets acquired by way of leasing.
2. The reconciliation of liabilities from financing activities is as follows:

		Non-cash changes				
					The effects of changes in foreign exchange rates	
	2025.1.1	Cash flows	Additions	Decrease		2025.6.30
Lease liabilities	<u>\$ 81,534</u>	<u>(19,350)</u>	<u>8,534</u>	<u>-</u>	<u>(34)</u>	<u>70,684</u>

		Non-cash changes				
					The effects of changes in foreign exchange rates	
	2024.1.1	Cash flows	Additions	Decrease		2024.6.30
Lease liabilities	<u>\$ 75,816</u>	<u>(19,102)</u>	<u>25,978</u>	<u>(1,002)</u>	<u>9</u>	<u>81,699</u>

3. Investing activities involving partial cash payments only

	January to June 2025	January to June 2024
Acquisition of property, plant and equipment	\$ 19,700	75,330
Add: Increase in equipment prepayments	1,374	27,967
Add: Equipment prepayments at end of period	4,556	3,619
Less: Equipment prepayments at beginning of period	(1,557)	(30,583)
Cash paid during the current period	<u>\$ 24,073</u>	<u>76,333</u>

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries (Continued)

VII. Related-Party Transactions

(I) Name of related party and relations

The related parties with transactions with the Consolidated Company during the period covered by these consolidated financial statements are as follows:

Name of related party	Relations with the Consolidated Company
Roda Computer GmbH	The Consolidated Company is one of the company's three shareholders (Note)
Chou Yung-Hsiang	One of the Consolidated Company's key management personnel

(Note) The Consolidated Company disposed of its entire equity interest in Roda Computer GmbH on March 6, 2025. From that date forward, the company is no longer a related party of the Consolidated Company.

(II) Significant Transactions with Related Parties

1. Operating revenue

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Other related parties				
Roda Computer GmbH (Note 1)	\$ -	301,992	233,235	576,041

Note 1: No longer a related party from March 6, 2025; therefore, related transaction amounts and related balances are no longer presented from that date forward.

The Consolidated Company's sales transactions with related parties, except for certain product specifications that lack comparable market prices, are generally not significantly different from regular market prices. Additionally, the credit period, originally set at 45 days from delivery, have been extended to up to 90 days starting from July 2023 based on the sales conditions.

2. Accounts receivable from related parties

	2025.6.30	2024.12.31	2024.6.30
Other related parties			
Roda Computer GmbH	\$ -	151,421	298,915

3. Other payables (including related parties)

	2025.6.30	2024.12.31	2024.6.30
Other related parties			
Roda Computer GmbH	\$ -	-	40,888

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries (Continued)

Accrued dividends that are payable to related parties.

4. Contract liabilities with related party (under contract liabilities)

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Other related parties			
Roda Computer GmbH	\$ -	38,093	37,544

5. Repair and maintenance and other operating revenue

	<u>April to June 2025</u>	<u>April to June 2024</u>	<u>January to June 2025</u>	<u>January to June 2024</u>
Other related parties				
Roda Computer GmbH (Note 1)	\$ -	1,847	657	3,217

All receivables from the above transactions have been received.

6. Technical service, repair and maintenance, and other fees

	<u>Fees on technical service, repair and maintenance, and others</u>				<u>Other accounts payable</u>		
	<u>April to June 2025</u>	<u>April to June 2024</u>	<u>January to June 2025</u>	<u>January to June 2024</u>	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Other related parties (Note 1)	\$ -	140	118	449	-	22	-

7. Equity transaction

On January 26, 2024, the Consolidated Company sold a 1.5% equity interest in its subsidiary Flexbasis to Chou, Yung-Hsiang for cash consideration of NT\$1,008 thousand. The change in net equity value was recognized in capital surplus - difference between actual disposal price and carrying amount of subsidiary shares in the amount of NT\$268 thousand. The aforementioned transaction proceeds have been received in full.

