

**SUPREME ELECTRONICS CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

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

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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.

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Independent Auditors' Review Report

To the Board of Directors of Supreme Electronics Co., Ltd.:

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statement reflect total assets amounting to \$1,462,459 thousand and \$1,754,720 thousand, constituting 3% and 2% of consolidated total assets as of June 30, 2025 and 2024, respectively, total liabilities amounting to \$781,010 thousand and \$1,142,309 thousand, both constituting 2% of consolidated total liabilities as of June 30, 2025 and 2024, respectively, and the total comprehensive income amounting to \$(79,746) thousand, \$53,950 thousand, \$(68,805) thousand and \$79,292 thousand, constituting 6%, 7%, 8% and 6% of the consolidated total comprehensive income for the three months and six months ended June 30, 2025 and 2024, respectively.

Furthermore, as stated in note 6(g), the investments accounted for using the equity method of Supreme Electronics Co., Ltd. and its subsidiaries amounting to \$56,425 thousand and \$117,419 thousand as of June 30, 2025 and 2024, respectively, and its shares of profit (loss) of associates accounted for using the equity method amounting to \$(3,777) thousand, \$(17,740) thousand, \$(12,347) thousand and \$(49,324) thousand for the three months and six months ended June 30, 2025 and 2024, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Supreme Electronics Co., Ltd. and its subsidiaries as of June 30, 2025 and 2024, 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 Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Yung-Hua Huang and An-Chih Cheng.

KPMG

Taipei, Taiwan (Republic of China)

August 11, 2025

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Standards on Auditing as of June 30, 2025 and 2024

