Stock Code: 2496

Success Prime Corporation and Subsidiaries

Consolidated Financial Statements
With Independent Auditors' Review Report

For the 6 months Ended June 30, 2025 and 2024

Address: 22F-11, No. 50, Section 1, Zhongxiao West Road, Zhongzheng District, Taipei City
Phone: (02) 23899200

Independent Auditors' Review Report

The Board of Directors

Success Prime Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Success Prime Corporation and its subsidiaries ("the Group") as of June 30, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows For the 3 months and six months ended June 30, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IASs") 34, "Interim Financial Reporting", endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in note 6(6), the consolidated financial statements, the equity method investments of Success Prime Corporation and its subsidiaries amounted to $11,960 thousand and $29,655 thousand as of June 30, 2025, and 2024, respectively. The share of profit or loss from associates accounted for under the equity method was $195 thousand, $(197) thousand, $6 thousand and $(802) thousand For the 3 months and six months ended June 30, 2025, and 2024, respectively. These figures were based on the unaudited financial statements of the investee companies for the same periods.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of equity method investments described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Success Prime Corporation and its subsidiaries as of June 30, 2025 and 2024, and of its consolidated financial performance For the 3 months and six months ended June 30, 2025 and 2024 as well as its consolidated cash flows For the 6 months ended June 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chien-Hui Lu and An-Chih Cheng.

KPMG
Taipei, Taiwan (Republic of China)

August 8, 2025

<u>Notes to Readers</u>

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Success Prime Corporation and Subsidiaries

Consolidated Balance Sheets

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

(In Thousands of New Taiwan Dollars)

		June 30, 2025		December 31, 2024		June 30, 2024	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets						
1100	Cash and cash equivalents (note 6(1))	$ 224,090	15	240,225	17	198,406	14
1136	Financial assets at amortized cost—current (notes 6(2)and 8	265,709	18	252,301	18	210,720	15
1150	Notes receivables, net (note 6(4))	61	-	76	-	122	-
1170	Accounts receivable, net(note 6(4))	2,742	-	3,323	-	2,089	-
1180	Accounts receivable—related parties, net (note 7)	6	-	15	-	6	-
1200	Other receivables	35	-	-	-	-	-
1210	Other receivables—related parties (note 7)	939	-	-	-	-	-
1220	Current income tax assets	-	-	-	-	6	-
130X	Inventories (note 6(5))	2,549	-	3,004	-	3,631	-
1470	Other current assets (notes 6(12) and 7)	6,257	1	4,467	-	4,434	1
		502,388	34	503,411	35	419,414	30
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(3))	3,900	-	3,900	-	8,400	1
1535	Financial assets at amortized cost—non-current (notes 6(2)and 8)	13,777	1	14,617	1	14,546	1
1550	Investments accounted for using the equity method (note 6(6))	11,960	1	12,893	1	29,655	2
1600	Property, plant and equipment (notes 6(7) and 8)	286,341	20	277,575	20	279,971	20
1755	Right-of-use assets (notes 6(8) and 7)	109,069	7	83,090	6	99,368	7
1781	Trademarks (note 6(9))	404,144	28	404,144	28	404,144	29
1805	Goodwill (note 6(9))	81,419	6	81,419	6	81,419	6
1821	Intangible assets (note 6(10))	6,674	-	270	-	616	-
1840	Deferred income tax assets	995	-	995	-	7,511	1
1981	Cash surrender value of term life insurance (note 6(11))	24,771	2	26,878	2	26,902	2
1990	Other non-current assets (notes 6(12) and 7)	14,177	1	19,386	1	13,629	1
		957,227	66	925,167	65	966,161	70
	Total assets	$ 1,459,615	100	1,428,578	100	1,385,575	100

		June 30, 2025		December 31, 2024		June 30, 2024	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities						
2130	Contract liabilities- current (note 6(20))	$ 409,274	28	332,036	23	377,629	27
2150	Notes payables (note 6(13))	-	-	-	-	20	-
2170	Accounts payable (note 6(13))	25,150	2	24,209	2	20,888	2
2180	Accounts payable to related parties (note 7)	116	-	28	-	62	-
2200	Other payables (note 6(14))	46,182	3	58,441	4	43,880	3
2230	Current income tax liabilities	12,345	1	18,147	1	13,961	1
2280	Lease liabilities-current (notes 6(8) and 7)	46,223	3	38,083	3	48,605	4
2300	Other current liabilities	4,105	-	5,259	-	4,345	-
		543,395	37	476,203	33	509,390	37
	Non-Current liabilities						
2550	Provisions—noncurrent	5,280	1	4,880	1	3,580	-
2570	Deferred income tax liabilities—non-current	2,810	-	2,810	-	2,517	-
2580	Lease liabilities- non-current (notes 6(8) and 7)	62,539	4	45,199	3	52,656	4
		70,629	5	52,889	4	58,753	4
	Total liabilities	614,024	42	529,092	37	568,143	41
	Equity (notes 6(17) and(18))						
	Equity attributable to the shareholders of the parent						
3100	Ordinary shares	191,004	13	191,004	13	191,004	14
3200	Capital surplus	295,443	21	295,479	21	293,962	21
3300	Retained earnings	355,589	24	420,702	29	343,492	25
3400	Other equity	(2,593)	-	(2,517)	-	(2,650)	-
3500	Treasury shares	-	-	(12,406)	(1)	(12,406)	(1)
	Total equity attributable to owners of the Company	839,443	58	892,262	62	813,402	59
36XX	Non-controlling interests	6,148	-	7,224	1	4,030	-
	Total equity	845,591	58	899,486	63	817,432	59
	Total liabilities and equity	$ 1,459,615	100	1,428,578	100	1,385,575	100

See accompanying notes to consolidated financial statements.

Success Prime Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the three and six months ended June 30, 2025 and 2024

(In Thousands of New Taiwan Dollars)

		For the 3 months ended June 30,				For the 6 months ended June 30,			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(20) and 7)	$ 206,010	100	196,835	100	404,454	100	387,728	100
5000	Operating costs (notes 6(5) and 7)	101,142	49	91,488	46	193,073	48	177,887	46
5950	Gross profit	104,868	51	105,347	54	211,381	52	209,841	54
	Operating expenses (notes 6 (15),(21) and 7)								
6100	Marketing expenses	23,142	11	20,534	11	40,477	10	35,093	9
6200	General and administrative expenses	56,938	28	55,588	28	114,672	28	111,334	29
	Total operating expenses	80,080	39	76,122	39	155,149	38	146,427	38
6900	Net Income from operations	24,788	12	29,225	15	56,232	14	63,414	16
	Non-operating income and expenses								
7010	Other income	1,086	1	136	-	1,135	-	277	-
7020	Other gains and losses (notes 6 (11)and (22))	(4,567)	(2)	818	-	(3,765)	(1)	2,554	1
7050	Finance costs (notes 6(22) and 7)	(523)	-	(442)	-	(1,081)	-	(860)	-
7060	Share of profit of associates accounted for using equity method(note 6(6))	195	-	(197)	-	6	-	(802)	-
7100	Interest revenue	1,662	-	1,228	1	2,759	1	2,045	-
	Total non-operating income and expenses	(2,147)	(1)	1,543	1	(946)	-	3,214	1
7900	Income before income tax	22,641	11	30,768	16	55,286	14	66,628	17
7950	Income tax expense (note 6(16))	5,666	3	6,632	4	12,572	3	14,044	3
8200	Net income for the year	16,975	8	24,136	12	42,714	11	52,584	14
8300	Income before income tax								
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation	(102)	-	(105)	-	(102)	-	14	-
8500	Other comprehensive income	$ 16,873	8	24,031	12	42,612	11	52,598	14
	Total comprehensive income for the year								
8610	Net income (loss) attributable to:	$ 17,421	8	24,062	12	43,377	11	52,639	14
8620	Shareholders of the parent	(446)	-	74	-	(663)	-	(55)	-
		$ 16,975	8	24,136	12	42,714	11	52,584	14
	Total comprehensive income (loss) attributable to:								
8710	Shareholders of the parent	$ 17,345	8	23,999	12	43,301	11	52,648	14
8720	Non-controlling interests	(472)	-	32	-	(689)	-	(50)	-
		$ 16,873	8	24,031	12	42,612	11	52,598	14
	Earnings per share (New Taiwan Dollars) (note 6(19))								
9750	Basic earnings per share	$ 0.91		1.27		2.28		2.78	
9850	Diluted earnings per share	$ 0.91		1.27		2.27		2.78	

