

**SIXXON TECH. CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Six Months Ended June 30, 2025 and 2024**

Address: P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Cayman
KY1-1205 Cayman Islands.
Telephone: +66-38-570029

The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11~12
(6) Explanation of significant accounts	12~34
(7) Related-party transactions	34~35
(8) Pledged assets	35
(9) Commitments and contingencies	35
(10) Losses due to major disasters	35
(11) Subsequent events	35
(12) Other	36
(13) Other disclosures	
(a) Information on significant transactions	37~38
(b) Information on investees	38
(c) Information on investment in mainland China	38
(14) Segment information	39



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Sixxon Tech. Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Sixxon Tech. Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of June 30, 2025 and 2024, and the consolidated statement of comprehensive income for the three months and six months ended June 30, 2025 and 2024, changes in equity and cash flows for the six months ended June 30, 2025 and 2024, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2025 and 2024, and its consolidated financial performance for the three months and six months ended June 30, 2025 and 2024, and its consolidated cash flows for the six months ended June 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Operating Revenue

Please refer to note 4(n) “Revenue” of the consolidated financial statements for the year ended December 31, 2024, for the accounting policy related to recognition of the operating revenue. Please refer to note 6(r) “Revenue from contracts with customers” of the consolidated financial statements for accounting information related to revenue recognition.

Description of key audit matter:

Sixxon Tech. Co., Ltd. and its subsidiaries are primarily engaged in manufacturing and sales of automotive components, the amount and changes in operating revenue may affect users' understanding of the overall financial statements. Sales revenue is the main indicator of whether the company's financial goals have been achieved. In order to meet investor expectations, sales revenue influences management's business decisions. The transaction terms involve many manual operations and judgments, and each sale requires confirmation that control of the goods has been transferred to the customer. Therefore, there is a significant risk of material misstatement due to either fictitious revenue or incorrect judgment of the timing of revenue recognition around the balance sheet date. This requires auditors to pay close attention, making it the key audit matter for this audit.

Audit procedure:

Our principal audit procedures included: understanding and assessing the accounting policy for operating revenue; understanding and evaluating the operating effectiveness of internal controls related to the recognition and cut-off of sales revenue; inspecting the terms of sales contracts; testing the effectiveness of internal controls over revenue recognition; verifying supporting documents related to sales revenue; and performing sales cut-off testing around the balance sheet date to assess whether the Group's operating revenue was accurate and recorded in the appropriate accounting period.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wang, I-Wen and Kuo, Kuan-Ying.

KPMG

Taipei, Taiwan (Republic of China)
August 28, 2025

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its 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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' 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 auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
SIXXON TECH. CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2025		December 31, 2024		June 30, 2024		Liabilities and Equity		June 30, 2025		December 31, 2024		June 30, 2024	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note (6)(a))	\$ 1,145,847	33	761,251	23	1,113,332	37	2100	Short-term borrowings (note (6)(j))	\$ 90,690	3	-	-	-	-
1110	Current financial assets at fair value through profit or loss (note (6)(b))	-	-	-	-	775	-	2170	Accounts payable	85,408	2	112,649	3	71,503	2
1136	Current financial assets at amortized cost (note (6)(c))	29,300	1	131,140	4	129,800	4	2200	Other payables (note (6)(k))	255,339	7	223,309	7	225,804	8
1170	Accounts receivable, net (including related parties) (notes (6)(d) and (7))	443,179	13	392,905	12	354,508	12	2230	Current income tax liabilities	-	-	106	-	-	-
1310	Inventories, net (note (6)(e))	292,614	8	316,725	10	257,121	8	2280	Current lease liabilities (note (6)(m))	231	-	572	-	675	-
1470	Other current assets (note (6)(i))	67,644	2	73,762	2	57,483	2	2300	Other current liabilities	16,190	1	21,105	1	8,850	-
		<u>1,978,584</u>	<u>57</u>	<u>1,675,783</u>	<u>51</u>	<u>1,913,019</u>	<u>63</u>			<u>447,858</u>	<u>13</u>	<u>357,741</u>	<u>11</u>	<u>306,832</u>	<u>10</u>
Non-current assets:								Non-current liabilities:							
1510	Non-current financial assets at fair value through profit or loss (notes (6)(b) and (l))	11,372	-	13,073	-	-	-	2531	Bonds payable (note (6)(l))	469,547	14	-	-	-	-
1600	Property, plant and equipment (notes (6)(f) and (8))	1,428,172	41	1,534,031	47	1,064,115	36	2580	Non-current lease liabilities (note (6)(m))	-	-	-	-	231	-
1755	Right-of-use assets (note (6)(g))	245	-	612	-	979	-	2600	Provisions for employee benefits, non-current (note (6)(n))	117,254	3	121,994	4	99,330	3
1780	Intangible assets (note (6)(h))	11,937	-	3,652	-	2,609	-		Total liabilities	<u>1,034,659</u>	<u>30</u>	<u>479,735</u>	<u>15</u>	<u>406,393</u>	<u>13</u>
1900	Other non-current assets (notes (6)(i), (7) and (8))	57,863	2	42,476	2	33,782	1	Equity (notes (6)(l) and (p)):							
		<u>1,509,589</u>	<u>43</u>	<u>1,593,844</u>	<u>49</u>	<u>1,101,485</u>	<u>37</u>	Equity attributable to owners of parent :							
								3100	Share capital	310,000	9	310,000	10	310,000	10
								3200	Capital surplus	1,953,661	56	1,946,655	60	1,946,655	65
								3310	Legal reserve	103,508	3	80,029	2	80,029	3
								3320	Special reserve	3,777	-	81,087	2	81,087	3
								3350	Unappropriated retained earnings	326,361	9	373,962	11	295,629	10
								3400	Other equity	(160,811)	(5)	(3,777)	-	(107,082)	(4)
								3500	Treasury shares	(84,792)	(2)	-	-	-	-
									Total equity attributable to owners of parent	<u>2,451,704</u>	<u>70</u>	<u>2,787,956</u>	<u>85</u>	<u>2,606,318</u>	<u>87</u>
								3600	Non-controlling interests	1,810	-	1,936	-	1,793	-
									Total equity	<u>2,453,514</u>	<u>70</u>	<u>2,789,892</u>	<u>85</u>	<u>2,608,111</u>	<u>87</u>
Total assets		<u>\$ 3,488,173</u>	<u>100</u>	<u>3,269,627</u>	<u>100</u>	<u>3,014,504</u>	<u>100</u>	Total liabilities and equity		<u>\$ 3,488,173</u>	<u>100</u>	<u>3,269,627</u>	<u>100</u>	<u>3,014,504</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SIXXON TECH. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