(III) Remuneration to key management personnel

Remuneration to key management personnel includes:

	<u>April to June 2025</u>	<u>April to June 2024</u>	<u>January to June 2025</u>	<u>January to June 2024</u>
Short-term employee benefits	\$ 3,324	6,296	9,938	13,306
Post-employment benefits	87	70	174	140
	<u>\$ 3,411</u>	<u>6,366</u>	<u>10,112</u>	<u>13,446</u>

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

VIII. Pledged Assets

The details of the book values of the assets pledged by the Consolidated Company are as follows:

Name of asset	Item pledged as collateral	2025.6.30	2024.12.31	2024.6.30
Time deposit (under “other non-current assets”)	Customs guarantee	<u>\$ 1,000</u>	<u>1,000</u>	<u>1,000</u>

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments: None.

X. Major Disaster Losses: None.

XI. Material Events After the Balance Sheet Date

Between July1, 2025 and August 6, 2024, the Consolidated Company sold 245 thousand shares of Mildef Consolidated Company AB stock. The fair value at disposal was NT\$134,622 thousand, resulting in cumulative disposal gains (after tax) of NT\$83,697 thousand. The aforementioned cumulative gains will be reclassified from other equity to retained earnings.

XII. Others

(I) Employee benefits and depreciation and amortization expense are summarized by function as follows:

By function By nature	April to June 2025			April to June 2024		
	Related to operating costs	Related to operating expenses	Total	Related to operating costs	Related to operating expenses	Total
Cost of employee benefits						
Salary and wages	23,311	41,424	64,735	31,686	52,498	84,184
Labor and health insurance	2,426	3,931	6,357	2,484	3,860	6,344
Pension	1,140	2,180	3,320	1,136	2,184	3,320
Other employee benefits	463	693	1,156	430	700	1,130
Depreciation expense	12,310	7,696	20,006	9,811	7,787	17,598
Amortization expense (Note)	283	394	677	1,200	770	1,970

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries
(Continued)

By function By nature	January to June 2025			January to June 2024		
	Related to operating costs	Related to operating expenses	Total	Related to operating costs	Related to operating expenses	Total
Cost of Employee benefits						
Salary and wages	54,595	93,766	148,361	61,709	98,867	160,576
Labor and health insurance	4,920	8,117	13,037	4,783	7,854	12,637
Pension	2,244	4,472	6,716	2,207	4,425	6,632
Other employee benefits	972	1,451	2,423	913	1,410	2,323
Depreciation expense	24,083	15,332	39,415	17,375	15,476	32,851
Amortization expense (Note)	651	793	1,444	2,271	1,657	3,928

(Note) Includes amortization expenses for leasehold improvements recorded under other non-current assets.

(II) Seasonality of operations

The Consolidated Company's operations are not materially affected by seasonal or cyclical factors.

XIII. Additional Disclosures

(I) Information on Related Significant Transactions

The material transactions during the six months ended June 30, 2025 that the Group needs to disclose in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers are as follows:

1. Loans to Others: None.
2. Endorsements/Guarantees provided to others: None.
3. Significant Securities Held at the End of the Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures):

Notes to the Consolidated Financial Statements of Mildef Crete Inc. and Its Subsidiaries (Continued)

Unit: In thousands of shares/thousands of units/thousands of NT\$

Company	Type and name of securities held	Relations with the securities issuer	Account items	End of the period				Remark
				Number of shares	Carrying amount	Shareholding ratio	Fair value/Net worth	
The Company	Kingdom of Saudi Arabia Government 5.75% USD Foreign Bond due 01/16/54	-	Financial assets at fair value through other comprehensive income - non-current	6	16,666	-	16,666	
The Company	Verizon Communications Inc. 5.012 04/15/49 Foreign Dollar Bond	-	"	6	15,836	-	15,836	
The Company	Shares of MilDef Consolidated Company AB (lock-up period)	-	"	110	49,217	0.23%	49,217	
The Company	Shares of MilDef Consolidated Company AB	-	Financial assets at fair value through other comprehensive income - current	2,249	1,378,151	4.78%	1,378,151	
The Company	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,727	80,779	-	80,779	
The Company	UPAMC James Bond Money Market Fund	-	"	4,610	80,804	-	80,804	
The Company	Jih Sun Money Market Fund	-	"	3,241	50,520	-	50,520	

4. Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital:

Unit: NT\$1,000

Goods purchasing (sales) company	Transaction counterparty	Relationships	Transaction details				Situation and reason why transaction conditions are different from general transactions		Notes and accounts receivable (payable)		Remark
			Purchase (sales) of goods	Amount	Ratio of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Ratio to Total Notes/Accounts Receivable (Payable)	
The Company	Roda Computer GmbH	One of the company's three shareholders (Note 2)	(Sale of goods)	233,235	15.56 %	45 days from delivery	(Note 1)	-	-	-	

Note 1. The prices at which the Company sells goods to related parties, except for certain product specifications that lack comparable market prices, are generally not significantly different from regular market prices.

Note 2. No longer a related party from March 6, 2025; therefore, related transaction amounts and related balances are no longer presented from that date forward.

5. Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital: None.

6. Business Relations and Significant Transactions Between Parent Company and Subsidiaries:

Unit: NT\$1,000

No. (Note 1)	Name of trader	Transaction counterparty	Relationship with transaction counterparty (Note 2)	Transaction details				As a percentage of consolidated total revenue or total assets (%)
				Items	Amount	Transaction terms		
0	The Company	MilDef Crete Australasia Pty. Ltd.	1	Sales income	41,406	Delivered in 45 days		2.70
1	Flexbasis	The Company	2	Sales income	35,423	Net 60 days end of the following month		2.31

Notes to the Consolidated Financial Statements of MilDef Crete Inc. and Its Subsidiaries (Continued)

Note 1: Businesses are coded as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded sequentially beginning from "1" by each individual company.

Note 2: The types of relations with the counterparty are indicated as follows:

3. Parent company to subsidiary
4. Subsidiary to parent company

Note 3: In disclosing the business relationships and significant transactions between the parent and subsidiary companies, only information related to sales and accounts receivable representing 0.5% or more of the consolidated revenue or assets is disclosed. Detailed information about corresponding purchases and accounts payable is not provided.

Note 4: The above transactions were eliminated in the preparation of consolidated financial statements.

(II) Information on Investees:

The information on the Group's investees during the six months ended June 30, 2025 is as follows:

Name of investor	Name of investee	Location	Main business	Initial investment amount		End of the period holdings			Gain or loss on investee in this period	Investment income (loss) recognized in this period	Remark
				End of this period	End of last year	Number of shares	Percentage	Carrying amount			
The Company	Flexbasis Technology Inc.	New Taipei City	Manufacturing	23,424	23,424	2,080	56.22%	29,417	(1,274)	3,281	(Note)
The Company	MilDef Crete Australasia Pty. Ltd.	Australia	Trade	12,548	12,548	600	100.00%	33,857	22,112	22,112	(Note)

Note: Has been written off in the consolidated financial report.

(III) Information on Investment in Mainland China: None.

XIV. Segment Information

The Consolidated Company mainly engages in the production and sales of various computer software, hardware, and peripherals. The operating financial information provided to the operating decision-makers for review covers a single segment, and the accounting policies adopted by the Consolidated Company's operating segment are consistent with the summary of significant accounting policies described in Note 4. The operating segment's income or loss is measured based on the operating income or loss before tax, which serves as the basis for evaluating performance. The segment's revenue, income or loss, and total assets under the Consolidated Company are consistent with those in presented in the financial statements. Please refer to the consolidated balance sheet and the consolidated statements of comprehensive income.