See accompanying notes to consolidated financial statements.

Success Prime Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2025 and 2024

(In Thousands of New Taiwan Dollars)

	Equity attributable to the shareholders of the parent company										
			Retained earnings				Other equity				
	Ordinary shares	**Capital surplus**	**Legal reserve**	**Special reserve**	**Non-controlling Interests**	**Total**	**Exchange differences on translation of foreign financial statement**	**Treasury stock**	**Total equity attributable to owners of the Company**	**Non-controlling Interests**	**Total equity**
Balance at January 1, 2024	$ 191,004	293,962	52,468	2,517	324,426	379,411	(2,659)	(12,406)	849,312	4,651	853,963
Net income(loss) for the year	-	-	-	-	52,639	52,639	-	-	52,639	(55)	52,584
Other comprehensive income (loss) for the year	-	-	-	-	-	-	9	-	9	5	14
Total comprehensive income (loss) for the year	-	-	-	-	52,639	52,639	9	-	52,648	(50)	52,598
Appropriation and distribution of retained earnings											
Legal reserve appropriated	-	-	10,364	-	(10,364)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	142	(142)	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	(88,558)	(88,558)	-	-	(88,558)	-	(88,558)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	(571)	(571)
Balance at June 30, 2024	**$ 191,004**	**293,962**	**62,832**	**2,659**	**278,001**	**343,492**	**(2,650)**	**(12,406)**	**813,402**	**4,030**	**817,432**

(Continued)

See accompanying notes to consolidated financial statements.

Success Prime Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2025 and 2024

(In Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Non-controlling Interests	Total	Exchange differences on translation of foreign financial statement	Treasury stock	Total equity attributable to owners of the Company	Non-controlling Interests	Total equity
Balance at January 1, 2025	$ 191,004	295,479	62,832	2,659	355,211	420,702	(2,517)	(12,406)	892,262	7,224	899,486
Net income(loss) for the year	-	-	-	-	43,377	43,377	-	-	43,377	(663)	42,714
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(76)	-	(76)	(26)	(102)
Total comprehensive income (loss) for the year	-	-	-	-	43,377	43,377	(76)	-	43,301	(689)	42,612
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	12,985	-	(12,985)	-	-	-	-	-	-
Reverse special reserve appropriated	-	-	-	(142)	142	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	(108,490)	(108,490)	-	-	(108,490)	-	(108,490)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	(387)	(387)
Share-based payment transactions-Treasury stock transfer to employees	-	(36)	-	-	-	-	-	12,406	12,370	-	12,370
Balance at June 30, 2025	**$ 191,004**	**295,443**	**75,817**	**2,517**	**277,255**	**355,589**	**(2,593)**	**-**	**839,443**	**6,148**	**845,591**

See accompanying notes to consolidated financial statements.

Success Prime Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the 6 months ended June 30, 2025 and 2024

(In Thousands of New Taiwan Dollars)

	For the 6 months ended June 30	
	2025	**2024**
Cash flows from operating activities		
Income before income tax	$ 55,286	66,628
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation expense	38,292	36,914
Amortization expense	444	1,569
Finance costs	1,081	860
Interest income	(2,759)	(2,045)
Other income	(500)	-
Share of loss (profit) of associates accounted for using equity method	(6)	802
Gains on disposal of property, plant and equipment	(34)	-
Net loss (gain) on foreign exchange	2,080	(1,697)
Increase in cash surrender value of term life insurance	2,107	(1,490)
Total adjustments to reconcile profit	40,705	34,913
Changes in operating assets and liabilities:		
Notes receivables	15	(70)
Accounts receivables	581	664
Accounts receivable from related parties	9	15
Other receivables	(35)	-
Inventories	455	217
Other current assets	(692)	208
Contract liabilities	77,238	66,810
Accounts payable	941	(4,185)
Accounts payable to related parties	88	11
Other payables	(11,363)	(6,849)
Other current liabilities	(1,154)	80
Total changes in operating assets and liabilities	66,083	56,901
Cash generated used in operations	162,074	158,442
Interest received	2,759	2,045
Interest paid	(1,081)	(860)
Income taxes paid	(18,374)	(12,571)
Net cash generated used in operating activities	145,378	147,056

(Continued)

See accompanying notes to consolidated financial statements.

Success Prime Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the six months ended June 30, 2025 and 2024

(In Thousands of New Taiwan Dollars)

	For the 6 months ended June 30	
	2025	**2024**
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	(256,668)	(190,640)
Disposal of financial assets at amortized cost	242,450	180,029
Acquisition of property, plant and equipment	(18,708)	(7,551)
Disposal of property, plant and equipment	103	-
Increase in refundable deposits	(848)	(398)
Decrease in refundable deposits	305	-
Purchases of intangible assets	(1,446)	-
Dividends received	-	3,203
Net cash generated (used in) from investing activities	(34,812)	(15,357)
Cash flows from financing activities:		
Payment of lease liabilities	(29,666)	(28,847)
Cash dividends paid	(108,490)	(88,558)
Treasury shares sold to employees	12,370	-
Changes in non-controlling interests	(387)	(571)
Net cash used in financing activities	(126,173)	(117,976)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(528)	994
Net decrease in cash and cash equivalents	(16,135)	14,717
Cash and cash equivalents at beginning of period	240,225	183,689
Cash and cash equivalents at end of period	$ **224,090**	**198,406**

See accompanying notes to consolidated financial statements.

Success Prime Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(Expressed in thousands of New Taiwan Dollar unless otherwise specified)

1. Company history

Success Prime Corporation (hereinafter referred to as the Group) was established on June 15, 1991. The core business of the Group and its subsidiaries (hereinafter referred to as the Consolidated Group) is contracting teachers and course management services across primary, middle, and high-school institutions. On March 2002, the Group's shares were listed on the Taiwan Stock Exchange (TWSE).

2. Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on August 8, 2025.

3. New standards, amendments and interpretations adopted

(1) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which has already been adopted.

The Group has initially adopted the new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025.

- Amendments to IAS21"Lack of Exchangeability"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

(2) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group has initially adopted the new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2026

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the (following) other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

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

4. Summary of material accounting policies

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 " Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements is the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

(2) Basis of consolidation

Principles of preparation of the consolidated financial statements were the same as those of the consolidated financial statements for the year ended December 31, 2024. For the related information, please refer to note 4(3) of the consolidated financial statements for the year ended December 31, 2024.