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

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	For the three months ended				For the six months ended				
	June 30				June 30				
	2025		2024		2025		2024		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue, net (note (6)(r))	\$ 442,627	100	332,835	100	911,225	100	683,180	100
5000	Operating costs (notes (6)(e), (n) and (12))	<u>349,519</u>	<u>79</u>	<u>251,390</u>	<u>75</u>	<u>705,690</u>	<u>77</u>	<u>523,054</u>	<u>77</u>
	Gross profit from operations	<u>93,108</u>	<u>21</u>	<u>81,445</u>	<u>25</u>	<u>205,535</u>	<u>23</u>	<u>160,126</u>	<u>23</u>
	Operating expenses (notes (6)(n), (s), (7) and (12)):								
6100	Selling expenses	21,166	5	21,914	7	37,914	5	38,158	5
6200	Administrative expenses	20,373	5	18,968	6	45,498	5	38,110	5
6300	Research and development expenses	8,964	2	13,519	4	23,896	3	26,938	4
6450	Expected credit losses (note (6)(d))	<u>2,560</u>	<u>-</u>	<u>(3,265)</u>	<u>(1)</u>	<u>2,853</u>	<u>-</u>	<u>(3,118)</u>	<u>-</u>
	Total operating expenses	<u>53,063</u>	<u>12</u>	<u>51,136</u>	<u>16</u>	<u>110,161</u>	<u>13</u>	<u>100,088</u>	<u>14</u>
6900	Operating income	<u>40,045</u>	<u>9</u>	<u>30,309</u>	<u>9</u>	<u>95,374</u>	<u>10</u>	<u>60,038</u>	<u>9</u>
	Non-operating income and expenses:								
7100	Interest income	11,455	3	13,660	4	21,015	2	25,548	4
7190	Other income	253	-	17	-	1,933	-	17	-
7020	Other gains and losses	-	-	-	-	232	-	19	-
7230	Foreign exchange (losses) gains, net (note (6)(t))	(102,346)	(23)	19,617	6	(86,424)	(9)	64,644	9
7235	(Losses) gains on financial assets or liabilities at fair value through profit or loss (note (6)(t))	(641)	-	996	-	(2,701)	-	6,208	1
7510	Interest expense (notes (6)(l) and (m))	(3,004)	(1)	(9)	-	(5,406)	(1)	(20)	-
7590	Miscellaneous disbursements	<u>-</u>	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>(1,451)</u>	<u>-</u>	<u>(11)</u>	<u>-</u>
		<u>(94,283)</u>	<u>(21)</u>	<u>34,270</u>	<u>10</u>	<u>(72,802)</u>	<u>(8)</u>	<u>96,405</u>	<u>14</u>
7900	Profit (loss) before income tax	<u>(54,238)</u>	<u>(12)</u>	<u>64,579</u>	<u>19</u>	<u>22,572</u>	<u>2</u>	<u>156,443</u>	<u>23</u>
7950	Less: Income tax expenses (note (6)(o))	<u>19</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>1</u>	<u>-</u>
	Net profit (loss)	<u>(54,257)</u>	<u>(12)</u>	<u>64,578</u>	<u>19</u>	<u>22,553</u>	<u>2</u>	<u>156,442</u>	<u>23</u>
8300	Other comprehensive income:								
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	<u>(208,034)</u>	<u>(47)</u>	<u>3,729</u>	<u>1</u>	<u>(157,145)</u>	<u>(17)</u>	<u>(25,989)</u>	<u>(4)</u>
8300	Other comprehensive income, net	<u>(208,034)</u>	<u>(47)</u>	<u>3,729</u>	<u>1</u>	<u>(157,145)</u>	<u>(17)</u>	<u>(25,989)</u>	<u>(4)</u>
8500	Total comprehensive income	<u>\$ (262,291)</u>	<u>(59)</u>	<u>68,307</u>	<u>20</u>	<u>(134,592)</u>	<u>(15)</u>	<u>130,453</u>	<u>19</u>
	Profit (loss), attributable to:								
	Profit (loss), attributable to owners of parent	\$ (54,245)	(12)	64,591	19	22,568	2	156,458	23
	Profit (loss), attributable to non-controlling interests	<u>(12)</u>	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>(16)</u>	<u>-</u>
	Net profit (loss)	<u>\$ (54,257)</u>	<u>(12)</u>	<u>64,578</u>	<u>19</u>	<u>22,553</u>	<u>2</u>	<u>156,442</u>	<u>23</u>
	Comprehensive income attributable to:								
	Comprehensive income, attributable to owners of parent	\$ (262,124)	(59)	68,314	20	(134,466)	(15)	130,463	19
	Comprehensive income, attributable to non-controlling interests	<u>(167)</u>	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>(126)</u>	<u>-</u>	<u>(10)</u>	<u>-</u>
		<u>\$ (262,291)</u>	<u>(59)</u>	<u>68,307</u>	<u>20</u>	<u>(134,592)</u>	<u>(15)</u>	<u>130,453</u>	<u>19</u>
	Earnings (loss) per share (note (6)(q)):								
9750	Basic earnings (losses) per share (NT dollars)	<u>\$ (1.77)</u>		<u>2.09</u>		<u>0.73</u>		<u>5.05</u>	
9850	Diluted earnings (losses) per share (NT dollars)	<u>\$ (1.77)</u>		<u>2.08</u>		<u>0.73</u>		<u>5.04</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SIXXON TECH. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the six months ended June 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Ordinary share	Capital surplus	Retained earnings			Other equity Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings					
Balance at January 1, 2024	\$ 310,000	1,993,155	71,053	97,483	224,751	(81,087)	-	2,615,355	-	2,615,355
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	8,976	-	(8,976)	-	-	-	-	-
Reversal of special reserve appropriated	-	-	-	(16,396)	16,396	-	-	-	-	-
Cash dividends	-	(46,500)	-	-	(93,000)	-	-	(139,500)	-	(139,500)
Profit (loss) for the six months ended June 30, 2024	-	-	-	-	156,458	-	-	156,458	(16)	156,442
Other comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	(25,995)	-	(25,995)	6	(25,989)
Comprehensive income for the six months ended June 30, 2024	-	-	-	-	156,458	(25,995)	-	130,463	(10)	130,453
Changes in non-controlling interests	-	-	-	-	-	-	-	-	1,803	1,803
Balance at June 30, 2024	\$ 310,000	1,946,655	80,029	81,087	295,629	(107,082)	-	2,606,318	1,793	2,608,111
Balance at January 1, 2025	\$ 310,000	1,946,655	80,029	81,087	373,962	(3,777)	-	2,787,956	1,936	2,789,892
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	23,479	-	(23,479)	-	-	-	-	-
Reversal of special reserve appropriated	-	-	-	(77,310)	77,310	-	-	-	-	-
Cash dividends	-	(49,600)	-	-	(124,000)	-	-	(173,600)	-	(173,600)
Recognition of equity component due to issuance of convertible bonds	-	56,606	-	-	-	-	-	56,606	-	56,606
Purchase of treasury share	-	-	-	-	-	-	(84,792)	(84,792)	-	(84,792)
Profit (loss) for the six months ended June 30, 2025	-	-	-	-	22,568	-	-	22,568	(15)	22,553
Other comprehensive income for the six months ended June 30, 2025	-	-	-	-	-	(157,034)	-	(157,034)	(111)	(157,145)
Comprehensive income for the six months ended June 30, 2025	-	-	-	-	22,568	(157,034)	-	(134,466)	(126)	(134,592)
Balance at June 30, 2025	\$ 310,000	1,953,661	103,508	3,777	326,361	(160,811)	(84,792)	2,451,704	1,810	2,453,514

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SIXXON TECH. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