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

		2025.6.30		2024.12.31		2024.6.30				2025.6.30		2024.12.31		2024.6.30	
Assets		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:															
1100	Cash and cash equivalents (note 6(a))	\$ 5,265,775	10	4,710,729	8	2,018,625	3	2100	Short-term borrowings (notes 6(d), (l) and 8)	\$ 15,957,320	30	15,748,986	28	29,582,629	41
1110	Current financial assets at fair value through profit or loss (notes 6(b) and (n))	1,041	-	1,081	-	914	-	2170	Notes and trade payables (including related parties) (note 7)	3,354,203	6	3,825,676	7	5,055,564	7
1170	Notes and trade receivables, net (including related parties) (notes 6(d), 7, and 8)	21,965,294	42	23,368,838	41	21,890,326	30	2216	Dividends payable (note 6(r))	1,810,750	4	-	-	2,160,750	3
1200	Other receivables-other (notes 6(e), (m), and 8)	723,681	1	782,196	2	1,002,921	1	2280	Current lease liabilities (note 6(o))	68,377	-	64,250	-	65,116	-
130X	Inventories (note 6(f))	20,821,137	40	23,855,587	42	41,975,833	59	2305	Other current financial liabilities (note 7)	438,327	1	493,825	1	756,863	1
1410	Prepayments to suppliers(note 9)	1,553,138	3	1,926,512	3	1,408,939	2	2321	Convertible corporate bonds payable, current portion (note 6(n))	-	-	23,255	-	80,488	-
1476	Other current financial assets (notes 6(d), (e), and 7)	606,027	1	683,534	1	1,272,536	2	2322	Long-term borrowings, current portion (notes 6(m) and 8)	501,351	1	1,802,900	3	2,669,500	4
1479	Other current assets	531,857	1	579,977	1	710,431	1	2399	Other current liabilities (notes 6(d), (t) and 7)	4,013,726	8	3,064,213	5	4,838,891	7
Total current assets		<u>51,467,950</u>	<u>98</u>	<u>55,908,454</u>	<u>98</u>	<u>70,280,525</u>	<u>98</u>	Total current liabilities		<u>26,144,054</u>	<u>50</u>	<u>25,023,105</u>	<u>44</u>	<u>45,209,801</u>	<u>63</u>
Non-current assets:								Non-current liabilities:							
1510	Non-current financial assets at fair value through profit or loss (notes 6(b))	146,528	-	159,434	-	159,472	-	2503	Non-current financial liabilities at fair value through profit or loss (notes 6(b) and (n))	54,600	-	43,200	-	21,600	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	9,975	-	9,975	-	9,975	-	2530	Convertible corporate bonds payable (note 6(n))	2,751,651	5	2,721,178	5	2,690,546	4
1550	Investment accounted for using the equity method (note 6(g))	56,425	-	76,673	-	117,419	-	2540	Long-term borrowings (notes 6(m) and 8)	5,267,032	10	7,850,974	13	2,847,000	4
1600	Property, plant and equipment (notes 6(i) and 8)	317,502	1	323,977	1	319,612	1	2580	Non-current lease liabilities (note 6(o))	49,293	-	42,620	-	46,949	-
1755	Right-of-use assets (note 6(j))	116,649	-	105,566	-	110,397	-	2600	Other non-current liabilities	1,482,226	3	1,630,163	3	1,584,793	2
1780	Intangible assets (note 6(k))	82,992	-	92,849	-	91,914	-	Total non-current liabilities		<u>9,604,802</u>	<u>18</u>	<u>12,288,135</u>	<u>21</u>	<u>7,190,888</u>	<u>10</u>
1900	Other non-current assets	648,210	1	406,893	1	414,027	1	Total liabilities		<u>35,748,856</u>	<u>68</u>	<u>37,311,240</u>	<u>65</u>	<u>52,400,689</u>	<u>73</u>
Total non-current assets		<u>1,378,281</u>	<u>2</u>	<u>1,175,367</u>	<u>2</u>	<u>1,222,816</u>	<u>2</u>	Equity attributable to owners of parent (note 6(r)):							
								Share capital:							
								3110	Ordinary shares	5,252,917	10	5,247,637	9	5,234,132	7
								3120	Preference shares	300,000	-	300,000	1	300,000	1
								Total share capital		<u>5,552,917</u>	<u>10</u>	<u>5,547,637</u>	<u>10</u>	<u>5,534,132</u>	<u>8</u>
								3200	Capital surplus	<u>7,328,018</u>	<u>14</u>	<u>7,310,628</u>	<u>12</u>	<u>7,245,945</u>	<u>10</u>
								Retained earnings:							
								3310	Legal reserve	1,860,704	4	1,673,245	3	1,673,245	2
								3320	Special reserve	-	-	311,677	1	311,677	1
								3350	Unappropriated retained earnings	<u>2,243,504</u>	<u>4</u>	<u>3,549,765</u>	<u>6</u>	<u>2,983,633</u>	<u>4</u>
								Total retained earnings		<u>4,104,208</u>	<u>8</u>	<u>5,534,687</u>	<u>10</u>	<u>4,968,555</u>	<u>7</u>
								Other equity:							
								3410	Exchange differences on translation of financial statements	(525,219)	(1)	709,588	2	592,678	1
								3420	Unrealized losses on financial assets measured at fair value through other comprehensive income	<u>(339,547)</u>	<u>(1)</u>	<u>(339,547)</u>	<u>(1)</u>	<u>(339,547)</u>	<u>(1)</u>
								Total other equity		<u>(864,766)</u>	<u>(2)</u>	<u>370,041</u>	<u>1</u>	<u>253,131</u>	<u>-</u>
								3500	Treasury shares	<u>(112,193)</u>	<u>-</u>	<u>(112,193)</u>	<u>-</u>	<u>(112,193)</u>	<u>-</u>
								Total equity attributable to owners of parent		<u>16,008,184</u>	<u>30</u>	<u>18,650,800</u>	<u>33</u>	<u>17,889,570</u>	<u>25</u>
								36XX	Non-controlling interests (note 6(h))	<u>1,089,191</u>	<u>2</u>	<u>1,121,781</u>	<u>2</u>	<u>1,213,082</u>	<u>2</u>
								Total equity		<u>17,097,375</u>	<u>32</u>	<u>19,772,581</u>	<u>35</u>	<u>19,102,652</u>	<u>27</u>
Total assets		<u>\$ 52,846,231</u>	<u>100</u>	<u>57,083,821</u>	<u>100</u>	<u>71,503,341</u>	<u>100</u>	Total liabilities and equity		<u>\$ 52,846,231</u>	<u>100</u>	<u>57,083,821</u>	<u>100</u>	<u>71,503,341</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with Standards on Auditing**SUPREME ELECTRONICS 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 earnings per share)**