A. List of subsidiaries in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

			% of Ownership			
Name investor	**Name of subsidiary**	**Principal activity**	**June 30, 2025**	**December 31, 2024**	**June 30, 2024**	**Note**
The Company	Chen Li Education Co., Ltd. (Chen Li Education)	Education services	100	100	100	
The Company	Here Enterprise Co., Ltd. (Here Enterprise)	Education services	100	100	100	
The Company	Chen Li ELM Co., Ltd. (Chen Li ELM)	Education services	100	100	100	
The Company	Li-Ren Education Co., Ltd. (Li-Ren Education)	Education services	60	60	60	
Chen Li Education	Chen Li (Chongqing) Culture Communication Co., Ltd. (Chen li (Chongqing)	Cultural dissemination	100	100	100	
Chen Li Education	PT GXI Digital Edtech (GXI)	Education services	-	-	60	Note 1
Chen Li Education	Prime Global Co., Ltd. (Prime Global)	Online education platform	75	75	-	Note 2
Prime Global	PT Prima Dunia Indonesia (PDI)	Education services	99.9	-	-	Note 3

Note1：Considering the operational promotion of GXI in the market fell below expectations, the Group sold all its shares in August 2024 for a disposal price of $2,454 thousand, resulting in an investment disposal gain of $263 thousand. Consequently, the company lost control over GXI, which is no longer considered a consolidated entity.

Note2：To develop an online education platform and expand into the Southeast Asian education market, the Group established a 75% owned subsidiary Prime Global in September 2024, and included it in the consolidated statements from the date of investment.

Note3：To develop Indonesia education market, the Group established a 99.9% owned subsidiary PT Prima Dunia Indonesia in May 2025, and included it in the consolidated statements from the date of investment.

B. Subsidiaries excluded from the consolidated financial statements: None.

(3) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Accounting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

5. Critical Accounting Judgments and Key Sources of Estimations and Assumptions Uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

6. Description of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the consolidated financial statements for the year ended December 31, 2024. Please refer to note 6 of consolidated financial statements for the year ended December 31, 2024.

(1) Cash and cash equivalent

	June 30, 2025	**December 31, 2024**	**June 30, 2024**
Cash	$ 4,618	1,426	5,259
Demand deposits	211,472	223,799	155,247
Cash equivalents-time deposits	8,000	15,000	37,900
	$ 224,090	**240,225**	**198,406**

Please refer to 6(23) for the exchange rate risk and sensitivity analysis of financial asset and liabilities of the Group.

(2) Financial assets measured at amortized cost- current/ non-current

		June 30, 2025	December 31, 2024	June 30, 2024
Time deposits with original maturities exceeding 3 months	$	265,709	252,301	210,720
Time deposit Pledge		13,777	14,617	14,546
	$	**279,486**	**266,918**	**225,266**
Current	$	**265,709**	**252,301**	**210,720**
Non-current	$	**13,777**	**14,617**	**14,546**

A. The annual interest rates and maturity dates of time deposits held by the Group for more than 3 months are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Annual interest rate range	**1.44%~3.95%**	**1.31%~3.95%**	**1.31%~3.95%**
Maturation Range	**July 2025~ May 2026**	**January 2025~ October 2025**	**July 2024~ May 2025**

B. The Group assesses that the expected credit risk of the financial assets measured is not high, and its credit risk has not increased after the original recognition.

C. For information on the pledge of financial assets measured at amortization costs, please refer to note 8.

(3) Financial assets at fair value through other comprehensive income - non-current

		June 30, 2025	December 31, 2024	June 30, 2024
Domestic unlisted stocks	$	**3,900**	**3,900**	**8,400**

In December 2024, the Group sold all of its shares in Accuagileint Co., Ltd. for a disposal price of $1,500 thousand and an accumulated disposal loss of $3,000 thousand. The aforementioned accumulated disposal loss has been transferred from other interests to retained earnings.

The Group holds these equity instrument investments for long-term strategic purposes and not for transactional purposes, thus they have been designated as measured at fair value through other comprehensive income. None of the aforementioned financial assets have been pledged as collateral.

(4) Accounts receivables and notes receivable

		June 30, 2025	December 31, 2024	June 30, 2024
Notes Receivables	$	61	76	122
Accounts receivables		2,742	3,323	2,089
		2,803	3,399	2,211
Less: Allowance for impairment loss		-	-	-
	$	**2,803**	**3,399**	**2,211**

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlooks. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

	June 30,2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 2,803		-

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 3,396	-	-
1 to 90 days past due	3	-	-
	$ 3,399		-

	June 30,2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 2,211		-

The Group assessed the accounts receivables as of June 30, 2025, December 31, 2024 and June 30, 2024 that no provision for impairment losses was required for notes and account receivables.

(5) Inventories

	June 30, 2025	December 31, 2024	June 30, 2024
Goods	$ 2,549	3,004	3,631

The costs of inventories recognized as costs of goods sold For the 3 months and six months ended June 30, 2025 and 2024 were $206 thousand, $426 thousand, $535 thousand and $703 thousand, respectively.

None of the inventories mentioned above were pledged as collateral.

(6) Investments accounted for using the equity method

A. Associate related to the Group under the equity method is significant, and the relevant information is as follows:

Name of Associate	Main Business	Main operating location/ Registered Country of the Company	Equity ratio (%) June 30, 2025	Equity ratio (%) December 31, 2024	Equity ratio (%) June 30, 2024
Xuemi Co., Ltd (Xuemi)	Online learning platform	Taiwan	20.00	20.00	47.43

In December 2024, the Group sold 27.43% of the equity interest in Xuemi (total 356,536 shares) for a disposal price of $24,613 thousand and an investment profit of $7,253 thousand. After the disposal, the merged company held 20% of the equity interest in Xuemi (total 260,000 shares). Xuemi was originally an affiliated enterprise with significant importance to the Merged Company. As a result of the aforementioned equity disposal, Xuemi is no longer significant to the Merged Company from the date of disposal.

	June 30, 2025	December 31, 2024	June 30, 2024
Closing carrying amount of equity in significant associates	$ 11,960	12,893	29,655

	For the 3 months ended June 30, 2025	For the 3 months ended June 30, 2024	For the 6 months ended June 30, 2025	For the 6 months ended June 30, 2024
Gross profit(loss) attributable to the Group's share in associates	$ 195	(197)	6	(802)

Summary of Xuemi's financial information

	June 30, 2025	December 31, 2024	June 30, 2024
Current assets	$ 46,816	40,391	25,348
Non-current assets	16,033	14,357	17,461
Current liabilities	(28,508)	(23,124)	(17,380)
Non-current liabilities	(8,218)	(5,895)	(6,796)
Net assets	$ 26,123	25,729	18,633
Net assets attributable to non-controlling interests	$ 115	147	81
Net assets attributable to owners of investee companies	$ 26,008	25,582	18,552

	For the 3 months ended June 30,		For the 6 months ended June 30,	
	2025	2024	2025	2024
Operating revenue	$ 53,441	26,108	99,401	52,942
Net income	$ 3,554	2,157	5,177	3,434
Other comprehensive income	-	-	-	-
Total comprehensive income	$ 3,554	2,157	5,177	3,434
Comprehensive income (loss) attributable to non-controlling interests	$ 31	23	56	31
Comprehensive income (loss) attributable to owners of investee companies	$ 3,523	2,134	5,121	3,403

B. Collateral

The above investment through the equity method is not pledged as collateral.

