

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

**Third quarter of 2025 and 2024**

**Company Address: 7F, No. 250, Section 3, Beishan Road, Shenkeng District, New Taipei City**  
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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 September 30, 2025 and 2024; the relevant consolidated statements of comprehensive income for the three months and nine months ended September 30, 2025 and 2024, and the consolidated statements of changes in equity and cash flows for the nine months ended September 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 September 30, 2025 and 2024 as well as consolidated financial performance for the three months and nine months ended September 30, 2025 and 2024, and consolidated cash flows for nine months ended September 30, 2025 and 2024.

KPMG

CPAs

Kao Ching-Wen  
Tang Tzu-Chieh

Competent Securities  
Authority's Approval  
Document No.

Jin-Guan-Zheng-VI Zi No.  
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November 5, 2025

Mildef Crete Inc. and Its Subsidiaries

Consolidated Balance Sheets

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

Unit: NT\$1,000

		2025.9.30		2024.12.31		2024.9.30				2025.9.30		2024.12.31		2024.9.30	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%	Amount	%
Current assets								Current liabilities							
1100	Cash and cash equivalents (Note 6 (1))	\$ 1,374,185	27	533,521	13	527,666	14	2130	Contract liabilities - current (Notes 6 (14) and 7)	\$ 220,455	4	163,573	4	157,992	4
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	200,065	4	210,499	5	-	-	2150	Notes payable	15,963	-	32,734	1	44,005	1
1121	Financial assets at fair value through other comprehensive income - current (Note 6 (2) and 11)	1,069,279	21	-	-	-	-	2170	Accounts payable	108,096	2	94,676	2	94,309	3
1150	Notes and accounts receivable, net (Notes 6 (3) and (14))	275,212	6	63,338	2	89,569	2	2209	Other Payables (Notes 6 (15) and 7)	122,394	3	160,803	4	128,333	3
1180	Accounts receivable - related parties, net (Notes 6 (3) & (14), 7)	-	-	151,421	4	276,716	8	2230	Current income tax liabilities	217,453	4	123,251	3	145,861	4
130X	Inventories (Note 6 (4))	1,054,630	21	1,217,761	28	1,216,399	33	2280	Lease liabilities - current (Note 6 (8))	29,714	1	35,771	1	30,951	1
1476	Other financial assets - current (Note 6 (1))	91,300	2	234,771	6	215,100	6	2399	Other current liabilities	1,037	-	826	-	1,167	-
1479	Other current assets	37,371	1	18,678	-	18,747	1	Total		715,112	14	611,634	15	602,618	16
Total current assets		4,102,042	82	2,429,989	58	2,344,197	64	Non-current liabilities:							
Non-current assets:								2552	Provisions for warranty liabilities (Note 6 (9))	13,159	-	21,621	-	19,242	1
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (2))	410,034	8	1,248,678	30	798,914	22	2570	Deferred income tax liabilities	213,082	5	237,627	6	154,248	4
1600	Property, plant and equipment (Note 6 (5))	344,977	7	343,674	8	347,893	9	2580	Lease liabilities - non-current (Note 6 (8))	32,617	1	45,763	1	41,684	1
1755	Right-of-use assets (Note 6 (6))	61,576	1	80,804	2	71,923	2	2640	Net defined benefit liabilities — non-current	9,004	-	11,651	-	24,764	1
1780	Intangible assets (Note 6 (7))	3,752	-	5,722	-	5,783	-	Total non-current liabilities		267,862	6	316,662	7	239,938	7
1840	Deferred income tax assets	79,213	2	79,013	2	74,107	2	Total liabilities		982,974	20	928,296	22	842,556	23
1990	Other non-current assets (Note 8)	15,364	-	20,967	-	20,804	1	Equity attributed to owners of the parent company (Notes 6 (2), (12), and 7):							
Total non-current assets		914,916	18	1,778,858	42	1,319,424	36	3110	Ordinary share capital	586,855	12	586,855	14	586,855	16
								3200	Capital surplus	74,381	1	74,381	2	74,381	2
								3300	Retained earnings	2,658,080	53	1,925,319	45	1,826,281	50
								3400	Other equity	690,823	14	670,399	16	314,023	9
								Equity attributed to owners of the parent company		4,010,139	80	3,256,954	77	2,801,540	77
								36xx	Non-controlling interests	23,845	-	23,597	1	19,525	-
								Total equity		4,033,984	80	3,280,551	78	2,821,065	77
Total assets		\$ 5,016,958	100	4,208,847	100	3,663,621	100	Total liabilities and equity		\$ 5,016,958	100	4,208,847	100	3,663,621	100

(Please refer to notes to the consolidated financial statements for details)

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 Nine Months Ended September 30, 2025 and 2024**