		For the three months ended June 30				For the six months ended June 30			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(t) and 7)	\$ 56,357,842	100	70,053,268	100	102,675,279	100	125,875,571	100
5000	Operating cost (notes 6(f), (p), 7, and 12)	54,738,161	97	67,674,374	97	99,911,337	97	121,693,143	97
	Gross profit from operations	1,619,681	3	2,378,894	3	2,763,942	3	4,182,428	3
	Operating expenses (notes 6(d), (p), (u), 7, and 12):								
6100	Selling and administrative expenses	449,496	1	471,275	1	912,914	1	959,001	1
6300	Research and development expenses	26,700	-	31,756	-	57,494	-	58,905	-
6450	Expected credit loss	60,292	-	46,547	-	93,965	-	52,691	-
	Total operating expenses	536,488	1	549,578	1	1,064,373	1	1,070,597	1
6900	Net operating income	1,083,193	2	1,829,316	2	1,699,569	2	3,111,831	2
	Non-operating income and expenses:								
7100	Interest income	11,633	-	14,839	-	24,020	-	25,317	-
7010	Other income (note 7)	6,015	-	32,576	-	9,757	-	64,486	-
7020	Other gains and losses, net (notes 6(b), (n), and (v))	(410,395)	(1)	6,537	-	(358,159)	-	32,516	-
7050	Financial cost (notes 6(n), (o), and 7)	(358,760)	(1)	(587,748)	(1)	(701,563)	(1)	(1,079,490)	(1)
7060	Share of (loss) profit of associates accounted for using equity method (note 6(g))	(3,777)	-	(17,740)	-	(12,347)	-	(49,324)	-
		(755,284)	(2)	(551,536)	(1)	(1,038,292)	(1)	(1,006,495)	(1)
7900	Profit before income tax	327,909	-	1,277,780	1	661,277	1	2,105,336	1
7950	Less: Income tax expense (note 6(q))	111,899	-	384,433	-	187,511	-	629,091	-
	Profit	216,010	-	893,347	1	473,766	1	1,476,245	1
8300	Other comprehensive income (loss):								
8310	Items that may not be reclassified subsequently to profit or loss								
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(8,317)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that may not be reclassified subsequently to profit or loss	-	-	-	-	-	-	(8,317)	-
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of financial statements	(1,860,579)	(3)	212,371	-	(1,669,974)	(2)	777,365	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(q))	344,216	1	(38,983)	-	309,082	-	(144,902)	-
	Total items that may be reclassified subsequently to profit or loss	(1,516,363)	(2)	173,388	-	(1,360,892)	(2)	632,463	-
8300	Other comprehensive income (after tax)	(1,516,363)	(2)	173,388	-	(1,360,892)	(2)	624,146	-
8500	Total comprehensive income	\$ (1,300,353)	(2)	1,066,735	1	(887,126)	(1)	2,100,391	1
	Profit attributable to:								
8610	Owners of parent	\$ 179,013	-	777,807	1	380,271	1	1,308,452	1
8620	Non-controlling interests	36,997	-	115,540	-	93,495	-	167,793	-
		\$ 216,010	-	893,347	1	473,766	1	1,476,245	1
	Comprehensive income attributable to:								
8710	Owners of parent	\$ (1,197,297)	(2)	935,770	1	(854,536)	(1)	1,873,259	1
8720	Non-controlling interests	(103,056)	-	130,965	-	(32,590)	-	227,132	-
		\$ (1,300,353)	(2)	1,066,735	1	(887,126)	(1)	2,100,391	1
9750	Basic earnings per share (NT dollars) (note 6(s))	\$ 0.34		1.50		0.61		2.42	
9850	Diluted earnings per share (NT dollars) (note 6(s))	\$ 0.34		1.46		0.61		2.36	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Standards on Auditing

SUPREME ELECTRONICS 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 Dollar)