C. Unaudited equity method investments

Investments and their share of profit or loss using the equity method are calculated based on financial statements that have not been reviewed by accountants.

(7) Property, plant and equipment

	Land	Building	Leasehold Improve ments	Office Equipment and Other	Total
Cost:					
Balance on January 1,2025	$ 224,490	35,075	44,789	12,859	317,213
Additions	-	-	11,888	5,176	17,064
Disposals	-	-	(276)	(4,580)	(4,856)
Effect of movements in exchange rates	-	-	-	(4)	(4)
Balance on June 30, 2025	$ 224,490	35,075	56,401	13,451	329,417
Balance on January 1,2024	$ 224,490	35,075	57,634	12,523	329,722
Additions	-	-	4,054	2,544	6,598
Disposals	-	-	(19,990)	(2,399)	(22,389)
Balance on June 30, 2024	$ 224,490	35,075	41,698	12,668	313,931

		Land	Building	Leasehold Improve ments	Office Equipment and Other	Total
Depreciation:						
Balance on January 1,2025	$	-	8,329	23,653	7,656	39,638
Depreciation for the period		-	445	5,186	2,594	8,225
Disposals		-	-	(276)	(4,511)	(4,787)
Effect of movements in exchange rates		-	-	-	-	-
Balance on June 30, 2025	**$**	**-**	**8,774**	**28,563**	**5,739**	**43,076**
Balance on January 1,2024	$	-	7,438	34,538	6,316	48,292
Depreciation for the period		-	445	5,434	2,178	8,057
Disposals		-	-	(19,990)	(2,399)	(22,389)
Balance on June 30, 2024	**$**	**-**	**7,883**	**19,982**	**6,095**	**33,960**
Carrying amounts:						
Balance on January 1,2025	**$**	**224,490**	**26,746**	**21,136**	**5,203**	**277,575**
Balance on June 30, 2025	**$**	**224,490**	**26,301**	**27,838**	**7,712**	**286,341**
Balance on January 1,2024	**$**	**224,490**	**27,637**	**23,096**	**6,207**	**281,430**
Balance on June 30, 2024	**$**	**224,490**	**27,192**	**21,716**	**6,573**	**279,971**

Property, plant, and equipment used by the Group and pledged as collateral for bank borrowings are set out in note 8.

(8) Lease arrangements

A. Right-of-use assets

		For the 6 months ended June 30, 2025	2024
Cost:			
Balance on January 1	$	201,564	224,025
Additions		56,046	27,934
Disposals		(35,230)	(17,277)
Balance on June 30	**$**	**222,380**	**234,682**
Accumulated depreciation:			
Balance on January 1	$	118,474	123,734
Additions		30,067	28,857
Disposals		(35,230)	(17,277)
Balance on June 30	**$**	**113,311**	**135,314**
Carrying amounts:			
January 1	**$**	**83,090**	**100,291**
June 30	**$**	**109,069**	**99,368**

B. Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Current	$ 46,223	38,083	48,605
Non-current	$ 62,539	45,199	52,656

For maturity analysis, please refer to note 6 (23) Financial Instruments.

The amount of lease recognized as profit or loss is follows:

	For the 3 months ended June 30,		For the 6 months ended June 30,	
	2025	2024	2025	2024
Interest expense of lease liabilities	$ 523	442	1,081	860
Short-term lease expense	$ 1,891	1,252	3,165	2,552

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

	For the 6 months ended June 30,	
	2025	2024
Total cash outflow from lease	$ 33,912	32,259

The Group leases the buildings as office space. The lease term of the office space is generally two to ten years. Some leases include the option to extend the lease period for the same period as the original contract when the lease period expires.

(9) Goodwill and trademarks

	June 30, 2025	December 31, 2024	June 30, 2024
Goodwill	$ 81,419	81,419	81,419
Trademarks	$ 404,144	404,144	404,144

There were no significant additions or disposals of the goodwill and trademarks For the 6 months ended June 30, 2025 and 2024.Please refer to note 6(9) of the 2024 annual consolidated financial statements for other related information.

(10) Other intangible assets

Other intangible assets of the Group are mainly consisting of computer software. The details of its cost and accumulated amortization are as follows:

	For the 6 months ended June 30,	
	2025	2024
Cost:		
Balance on January 1	$ 608	12,956
Additions for the period	6,848	-
Balance on June 30	$ 7,456	12,956

		For the 6 months ended June 30, 2025	For the 6 months ended June 30, 2024
Accumulated amortization:			
Balance on January 1	$	338	10,771
Amortization for the period		444	1,569
Balance on June 30	**$**	**782**	**12,340**
Carrying amounts:			
Balance on January 1	**$**	**270**	**2,185**
Balance on June 30	**$**	**6,674**	**616**

Other intangible assets noted above are not pledged as collateral for bank borrowings.

(11) Life insurance termination cash value

		For the 6 months ended June 30, 2025	For the 6 months ended June 30, 2024
Balance on January 1	$	26,878	25,412
Increase due to the cash value of life insurance termination current year		(2,107)	1,490
Balance on June 30, 2025	**$**	**24,771**	**26,902**

(12) Other current assets and Other non-current assets

A. Other current assets

		June 30, 2025	December 31, 2024	June 30, 2024
Prepayments and prepaid fees	$	5,868	4,056	4,257
Input tax and retained tax		377	334	22
Other		12	77	155
	$	**6,257**	**4,467**	**4,434**

B. Other non-current assets

		June 30, 2025	December 31, 2024	June 30, 2024
Refundable Deposit	$	12,858	12,315	12,411
Prepaid Equipment Payment		1,319	571	1,218
Prepaid system platform		-	6,500	-
	$	**14,177**	**19,386**	**13,629**

(13) Accounts and notes payable

		June 30, 2025	December 31, 2024	June 30, 2024
Notes payable	$	-	-	20
Hourly fee payables to Teachers		17,614	21,121	16,645
Others		7,536	3,088	4,243
	$	25,150	24,209	20,908

(14) Others payable

		June 30, 2025	December 31, 2024	June 30, 2024
Salary and bonus payables	$	28,468	36,463	27,296
Compensation payables to Employees and Directors		3,505	7,801	3,443
Insurance premiums and pensions payable		5,410	5,061	5,035
Others		8,799	9,116	8,106
	$	46,182	58,441	43,880

(15) Employee benefits

The Group's expenses for the pension plan contributions to the Bureau of Labor Insurance were as follows:

		For the 3 months ended June 30,		For the 6 months ended June 30,	
		2025	2024	2025	2024
Pension	$	2,242	2,061	4,358	4,076

(16) Income tax

A. The income tax expense of the Group is calculated by the profit before tax of interim reporting period multiply by the best estimated measurement of the expected effective tax rate by the management of the year.