Unit: NT\$1,000

		For the Three Months Ended September 30, 2025		For the Three Months Ended September 30, 2024		For the Nine Months Ended September 30, 2025		For the Nine Months Ended September 30, 2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	<b>Operating revenue (Notes 6 (14), 7 and 14)</b>	\$ 817,604	100	723,280	100	2,349,617	100	2,208,677	100
5000	<b>Operating cost (Notes 6(4), (5), (6), (8), (9), (10), (15), 7, and 12)</b>	593,808	73	544,724	75	1,604,345	68	1,523,791	69
	<b>Gross operating profit</b>	223,796	27	178,556	25	745,272	32	684,886	31
	<b>Operating expenses (Notes 6 (3), (5), (6), (8), (10), (15), 7, and 12):</b>								
6100	Selling and marketing expenses	43,487	5	45,637	6	123,254	5	130,051	6
6200	General and administrative expenses	23,295	3	16,863	2	63,298	3	50,778	2
6300	Research and development expenses	30,267	3	22,593	4	81,021	4	76,098	4
6450	Reversal of expected credit losses	(601)	-	574	-	506	-	574	-
	<b>Total operating expenses</b>	96,448	11	85,667	12	268,079	12	257,501	12
	<b>Net operating profit</b>	127,348	16	92,889	13	477,193	20	427,385	19
	<b>Non-operating income and expenses: (Notes 6(8) and (16))</b>								
7100	Interest income	10,197	1	2,460	-	20,921	1	7,858	-
7010	Other income	1,211	-	164	-	6,417	-	61,990	3
7020	Other gains and losses	59,479	7	(9,647)	(1)	(40,137)	(1)	11,122	1
7510	Financial cost	(315)	-	(309)	-	(1,179)	-	(952)	-
	<b>Total non-operating income and expenses</b>	70,572	8	(7,332)	(1)	(13,978)	-	80,018	4
	<b>Net profit before tax</b>	197,920	24	85,557	12	463,215	20	507,403	23
7951	<b>Minus: Income tax expense (Note 6 (11))</b>	40,919	5	16,884	2	102,814	4	108,216	5
	<b>Current net profit</b>	157,001	19	68,673	10	360,401	16	399,187	18
8300	<b>Other comprehensive income (Note 6 (2) and (11)):</b>								
8310	<b>Items not reclassified as income and loss</b>								
	Unrealized gain (losses) on investments in equity instruments as								
8316	at fair value through other comprehensive income	44,164	5	220,118	30	936,631	40	230,418	10
8349	Minus: Income tax related to items not reclassified	7,729	1	44,024	6	188,062	8	46,084	2
	<b>Total amount of items not reclassified to profit or loss</b>	36,435	4	176,094	24	748,569	32	184,334	8
8360	<b>Items that may be reclassified subsequently to profit or loss</b>								
	Exchange differences arising from the translation of the financial								
8361	statements of foreign operations	1,934	-	164	-	(61)	-	479	-
	Unrealized valuation losses on debt instrument investments								
8367	measured at fair value through other comprehensive income	2,163	1	-	-	(153)	-	-	-
8399	Minus: Income tax related to potentially classifiable items	433	-	-	-	(30)	-	-	-
	<b>Total amount of items that may be reclassified</b>								
	<b>subsequently to profit or loss</b>	3,664	1	164	-	(184)	-	479	-
8300	<b>Other comprehensive income</b>	40,099	5	176,258	24	748,385	32	184,813	8
	<b>Total amount of other current comprehensive gains and losses</b>	<b>\$ 197,100</b>	<b>24</b>	<b>244,931</b>	<b>34</b>	<b>1,108,786</b>	<b>48</b>	<b>584,000</b>	<b>26</b>
	<b>Net profit/(loss) attributable to:</b>								
8610	Owners of the parent company	\$ 156,069	19	69,480	10	356,913	16	396,183	18
8620	Non-controlling interests	932	-	(807)	-	3,488	-	3,004	-
		<b>\$ 157,001</b>	<b>19</b>	<b>68,673</b>	<b>10</b>	<b>360,401</b>	<b>16</b>	<b>399,187</b>	<b>18</b>
	<b>Total comprehensive income/(loss) attributable to:</b>								
8710	Owners of the parent company	\$ 196,168	24	245,738	34	1,105,298	48	580,996	26
8720	Non-controlling interests	932	-	(807)	-	3,488	-	3,004	-
		<b>\$ 197,100</b>	<b>24</b>	<b>244,931</b>	<b>34</b>	<b>1,108,786</b>	<b>48</b>	<b>584,000</b>	<b>26</b>
	<b>Earnings per share (NT\$; (Note 6 (13)))</b>								
	<b>Basic earnings per share</b>	<b>\$ 2.66</b>		<b>1.18</b>		<b>6.08</b>		<b>6.75</b>	
	<b>Diluted earnings per share</b>	<b>\$ 2.64</b>		<b>1.17</b>		<b>6.02</b>		<b>6.67</b>	

(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 Nine Months Ended September 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 remeasurement	Total	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
<b>Balance on January 1, 2024</b>	\$ 586,855	74,113	542,578	1,091,986	1,634,564	20	252,022	(10,396)	241,646	2,537,178	20,641	2,557,819
Current net profit	-	-	-	396,183	396,183	-	-	-	-	396,183	3,004	399,187
Other comprehensive income	-	-	-	-	-	479	184,334	-	184,813	184,813	-	184,813
Total amount of other current comprehensive gains and losses	-	-	-	396,183	396,183	479	184,334	-	184,813	580,996	3,004	584,000
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))	-	-	-	112,436	112,436	-	(112,436)	-	(112,436)	-	-	-
<b>Balance on September 30, 2024</b>	<b>\$ 586,855</b>	<b>74,381</b>	<b>589,881</b>	<b>1,236,400</b>	<b>1,826,281</b>	<b>499</b>	<b>323,920</b>	<b>(10,396)</b>	<b>314,023</b>	<b>2,801,540</b>	<b>19,525</b>	<b>2,821,065</b>
<b>Balance on January 1, 2025</b>	\$ 586,855	74,381	589,882	1,335,437	1,925,319	(408)	671,387	(580)	670,399	3,256,954	23,597	3,280,551
Current net profit	-	-	-	356,913	356,913	-	-	-	-	356,913	3,488	360,401
Other comprehensive income	-	-	-	-	-	(61)	748,446	-	748,385	748,385	-	748,385
Total amount of other current comprehensive gains and losses	-	-	-	356,913	356,913	(61)	748,446	-	748,385	1,105,298	3,488	1,108,786
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))	-	-	-	727,961	727,961	-	(727,961)	-	(727,961)	-	-	-
<b>Balance on September 30, 2025</b>	<b>\$ 586,855</b>	<b>74,381</b>	<b>650,647</b>	<b>2,007,433</b>	<b>2,658,080</b>	<b>(469)</b>	<b>691,872</b>	<b>(580)</b>	<b>690,823</b>	<b>4,010,139</b>	<b>23,845</b>	<b>4,033,984</b>

(Please refer to notes to the consolidated financial statements for details)