	Equity attributable to owners of parent											
							Other equity					
							Exchange differences on translation of financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Share capital		Capital surplus	Retained earnings								
	Ordinary shares	Preference shares		Legal reserve	Special reserve	Unappropriated retained earnings						
Balance on January 1, 2024	\$ 5,140,013	300,000	6,629,556	1,468,327	388,427	3,964,099	19,554	(331,230)	(112,193)	17,466,553	1,109,704	18,576,257
Profit for the six months ended June 30, 2024	-	-	-	-	-	1,308,452	-	-	-	1,308,452	167,793	1,476,245
Other comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	-	573,124	(8,317)	-	564,807	59,339	624,146
Total comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	1,308,452	573,124	(8,317)	-	1,873,259	227,132	2,100,391
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	204,918	-	(204,918)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(76,750)	76,750	-	-	-	-	-	-
Cash dividend on preference shares	-	-	-	-	-	(60,750)	-	-	-	(60,750)	-	(60,750)
Cash dividend on ordinary shares	-	-	-	-	-	(2,100,000)	-	-	-	(2,100,000)	-	(2,100,000)
Due to donated assets received	-	-	115	-	-	-	-	-	-	115	-	115
Equity components recognized in convertible bonds	-	-	292,013	-	-	-	-	-	-	292,013	-	292,013
Conversion of convertible bonds to ordinary shares	94,119	-	324,261	-	-	-	-	-	-	418,380	-	418,380
Dividends by non-controlling interests	-	-	-	-	-	-	-	-	-	-	(123,754)	(123,754)
Balance on June 30, 2024	\$ 5,234,132	300,000	7,245,945	1,673,245	311,677	2,983,633	592,678	(339,547)	(112,193)	17,889,570	1,213,082	19,102,652
Balance on January 1, 2025	\$ 5,247,637	300,000	7,310,628	1,673,245	311,677	3,549,765	709,588	(339,547)	(112,193)	18,650,800	1,121,781	19,772,581
Profit for the six months ended June 30, 2025	-	-	-	-	-	380,271	-	-	-	380,271	93,495	473,766
Other comprehensive income for the six months ended June 30, 2025	-	-	-	-	-	-	(1,234,807)	-	-	(1,234,807)	(126,085)	(1,360,892)
Total comprehensive income for the six months ended June 30, 2025	-	-	-	-	-	380,271	(1,234,807)	-	-	(854,536)	(32,590)	(887,126)
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	187,459	-	(187,459)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(311,677)	311,677	-	-	-	-	-	-
Cash dividend on preference shares	-	-	-	-	-	(60,750)	-	-	-	(60,750)	-	(60,750)
Cash dividend on ordinary shares	-	-	-	-	-	(1,750,000)	-	-	-	(1,750,000)	-	(1,750,000)
Due to donated assets received	-	-	78	-	-	-	-	-	-	78	-	78
Equity components recognized in convertible bonds	5,280	-	17,312	-	-	-	-	-	-	22,592	-	22,592
Balance on June 30, 2025	\$ 5,252,917	300,000	7,328,018	1,860,704	-	2,243,504	(525,219)	(339,547)	(112,193)	16,008,184	1,089,191	17,097,375

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Standards on Auditing

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollar)