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

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2025	2024
Cash flows from operating activities:		
Profit before income tax	\$ 22,572	156,443
Adjustments:		
Depreciation expense	108,178	88,974
Amortization expense	929	860
Expected credit losses (reversal gain)	2,853	(3,118)
Losses (gains) on financial assets or liabilities at fair value through profit or loss	2,701	(6,208)
Interest expense	5,406	20
Interest income	(21,015)	(25,548)
Gain on disposal of property, plant and equipment	(232)	(19)
Others	12	-
Total adjustments to reconcile profit	<u>98,832</u>	<u>54,961</u>
Changes in operating assets and liabilities:		
Decrease in financial assets or liabilities at fair value through profit or loss	-	2,438
Increase in accounts receivable (including related parties)	(53,002)	(21,208)
Decrease (increase) in inventories	24,111	(19,672)
Decrease (increase) in other current assets	2,949	(13,821)
(Decrease) increase in accounts payable	(27,241)	23,220
Increase in accrued expenses and other payables	21,202	19,008
(Decrease) increase in other current liabilities	(4,915)	5,446
Decrease in provisions for employee benefits	(4,740)	(1,677)
Total adjustments	<u>57,196</u>	<u>48,695</u>
Cash inflow generated from operations	79,768	205,138
Interest received	24,184	27,648
Interest paid	(115)	(20)
Income taxes paid	(125)	(205)
Net cash flows from operating activities	<u>103,712</u>	<u>232,561</u>
Cash flows used in investing activities:		
Proceeds from disposal of financial assets at amortised cost	96,287	65,979
Increase in prepayments for investments	-	(15,000)
Acquisition of property, plant and equipment	(261,636)	(98,500)
Proceeds from disposal of property, plant and equipment	232	61
Acquisition of intangible assets	(291)	(216)
Decrease (increase) in other non-current assets	858	(306)
Increase in prepayments of equipment	(16,245)	(20,818)
Net cash flows used in investing activities	<u>(180,795)</u>	<u>(68,800)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	90,690	-
Proceeds from issuance of convertible bonds	519,850	-
Payment of lease liabilities	(341)	(328)
Payments to acquire treasury shares	(84,792)	-
Change in non-controlling interests	-	1,803
Net cash flows from financing activities	<u>525,407</u>	<u>1,475</u>
Effect of exchange rate changes on cash and cash equivalents	(63,728)	(20,059)
Net increase in cash and cash equivalents	384,596	145,177
Cash and cash equivalents at beginning of period	761,251	968,155
Cash and cash equivalents at end of period	<u>\$ 1,145,847</u>	<u>1,113,332</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SIXXON TECH. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Sixxon Tech. Co., Ltd.(the “Company”) was incorporated on January 20, 2020, and registered in British Cayman Islands. The main purpose of the establishment was to restructure the organization for the application of listing on the Taiwan Stock Exchange ("TWSE") in the Republic of China. On March 30, 2020, the Company acquired all issued and outstanding ordinary shares of Global Thaixon Precision Industry CO., LTD. (“GT”), Thaixon Tech CO., LTD. (“TT”) and Caltech (Hong Kong) LTD.(“Caltech”). The Company became the holding company of GT, TT and Caltech after restructuring the Group. GT, TT and Caltech are mainly engaged in designing, manufacturing, processing and selling of automotive, industrial, 3C and medical related components. The Company's shares have been listed and traded on the Taiwan Stock Exchange since July 31, 2023.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2025.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IAS21 “Lack of Exchangeability”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- 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”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of the IFRS Accounting Standards issued by the 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”	<p>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.</p> <ul style="list-style-type: none"> ● 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

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as FSC). The consolidated financial statements do not include all of the information required by the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (altogether referred to “IFRS Accounting Standards” endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements 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.

(b) Basis of consolidation

List of the subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Percentage of Ownership			Description
			June 30, 2025	December 31, 2024	June 30, 2024	
The Company	GT	Design, manufacture, processing and sale of automotive, industrial, 3C and medical related components.	100 %	100 %	100 %	
"	TT	Design, manufacture, processing and sale of automotive, industrial and 3C related components.	100 %	100 %	100 %	
"	Caltech	Sale of automotive related components.	100 %	100 %	100 %	
"	Singxon Pte.Ltd. (SX)	General investment.	100 %	100 %	-	Note 2

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Principal activity</u>	<u>Percentage of Ownership</u>			<u>Description</u>
			<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>	
GT	Align Co., Ltd (Align)	Sale of medical related equipment and components.	49 %	49 %	49 %	Note 1

Note 1: This subsidiary is a new investment by GT in March 2024. The Group simultaneously controls its operating and financial activities, and assessed that it has substantial control, thus it is included in the consolidated financial statements as a subsidiary.

Note 2: This subsidiary is a new investment by the Company in December 2024. The Group simultaneously controls its operating and financial activities, and assessed that it has substantial control, thus it is included in the consolidated financial statements as a subsidiary.

(c) Employee benefits

The defined benefit pension during the interim period was calculated using the actuarially determined pension cost rate on the prior year's reporting date, based on the year-to-date basis, and was adjusted for material market volatility and material reductions, settlements, or other material one-off events after that reporting date.

(d) Income taxes

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

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amount 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.

(e) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(5) Significant accounting assumptions and judgments, and major sources of estimation 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.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The preparation of the consolidated interim financial statements, estimates and underlying assumptions in conformity with the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2024.

(6) Explanation 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 the consolidated financial statements for the year ended December 31, 2024.

(a) Cash and cash equivalents

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Cash in hand	\$ 27	28	26
Checking accounts and demand deposits	521,031	171,154	275,958
Time deposits	<u>624,789</u>	<u>590,069</u>	<u>837,348</u>
	<u>\$ 1,145,847</u>	<u>761,251</u>	<u>1,113,332</u>

Please refer to note (6)(t) for the disclosure of the credit risk and the currency risk of the financial assets of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

(i) The details as follows:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Financial assets mandatorily measured at fair value through profit or loss-current:			
Derivatives instrument not used for hedging			
Forward exchange contracts	\$ -	-	<u>775</u>
Financial assets mandatorily measured at fair value through profit or loss-non-current:			
Non-derivative financial assets			
Private equity investment	\$ 10,772	13,073	-
Embedded derivative instruments			
Call options of convertible bonds	<u>600</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,372</u>	<u>13,073</u>	<u>-</u>

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group holds derivative financial instruments to hedge certain foreign exchange rate risk the Group is exposed to arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial assets:

	June 30, 2024		
	Contract amount (in thousands)	Currency	Maturity dates
Financial assets:			
Forward exchange sold	USD <u>2,500</u>	USD to THB	2024.9.11

As of June 30, 2025 and December 31, 2024, the Group has no outstanding forward exchange contracts.

As of June 30, 2025, December 31 and June 30, 2024, both the financial assets and liabilities at fair value through profit or loss had not been pledged as collateral.

The Group's information of currency risk and fair value of financial instruments, please refer to note (6)(t).

(c) Financial assets measured at amortized cost

	June 30, 2025	December 31, 2024	June 30, 2024
Current			
Time deposits with original maturities of more than three months and less than one year	\$ <u>29,300</u>	<u>131,140</u>	<u>129,800</u>

For credit risk, please refer to note (6)(t).

As of June 30, 2025, December 31 and June 30, 2024, the financial assets measured at amortized cost had not been pledged as collateral.

(d) Accounts receivable (including related parties)

	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable (including related parties) –measured at amortized cost	\$ 446,253	393,251	354,623
Less: loss allowance	<u>(3,074)</u>	<u>(346)</u>	<u>(115)</u>
	<u>\$ 443,179</u>	<u>392,905</u>	<u>354,508</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowances were determined as follows:

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
0 to 60 days	\$ 431,464	-%	-
61 to 90 days	5,561	0.99%	55
91 to 120 days	6,247	10.00%	625
121 to 150 days	117	15.38%	18
151 to 180 days	610	20.00%	122
More than 181 days	<u>2,254</u>	100.00%	<u>2,254</u>
	<u>\$ 446,253</u>		<u>3,074</u>
	December 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
0 to 60 days	\$ 388,364	-%	-
61 to 90 days	3,006	1.00%	30
91 to 120 days	1,107	10.03%	111
121 to 150 days	76	15.79%	12
151 to 180 days	631	19.97%	126
More than 181 days	<u>67</u>	100.00%	<u>67</u>
	<u>\$ 393,251</u>		<u>346</u>
	June 30, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
0 to 60 days	\$ 347,867	-%	-
61 to 90 days	6,493	1.00%	65
91 to 120 days	61	9.84%	6
121 to 150 days	167	14.97%	25
151 to 180 days	21	23.81%	5
More than 181 days	<u>14</u>	100.00%	<u>14</u>
	<u>\$ 354,623</u>		<u>115</u>

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movements in the loss allowance for accounts receivable were as follows:

	For the six months ended	
	June 30	
	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ 346	3,285
Impairment losses (reversed) recognized	2,853	(3,118)
Effect of movements in exchange rates	<u>(125)</u>	<u>(52)</u>
Balance at June 30	<u>\$ 3,074</u>	<u>115</u>

As of June 30, 2025, December 31 and June 30, 2024, the accounts receivable had not been pledged as collateral.