**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 Nine Months Ended September 30, 2025 and 2024**

**Unit: NT\$1,000**

	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
<b>Cash flows from operating activities:</b>		
Net profit before tax	\$ 463,215	507,403
<b>Adjustments for:</b>		
Profit and loss		
Depreciation expense	59,271	51,350
Amortization expense	2,065	5,930
Expected credit loss	506	574
Net gain on financial assets at fair value through profit or loss	(1,963)	(1,010)
Interest expense	1,179	952
Unrealized exchange gain on financial assets measured at fair value through other comprehensive income	(2,869)	-
Interest income	(20,921)	(7,858)
Dividend income	(4,058)	(61,203)
Gain on disposal of property, plant and equipment	(91)	(198)
Lease modification benefits	-	(4)
Total profit/(loss)	33,119	(11,467)
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Notes and accounts receivable	(212,515)	30,358
Accounts receivable - related parties	151,556	32,305
Inventories	163,131	(18,580)
Other current assets	(22,773)	(771)
Other non-current assets	52	-
Total net changes in assets related to operating activities	79,451	43,312
Net changes in liabilities related to operating activities		
Contract liabilities	56,882	(79,647)
Notes payable	(16,771)	9,873
Accounts payable	13,420	(24,945)
Provisions for warranty liabilities	(8,462)	6,090
Other accounts payable and other current liabilities	(38,198)	(21,855)
Net defined benefit liabilities	(2,647)	(5,537)
Total amount of net changes in liabilities related to operating activities	4,224	(116,021)
Total amount of net changes in assets and liabilities related to operating activities	83,675	(72,709)
Total adjustments	116,794	(84,176)

(Please refer to notes to the consolidated financial statements for details)

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 Nine Months Ended September 30, 2025 and 2024**

**Unit: NT\$1,000**

	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
<b>Net cash generated from/(used in) operations</b>	580,009	423,227
Interest received	18,627	7,858
Income tax paid	(215,013)	(128,890)
<b>Net cash inflow from operating activities</b>	<u>383,623</u>	<u>302,195</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets measured at fair value through other comprehensive income	(333,128)	-
Disposal of financial assets at fair value through other comprehensive income	1,030,642	297,478
Purchase of financial assets at fair value through profit or loss	(200,000)	(200,000)
Disposal of financial assets at fair value through profit or loss	223,643	201,010
Acquisition of property, plant and equipment (including prepayment for equipment)	(28,716)	(85,905)
Disposal of property, plant and equipment	1,861	346
Decrease (increase) in refundable deposits	954	-
Acquisition of intangible assets	(95)	(2,770)
Increase in other financial assets - current	143,471	(9,000)
Increase in other non-current assets	-	(2,938)
Dividends received	4,058	66,207
<b>Net cash inflow from investing activities</b>	<u>842,690</u>	<u>264,428</u>
<b>Cash flows from financing activities:</b>		
Payment of the principal portion of lease liabilities	(29,007)	(28,886)
Payments of cash dividends	(352,113)	(316,902)
Dividends paid to non-controlling interests by subsidiaries	(3,240)	(4,860)
Disposal of equity in subsidiaries (without control lost)	-	1,008
Interests paid	(1,179)	(952)
<b>Net cash outflow from financing activities</b>	<u>(385,539)</u>	<u>(350,592)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(110)</u>	<u>479</u>
<b>Increase in cash and cash equivalents</b>	840,664	216,510
<b>Beginning cash and cash equivalents balance</b>	533,521	311,156
<b>Ending cash and cash equivalents balance</b>	<u><u>\$ 1,374,185</u></u>	<u><u>527,666</u></u>

(Please refer to notes to the consolidated financial statements for details)

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**  
**Third quarter of 2025 and 2024**  
**(In thousands of NTD, except otherwise specified)**

**I. Company Histories**

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 November 5, 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 the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 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"	<p>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.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p>January 1, 2027</p> <p>Note: On September 25, 2025, the Financial Supervisory Commission (FSC) issued a press release announcing that Taiwan will adopt IFRS 18 beginning with fiscal year 2028. If a company intends to adopt the standard earlier, it may elect early adoption upon receiving approval from the FSC.</p>

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.

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

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” and the Amendments to IFRS 19

### 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) Following Statements

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		
			2025.9.30	2024.12.31	2024.9.30
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 Group 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

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Cash on hand	\$ 431	582	413
Checking deposit and demand deposit	783,956	532,939	527,253
Time deposits with original maturities of three months or less	589,798	-	-
	<u><b>\$ 1,374,185</b></u>	<u><b>533,521</b></u>	<u><b>527,666</b></u>

The Group's bank time deposits with the initial duration of more than three months as of September 30, 2025, December 31, 2024, and September 30, 2023 were NT\$91,300 thousand, NT\$234,771 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

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Money funds	<u><b>\$ 200,065</b></u>	<u><b>210,499</b></u>	<u><b>-</b></u>

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

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Debt instruments measured at fair value through other comprehensive income:			
Foreign government bonds	\$ 18,245	-	-
Foreign corporate bonds	136,881	19,449	-
Domestic corporate bonds	200,167	-	-
Equity instruments measured at fair value through other comprehensive income:			
Unlisted stocks	-	141,640	18,262
Foreign-listed company stocks	1,124,020	1,087,589	780,652
Total	<u><b>\$ 1,479,313</b></u>	<u><b>1,248,678</b></u>	<u><b>798,914</b></u>
Current	\$ 1,069,279	-	-
Non-current	410,034	1,248,678	798,914
	<u><b>\$ 1,479,313</b></u>	<u><b>1,248,678</b></u>	<u><b>798,914</b></u>

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

- (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 September 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\$831,954 thousand and NT\$297,478 thousand, respectively. The accumulated gains from the disposal (after tax) were NT\$539,090 thousand and NT\$112,436 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. The cumulative disposal gain (after tax) totaled NT\$188,871 thousand, and the 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). In addition, pursuant to the share disposal agreement, the Consolidated Company is entitled to receive additional consideration based on the profit performance of Roda Computer GmbH for 2024. Such contingent consideration was actually received in August 2025 in the amount of NT\$11,401 thousand.