	For the six months ended June 30	
	2025	2024
Cash flow from (used in) operating activities:		
Profit before tax	\$ 661,277	2,105,336
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	50,644	46,870
Amortization	6,141	5,950
Expected credit loss	93,965	52,691
Net losses on financial assets and liabilities measured at fair value through profit or loss	23,212	28,549
Interest expenses	701,563	1,079,490
Interest income	(24,020)	(25,317)
Share of loss of associates accounted for using the equity method	12,347	49,324
Inventory valuation and obsolescence loss (reversal of gain)	(266,213)	156,596
Others	(62)	(1,158)
Total adjustments to reconcile profit	<u>597,577</u>	<u>1,392,995</u>
Changes in operating assets and liabilities:		
Notes and trade receivables (including related parties)	1,261,512	(76,341)
Inventories	3,227,266	(19,583,048)
Other current assets	253,410	(610,740)
Other financial assets	77,528	(680,917)
Notes and trade payables (including related parties)	(471,473)	1,335,015
Other current liabilities	1,100,810	805,230
Other operating liabilities	(6,393)	(312)
Total change in operating assets and liabilities	<u>5,442,660</u>	<u>(18,811,113)</u>
Total adjustments	<u>6,040,237</u>	<u>(17,418,118)</u>
Cash inflow from (used in) operations	6,701,514	(15,312,782)
Interests received	23,999	24,960
Dividends received	810	-
Interests paid	(660,371)	(1,050,082)
Income taxes paid	<u>(314,818)</u>	<u>(312,458)</u>
Net cash flows from (used in) operating activities	<u>5,751,134</u>	<u>(16,650,362)</u>
Cash flow from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(3,595)	(2,341)
Acquisition of properties, plants and equipment	(12,530)	(8,448)
Proceeds from disposal of properties, plants and equipment	-	200
Increase in refundable deposits	(6,063)	(1,242)
Others	<u>(10,747)</u>	<u>(25,748)</u>
Net cash flows used in investing activities	<u>(32,935)</u>	<u>(37,579)</u>
Cash flow from (used in) financing activities:		
Increase in short-term borrowings	208,334	12,059,381
(Decrease) Increase in long-term borrowings	(3,885,491)	18,900
Decrease in other payables-related parties	-	(95,948)
Repayments of convertible bonds payable	(700)	-
Decrease (Increase) in restricted bank deposits	58,515	(137,776)
Issuance of convertible bonds	-	3,001,000
Payment of lease liabilities	(38,945)	(36,744)
Subsidiaries paid cash dividends to non-controlling interests	-	(123,754)
Net cash flow (used in) from financing activities	<u>(3,658,287)</u>	<u>14,685,059</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1,504,866)</u>	<u>704,456</u>
Net Increase (Decrease) in cash and cash equivalents	555,046	(1,298,426)
Cash and cash equivalents at beginning of period	4,710,729	3,317,051
Cash and cash equivalents at end of period	<u><u>\$ 5,265,775</u></u>	<u><u>2,018,625</u></u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
Reviewed only, not audited in accordance with Standards on Auditing

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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

(1) Company history

SUPREME ELECTRONICS CO., LTD. (the “Company”) was incorporated on March 5, 1987, as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of its registered office is 6F.-1, No.185 and 6F, No.183, 185, 187 and 189, Gangqian Rd., Neihu District, Taipei City 114, Taiwan. The Company and subsidiaries (the “Group”) are primarily involved in import and export dealership of a variety of electronic products and components.

The Company conducted an IPO on the Taipei Exchange (TPEx) on February 9, 2004, and its common shares were switched to Taiwan Stock Exchange (TWSE) on December 31, 2007.

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

These consolidated financial statements were authorized for issue by the Board of Directors on August 11, 2025.

(3) New standards, amendments, and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“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”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7.

- (b) The impact of 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 periods 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”

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

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

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

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (altogether referred to as “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 statement for the year ended December 31, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements include:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2025.6.30	2024.12.31	2024.6.30	
The Company	SUPREME INTERNATIONAL CO., LTD. (WEST SAMOA)	Holding corporation	100.00%	100.00%	100.00%	
"	GO-TECH ENERGY CO., LTD. (GO-TECH ENERGY)	Manufacture of batteries and service of energy technique	69.53%	69.53%	83.21%	Notes 1 and 2
"	POCT BIOTECHNOLOGY CO., LTD. (POCT)	Biotechnology related products	100.00%	100.00%	100.00%	Notes 1
"	BILLION PIXELS OPTICS CO., LTD. (BILLION)	Manufacturing and trading of electronic parts	51.00%	51.00%	51.00%	"
"	WORLD PACIFIC INDUSTRIAL H.K. LIMITED (WORLD PACIFIC (HK))	Warehousing services and import/export business	100.00%	100.00%	100.00%	"
"	ALFO ELECTRONICS INDIA PRIVATE LIMITED (ALFO (INDIA))	Import/export trading of battery cells and electronic parts	100.00%	100.00%	-	"
"	GOLDEN SUPREME INTERNATIONAL PTE. LTD. (GOLDEN SUPREME (SGP))	Import/export trading of electronic parts	100.00%	100.00%	-	Notes 1 and 3