B. The amounts of income tax expense were as follows:

		For the 3 months ended June 30,			For the 6 months ended June 30,	
		2025	2024		2025	2024
Current tax expense						
Current period	$	5,065	6,346		11,971	13,758
Income tax expense of un-appropriated earnings		426	229		426	229
Adjustment for prior periods		175	57		175	57
	$	5,666	6,632	$	12,572	14,044

C. Examination and approval

Company Name	Approved Year
The Company	2023
Chen Li Education	2022
Here Enterprise	2023
Chen Li ELM	2023
Li-Ren Education	2022

(17) Capital & Equity

A. Capital in Ordinary shares

As of June 30, 2025, December 31, 2024 and June 30, 2024, the Company's authorized common shares amounted to $2,000,000 thousand. The issued common shares amounted to $191,004 thousand with par value of NT$10 per share.

B. Capital Surplus

	June 30, 2025	December 31, 2024	June 30, 2024
Premium issuance of ordinary shares	$ 287,079	287,079	287,079
Employees stock options exercised	2,592	4,108	2,591
Employees stock options expired	5,772	4,292	4,292
	$ 295,443	**295,479**	**293,962**

In accordance with the R.O.C. Company Act, realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned realized capital surplus included share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

C. Retained Earnings and Dividend Policy

The Company Articles of Incorporation provide that, when allocating the net profits for each fiscal year, the Company shall first offset its losses in previous years and then set aside the following items accordingly: Legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve equals Group's paid-in capital; special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge; any balance left over shall be allocated according to the resolution of the shareholders' meeting.

The Company dividend policy will consider the industry environment, surplus status, future capital expenditure needs, and long-term financial planning. If there is any surplus to distribute dividends, the total amount of shareholder dividends distribution should not be lower than 10% of the current year's earnings after deducting the adjusted portion. The proportion of cash dividends shall not be lower than 10% of the total dividends distributed in the current year, and the other shall be distributed in the form of stock dividends.

Pursuant to Articles 240 and 241 of the Company Law, authorizes the board of directors to have more than two-thirds of the directors present and the resolutions of more than half of the directors present, to distribute cash dividends and bonuses, and to pay cash by the provisions of the Company Law for capital reserve or statutory surplus reserve, and report to the shareholders meeting.

The shareholders' meeting of the Company resolved to amend the Articles of Incorporation on May 27, 2025, allowing the distribution of earnings or the offsetting of losses to be conducted after the end of each half fiscal year in accordance with Article 228-1 of the Company Act. Cash dividends, if distributed, shall be approved and handled by the Board of Directors.

The Company articles of association, specifying that when the net amount of other equity deductions accumulated in the previous period and the net increase in the fair value of investment real estate are listed as a special surplus reserve, if the undistributed surplus in the previous period is insufficient Withdrawal refers to the amount that is included in the undistributed surplus of the current period from the net profit after tax plus the net profit after tax for the current period.

The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit or be distributed as dividends in cash for the portion in excess of 25% of the paid-in capital if the Company incurs no loss, and authorized by the shareholders meeting.

The appropriation of earnings and cash dividends per share for the first half of 2025 was as follows:

		First half of 2025
Resolution date of the Company's Board of Directors		August 8, 2025
Legal reserve	$	4,338
Special reserve		76
Cash Dividends		28,651
Cash Dividends per share (NTD)		1.50

The amount of legal reserve and special reserve for the first half of 2025 will be submitted to the shareholders' meeting for approval in the following year.

The appropriation of 2024 and 2023 earnings is as follows:

		2024	**2023**
Resolution date of the Company's Board of Directors		March 6, 2025	March 8, 2024
Cash Dividends	$	108,490	88,558
Cash Dividends per share (NTD)		5.68	4.68
Approval date of the Company's shareholders' meeting		May 27, 2025	June 13, 2024
Legal reserve		12,985	10,364
Special reserve		(142)	142

D. Treasury shares

As of December 31 and June 30, 2024, the Company had repurchased a total of 178 thousand treasury shares for the purpose of transferring the Company's shares to employees in accordance with Article 167-1 of the Company Act. The cost amounts to $12,406 thousand.

On December 10, 2024, the Board of Directors resolved to transfer 178 thousand treasury shares to employees. Please refer to note 6 (18) of the 2024 annual consolidated financial statements for other related information. The aforementioned treasury shares were fully redeemed and delivered in February 2025. As of June 30, 2025, the Company had no treasury shares remaining.

E. Other equity (net of tax)

Exchange differences on translation of foreign financial instruments

	For the 6 months ended June 30,	
	2025	**2024**
Balance on January 1	$ (2,517)	(2,659)
Foreign exchange differences (net after tax)	(76)	9
Balance on June 30	**$ (2,593)**	**(2,650)**

F. Non-controlling Interest

	For the 6 months ended June 30,	
	2025	**2024**
Balance on January 1	$ 7,224	4,651
Net loss	(663)	(55)
Foreign exchange differences (net after tax)	(26)	5
Subsidiaries issue cash dividends to non-controlling equity shareholders	(423)	(571)
Increase of non-controlling interests in registered subsidiaries	36	-
Balance on June 30	**$ 6,148**	**4,030**

(18) Share-based payment

There were no significant changes in the share-based payment For the 6 months ended June 30, 2025 and 2024. Please refer to note 6(18) of the 2024 annual consolidated financial statements for other related information.

(19) Earnings per share

A. Basic earnings per share

	For the 3 months ended June 30,		For the 6 months ended June 30,	
	2025	2024	2025	2024
Net income attributable to the Company's common equity holders	$ 17,421	24,062	43,377	52,639
Weighted average number of ordinary shares in computation of basic earnings (in thousands of shares)	19,100	18,922	19,053	18,922
Basic earnings per share(NTD)	$ 0.91	1.27	2.28	2.78

B. Diluted earnings per share

	For the 3 months ended June 30,		For the 6 months ended June 30,	
	2025	2024	2025	2024
Net income attributable to the Company's common equity holders	$ 17,421	24,062	43,377	52,639
Weighted average number of ordinary shares in computation of basic earnings (in thousands of shares)	19,100	18,922	19,053	18,922
Effect of potentially dilutive ordinary shares (in thousand shares):				
Employees compensation	14	24	31	45
	19,114	18,946	19,084	18,967
Diluted earnings per share (NTD)	$ 0.91	1.27	2.27	2.78

(20) Revenue

A. Group's client contracts revenue:

	For the 3 months ended June 30,		For the 6 months ended June 30,	
	2025	2024	2025	2024
Educational service	$ 206,003	196,828	404,440	387,714
Rental revenue	7	7	14	14
	$ 206,010	196,835	404,454	387,728

B. Remaining contracts balance

	June 30, 2025	December 31, 2024	June 30, 2024
Contract liabilities- current	$ 409,274	332,036	377,629

Please refer to note 6(4) for details of the disclosure of notes and accounts receivable and their impairment.

Contract liabilities are advance payments received from customers (course revenue), which are recorded as revenue on a monthly basis when services are provided. The amounts of revenue recognized for the 6 months ended June 30, 2025 and 2024 that were included in the contract liability balance at the beginning of the periods were $299,350 thousand and $284,000 thousand, respectively.

(21) Employee compensation and directors' remuneration

On May 27, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, a minimum of 2% shall be allocated as employee remuneration (including a minimum of 0.5% to those base-level employees) and a maximum of 5% as remunerations for directors. The recipients of the aforementioned employee remuneration, whether in the form of shares or cash, may include employees of the subsidiaries who meet certain specific requirements. Prior to the amendment, the Articles of Incorporation stipulated that, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, a minimum of 3% should be allocated as employee remuneration and no more than 5% as remunerations for directors and supervisors. The recipients of the aforementioned employee remuneration, whether in the form of shares or cash, could include employees of the subsidiaries who met certain specific requirements.