(e) Inventories

(i) The details of inventories were as follows:

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Raw materials	\$ 115,197	123,387	105,250
Semi-finished goods and work in progress	56,094	48,438	47,509
Finished goods	<u>121,323</u>	<u>144,900</u>	<u>104,362</u>
	<u>\$ 292,614</u>	<u>316,725</u>	<u>257,121</u>

(ii) The details of the cost of sales for the three months periods June 30, 2025 and 2024 and the six months June 30, 2025 and 2024 were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Cost of sales and expense	\$ 329,660	247,162	681,651	519,081
Provision (reversal) for inventory valuation loss and obsolescence	12,067	133	14,409	(3,273)
Idle capacity and others	9,657	4,931	13,620	9,684
Revenue from sale of scraps	<u>(1,865)</u>	<u>(836)</u>	<u>(3,990)</u>	<u>(2,438)</u>
	<u>\$ 349,519</u>	<u>251,390</u>	<u>705,690</u>	<u>523,054</u>

(iii) As of June 30, 2025, December 31 and June 30, 2024, the inventories had not been pledged as collateral.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Office equipment and others</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost:						
Balance at January 1, 2025	\$ 346,421	461,059	2,242,145	182,893	481,424	3,713,942
Additions	-	1,553	40,581	1,650	55,080	98,864
Reclassification	-	193,765	181,788	2,807	(387,877)	(9,517)
Disposals	-	-	(1,804)	-	-	(1,804)
Effect of movements in exchange rates	(19,944)	(36,226)	(138,974)	(10,738)	(11,218)	(217,100)
Balance at June 30, 2025	<u>\$ 326,477</u>	<u>620,151</u>	<u>2,323,736</u>	<u>176,612</u>	<u>137,409</u>	<u>3,584,385</u>
Balance at January 1, 2024	\$ 324,605	409,956	2,031,697	161,863	10,917	2,939,038
Additions	-	1,453	32,574	1,487	84,346	119,860
Reclassification	-	-	4,444	-	(4,444)	-
Disposals	-	-	(471)	(355)	-	(826)
Effect of movements in exchange rates	(5,400)	(6,821)	(33,501)	(2,690)	(191)	(48,603)
Balance at June 30, 2024	<u>\$ 319,205</u>	<u>404,588</u>	<u>2,034,743</u>	<u>160,305</u>	<u>90,628</u>	<u>3,009,469</u>
Depreciation and impairments loss:						
Balance at January 1, 2025	\$ -	299,899	1,752,408	127,604	-	2,179,911
Depreciation	-	14,190	86,781	6,840	-	107,811
Disposals	-	-	(1,804)	-	-	(1,804)
Effect of movements in exchange rates	-	(17,969)	(104,058)	(7,678)	-	(129,705)
Balance at June 30, 2025	<u>\$ -</u>	<u>296,120</u>	<u>1,733,327</u>	<u>126,766</u>	<u>-</u>	<u>2,156,213</u>
Balance at January 1, 2024	\$ -	261,859	1,518,813	107,986	-	1,888,658
Depreciation	-	9,176	73,650	5,781	-	88,607
Disposals	-	-	(471)	(313)	-	(784)
Effect of movements in exchange rates	-	(4,357)	(24,973)	(1,797)	-	(31,127)
Balance at June 30, 2024	<u>\$ -</u>	<u>266,678</u>	<u>1,567,019</u>	<u>111,657</u>	<u>-</u>	<u>1,945,354</u>
Carrying amounts:						
Balance at January 1, 2025	<u>\$ 346,421</u>	<u>161,160</u>	<u>489,737</u>	<u>55,289</u>	<u>481,424</u>	<u>1,534,031</u>
Balance at June 30, 2025	<u>\$ 326,477</u>	<u>324,031</u>	<u>590,409</u>	<u>49,846</u>	<u>137,409</u>	<u>1,428,172</u>
Balance at January 1, 2024	<u>\$ 324,605</u>	<u>148,097</u>	<u>512,884</u>	<u>53,877</u>	<u>10,917</u>	<u>1,050,380</u>
Balance at June 30, 2024	<u>\$ 319,205</u>	<u>137,910</u>	<u>467,724</u>	<u>48,648</u>	<u>90,628</u>	<u>1,064,115</u>

For business development needs, a subsidiary of the Group, GT, signed contracts with third parties for the expansion of its factory and office. As of June 30, 2025, the expansions of the office and factory had been completed.

As of June 30, 2025, December 31 and June 30, 2024, part of the Group's property, plant and equipment had been pledged as collaterals for its credit lines of borrowings, please refer to note (8).

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Right-of-use assets

The Group leases buildings and construction. Information about leases for which the Group is a lessee is presented below:

	Buildings and construction
Cost:	
Balance at June 30, 2025 (and balance at January 1, 2025)	\$ <u><u>1,458</u></u>
Balance at June 30, 2024 (and balance at January 1, 2024)	\$ <u><u>1,458</u></u>
Accumulated depreciation:	
Balance at January 1, 2025	\$ 846
Depreciation	<u>367</u>
Balance at June 30, 2025	\$ <u><u>1,213</u></u>
Balance at January 1, 2024	\$ 112
Depreciation	<u>367</u>
Balance at June 30, 2024	\$ <u><u>479</u></u>
Carrying amount:	
Balance at January 1, 2025	\$ <u><u>612</u></u>
Balance at June 30, 2025	\$ <u><u>245</u></u>
Balance at January 1, 2024	\$ <u><u>1,346</u></u>
Balance at June 30, 2024	\$ <u><u>979</u></u>

(h) Intangible assets

The cost and amortization of intangible assets of the Group were as follows:

	Computer software
Costs:	
Balance at January 1, 2025	\$ 27,142
Additions	291
Reclassification	9,517
Effect of movements in exchange rates	<u>(1,983)</u>
Balance at June 30, 2025	\$ <u><u>34,967</u></u>
Balance at January 1, 2024	\$ 23,724
Additions	216
Effect of movements in exchange rates	<u>(395)</u>
Balance at June 30, 2024	\$ <u><u>23,545</u></u>

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Computer software
Accumulated amortization:	
Balance at January 1, 2025	\$ 23,490
Amortization	929
Effect of movements in exchange rates	(1,389)
Balance at June 30, 2025	<u>\$ 23,030</u>
Balance at January 1, 2024	\$ 20,416
Amortization	860
Effect of movements in exchange rates	(340)
Balance at June 30, 2024	<u>\$ 20,936</u>
Carrying amounts:	
Balance at January 1, 2025	<u>\$ 3,652</u>
Balance at June 30, 2025	<u>\$ 11,937</u>
Balance at January 1, 2024	<u>\$ 3,308</u>
Balance at June 30, 2024	<u>\$ 2,609</u>

As of June 30, 2025, December 31 and June 30, 2024, the Group's intangible assets had not been pledged as collateral.

(i) Other current assets and other non-current assets

The other assets of the Group were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Prepayments of equipment	\$ 49,230	32,985	24,614
Supplies inventory	30,224	11,414	4,413
Payment in advance	12,144	11,135	9,753
Tax refund receivables	9,716	22,056	8,618
Restricted deposits	7,875	8,724	8,459
Input tax	6,195	19,919	9,078
Prepayments for investments	-	-	15,000
Others	10,123	10,005	11,330
	<u>\$ 125,507</u>	<u>116,238</u>	<u>91,265</u>
Other current assets	67,644	73,762	57,483
Other non-current assets	57,863	42,476	33,782
	<u>\$ 125,507</u>	<u>116,238</u>	<u>91,265</u>

As of June 30, 2025, December 31 and June 30, 2024, part of the Group's other assets were provided as collaterals for its loans, please refer to note (8).

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Short-term borrowings

The short-term borrowings of the Group were as follow:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Secured bank loans	\$ 90,690	-	-
Unused credit lines	<u>\$ 136,035</u>	<u>240,575</u>	<u>221,675</u>
Range of interest rates	<u>3.75%~6.94%</u>	<u>3.90%~7.34%</u>	<u>4.15%~7.5%</u>

Please refer to note (8) for the information about the Group providing assets as collaterals for its short-term borrowings and credit lines.