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2025.6.30	2024.12.31	2024.6.30	
WEST SAMOA	ALFO INTERNATIONAL CO., LTD. (CAYMAN ALFO)	Holding corporation	100.00%	100.00%	100.00%	
"	MIGHTY COSMO LIMITED (SAMOA MIGHTY)	Holding corporation	65.00%	65.00%	65.00%	
"	SOUTH BASE INTERNATIONAL TECHNOLOGY LIMITED (SOUTH BASE (HK))	Import/export trading of electronic parts	20.00%	20.00%	20.00%	
SAMOA MIGHTY	DARIO INVESTMENTS LIMITED (SAMOA DARIO)	Holding corporation	100.00%	100.00%	100.00%	
SAMOA DARIO	SOUTH BASE (HK)	Import/export trading of electronic parts	60.00%	60.00%	60.00%	
CAYMAN ALFO	GOLDEN SUPREME INTERNATIONAL LTD. (GOLDEN SUPREME (HK))	Import/export trading of electronic parts	100.00%	100.00%	100.00%	
"	GOLDEN SUPREME INTERNATIONAL TRADING (SHANGHAI) LIMITED (GOLDEN SUPREME (SH))	Import/export trading of electronic parts	100.00%	100.00%	100.00%	
"	HK XZJ DIGITAL LIMITED (HK XZJ)	Import/export trading of electronic parts	51.00%	51.00%	51.00%	
SOUTH BASE (HK)	SOUTH BASE INTERNATIONAL TECHNOLOGY LIMITED (SHENZHEN) (SOUTH BASE (SHENZHEN))	Import/export trading of electronic parts	100.00%	100.00%	100.00%	Notes 1
"	SHANG HAI SOUTH BASE YING YI TECHNOLOGY LIMITED (SOUTH BASE(SH))	Import/export trading of electronic parts	100.00%	100.00%	100.00%	"
GOLDEN SUPREME (HK)	GOLDEN SUPREME INTERNATIONAL PTE. LTD. (GOLDEN SUPREME (SGP))	Import/export trading of electronic parts	-	-	100.00%	Notes 1 and 3

Note 1: Non-significant subsidiaries whose financial statements have not been reviewed by CPA.

Note 2: The Group did not participate in the cash capital increase of GO-TECH ENERGY based on its shareholding ratio on August 2024, therefore, its shareholding ratio has decreased from 83.21% to 69.53%.

Note 3: GOLDEN SUPREME (SGP) was sold by GOLDEN SUPREME (HK) to the Company on October, 2024.

(c) Employee benefits

The pension cost in the interim period was calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant reduction, liquidation or other significant one-time events.

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

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

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

(5) 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 amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

Please refer to note 6(w) for details of the assumptions used to measure the fair value of financial instruments.

(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 2024 consolidated financial statements. Please refer to note 6 to the 2024 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Cash on hand and petty cash	\$ 614	656	620
Demand deposits and check deposits	5,265,161	4,688,963	1,997,221
Time deposits	<u>-</u>	<u>21,110</u>	<u>20,784</u>
	<u>\$ 5,265,775</u>	<u>4,710,729</u>	<u>2,018,625</u>

Please refer to note 6(w) for the credit risks, exchange rate risks, and interest rate risks of the Group.

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

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Stocks listed on domestic markets	\$ 86,841	93,452	91,084

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	2025.6.30	2024.12.31	2024.6.30
Stocks unlisted on foreign markets	38,485	48,375	52,566
Stocks listed on foreign markets	1,041	1,081	898
Private equity fund	21,202	17,607	15,822
Convertible corporate bonds with embedded derivative financial instruments	-	-	16
Total	\$ 147,569	160,515	160,386
Current	\$ 1,041	1,081	914
Non-current	146,528	159,434	159,472
Total	\$ 147,569	160,515	160,386

Non-current financial liabilities at fair

value through profit or loss:

Convertible corporate bonds with embedded derivative financial instruments	\$ 54,600	43,200	21,600
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- (i) For the three months and six months ended June 30, 2025 and 2024, the Group recognized the loss on financial assets and liabilities at fair value amounting to \$11,797 thousand, \$18,394 thousand, \$23,212 thousand and \$28,549 thousand, respectively under “other gains and losses”.
- (ii) For details on the disclosure of embedded derivative instruments of convertible bonds issued by the Group, please refer to note 6(n).
- (iii) If the listed stock’s equity price changes at the reporting date, the impact on other comprehensive income, using the sensitivity analysis based on the same variables except for the price index for both period, will be as follows:

	For the six months ended June 30, 2025		For the six months ended June 30, 2024	
Equity price at reporting date	Before tax other comprehensive income	Before tax profit (loss)	Before tax other comprehensive income	Before tax profit (loss)
Increase 5%	\$ -	4,394	-	4,599
Decrease 5%	\$ -	(4,394)	-	(4,599)

- (c) Financial assets at fair value through other comprehensive profit or loss—non current

	2025.6.30	2024.12.31	2024.6.30
Stocks unlisted on domestic markets	\$ 8,800	8,800	8,800
Stocks unlisted on foreign markets	1,175	1,175	1,175
Total	\$ 9,975	9,975	9,975

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (i) The Group intends to hold the equity investments for long-term strategic purposes and not for the business purpose, thus they are classified as financial assets at fair value through other comprehensive income.
- (ii) As of June 30, 2025, December 31 and June 30, 2024, the financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral.
- (d) Notes and trade receivables (including related parties)

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Notes receivable	\$ 1,674	23,354	32,222
Trade receivables-measured as amortized cost	23,511,693	22,484,390	30,930,203
Trade receivables-fair value through other comprehensive income	3,827,601	4,928,029	1,929,227
Trade receivables-related parties	480,196	929,683	598,137
Less: loss allowance	(517,879)	(471,982)	(295,593)
Less: trade receivables factoring	(5,337,991)	(4,524,636)	(11,303,870)
	<u><u>\$ 21,965,294</u></u>	<u><u>23,368,838</u></u>	<u><u>21,890,326</u></u>

- (i) The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.
- (ii) As of June 30, 2025, December 31 and June 30, 2024, the Group expected to give sales returns and discounts to its customers, which recognized the contract liability for \$2,238,373 thousand, \$1,410,191 thousand, and \$3,017,229 thousand, respectively, under “other current liabilities.”
- (iii) 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, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	<u>2025.6.30</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance</u>
Current	\$ 20,481,175	0%~0.20%	34,833
1 to 30 days past due	1,255,386	0%~10%	15,177
31 to 90 days past due	294,744	0%~50%	62,617
91 to 180 days past due	145,927	0%~70%	101,339
More than 180 days past due	305,941	0%~100%	303,913
	<u><u>\$ 22,483,173</u></u>		<u><u>517,879</u></u>

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	2024.12.31		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 22,375,649	0%~0.20%	38,636
1 to 30 days past due	905,421	0%~10%	22,017
31 to 90 days past due	164,640	0%~50%	81,330
91 to 180 days past due	109,385	0%~60%	63,477
More than 180 days past due	285,725	0%~100%	266,522
	\$ 23,840,820		471,982

	2024.6.30		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 21,088,274	0%~0.11%	24,171
1 to 30 days past due	556,746	0%~3%	12,066
31 to 90 days past due	204,358	0%~50%	96,738
91 to 180 days past due	173,047	0%~60%	23,803
More than 180 days past due	163,494	0%~100%	138,815
	\$ 22,185,919		295,593

- (iv) The movement in the allowance for notes and trade receivables were as follows:

	For the six months ended June 30	
	2025	2024
Balance on January 1	\$ 471,982	230,444
Impairment losses recognized	93,965	52,691
Effect of movements in exchange rates	(48,068)	12,458
Balance on June 30	\$ 517,879	295,593