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

	For the 3 months ended June 30,		For the 6 months ended June 30,	
	2025	**2024**	**2025**	**2024**
Compensation of employees(including base-level employees)	$ 116	819	991	1,771
Remuneration of directors	$ 305	409	743	885

The employees 'compensation and remuneration of directors for the year ended December 31, 2024, which has been approved by the Company's Board of Directors on March 6, 2025, was as follows:

	For the years ended December 31,2024
Compensation of employees	$ 4,389
Remuneration of directors	$ 2,194

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

There is no difference between the actual amount of employees' compensation and remuneration of directors paid and the amount recognized in the consolidated financial statements for the 2024.

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

(22) Non-operating income and expenses

A. Other gains and losses

	For the 3 months ended June 30, 2025	For the 3 months ended June 30, 2024	For the 6 months ended June 30, 2025	For the 6 months ended June 30, 2024
Life insurance evaluation benefit	$ (2,548)	482	(2,107)	1,490
Gain on net foreign currency exchange	(2,053)	336	(1,692)	1,064
Gains on disposal of property, plant and equipment	34	-	34	-
	$ (4,567)	**818**	**(3,765)**	**2,554**

B. Financial Cost

	For the 3 months ended June 30, 2025	For the 3 months ended June 30, 2024	For the 6 months ended June 30, 2025	For the 6 months ended June 30, 2024
Interest on lease liabilities	**$ 523**	**442**	**1,081**	**860**

(23) Financial instruments

A. Categories of financial instruments

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets			
Measured at amortized costs (Note 1)	$ 520,217	522,872	438,300
Measured at FVTOCI- equity investment instrument	3,900	3,900	8,400
	$ 524,117	**526,772**	**446,700**
Financial Liabilities			
Measured at amortized cost (Note 2)	**$ 71,448**	**82,678**	**64,850**

Note 1: The balance includes cash and cash equivalents, financial assets at amortized cost (current and non-current), notes and accounts receivable (including related parties), other receivables (including related parties) and refundable deposits (other non-current assets), which are financial assets measured at amortized cost.

Note 2: The balance includes notes and accounts payable (including related parties), and other payables, which are financial liabilities measured at amortized cost.

B. Financial risk management objectives and policies

The Group mainly manages foreign currency exchange rate risk, interest rate risk, other price risks, credit risk and liquidity risk to reduce the potential adverse impact of market uncertainty on the Group's financial performance.

The important financial operations of the Group have taken into account the overall financial risks and strictly followed the division of responsibilities, and have been reviewed by relevant regulations and internal control systems.

C. Market Risk

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

(a) Foreign currency risk

(i) Exposure to foreign currency risk

The Group's financial assets exposed to significant foreign currency risk were as follows:

	June 30, 2025			**December 31, 2024**			**June 30, 2024**		
	Foreign Currency	**Exchange rate**	**NTD**	**Foreign Currency**	**Exchange rate**	**NTD**	**Foreign Currency**	**Exchange rate**	**NTD**
Financial assets									
Monetary items									
USD	473	29.300	13,859	420	32.785	13,770	377	32.450	12,234
CNY	2,305	4.091	9,430	2,299	4.478	10,295	2,287	4.445	10,166

(ii) Sensitivity Analysis

The Group's exposure to foreign currency risk primarily arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents and financial assets at amortized cost. The sensitivity analysis only includes foreign currency monetary items that are in circulation and the conversion at the end of the period is adjusted by 1% of the exchange rate change. When the New Taiwan dollar appreciates or depreciates by 1% against each relevant currency, it increased/ decreased the net profit before tax of the Group on June 30, 2025 and 2024 by $233 thousand and $224 thousand respectively. The analysis was performed on the same basis for comparative years.

(iii) Foreign exchange gains and losses on monetary items

The translation of the exchange gains and losses (included realized and unrealized) of the consolidated company's monetary items into the functional currency is as follows:

	For the 3 months ended June 30,		**For the 6 months ended June 30,**	
	2025	**2024**	**2025**	**2024**
USD	$ (943)	252	(801)	795
CNY	(1,110)	84	(891)	269
	$ (2,053)	**336**	**(1,692)**	**1,064**

(b) Interest Rate Risk

For floating rate assets or liabilities, the analysis is based on the assumption that the amount of the asset or liability outstanding on the reporting date remains outstanding throughout the year.

If the interest rate increases by 0.1%, with all other variables remaining unchanged, the consolidated company's pre-tax net profit For the 6 months ended June 30, 2025 and 2024 will increase by $239 thousand and NT$197 thousand respectively, mainly due to the impact of changes in interest rate cash and cash equivalents and financial assets measured at amortized cost.

(c) Other price risk

The Group was exposed to equity price risks through its investments in domestic unlisted stock.

The sensitivity analysis below was determined based on the Group's exposure to equity price risks at the end of the reporting date.

If equity prices had been 10% higher or lower, the other comprehensive income before income tax for the 6 months ended June 30, 2025 and 2024 would have increased or decreased by $390 thousand and $840 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

D. Concentration of credit risk

(a) Cash and cash equivalents

The Group's cash and cash equivalents are deposited with different financial institutions. The Group controls the credit risk exposure to each financial institution and believes that the Group's cash and cash equivalents do not pose a risk of a significant concentration of credit risk.

(b) Accounts receivable and debt securities

Please refer to note 6(4) for details on the credit risk exposure of accounts receivable. Please refer to note 6(2) for financial assets measured at amortized cost. Please refer to note 6(3) for details of investments in financial assets measured at fair value through other comprehensive income and loss and provision for impairment losses.

The above are all financial assets with low credit risk and therefore the allowance for losses for the period is measured using the 12 months expected credit loss amount.

E. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Cash flow of contract	Within 1 year	1-5 years	Over 5 years
June 30, 2025					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 71,448	(71,448)	(71,448)	-	-
Lease liabilities (current and non-current)	108,762	(112,092)	(47,814)	(58,616)	(5,662)
	$ 180,210	**(183,540)**	**(119,262)**	**(58,616)**	**(5,662)**

	Carrying amount	Cash flow of contract	Within 1 year	1-5 years	Over 5 years
December 31, 2024					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 82,678	(82,678)	(82,678)	-	-
Lease liabilities (current and non-current)	83,282	(85,960)	(39,192)	(40,033)	(6,735)
	$ 165,960	(168,638)	(121,870)	(40,033)	(6,735)
June 30, 2024					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 64,850	(64,850)	(64,850)	-	-
Lease liabilities (current and non-current)	101,261	(104,300)	(49,856)	(46,197)	(8,247)
	$ 166,111	(169,150)	(114,706)	(46,197)	(8,247)

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

F. Fair value of financial instruments

(a) Fair value measurements recognized in the consolidated balance sheets

Fair value measurements are grouped into Level 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Fair value of financial instruments measured at fair value on a recurring basis

The following table presents the Group's financial assets and liabilities measured at fair value on a recurring basis:

	June 30, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic unlisted stocks	$ -	-	3,900	3,900

	December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Domestic unlisted stocks	$ -	-	3,900	3,900

	June 30, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Domestic unlisted stocks	$ -	-	8,400	8,400

(c) There were no transfers between Levels 1 and 2 For the 6 months ended June 30, 2025 and 2024.