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

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

	2025.9.30			2024.12.31			2024.9.30		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
EUR	\$ -	-	-	4,149	34.14	141,640	516	35.38	18,262
SEK	346,920	3.24	1,124,020	363,742	2.99	1,087,589	248,615	3.14	780,652
USD	5,095	30.445	155,126	-	-	-	-	-	-

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

(III) Notes and accounts receivable (related parties)

	2025.9.30	2024.12.31	2024.9.30
Notes and accounts receivable	\$ 276,216	63,701	89,727
Less: Allowance for losses	(1,004)	(363)	(158)
	<u>275,212</u>	<u>63,338</u>	<u>89,569</u>
Accounts receivable - related parties	-	151,556	277,132
Less: Allowance for losses	-	(135)	(416)
	<u>-</u>	<u>151,421</u>	<u>276,716</u>
	<u><b>\$ 275,212</b></u>	<u><b>214,759</b></u>	<u><b>366,285</b></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:

	2025.9.30		
	Carrying amount of notes and accounts receivable	Weighted average expected credit loss ratio	Allowance for lifetime expected credit losses
Not past due	\$ 268,085	0.09079%	243
Payment is due within 30 days	7,600	3.27613%	249
Overdue for 61 to 90 days	48	60.80476%	29
Past due for more than 91 days	<u>483</u>	<u>100%</u>	<u>483</u>
	<u><b>\$ 276,216</b></u>		<u><b>1,004</b></u>



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

	<b>2024.12.31</b>		
	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted average expected credit loss ratio</b>	<b>Allowance for lifetime expected credit losses</b>
Not past due	\$ 206,040	0.09512%	196
Payment is due within 30 days	9,217	3.27620%	302
	<b><u>\$ 215,257</u></b>		<b><u>498</u></b>
	<b>2024.9.30</b>		
	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted average expected credit loss ratio</b>	<b>Allowance for lifetime expected credit losses</b>
Not past due	\$ 263,936	0.09079%	240
Payment is due within 30 days	10,029	3.27611%	328
Overdue for 31 to 60 days	92,894	0.00642%	6
	<b><u>\$ 366,859</u></b>		<b><u>574</u></b>

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

	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Opening balance	\$ 498	-
Recognized impairment loss	506	574
Ending balance	<b><u>\$ 1,004</u></b>	<b><u>574</u></b>

(IV) Inventories

	<b>2025.9.30</b>	<b>2024.12.31</b>	<b>2024.9.30</b>
Merchandise	\$ 169,403	136,035	159,244
Finished goods	14,995	1,380	4,486
Semi-finished goods	209,544	163,208	149,021
Work in process	87,022	241,222	276,582
Raw materials	573,666	675,916	627,066
	<b><u>\$ 1,054,630</u></b>	<b><u>1,217,761</u></b>	<b><u>1,216,399</u></b>

# 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:

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Costs of inventories sold	\$ 582,224	528,185	1,585,899	1,477,052
Warranty provision (reversal)	583	3,813	(7,432)	7,723
Inventory valuation loss	11,001	12,726	25,878	39,016
	<b><u>\$ 593,808</u></b>	<b><u>544,724</u></b>	<b><u>1,604,345</u></b>	<b><u>1,523,791</u></b>

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:

	<b>Land</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Transporta tion equipment</b>	<b>Office equipment</b>	<b>Other equipment</b>	<b>Leasehold improve ments</b>	<b>Total</b>
Cost:								
Balance on January 1, 2025	\$ 147,478	76,876	181,855	8,355	2,337	120,004	-	536,905
Additions	-	2,937	8,733	-	190	8,018	2,487	22,365
Disposal	-	-	(1,900)	-	-	-	-	(1,900)
Reclassification (Note)	-	-	-	-	-	1,374	13,424	14,798
Balance on September 30, 2025	<b><u>\$ 147,478</u></b>	<b><u>79,813</u></b>	<b><u>188,688</u></b>	<b><u>8,355</u></b>	<b><u>2,527</u></b>	<b><u>129,396</u></b>	<b><u>15,911</u></b>	<b><u>572,168</u></b>
Balance as of January 1, 2024	\$ 147,478	75,609	109,746	7,567	2,212	91,532	-	434,144
Additions	-	-	56,501	2,288	125	24,447	-	83,361
Disposal	-	-	(13,398)	(1,500)	-	-	-	(14,898)
Reclassification (Note)	-	-	29,346	-	-	1,009	-	30,355
Balance on September 30, 2024	<b><u>\$ 147,478</u></b>	<b><u>75,609</u></b>	<b><u>182,195</u></b>	<b><u>8,355</u></b>	<b><u>2,337</u></b>	<b><u>116,988</u></b>	<b><u>-</u></b>	<b><u>532,962</u></b>
Depreciation								
Balance on January 1, 2025	\$ -	33,359	69,602	5,484	895	83,891	-	193,231
Depreciation	-	2,251	11,929	925	219	11,863	3,053	30,240
Disposal	-	-	(130)	-	-	-	-	(130)
Reclassification (Note)	-	-	-	-	-	-	3,850	3,850
Balance on September 30, 2025	<b><u>\$ -</u></b>	<b><u>35,610</u></b>	<b><u>81,401</u></b>	<b><u>6,409</u></b>	<b><u>1,114</u></b>	<b><u>95,754</u></b>	<b><u>6,903</u></b>	<b><u>227,191</u></b>
Balance as of January 1, 2024	\$ -	30,094	70,428	5,881	632	70,564	-	177,599
Depreciation	-	2,454	9,201	795	190	9,580	-	22,220
Disposal	-	-	(13,250)	(1,500)	-	-	-	(14,750)
Balance on September 30, 2024	<b><u>\$ -</u></b>	<b><u>32,548</u></b>	<b><u>66,379</u></b>	<b><u>5,176</u></b>	<b><u>822</u></b>	<b><u>80,144</u></b>	<b><u>-</u></b>	<b><u>185,069</u></b>
Book value:								
September 30, 2025	<b><u>\$ 147,478</u></b>	<b><u>44,203</u></b>	<b><u>107,287</u></b>	<b><u>1,946</u></b>	<b><u>1,413</u></b>	<b><u>33,642</u></b>	<b><u>9,008</u></b>	<b><u>344,977</u></b>
January 1, 2025	<b><u>\$ 147,478</u></b>	<b><u>43,517</u></b>	<b><u>112,253</u></b>	<b><u>2,871</u></b>	<b><u>1,442</u></b>	<b><u>36,113</u></b>	<b><u>-</u></b>	<b><u>343,674</u></b>
September 30, 2024	<b><u>\$ 147,478</u></b>	<b><u>43,061</u></b>	<b><u>115,816</u></b>	<b><u>3,179</u></b>	<b><u>1,515</u></b>	<b><u>36,844</u></b>	<b><u>-</u></b>	<b><u>347,893</u></b>