(k) Other payables

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Dividends payables	\$ 173,600	-	139,500
Salaries and bonuses payables	34,063	14,850	24,907
Equipment and constructions payables	16,354	179,126	31,409
Utilities payables	6,246	5,336	5,459
Freight payable	5,061	6,490	7,872
Professional service fees payable	4,398	4,155	3,590
Others	<u>15,617</u>	<u>13,352</u>	<u>13,067</u>
	<u>\$ 255,339</u>	<u>223,309</u>	<u>225,804</u>

(l) Bonds payable

On January 15, 2025, the Group issued the Republic of China's first unsecured convertible bonds. The details were as follows:

(i) Details of bonds payable:

Total amount of issued convertible bonds	<u>\$ 500,000</u>
Unamortized discount on bonds payable	<u>(30,453)</u>
Ending balance of bonds payable	<u>\$ 469,547</u>
Embedded derivative – call options (recorded as financial assets at fair value through profit or loss – non-current)	<u>\$ 600</u>
Equity component – conversion options (recorded as capital surplus – share options)	<u>\$ 56,606</u>

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended June 30, 2025	For the six months ended June 30, 2025
Embedded derivative – call options (recorded as (losses) gains on financial assets or liabilities at fair value through profit or loss)	<u>\$ (50)</u>	<u>(400)</u>
Interest expense	<u>\$ (2,893)</u>	<u>(5,291)</u>

- (ii) The Company separated the conversion options from the liability component and recognized them separately as equity and liability. The related information was as follows:

	First convertible bonds
Compound interest present value of the principal of the convertible bonds at issuance	\$ 469,950
Embedded derivative financial asset at issuance – call options	(1,000)
Equity component at issuance	<u>57,300</u>
Total amount of bonds payable at issuance	<u>\$ 526,250</u>
Issuance costs	<u>\$ 6,400</u>

The effective interest rate of the unsecured convertible bonds was 2.4749%.

The key terms of the convertible bonds issued were as follows:

- 1) Coupon rate: 0%
- 2) Term: 3 years (January 15, 2025 to January 15, 2028)
- 3) Redemption terms

Within the period between three months after the issuance date (April 16, 2025) and 40 days before the last convertible date (December 6, 2027), if the closing price of the Company's common shares listed on the Taiwan Stock Exchange exceeds 30% of the conversion price for 30 consecutive business days, or if the remaining amount of the convertible bonds that have not been redeemed, repurchased, resold, or converted, is less than 10% of the total par value, then the Company could redeem the bonds at par value of the corporate bonds in cash within the next 5 business days on the base date.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Conversion terms

- a) Bondholders may request to convert their convertible bonds into the Company's common shares at any time from the day after three months following the issuance date (April 16, 2025) until the maturity date (January 15, 2028), except for the following periods: the period in which transfer common shares is suspended by laws, the period starts from 15 business days before the book closure date for issuance of the bonus shares, book closure date for cash dividends, book closure date for rights issue, to the record date for distribution of entitlements, the period starts from the base date of capital reduction to the day before the transaction of reissue of shares after the capital reduction, the period starts from the starting date of the suspension of conversion for the change of the share's par value to the date before the trading date of the reissuance shares.
- b) Conversion price:

The initial conversion price at issuance of NTD \$212 per share was adjusted to NTD \$203.9 per share on August 15, 2025 due to earnings distribution, with the approval of the board on July 10, 2025.

(m) Lease liabilities

The lease liabilities of the Group were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Current	\$ <u>231</u>	<u>572</u>	<u>675</u>
Non-current	\$ <u>-</u>	<u>-</u>	<u>231</u>

For the maturity analysis, please refer to note (6)(t).

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Interest on lease liabilities	\$ <u>3</u>	<u>9</u>	<u>7</u>	<u>20</u>
Expenses relating to short-term leases	\$ <u>232</u>	<u>105</u>	<u>508</u>	<u>258</u>

The amounts recognized in the statement of cash flows by the Group were as follows:

	For the six months ended June 30,	
	2025	2024
Total cash outflow for leases	\$ <u>856</u>	<u>606</u>

As of June 30, 2025, the Group leases buildings and construction for its office space. The leases of office space typically run for a period of 2 years.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2024 and 2023.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Operating cost and expenses	\$ <u>1,889</u>	<u>1,759</u>	<u>3,851</u>	<u>3,519</u>

(ii) Defined contribution plans

The Group's expenses for pension contributions to an asset management company, Tisco Asset Management Co., Ltd., under the defined contribution plan, were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Operating cost and expenses	\$ <u>951</u>	<u>788</u>	<u>1,905</u>	<u>1,573</u>

(o) Income taxes

- (i) The Company was registered in the Cayman Islands and is not required to pay any profit-seeking enterprise income tax under the local laws and regulations. Within the Group, GT and TT were exempted from tax for their main business lines, with varying tax exemption periods depending on the products, in accordance with the Investment Promotion Act of Thailand, and with the approval of the Thailand Board of Investment. As of June 30, 2025, the Group's tax exemption periods range from October 2026 to October 2031. Other entities within the Group are subject to a 20% corporate income tax rate under the Thai tax regulations. Caltech's income for the years ended June 30, 2025 and 2024 was generated outside of Hong Kong, and therefore, is not subject to corporate income tax under Hong Kong tax law.

(ii) Income tax expenses

The details of income tax expense were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Current tax expense				
Current period	\$ <u>19</u>	<u>1</u>	<u>19</u>	<u>1</u>

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Assessment of tax

The Company is not required to pay income tax in the country which it is incorporated.

In Thailand, where GT and TT operate, the Group's income tax returns are not subject for approval by the tax authorities, and the income tax return for the year 2024 has been certified by the tax authorities. In Hong Kong, where Caltech operates, corporate income tax returns have been filed up to through 2023.

(p) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the six months periods ended June 30, 2025 and 2024. For the related information, please refer to note 6(o) to the consolidated financial statements for the year ended December 31, 2024.

(i) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Share premium	\$ 1,896,714	1,946,314	1,946,314
Share-based compensation cost	341	341	341
Recognition of equity component – share options due to issuance of convertible bonds	56,606	-	-
	<u>\$ 1,953,661</u>	<u>1,946,655</u>	<u>1,946,655</u>

Subject to the Cayman Islands Company Law and the Company's Articles, the Board of Directors may capitalize the Company's unissued shares by repaying in full to shareholders in proportion to their shareholdings as stock dividends using the capital reserves, other reserve accounts, profit and loss accounts, or other distributable funds.

Subject to any direction from the Company in general meeting, the directors may, on behalf of the Company, exercise all powers and options conferred by the Cayman Islands Company Law with respect to the capital reserve. Subject to compliance with the Cayman Islands Company Law, the directors may, on behalf of the Company, offset the accumulated losses using the capital reserve.

(ii) Retained earnings and earnings distribution

As the Company continues to grow, the need for capital expenditures, business expansion and a sound financial planning for sustainable development, it is the Company's dividends policy that the dividends may be allocated to the Shareholders in the form of cash dividends and/or bonus shares according to the Company's future expenditure budgets, funding needs and in response to changes in the economic climate and the industry. If the Board of Directors resolves on the distribution of profits, it shall draw up a plan and approve the distribution of profits by an ordinary resolution of the shareholders' meeting. The Board of Directors shall prepare such plan of distribution of profits in the following manner: (a) the Company shall provide for the payment of taxes payable in accordance with the law, (b) and the net profit for the year shall first make up the losses of previous years, if any. Secondly, (c) distribute the

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

legal reserve in accordance with the Applicable Public Company Rules, unless the legal reserve has reached the Company's paid-in capital, and (d) distribute a special reserve in accordance with the Applicable Public Company Rules or at the request of the competent authorities. Unless otherwise provided by law and the Applicable Public Company Rules, current year profits, after deducting the amounts listed in (a) to (d) above and adding the cumulative undistributed retained earnings from prior years, are considered distributable earnings, and the Board of Directors may prepare a distribution plan and submit it to the shareholders' meeting for approval. The distribution of retained earnings may be distributed by way of cash dividends or stock dividends (with shares distributed to shareholders in proportion to the amount of retained earnings transferred to capital). If the Board of Directors resolves to distribute profits, the total amount of shareholders' dividends shall be at least 30% of the current year profits after deducting items (a) to (c) above, of which the total amount of cash dividends paid shall not be less than 50% of the total amount of shareholders' dividends.