(d) The reconciliations of Level 3 fair value measurements of financial instruments (accounted at fair value through OCI) using were as follows:

	For the years ended June 30,	
	2025	**2024**
Ending balance (i.e. beginning balance)	$ 3,900	8,400

(e) Quantified information of significant unobservable inputs (Level 3)

The Group's financial instruments that use Level 3 inputs to measure fair value mainly include financial assets at fair value through profit or loss-equity investments.

Most of the Group's financial assets in Level 3 have several significant unobservable inputs, while its equity investments without an active market have more than one significant unobservable input. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

Valuation techniques and inputs for Level 3 fair value measurement:

Categories of Financial Instrument	Valuation technique and input value
Equity investment of unlisted entities	Market approach: assess the fair value of the investment target by referencing operating activities of the investee or market conditions of similar entities.

(24) Capital management

Management believes that the objectives, policies and processes of capital management of the Group have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2024. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2024. Please refer to note 6(24) of the consolidated financial statements for the year ended December 31, 2024 for related information.

(25) Investing and financing activities not affecting current cash flow

A. For leased right-of-use assets, please refer to note 6(8)

B. Reconciliations of liabilities arising from financing activities were as follows:

	January 1 2025	Cash flows	Others (Note)	June30 2025
Lease liabilities (current and non-current)	$ 83,282	(29,666)	55,146	108,762

	January 1 2024	Cash flows	Others (Note)	June30 2024
Lease liabilities (current and non-current)	$ 102,174	(28,847)	27,934	101,261

Note：The Group leased offices for operational purpose in the 6 months ended June 30, 2025 and 2024, resulting in additional lease liabilities of $55,146 thousand and $27,934 thousand, respectively.

7. Related-party transactions

(1) Related parties and their relationships associated with the Group

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements:

Related parties	Relationship with the Group
Shu-Ling Tseng	The Chairman of the company concurrently serves as the general manager
Min-Chun Chen	Spouse of chairman of the Company(Director of the Company from January 1, 2024 to May 27, 2025)
SLUDE Strategy Co., Ltd.	Spouse of its chairman serves as the representative director of the Company (Its Chairman serves as the representative director of the company from January 1, 2024 to June 16, 2025)
En Dian Asset Management	Its supervisor is the same person as the representative director of the company from January 1, 2024 to May 27, 2025
Singularity International Academy	Its chairman is the same person as the chairman of the company
Xuemi Co., Ltd (Xuemi)	Associate
Yu-Ren Senior High School Taitung K12 Future School	Its chairman is the same person as the spouse of the chairman of the company (Chairman is the same person as the director of the company from January 1, 2024 to May 27, 2025)

(2) Except for those disclosed in other notes to the consolidated financial report, other significant transactions with related parties are summarized as follows:

A. Operating revenue

	For the 3 months ended June 30,		For the 6 months ended June 30,	
Related Party Category/Name	**2025**	**2024**	**2025**	**2024**
Other related parties	$ 35	50	73	91

The Group provides services and product sales to related parties, and their payment conditions and transaction prices do not have significant income differences from non-related parties.

B. Purchase

Related Party Category/Name	For the 3 months ended June 30, 2025	For the 3 months ended June 30, 2024	For the 6 months ended June 30, 2025	For the 6 months ended June 30, 2024
Main Management	$ 415	190	476	401

The Group operating costs to related parties are mainly hourly teachers' fees, and its payment terms and transaction prices are not significantly different from those of other suppliers.

C. Net receivables from related parties

Related Party Category/Name	June 30, 2025	December 31, 2024	June 30, 2024
Other related parties	$ 6	15	6

The accounts receivable between related parties are not secured by collateral and the Group does not need to make provisions for expected credit impairment losses after assessment.

D. Payable from related parties

Account Name	Related Party Category/Name	June 30, 2025	December 31, 2024	June 30, 2024
Accounts payables-related parties	Main Management	$ 116	28	62

E. Other transactions

Account Name	Related Party Category/Name	June 30, 2025	December 31, 2024	June 30, 2024
Prepaid labor costs (other current assets)	Other related parties	$ 250	100	250
Refundable deposits (other non-current assets)	Main Management —Shu-Ling Tseng	$ 1,360	1,360	1,360
	Main Management —Min-Chun Chen	1,160	1,160	1,160
		$ 2,520	2,520	2,520
Lease liabilities	Main Management —Shu-Ling Tseng	$ 18,167	1,193	5,374
	Main Management —Min-Chun Chen	16,983	-	3,470
		$ 35,150	1,193	8,844

Account Name	Related Party Category/Name	For the 3 months ended June 30, 2025	For the 3 months ended June 30, 2024	For the 6 months ended June 30, 2025	For the 6 months ended June 30, 2024
Operating Expense	Other related parties	$ 75	75	150	150
Financial Cost	Main Management	$ 182	33	382	78

The price of the right-to-use assets acquired by the merged company from the related party is as follows:

Account Name	Related Party Category/Name	For the 3 months ended June 30, 2025	For the 3 months ended June 30, 2024	For the 6 months ended June 30, 2025	For the 6 months ended June 30, 2024
Right-of-use assets	Main Management －Shu-Ling Tseng	-	-	20,977	-
	Main Management －Min-Chun Chen	-	-	20,278	-
		$ -	-	41,255	-

The Group company received cash dividends from related parties amounting to $939 thousand and $3,203 thousand for the periods of January 1 to June 30, 2025 and 2024, respectively (recorded as a deduction from investments accounted for under the equity method). As of June 30, 2024, the aforementioned amount for 2024 had been fully collected. As of June 30, 2025, the aforementioned amount for 2025 had not yet been collected and was recorded under other receivables – related parties.

The Group leases offices and teaching venues from related parties. The lease terms were mutually agreed upon by both parties, with rental payments made monthly according to the lease agreement. These transactions are accounted for under lease assets and lease liabilities.

(3) Remuneration of Key Management Levels

	For the 3 months ended June 30, 2025	For the 3 months ended June 30, 2024	For the 6 months ended June 30, 2025	For the 6 months ended June 30, 2024
Short term Employee Benefits	$ 1,691	1,843	3,619	3,809
Post-employment benefits	16	16	33	33
	$ 1,707	1,859	3,652	3,842

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on individual performance and market trends.

8. Assets pledged as security

The carrying values of ledged assets were as follows:

Pledged assets	Object	June 30, 2025	December 31, 2024	June 30, 2024
Property, plant and equipment	Collateral for short-term loan (Note 1)	$ 218,848	219,198	219,548
Pledged certificates of deposit (financial assets at amortized cost - current)	Installation funds for cram school (Note 2) and Credit card swiping machines	13,777	14,617	14,546
		$ 232,625	233,815	234,094

Note1: As of June 30, 2025, December 31, 2024, and June 30, 2024, the unused financing amount was $200,000 thousand.

Note2: According to the regulations of various local education bureaus where each branch of the subsidiary company Chen Li Education is located, after the registration approval of the cram schools, they undertake fixed-term deposits in the name of the cram schools as establishment funds. Without approval from the educational administrative authorities, funds shall not be disbursed.

9. Significant Commitments and Contingencies:

The Company received notice that Long Xuan Education Co., Ltd. had filed a civil lawsuit regarding subrogation claims for unjust enrichment on July 4, 2025. To safeguard the interests of the Group, legal counsel has been appointed to handle the matter. Regarding the claim, the Group is currently unable to assess its subsequent developments, possible outcomes, or impacts; however, at this stage, there is no material effect on the Group's finances or operations.