(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><b>Buildings</b></u>
Cost of right-of-use assets:	
Balance on January 1, 2025	\$ 227,929
Additions	9,801
The effects of changes in foreign exchange rates	(14)
Balance on September 30, 2025	<u><b>\$ 237,716</b></u>
Balance as of January 1, 2024	\$ 198,865
Additions	26,701
Decrease	(8,232)
The effects of changes in foreign exchange rates	51
Balance on September 30, 2024	<u><b>\$ 217,385</b></u>
Accumulated depreciation of right-of-use assets:	
Balance on January 1, 2025	\$ 147,125
Depreciation in this period	29,031
The effects of changes in foreign exchange rates	(16)
Balance on September 30, 2025	<u><b>\$ 176,140</b></u>
Balance as of January 1, 2024	\$ 123,521
Depreciation in this period	29,130
Decrease	(7,234)
The effects of changes in foreign exchange rates	45
Balance on September 30, 2024	<u><b>\$ 145,462</b></u>
Book value:	
September 30, 2025	<u><b>\$ 61,576</b></u>
January 1, 2025	<u><b>\$ 80,804</b></u>
September 30, 2024	<u><b>\$ 71,923</b></u>

(VII) Intangible assets

	<u><b>Computer software</b></u>
Carrying amount	
September 30, 2025	<u><b>\$ 3,752</b></u>
January 1, 2025	<u><b>\$ 5,722</b></u>
September 30, 2024	<u><b>\$ 5,783</b></u>

There was no significant addition, disposal, provision for impairment, or reversal of the Consolidated Company's intangible assets during the nine months ended September 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.

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

(VIII) Lease liabilities

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

	<b>2025.9.30</b>	<b>2024.12.31</b>	<b>2024.9.30</b>
Current	\$ <b>29,714</b>	<b>35,771</b>	<b>30,951</b>
Non-current	\$ <b>32,617</b>	<b>45,763</b>	<b>41,684</b>

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

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

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Interest expenses on lease liabilities	\$ <b>305</b>	<b>300</b>	<b>917</b>	<b>924</b>
Short-term lease expenses	\$ <b>45</b>	<b>39</b>	<b>203</b>	<b>237</b>

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

	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Total cash outflow from leases	\$ <b>30,127</b>	<b>30,047</b>

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

	<b>Warranty</b>
Balance on January 1, 2025	\$ 21,621
Provision for liabilities used in the current period	(1,030)
Liability provisions reversed during the period	<u>(7,432)</u>
Balance on September 30, 2025	<b><u>\$ 13,159</u></b>
Balance as of January 1, 2024	\$ 13,152
Provision for new liabilities in the current period	7,723
Provision for liabilities used in the current period	<u>(1,633)</u>
Balance on September 30, 2024	<b><u>\$ 19,242</u></b>

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:

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Operating cost	\$ 2	-	22	28
Operating expenses	74	130	208	364
	<b><u>\$ 76</u></b>	<b><u>130</u></b>	<b><u>230</u></b>	<b><u>392</u></b>

2. Defined contribution plan

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

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

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Operating cost	\$ 1,174	1,117	3,398	3,296
Operating expenses	2,098	2,104	6,436	6,295
	<b><u>\$ 3,272</u></b>	<b><u>3,221</u></b>	<b><u>9,834</u></b>	<b><u>9,591</u></b>

(XI) Income tax

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

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Income tax expenses	<b><u>\$ 40,919</u></b>	<b><u>16,884</u></b>	<b><u>102,814</u></b>	<b><u>108,216</u></b>

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

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Financial assets at fair value through other comprehensive income	<b><u>\$ 8,162</u></b>	<b><u>44,024</u></b>	<b><u>188,032</u></b>	<b><u>46,084</u></b>

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 nine months ended September 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.

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

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:

	2024		2023	
	Dividend per share (NTD)	Amount	Dividend per share (NTD)	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	Remeasure- ment 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	(61)	-	-	(61)
Unrealized gains on financial assets at fair value measurement through other comprehensive income	-	748,446	-	748,446
Disposal of equity instruments designated at fair value through other comprehensive income	-	(727,961)	-	(727,961)
Balance on September 30, 2025	<u>\$ (469)</u>	<u>691,872</u>	<u>(580)</u>	<u>690,823</u>
Balance as of January 1, 2024	\$ 20	252,022	(10,396)	241,646
Exchange differences arising from the net assets of foreign operations	479	-	-	479
Unrealized gains on financial assets at fair value measurement through other comprehensive income	-	184,334	-	184,334
Disposal of equity instruments designated at fair value through other comprehensive income	-	(112,436)	-	(112,436)
Balance on September 30, 2024	<u>\$ 499</u>	<u>323,920</u>	<u>(10,396)</u>	<u>314,023</u>

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

(XIII) EPS

1. Basic earnings per share

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Net income attributable to holders of the Company's ordinary shares	<u>\$ 156,069</u>	<u>69,480</u>	<u>356,913</u>	<u>396,183</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 (NTD)	<u>\$ 2.66</u>	<u>1.18</u>	<u>6.08</u>	<u>6.75</u>

2. Diluted earnings per share

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Net income attributable to holders of the Company's ordinary shares	<u>\$ 156,069</u>	<u>69,480</u>	<u>356,913</u>	<u>396,183</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	435	488	581	677
Weighted average number of outstanding ordinary shares (after adjustment for the effect of potentially dilute ordinary shares)	<u>59,120</u>	<u>59,173</u>	<u>59,266</u>	<u>59,362</u>
Diluted earnings per share (NTD)	<u>\$ 2.64</u>	<u>1.17</u>	<u>6.02</u>	<u>6.67</u>