Subject to Law, the Board of Directors may distribute all or part of the dividends and bonuses, legal reserve in cash and / or capital surplus arising from premium on issuance of capital stock or the fair value of donated assets received after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the General shareholders' meeting.

On March 14, 2025 and March 14, 2024, the Company's Board of Directors resolved to appropriate the 2024 and 2023 cash dividends from retained earnings and distribution of cash dividends from capital surplus. The details were as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Amount</u>	<u>Total</u>	<u>Amount</u>	<u>Total</u>
	<u>per share</u>	<u>amount</u>	<u>per share</u>	<u>amount</u>
	<u>(NTD)</u>		<u>(NTD)</u>	
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 4.00	124,000	3.00	93,000
Cash dividends distributed from capital surplus	<u>1.60</u>	<u>49,600</u>	<u>1.50</u>	<u>46,500</u>
	<u>\$ 5.60</u>	<u>173,600</u>	<u>4.50</u>	<u>139,500</u>

(iii) Treasury shares

To facilitate the transfer of shares to employees and to maintain the Company's credit standing, as well as to protect shareholders' equity, the Board of Directors resolved on April 15, 2025 to repurchase treasury shares in accordance with Article 28-2 of the Securities and Exchange Act. The repurchase was conducted in two tranches, with planned repurchase volumes of 400 thousand shares and 800 thousand shares. As of June 30, 2025, the Company had repurchased 204 thousand shares under the first tranche and 400 thousand shares under the second tranche. The transfer of the first tranche of repurchased shares to employees has not yet been completed, and the cancellation procedures for the second tranche have yet to be carried out.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In accordance with the Securities and Exchange Act, the number of shares repurchased shall not exceed 10% of the total issued shares of the Company, and the total repurchase amount shall not exceed the sum of retained earnings, share premium, and realized capital surplus. Shares repurchased for the purpose of transferring to employees must be transferred within three years from the date of acquisition; otherwise, such shares shall be deemed unissued and cancelled. Treasury shares may not be pledged and do not carry shareholder rights prior to their transfer.

(q) Earnings (losses) per share

The calculation of basic and diluted earnings (losses) per share were as follows:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Basic earnings (losses) per share:				
Profit/(Loss) attributable to ordinary shareholders of the Company	\$ <u>(54,245)</u>	<u>64,591</u>	<u>22,568</u>	<u>156,458</u>
Weighted-average number of outstanding ordinary shares (thousands)	<u>30,719</u>	<u>31,000</u>	<u>30,859</u>	<u>31,000</u>
Basic earnings (losses) per share (NT Dollars)	\$ <u>(1.77)</u>	<u>2.09</u>	<u>0.73</u>	<u>5.05</u>
Diluted earnings (losses) per share:				
Profit/(Loss) attributable to ordinary shareholders of the Company	\$ <u>(54,245)</u>	<u>64,591</u>	<u>22,568</u>	<u>156,458</u>
Weighted-average number of outstanding ordinary shares (thousands)	30,719	31,000	30,859	31,000
Effect of dilutive potential ordinary shares:				
Effect of employee share bonuses (thousands)	-	33	16	42
Adjusted weighted average number of ordinary shares outstanding (thousands)	<u>30,719</u>	<u>31,033</u>	<u>30,875</u>	<u>31,042</u>
Diluted earnings (losses) per share (NT Dollars)	\$ <u>(1.77)</u>	<u>2.08</u>	<u>0.73</u>	<u>5.04</u>

The convertible bonds issued by the company, which have anti-dilutive effect, were excluded from the calculation of diluted earnings (losses) per share for the three months and six months periods ended June 30, 2025.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended		For the six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Primary geographical markets:				
Thailand	\$ 189,165	103,634	397,678	207,288
China	79,743	82,796	175,025	153,018
United States of America	49,420	36,077	100,585	77,587
Others	<u>124,299</u>	<u>110,328</u>	<u>237,937</u>	<u>245,287</u>
	<u>\$ 442,627</u>	<u>332,835</u>	<u>911,225</u>	<u>683,180</u>
Major product lines:				
Automotive	\$ 255,366	221,057	523,646	448,667
Industry	114,335	70,860	246,884	169,624
3 C	28,862	26,533	68,680	48,010
Medical	<u>44,064</u>	<u>14,385</u>	<u>72,015</u>	<u>16,879</u>
	<u>\$ 442,627</u>	<u>332,835</u>	<u>911,225</u>	<u>683,180</u>
		<u>June 30,</u>	<u>December 31,</u>	<u>June 30,</u>
		2025	2024	2024
Accounts receivable		\$ 446,253	393,251	354,623
Less: loss allowance		<u>(3,074)</u>	<u>(346)</u>	<u>(115)</u>
Total		<u>\$ 443,179</u>	<u>392,905</u>	<u>354,508</u>

For the details of accounts receivable and loss allowance, please refer to note (6)(d).

(s) Remunerations to employees and directors

The Company should distribute no less than 2% of its net profit before employees' and directors' remuneration as employees' remuneration and no more than 2% of its net profit before employees' and directors' remuneration as directors' remuneration if the Company is profitable for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The remuneration to employees may be distributed in cash or in stocks, which may be distributed under an incentive program approved pursuant to the Company's Articles. The employees may include certain employees of the subsidiaries who meet the conditions prescribed by the Company.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months and six months periods ended June 30, 2025 and 2024, the Company estimated (reversed) its employee remuneration amounted to \$(1,117), \$1,331, \$466, and \$3,223, respectively, and directors' remuneration amounted to \$(222), \$265, \$93, and \$642, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remunerations to employees and directors of each period, multiplied by the percentage of remuneration of employees and directors, as specified in Company's Articles. These remunerations were expensed under operating expenses. If there are any subsequent adjustments to the actual remuneration amounts, the adjustments will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2024 and 2023, the employees' remunerations amounted to \$5,049 and \$1,972 and directors' remunerations amounted to \$1,005 and \$392, respectively. The aforementioned estimated amounts are identical to those of the actual distributions. The related information is available on the Market Observation Post System website.

(t) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2024.

(i) Types of financial instruments

Financial assets

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Financial assets at fair value through profit or loss	\$ 11,372	13,073	775
Financial assets measured at amortized cost:			
Cash and cash equivalents	1,145,847	761,251	1,113,332
Accounts receivable, net	443,179	392,905	354,508
Other receivables	934	4,301	3,188
Time deposits with original maturities of more than three months	29,300	131,140	129,800
Prepayments for investments (recognized as other current assets)	-	-	15,000
Restricted deposits (recognized as other non-current assets)	7,875	8,724	8,459
Refundable deposits (recognized as other non-current assets)	758	767	709
	<u>\$ 1,639,265</u>	<u>1,312,161</u>	<u>1,625,771</u>

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Financial liabilities

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Financial liabilities measured at amortized cost:			
Short-term borrowings	\$ 90,690	-	-
Accounts payable	85,408	112,649	71,503
Other payables	81,739	223,309	86,304
Dividends payable	173,600	-	139,500
Lease liabilities (including current and non-current)	231	572	906
Bonds payable	469,547	-	-
	<u>\$ 901,215</u>	<u>336,530</u>	<u>298,213</u>

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Instead of concentrating on specific clients, the Group caters to wide variety of automotive, industrial, 3C and medical customers, resulting in the Group to have low credit risks of accounts receivable. In order to further reduce such risks, the Group continuously evaluates the financial positions of its customers and regularly reviews the recoverable amount of receivables to ensure the uncollectible amount are recognized appropriately as impairment loss, and the total amount of impairment loss was within management expectations.