10. Losses due to major disasters: None.

11. Subsequent events: None.

12. Other

A summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

By function / By item	For the 3 months ended June 30,					
	2025			2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	-	52,689	52,689	-	51,691	51,691
Labor and health insurance	-	5,500	5,500	-	4,937	4,937
Pension	-	2,242	2,242	-	2,061	2,061
Others	-	2,250	2,250	-	2,464	2,464
Depreciation	19,092	319	19,411	18,341	143	18,484
Amortization	343	51	394	520	264	784

By function / By item	For the 6 months ended June 30,					
	2025			2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	-	104,373	104,373	-	103,337	103,337
Labor and health insurance	-	10,928	10,928	-	9,990	9,990
Pension	-	4,358	4,358	-	4,076	4,076
Others	-	4,725	4,725	-	4,716	4,716
Depreciation	37,840	452	38,292	36,429	485	36,914
Amortization	343	101	444	1,041	528	1,569

13. Other disclosures

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties: Table 1.

C. Significant securities held at the end of the period (excluding investments in subsidiaries, related companies and joint venture interests): None.

D. Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock: Table 2.

E. Receivables from related parties with amounts exceeding the lower of $100 million or 20% of capital stock: None.

F. Business relationships and significant intercompany transactions: Table 3.

(2) Information on the investee (excluding information on investees in Mainland China): Table 4.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: Table 5.

B. Limitation on investment in Mainland China: Table 5.

C. Significant transactions: None.

14. Segment information

The reportable operating department of the Group is only a single department of education; this department is mainly engaged in the business of elementary school, junior high school, and high school-related education courses. In addition, the Group's departmental profit and loss, departmental assets, and departmental liabilities are consistent with the consolidated financial statements. Please refer to the consolidated balance sheet and consolidated comprehensive income statement.

Success Prime Corporation and Subsidiaries
Guarantees and endorsements for other parties
For the 6 months ended June 30, 2025

Table 1

(In Thousands of New Taiwan Dollar)

No. (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
1	Chen Li Education	The Company	3	435,374	200,000	200,000	-	-	137.81%	435,374	N	Y	N

Note 1：The numbering column is described as follows:
(1) Issuer fills in 0.
(2) Companies as investee are numbered sequentially starting from 1.

Note 2：The relationship between the endorser and guarantor has the following 7 types:
(1) A company with business dealings.
(2) A company that directly and indirectly holds more than 50% of the voting shares.
(3) Companies that directly and indirectly hold more than 50% of the voting shares of the company.
(4) Inter-company companies where the company directly and indirectly holds more than 90% of the voting shares.
(5) A company that is mutually insured according to the contract between inter-industries or co-founders based on the needs of the contracted project.
(6) A company whose endorsement is guaranteed by all capital shareholders according to their shareholding ratio due to a joint investment relationship.
(7) The inter-industry is engaged in the performance guarantee and joint guarantee of the pre-sale house sales contract regulated by the Consumer Protection Law.

Note 3：The limit amount of the foreign endorsement guarantees of Chen Li Education are as follows:
(1) For companies that directly and indirectly hold more than 50% of the voting rights of Chen Li Education, the total amount of endorsement guarantees and endorsement guarantees provided by Chen Li Education to a single object is based on the latest financial statements of Chen Li Education that have been audited or reviewed by accountants 300% of net worth is limited.
(2) The net value is based on the most recent financial statements (2025Q2) reviewed by Chen Li Education by accountants.

Success Prime Corporation and Subsidiaries

Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock

For the 6 months ended June 30, 2025

Table 2 (In Thousands of New Taiwan Dollar)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes receivable/ Trade receivables (Notes payable/ Trade payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/ sales (%)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes receivable /trade receivables (%)	
The Company	Chen Li Education	Subsidiary	Labor revenue	(111,496)	(96)	Month end 30 days	Note 1	None	19,385	94	Note 2

Note 1： There are no other transactions of the same type available for comparison, and the terms of collection are agreed by both parties.

Note 2： The related transactions and end-of-period balances have been offset.

Success Prime Corporation and Subsidiaries

Business relationships and significant intercompany transactions

For the 6 months ended June 30, 2025

Table 3 (In Thousands of New Taiwan Dollar)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (%)
0	The Company	Chen Li Education	1	Labor revenue	111,496	Month end 30 days	28
0	The Company	Chen Li Education	1	Accounts receivables - related parties	19,385	Month end 30 days	1

Note 1： The business transactions between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the numbers is as follows:

(1) The parent company fills in 0.

(2) Subsidiaries are numbered sequentially by the Arabic number 1 according to the company.

Note 2： There are three types of relationship with the trader. The type of mark can be used:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiaries to subsidiaries.

Note 3： Other transactions that do not amount 1% of the total consolidated revenue or total assets ratio will not be disclosed.

Success Prime Corporation and Subsidiaries

Information on the investees (excluding information on investees in Mainland China)

For the 6 months ended June 30, 2025

Table 4 (In Thousands of New Taiwan Dollar / Thousands of Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
The Company	Chen Li Education	Taiwan	Education services	638,370	638,370	6,000	100.00	628,816	19,916	19,890	Note 3
The Company	Here Enterprise	Taiwan	Education services	13,900	13,900	1,000	100.00	13,960	2,244	2,244	Note 3
The Company	Chen Li ELM	Taiwan	Education services	4,900	4,900	1,000	100.00	17,076	4,821	4,821	Note 3
The Company	Li-Ren Education	Taiwan	Education services	3,000	3,000	300	60.00	4,033	1,189	713	Note 3
The Company	XUEMI	Taiwan	Online learning platform	14,338	14,328	260	20.00	11,960	5,121	6	Note 2
Chen Li Education	Prime Global	Taiwan	Online education platform	15,000	15,000	1,500	75.00	10,283	(4,548)	Note 1	Note 3
Prime Global	PT Prima Dunia Indonesia	Indonesia	Education services	3,606	-	-	99.90	3,319	(189)	Note 1	Note 3

Note 1： The profit and loss of the invested company is included in its investment company. To avoid confusion, it will not be expressed here.

Note 2： Including the recognition of investment gains and losses related to Xuemi and the amortization of intangible assets.

Note 3： The related transactions and end-of-period balances have been offset.

Success Prime Corporation and Subsidiaries

Information on investment in mainland China

For the 6 months ended June 30, 2025

Table 5

(In Thousands of New Taiwan Dollar)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2025	Net income (losses) of the investee	Percentage of ownership (%)	Highest Percentage of ownership during the period (%)	Investment income (losses) (Note2)	Book value	Accumulated remittance of earnings in current period	Note
					Out-flow	In-flow								
Chen Li (Chongqing)	Cultural dissemination	28,516	Invest through Chen Li Education	28,516	-	-	28,516	-	100.00	100.00	-	7	-	Note3

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of June 30, 2025	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note2)
28,516	28,516	87,074

Note 1： According to the Investment Review Committee's regulations on investment or technical cooperation in the Mainland area, dated August 29, 2008, the upper limit for the cumulative amount of investment in the Mainland is 60% of the net worth.

Note 2： The financial statements are audited by the parent company's auditor based on the materiality standard of the consolidated entities.

Note 3: The related transactions and end-of-period balances have been offset.