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

(XIV) Revenue from customer contracts

1. Breakdown of income

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Major sales market:				
Asia	\$ 451,874	453,047	1,283,554	1,199,409
Europe	342,733	220,565	945,533	838,764
Oceania	5,894	4,944	71,861	14,764
Americas	17,103	44,724	48,669	155,740
Total	<u><u>\$ 817,604</u></u>	<u><u>723,280</u></u>	<u><u>2,349,617</u></u>	<u><u>2,208,677</u></u>
Main product/service lines:				
Business computer	\$ 403,258	415,579	1,091,502	1,065,121
Rugged computer	394,317	280,557	1,197,286	1,083,987
Repair and maintenance services and others	<u>20,029</u>	<u>27,144</u>	<u>60,829</u>	<u>59,569</u>
	<u><u>\$ 817,604</u></u>	<u><u>723,280</u></u>	<u><u>2,349,617</u></u>	<u><u>2,208,677</u></u>

2. Contract balance

	<u><b>2025.9.30</b></u>	<u><b>2024.12.31</b></u>	<u><b>2024.9.30</b></u>
Notes and accounts receivable (related parties)	\$ 276,216	215,257	366,859
Less: Allowance for losses	<u>(1,004)</u>	<u>(498)</u>	<u>(574)</u>
Total	<u><u>\$ 275,212</u></u>	<u><u>214,759</u></u>	<u><u>366,285</u></u>
Contract liabilities (including related parties)	<u><u>\$ 220,455</u></u>	<u><u>163,573</u></u>	<u><u>157,992</u></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\$34,932 thousand and NT\$88,634 thousand, respectively.

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

(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 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 nine months ended September 30, 2025 and 2024 were NT\$21,591 thousand, NT\$9,475 thousand, NT\$49,649 thousand, and NT\$53,390 thousand, respectively, and the estimated amounts of directors' remuneration for the periods then ended were NT\$4,327 thousand, NT\$1,899 thousand, NT\$9,950 thousand and NT\$10,700 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 expense

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

1. Interest income

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Interest income from cash in banks	\$ 7,154	910	14,745	4,118
Other interest income	3,043	1,550	6,176	3,740
	<b><u>\$ 10,197</u></b>	<b><u>2,460</u></b>	<b><u>20,921</u></b>	<b><u>7,858</u></b>

2. Other income

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Dividend income	\$ -	-	4,058	61,203
Others	1,211	164	2,359	787
	<b><u>\$ 1,211</u></b>	<b><u>164</u></b>	<b><u>6,417</u></b>	<b><u>61,990</u></b>

3. Other gains and losses

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Foreign exchange gains (losses)	\$ 58,765	(10,067)	(42,189)	9,944
Gains on financial assets measured at fair value through profit or loss	716	450	1,963	1,010
Gain on disposal of property, plant and equipment	-	-	91	198
Others	(2)	(30)	(2)	(30)
	<b><u>\$ 59,479</u></b>	<b><u>(9,647)</u></b>	<b><u>(40,137)</u></b>	<b><u>11,122</u></b>

4. Financial cost

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Interest expense				
Lease liabilities	\$ (305)	(300)	(917)	(924)
Others	(10)	(9)	(262)	(28)
	<b><u>\$ (315)</u></b>	<b><u>(309)</u></b>	<b><u>(1,179)</u></b>	<b><u>(952)</u></b>

(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,

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

and market risk due to the financial instruments held. Please refer to Note 6 (17) for relevant information.

1. Types of financial instruments

(1) Financial assets

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Financial assets at fair value through profit or loss - current			
Money funds	\$ 200,065	210,499	-
Financial assets at fair value through other comprehensive income - current			
Overseas listed stocks	1,069,279	-	-
Financial assets at fair value through other comprehensive income - non-current			
Foreign government bonds	18,245	-	-
Foreign corporate bonds	136,881	19,449	-
Domestic corporate bonds	200,167	-	-
Unlisted stocks	-	141,640	18,262
Overseas listed stocks	-	1,087,589	780,652
Overseas listed stocks subject to lock-up period	54,741	-	-
Financial assets at amortized cost:			
Cash and cash equivalents	1,374,185	533,521	527,666
Notes and accounts receivable (related parties)	275,212	214,759	366,285
Other financial assets - current	91,300	234,771	215,100
Other non-current assets - guarantee deposits paid	8,830	9,784	8,953
Total	<u>\$ 3,428,905</u>	<u>2,452,012</u>	<u>1,916,918</u>

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

## (2) Financial liabilities

	2025.9.30	2024.12.31	2024.9.30
Financial liabilities at amortized cost:			
Notes and accounts payable	\$ 124,059	127,410	138,314
Other payables (including related parties)	122,394	160,803	128,333
Lease liabilities	62,331	81,534	72,635
<b>Total</b>	<b>\$ 308,784</b>	<b>369,747</b>	<b>339,282</b>

## 2. Liquidity risk

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

	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
<b>September 30, 2025</b>						
Notes and accounts payable \$	(124,059)	(124,059)	-	-	-	-
Other payables (including related parties)	(122,394)	(122,394)	-	-	-	-
Lease liabilities	(63,754)	(17,361)	(13,059)	(28,923)	(4,411)	-
	<b>\$ (310,207)</b>	<b>(263,814)</b>	<b>(13,059)</b>	<b>(28,923)</b>	<b>(4,411)</b>	<b>-</b>
<b>December 31, 2024</b>						
Notes and accounts payable \$	(127,410)	(127,410)	-	-	-	-
Other payables (including related parties)	(160,803)	(160,803)	-	-	-	-
Lease liabilities	(83,654)	(19,443)	(17,386)	(34,982)	(11,655)	(188)
	<b>\$ (371,867)</b>	<b>(307,656)</b>	<b>(17,386)</b>	<b>(34,982)</b>	<b>(11,655)</b>	<b>(188)</b>
<b>September 30, 2024</b>						
Notes and accounts payable \$	(138,314)	(138,314)	-	-	-	-
Other payables (including related parties)	(128,333)	(128,333)	-	-	-	-
Lease liabilities	(74,564)	(17,567)	(14,300)	(31,458)	(11,239)	-
	<b>\$ (341,211)</b>	<b>(284,214)</b>	<b>(14,300)</b>	<b>(31,458)</b>	<b>(11,239)</b>	<b>-</b>