(iii) Liquidity risk

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

	<u>Carrying</u> <u>amount</u>	<u>Contractual</u> <u>cash flows</u>	<u>Within a</u> <u>year</u>	<u>1~2 years</u>	<u>Over 2</u> <u>years</u>
June 30, 2025					
Non-derivative financial liabilities					
Short-term borrowings	\$ 90,690	(90,690)	(90,690)	-	-
Accounts payable	85,408	(85,408)	(85,408)	-	-
Lease liabilities (including current and non-current)	231	(232)	(232)	-	-
Other payables	81,739	(81,739)	(81,739)	-	-
Dividends payable	173,600	(173,600)	(173,600)	-	-
Bonds payable	469,547	500,000	-	-	(500,000)
	<u>\$ 901,215</u>	<u>(931,669)</u>	<u>(431,669)</u>	<u>-</u>	<u>(500,000)</u>

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1~2 years</u>	<u>Over 2 years</u>
December 31, 2024					
Non-derivative financial liabilities					
Accounts payable	\$ 112,649	(112,649)	(112,649)	-	-
Lease liabilities (including current and non-current)	572	(580)	(580)	-	-
Other payables	<u>223,309</u>	<u>(223,309)</u>	<u>(223,309)</u>	<u>-</u>	<u>-</u>
	<u>\$ 336,530</u>	<u>(336,538)</u>	<u>(336,538)</u>	<u>-</u>	<u>-</u>
June 30, 2024					
Non-derivative financial liabilities					
Accounts payable	\$ 71,503	(71,503)	(71,503)	-	-
Lease liabilities (including current and non-current)	906	(928)	(696)	(232)	-
Other payables	86,304	(86,304)	(86,304)	-	-
Dividends payable	<u>139,500</u>	<u>(139,500)</u>	<u>(139,500)</u>	<u>-</u>	<u>-</u>
	<u>\$ 298,213</u>	<u>(298,235)</u>	<u>(298,003)</u>	<u>(232)</u>	<u>-</u>

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

(iv) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposures to foreign currency risk were as follows:

(Foreign currencies: In thousands)

	<u>June 30, 2025</u>			<u>December 31, 2024</u>			<u>June 30, 2024</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	2,407	USD/THB =32.31	70,525	2,916	USD/THB =34.07	95,601	3,970	USD/THB =36.60	128,827
EUR	4,405	EUR/THB =37.88	151,312	3,714	EUR/THB =35.48	126,796	4,840	EUR/THB =39.15	167,996
USD	24,066	USD/TWD =29.30	705,134	22,338	USD/TWD =32.79	732,351	43,935	USD/TWD =32.45	1,425,691
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	2,682	USD/THB =32.31	78,583	1,424	USD/THB =34.07	46,686	17,739	USD/THB =36.60	575,631
EUR	59	EUR/THB =37.88	2,027	17	EUR/THB =35.48	580	14	EUR/THB =39.15	486
JPY	35,475	JPY/THB =0.22	7,216	672,687	JPY/THB =0.22	141,197	84,872	JPY/THB =0.23	17,119

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables (including related parties), other receivables, financial assets measured at amortized cost, accounts payables and other payables that are denominated in foreign currency. An appreciation (depreciation) of 5% of each major foreign currency against Group entities' functional currency as of June 30, 2025 and 2024 would have influenced the net profit before tax for the six months periods ended June 30, 2025 and 2024 as follows:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
USD (against the THB)		
Appreciation 5%	\$ (403)	(22,340)
Depreciation 5%	403	22,340
EUR (against the THB)		
Appreciation 5%	7,464	8,376
Depreciation 5%	(7,464)	(8,376)
USD (against the TWD)		
Appreciation 5%	35,257	71,285
Depreciation 5%	(35,257)	(71,285)
JPY (against the THB)		
Appreciation 5%	(361)	(856)
Depreciation 5%	361	856

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and six months ended June 30, 2025 and 2024, foreign exchange gains (including realized and unrealized portions) were as follows:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Net foreign				
exchange (loss) gains	\$ <u>(102,346)</u>	<u>19,617</u>	<u>(86,424)</u>	<u>64,644</u>

(v) Interest rate analysis

The exposure to interest rate risk for financial assets and liabilities refers to the management of liquidity risk in this note.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding the liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

If the interest rate had increased or decreased by 0.25%, the Group's profit before tax for the six months periods ended June 30, 2025 and 2024 would have increased or decreased by \$651 and \$345, respectively. This change would have primarily resulted from the Group's exposure to variable interest rates on checking and demand deposits account.

(vi) Fair value of financial instruments

1) Financial instruments measured at fair value

Except as described in the following paragraphs, carry amount of cash and cash equivalents, financial assets measured at amortized cost, account receivables and other receivables, restricted assets, refundable deposits, accounts payables, lease liabilities and other financial liabilities are reasonably close to the fair value.

		June 30, 2025			
		Fair value			
Book value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit and loss – non-current:					
Non-derivative financial assets – private equity investments					
\$ 10,772	-	-	10,772	10,772	
Derivative financial assets – call options of convertible bonds					
<u>600</u>	-	-	600	600	
<u>\$ 11,372</u>					
		December 31, 2024			
		Fair value			
Book value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit and loss – non-current:					
Non-derivative financial assets – private equity investments					
<u>\$ 13,073</u>	-	-	13,073	13,073	
		June 30, 2024			
		Fair value			
Book value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit and loss – current:					
Derivative financial assets- forward exchange contracts					
<u>\$ 775</u>	-	775	-	775	

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments measured at fair value

(2.1) Non-derivative financial instruments

The fair value of private equity investments held by the Group is measured using the net asset value method.

(2.2) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by market participants. Fair value of forward exchange contracts is usually determined by the forward currency exchange rate.

3) Transfer between Level 1 and Level 2

There were no transfers between fair value level for the six months periods ended June 30, 2025 and 2024.

4) Reconciliation of Level 3 fair values:

	Fair value through profit or loss	
	Non-derivative financial assets – private equity investment	Derivative financial assets – call options of convertible bonds
Balance at January 1, 2025	\$ 13,073	-
Addition	-	1,000
Recognized in profit or loss	(2,301)	(400)
Balance at March 31, 2025	\$ 10,772	600

There were no changes in the Group's financial assets measured at fair value through profit or loss for the six months periods ended June 30, 2025 and 2024.

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure their fair value include "financial assets measured at fair value through profit or loss – private equity investment and call options of convertible bonds".

Most of fair value measurements categorized within Level 3 use the single and significant unobservable inputs, only equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of the equity instruments are independent from each other, as a result, there is no relevance between them.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss – private equity investment	Net asset value method	Net asset value	The higher the net asset is, the higher the fair value will be.
Financial liabilities measured at fair value through profit or loss – call options of convertible bonds	Least Squares Monte Carlo	Volatility (June 30, 2025: 62.54%),	The higher the volatility is, the higher the fair value will be.

- 6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the consolidated company is considered reasonable. However, the use of different valuation models or parameters may result in different valuation outcomes. For financial instruments classified as Level 3, changes in valuation parameters may affect the current period's profit or loss or other comprehensive income as follows:

	Input	Direction of Input Change	Fair Value Change Reflected in Other Comprehensive Income	
			Favorable Change	Unfavorable Change
June 30, 2025				
Financial assets at fair value through profit or loss – call options of convertible bonds	Volatility	5%	\$ <u>20</u>	<u>(30)</u>

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

- (u) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(u) of the consolidated financial statements for the year ended December 31, 2024.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has 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(v) to the consolidated financial statements for the year ended December 31, 2024 for further details.