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:

	2025.9.30			2024.12.31			2024.9.30		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
<b>Financial assets</b>									
<u>Monetary item</u>									
USD	\$ 31,819	30.445	968,729	8,616	32.785	282,460	11,286	31.650	357,202
SEK	35,860	3.240	116,186	-	-	-	-	-	-
EUR	45	35.770	1,613	6	34.140	203	-	-	-
AUD	170	20.110	3,419	170	20.390	3,461	-	-	-
<b>Financial liabilities</b>									
<u>Monetary item</u>									
USD	-	-	-	71	32.785	2,328	104	31.650	3,292

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

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 September 30, 2025 and 2024 amounted to NT\$(42,189) thousand and NT\$9,944 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 measured at fair value through other comprehensive income (corporate bonds and government bonds), 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 nine months ended June 30, 2025 and 2024 would have increased or decreased by NT\$10,899 thousand and NT\$3,539 thousand, respectively. The same basis was used for analyses for both periods.

#### 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).

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

<b>2025.9.30</b>					
	<b>Carrying amount</b>	<b>Fair value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets measured at fair value through profit or loss:					
Money funds	<b>\$ 200,065</b>	<b>200,065</b>	-	-	<b>200,065</b>
Financial assets at fair value through other comprehensive income:					
Foreign government bonds	\$ 18,245	-	18,245	-	18,245
Foreign corporate bonds	136,881	-	136,881	-	136,881
Domestic corporate bonds	200,167	200,167	-	-	200,167
Foreign-listed company stocks	1,069,279	1,069,279	-	-	1,069,279
Overseas listed stocks subject to lock-up period	54,741	-	-	54,741	54,741
<b>Total</b>	<b>\$ 1,479,313</b>	<b>1,269,446</b>	<b>155,126</b>	<b>54,741</b>	<b>1,479,313</b>

<b>2024.12.31</b>					
	<b>Carrying amount</b>	<b>Fair value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets measured at fair value through profit or loss:					
Money funds	<b>\$ 210,499</b>	<b>210,499</b>	-	-	<b>210,499</b>
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
Foreign-listed company stocks	1,087,589	1,087,589	-	-	1,087,589
<b>Total</b>	<b>\$ 1,248,678</b>	<b>1,087,589</b>	<b>19,449</b>	<b>141,640</b>	<b>1,248,678</b>

<b>2024.9.30</b>					
	<b>Carrying amount</b>	<b>Fair value</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through other comprehensive income - non-current					
Unlisted stocks	\$ 18,262	-	-	18,262	18,262
Foreign-listed company stocks	780,652	780,652	-	-	780,652
<b>Total</b>	<b>\$ 798,914</b>	<b>780,652</b>	<b>-</b>	<b>18,262</b>	<b>798,914</b>

There were no transfers of financial assets and liabilities within the fair value hierarchy during the nine months ended September 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,

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

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, overseas listed stocks and domestic corporate bonds held by the Consolidated Company, and such funds 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, foreign corporate bonds and domestic 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, 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.



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

(4) Details of changes in the level 3

	<b>Financial assets measured at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>
	<b>Contingent consideration</b>	<b>Equity instruments</b>
January 1, 2025	\$ -	141,640
Total profit or loss		
Recognized in profit or loss	204	-
Recognized in other comprehensive income	-	122,986
Acquisition	11,197	58,419
Disposal	(11,401)	(268,304)
September 30, 2025	<u>\$ -</u>	<u>54,741</u>
September 30, 2024 (i.e., balance as of January 1, 2024)	<u>\$ -</u>	<u>18,262</u>

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 September 30, 2025 and 2024 are as follows:

	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Total profit or loss		
Recognized in other comprehensive income (presented under "Unrealized valuation gain (loss) on equity instrument investments measured at fair value through other comprehensive income")	\$ (3,678)	-

(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 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:

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

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Relations between significant unobservable input and fair value</b>
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 (24.36% as of September 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 September 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 other comprehensive income	
Input			Favorable change	Unfavorable change
September 30, 2025				
Financial assets at fair value through other comprehensive income				
Overseas listed stocks	Market liquidity discount	5.00%	\$ 3,619	3,619
December 31, 2024				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	Cost of equity capital	1.00%	\$ 2,579	2,502
September 30, 2024				
Financial assets at fair value through other comprehensive income				
Unlisted stocks	Cost of equity capital	1.00%	\$ 460	422

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

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

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

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

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

Non-cash changes					
	2025.1.1	Cash flows	Additions	Decrease	The effects of changes in foreign exchange rates
	2025.9.30				
Lease liabilities	\$ 81,534	(29,007)	9,801	-	3
	62,331				

Non-cash changes					
	2024.1.1	Cash flows	Additions	Decrease	The effects of changes in foreign exchange rates
	2024.9.30				
Lease liabilities	\$ 75,816	(28,886)	26,701	(1,002)	6
	72,635				

- Investing activities involving partial cash payments only

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

	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Acquisition of property, plant and equipment	\$ 22,365	83,361
Add: Increase in equipment prepayments	1,374	30,355
Add: Equipment prepayments at end of period	6,534	2,772
Less: Equipment prepayments at beginning of period	<u>(1,557)</u>	<u>(30,583)</u>
Cash paid during the current period	<u><b>\$ 28,716</b></u>	<u><b>85,905</b></u>

**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:

<u>Name of related party</u>	<u>Relations with the consolidated company</u>
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

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Other related parties				
Roda Computer GmbH (Note 1)	<u><b>\$ -</b></u>	<u><b>189,263</b></u>	<u><b>233,235</b></u>	<u><b>765,304</b></u>

Note1: 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,

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

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

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Other related parties			
Roda Computer GmbH	\$ -	151,421	276,716

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

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Other related parties			
Roda Computer GmbH	\$ -	38,093	30,274

4. Repair and maintenance and other operating revenue

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Other related parties				
Roda Computer GmbH (Note 1)	\$ -	364	657	3,581

All receivables from the above transactions have been received.