(w) Investing and financial activities not affecting the current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the six months periods ended June 30, 2025 and 2024, were as follows:

- (i) For right-of-use assets under leases, please refer to notes (6)(g) and (6)(m).
(ii) Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2025	Cash flows	Non-cash changes	June 30, 2025
Lease liabilities	\$ 572	(341)	-	231
Bonds payable	-	519,850	(50,303)	469,547
Total liabilities from financing activities	<u>\$ 572</u>	<u>519,509</u>	<u>(50,303)</u>	<u>469,778</u>
	January 1, 2024	Cash flows	Non-cash changes	June 30, 2024
Lease liabilities	\$ 1,234	(328)	-	906
Total liabilities from financing activities	<u>\$ 1,234</u>	<u>(328)</u>	<u>-</u>	<u>906</u>

(7) Related-party transactions

(a) Parent company and ultimate controlling party

Sixxon Tech. Co., Ltd. is the ultimate parent company.

(b) Names of related parties and their relationships with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Digital Orthopaedic Solutions Co.,Ltd (Note)	Other related parties
Fast Win Pte. Limited	Other related parties
Imoberdorf AG	Other related parties

Note: Not a related party of the Group since June 2024.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Significant transactions with related parties

(i) Property transactions

The prepayments of equipment to the related parties as of June 30, 2025, December 31 and June 30, 2024 were as follows :

	June 30, 2025	December 31, 2024	June 30, 2024
Other related party	\$ <u>25,256</u>	<u>17,779</u>	<u>-</u>

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ <u>7,791</u>	<u>7,364</u>	\$ <u>15,751</u>	<u>14,670</u>

(8) Assets pledged as security

The carrying amounts of asset pledged as security were as follows:

Asset pledged as security	Liabilities secured by pledged	June 30, 2025	December 31, 2024	June 30, 2024
Property, plant and equipment	Bank borrowings credit lines	\$ 369,913	396,508	349,306
Restricted deposits (recognized as other non-current assets)	Guarantee	<u>7,875</u>	<u>8,724</u>	<u>8,459</u>
		<u>\$ 377,788</u>	<u>405,232</u>	<u>357,765</u>

(9) Significant Commitments and Contingencies:

The Group's unrecognized contractual commitments at the balance sheet date were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Acquisition of property, plant and equipment	\$ <u>71,869</u>	<u>61,989</u>	<u>308,457</u>

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the three months ended June 30, 2025			For the three months ended June 30, 2024		
		Cost of sale	Operating expense	Total	Cost of sale	Operating expense	Total
Employee benefits							
Salary		85,139	27,358	112,497	66,370	24,809	91,179
Labor and health insurance		2,501	405	2,906	2,227	298	2,525
Pension		1,630	1,210	2,840	1,456	1,091	2,547
Others		5,088	(421)	4,667	4,169	390	4,559
Depreciation		53,175	1,779	54,954	40,295	4,497	44,792
Amortization		348	199	547	407	8	415

By item	By function	For the six months ended June 30, 2025			For the six months ended June 30,		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		168,105	57,290	225,395	129,031	50,061	179,092
Labor and health insurance		4,490	738	5,228	4,445	582	5,027
Pension		3,297	2,459	5,756	2,917	2,175	5,092
Others		10,426	1,161	11,587	9,260	869	10,129
Depreciation		101,318	6,860	108,178	80,018	8,956	88,974
Amortization		634	295	929	843	17	860

(b) Seasonality of operations:

The Group's operations were not affected by seasonality or cyclicity factors.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosure items

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2025:

(i) Lending to other parties:

(In Thousands of New Taiwan Dollars/other currencies)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 2)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	GT	Other receivables	Yes	33,205 (USD1,000)	-	-	0%	Short-term financing	-	Operating demand	-	-	-	980,682	980,682	Note 3
0	"	TT	Other receivables	Yes	33,205 (USD1,000)	-	-	0%	"	-	"	-	-	-	980,682	980,682	"
1	SX	GT	Other receivables	Yes	199,230 (USD6,000)	58,600 (USD2,000)	58,600 (USD2,000)	0%	"	-	"	-	-	-	296,038	296,038	"
1	"	TT	Other receivables	Yes	66,410 (USD2,000)	58,600 (USD2,000)	-	0%	"	-	"	-	-	-	296,038	296,038	"

Note 1: Companies which have business transactions with the Company, the loan amount should be the same as the latest year transaction amount, and subject to the limitation of 40% of the Company's net worth; for companies which have a need for short-term financing, lending cannot exceed 40% of each entity's net worth. For subsidiaries or companies whose 100% of the voting shares are directly or indirectly owned by the Company, the total amount of lending cannot exceed 100% of the Company's net worth, the individual amount cannot exceed 100% of the Company's amount.

Note 2: The accordance of the exchange rate is based on the end of the reporting date.

Note 3: The aforementioned transactions had been eliminated upon the preparation of the consolidated financial statements.

(ii) Guarantees and endorsements for other parties: None.

(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

(Amounts in Thousands of New Taiwan Dollars/shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Corporate Venture Capital Alliance Innovation Fund	-	Non-current financial assets at fair value through profit or loss	-	10,772	7.14 %	10,772	

(iv) Information regarding related-party purchase and/or sales exceeding 100 million or 20% of the Company's paid in capital: None.

(v) Information regarding receivables from related parties exceeding 100 million or 20% of the Company's paid in capital: None.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (vi) Significant transactions and business relationship between the parent company and its subsidiaries for the six months ended June 30, 2025:

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Nature of Relationship (Note 2)	Intercompany transactions			
				Account name (Note 4)	Amount (Note 5)	Terms	Percentage of the consolidated revenue or total assets (Note 3)
1	SX	GT	3	Other receivables-related party (Note 6)	58,600	Interest rate 0%	1.68%

Note 1: Companies are numbered as follows:

Parent company—0
Subsidiary—starting from 1

Note 2: The relationships between transaction parties are numbered as follows:

Parent company and subsidiary—1
Subsidiary and parent company—2
Subsidiary and subsidiary—3

Note 3: Regarding the ratio of the transaction amount to the consolidated total operating income or total assets, it is calculated by the ending balance to the consolidated if it is recognized as liabilities; if as profit or loss, then by the ending cumulative amount to the consolidated total operating income.

Note 4: The section only disclosed the information of sales and trade receivables of inter-company transactions, as well as the purchases and trade payables.

Note 5: Assets and liabilities items are translated into New Taiwan dollars at the exchange rates at the ending date of the reporting period; income and expense items are translated at the average exchange rates for the period.

Note 6: Arising from loans.

- (b) Information on investments:

The followings were the information on investees for the six months ended June 30, 2025:

(In Thousands of New Taiwan Dollars/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 (Note 2)	Shares of profits/ losses of investee (Note 2)	Note
				June 30, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
The Company	GT	Thailand	Design, manufacture, processing and sale of automotive, industrial, 3C and medical related components	NTD 1,660,940	NTD 1,660,940	42,750,000	100 %	1,734,470	138,745	145,814	Note 1
The Company	TT	Thailand	Design, manufacture, processing and sale of automotive, industrial and 3C related components	NTD 548,337	NTD 548,337	16,000,000	100 %	273,786	(30,851)	(30,851)	"
The Company	Caltech	Hong Kong	Sale of automotive related components	NTD 90,227	NTD 90,227	25	100 %	19,704	223	223	"
The Company	SX	Singapore	General investment	NTD 328,747	NTD 3,268	10,000,000	100 %	296,038	3,200	3,200	"
GT	Align	Thailand	Sale of medical related equipment and component	NTD 1,733	NTD 1,733	196,000	49 %	1,739	(29)	(14)	"

Note 1: The aforementioned transactions had been eliminated upon the preparation of the consolidated financial statements.

Note 2: Investment income (loss) recognized was translated into New Taiwan Dollar at the average exchange rate for the six months ended June 30, 2025. The other amounts related to foreign currency were translated into New Taiwan Dollar at the exchange rate at the balance sheet date.

- (c) Information on investment in mainland China: None.

(Continued)

SIXXON TECH. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

The Group has one reportable segment, mainly engaged in the design, production and sale of automotive, industrial, 3C and medical related components. Please refer to the balance sheet and statement of comprehensive income for details of departmental profit and loss, departmental assets, and departmental liability in line with the financial statements.