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

	<b>Fees on technical service, repair and maintenance, and others</b>				<b>Other accounts payable</b>		
	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>	<b>2025.9.30</b>	<b>2024.12.31</b>	<b>2024.9.30</b>
Other related parties (Note 1)	\$ -	1,153	118	1,602	-	22	1,134

6. 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.

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

(III) Remuneration to key management personnel

Remuneration to key management personnel includes:

	<b>For the Three Months Ended September 30, 2025</b>	<b>For the Three Months Ended September 30, 2024</b>	<b>For the Nine Months Ended September 30, 2025</b>	<b>For the Nine Months Ended September 30, 2024</b>
Short-term employee benefits	\$ 6,426	2,181	16,364	15,487
Post-employment benefits	86	69	260	209
	<b><u>\$ 6,512</u></b>	<b><u>2,250</u></b>	<b><u>16,624</u></b>	<b><u>15,696</u></b>

**VIII. Pledged Assets**

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

<b>Name of asset</b>	<b>Item pledged as collateral</b>	<b>2025.9.30</b>	<b>2024.12.31</b>	<b>2024.9.30</b>
Time deposit (under “other non-current assets”)	Customs guarantee	<b><u>\$ 1,000</u></b>	<b><u>1,000</u></b>	<b><u>1,000</u></b>

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

**X. Major Disaster Losses: None.**

**XI. Material Events After the Balance Sheet Date**

Between October 1, 2025 and November 5, 2025, the Consolidated Company sold 150 thousand shares of Mildef Consolidated Company AB stock. The fair value at disposal was NT\$98,819 thousand, resulting in cumulative disposal gains (after tax) of NT\$64,355 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:

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

<b>By function</b>	<b>For the Three Months Ended September 30, 2025</b>			<b>For the Three Months Ended September 30, 2024</b>		
	<b>Related to operating costs</b>	<b>Related to operating expenses</b>	<b>Total</b>	<b>Related to operating costs</b>	<b>Related to operating expenses</b>	<b>Total</b>
<b>By nature</b>						
Cost of employee benefits						
Salary and wages	31,238	52,910	84,148	24,201	44,638	68,839
Labor and health insurance	3,210	4,876	8,086	2,925	4,816	7,741
Pension	1,176	2,172	3,348	1,117	2,234	3,351
Other employee benefits	497	814	1,311	442	514	956
Depreciation expense	12,272	7,584	19,856	10,635	7,864	18,499
Amortization expense (Note)	275	346	621	1,212	790	2,002

<b>By function</b>	<b>For the Nine Months Ended September 30, 2025</b>			<b>For the Nine Months Ended September 30, 2024</b>		
	<b>Related to operating costs</b>	<b>Related to operating expenses</b>	<b>Total</b>	<b>Related to operating costs</b>	<b>Related to operating expenses</b>	<b>Total</b>
<b>By nature</b>						
Cost of employee benefits						
Salary and wages	85,833	146,676	232,509	85,910	143,505	229,415
Labor and health insurance	8,130	12,993	21,123	7,708	12,670	20,378
Pension	3,420	6,644	10,064	3,324	6,659	9,983
Other employee benefits	1,469	2,265	3,734	1,355	1,924	3,279
Depreciation expense	36,355	22,916	59,271	28,010	23,340	51,350
Amortization expense (Note)	926	1,139	2,065	3,483	2,447	5,930

(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 nine months ended September 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:

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

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):

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	18,245	-	18,245	
The Company	Verizon Communications Inc. 5.012 04/15/49 Foreign Dollar Bond	-	"	17	46,321	-	46,321	
The Company	Saudi Arabian Petrodollar Bonds	-	"	10	30,340	-	30,340	
The Company	SoftBank Corporate Bonds	-	"	10	30,626	-	30,626	
The Company	Ford Motor Company Corporate Bonds	-	"	10	29,594	-	29,594	
The Company	Fubon Life Insurance Unsecured Corporate Bonds	-	"	200	200,167	-	200,167	
The Company	Shares of MilDef Consolidated Company AB (lock-up period)	-	"	110	54,741	0.23%	54,741	
The Company	Shares of MilDef Group AB	-	Financial assets at fair value through other comprehensive income - current	1,624	1,069,279	3.45%	1,069,279	
The Company	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,833	100,031	-	100,031	
The Company	UPAMC James Bond Money Market Fund	-	"	5,685	100,034	-	100,034	

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

Company Name	Transaction counterparty	Relationship	Transaction details				Situation and reason why transaction conditions are different from general transactions		Notes and accounts receivable (payable)		Remark
			Purchases/sales	Amount	Ratio of total purchase (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	9.93 %	45 days from delivery	(Note 1)	-	-	-	

Note1: 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.

Note2: 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			
				Items	Amount	Transaction terms	As a percentage of consolidated total revenue or total assets (%)
0	The Company	MilDef Crete Australasia Pty. Ltd.	1	Sales income	47,819	Delivered in 45 days	2.04
1	Flexbasis	The Company	2	Sales income	57,272	Net 60 days end of the following month	2.44



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

Note1: Businesses are coded as follows:

1. "0" stands for parent company.
2. Subsidiaries are numbered sequentially starting with the Arabic numeral "1" for each company.

Note2: The types of relations with the counterparty are indicated as follows:

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

Note3: 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.

Note4: 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 nine months ended September 30, 2025 is as follows:

Unit: In thousands of shares/thousands of NTS

Name of investor	Name of investee	Location	Main business items	Initial investment amount		End of the period holdings			Gain (loss) of invested company in the current 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%	30,614	2,322	4,478	(Note)
The Company	MilDef Crete Australasia Pty. Ltd.	Australia	Trade	12,548	12,548	600	100.00%	35,094	21,415	21,415	(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.