- (v) The trade receivables of the Group had been pledged as collateral, please refer to note 8.
- (vi) The Group entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred trade receivables but is liable for the losses incurred on any business dispute. The amount receivable from the financial institutions was recognized as “other current financial assets” upon the derecognition of those trade receivables. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. As each reporting date, the details of relevant information of transferred trade receivable which conformed to the criteria for derecognition were as follows:

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2025.6.30

Purchaser	Factoring line	Amount derecognition	Amount advanced paid	Reclassified to other current financial assets	Range of interest rate	Significant transferring terms
Far Eastern International Bank	\$ 5,860,000	886,818	797,985	88,833	5.21%~5.42%	Notes 1, 2, and 3
KGI Commercial Bank	5,420,500	2,031,970	1,828,773	203,197	5.37%~5.48%	"
DBS Bank Limited	3,130,705	200,705	180,634	20,071	5.64%~5.65%	"
Taipei Fubon Commercial Bank Co., Ltd.	2,783,500	134,200	120,752	13,448	5.12%~5.23%	"
CTBC Bank Co., Ltd.	2,490,500	745,586	633,748	111,838	5.34%~5.52%	"
Yuanta Commercial Bank	2,021,700	1,106,335	995,631	110,704	5.10%~5.74%	"
Taishin International Bank	1,728,700	232,377	209,114	23,263	5.44%~5.45%	"
Chang Hwa Commercial Bank	1,025,500	-	-	-	-	"
Cathay United Bank	879,000	-	-	-	-	"
First Commercial Bank	879,000	-	-	-	-	"
Bank of Taiwan	732,500	-	-	-	-	"
	\$ 26,951,605	5,337,991	4,766,637	571,354		

2024.12.31

Purchaser	Factoring line	Amount derecognition	Amount advanced paid	Reclassified to other current financial assets	Range of interest rate	Significant transferring terms
Far Eastern International Bank	\$ 6,556,000	583,801	504,299	79,502	5.68%~5.79%	Notes 1, 2, and 3
KGI Commercial Bank	4,982,560	1,276,292	1,035,016	241,276	5.42%~6.09%	"
Taipei Fubon Commercial Bank Co., Ltd.	3,114,100	659,140	593,181	65,959	5.48%~5.64%	"
CTBC Bank Co., Ltd.	2,786,300	536,177	428,941	107,236	5.62%~5.79%	"
Yuanta Commercial Bank	2,261,820	1,038,732	934,783	103,949	6.03%~6.24%	"
DBS Bank Limited	2,032,360	107,722	90,473	17,249	5.71%~5.72%	"
Taishin International Bank	1,934,020	114,347	102,813	11,534	5.82%~6.20%	"
Chang Hwa Commercial Bank	1,147,300	159,825	143,842	15,983	5.69%	"
Bank of Taiwan	819,500	48,600	43,720	4,880	5.68%~5.77%	"
Cathay United Bank	3,278,000	-	-	-	-	"
First Commercial Bank	983,400	-	-	-	-	"
	\$ 29,895,360	4,524,636	3,877,068	647,568		

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2024.6.30						
Purchaser	Factoring line	Amount derecognition	Amount advanced paid	Reclassified to other current financial assets	Range of interest rate	Significant transferring terms
Far Eastern International Bank	\$ 6,490,000	871,060	783,875	87,185	6.38%~6.49%	Notes 1, 2, and 3
KGI Commercial Bank	4,607,900	1,847,859	1,658,431	189,428	6.24%~6.81%	"
Cathay United Bank	3,245,000	2,952,460	2,657,071	295,389	5.96%~6.04%	"
Taipei Fubon Commercial Bank Co., Ltd.	3,131,425	1,325,510	1,186,918	138,592	6.38%~6.50%	"
CTBC Bank Co., Ltd.	2,758,250	581,199	428,451	152,748	6.27%~6.46%	"
Yuanta Commercial Bank	2,239,050	636,241	572,548	63,693	6.84%~6.88%	"
Taishin International Bank	1,914,550	487,168	438,193	48,975	6.45%~6.80%	"
DBS Bank Limited	1,882,100	1,297,088	1,167,324	129,764	6.68%	"
Chang Hwa Commercial Bank	1,135,750	618,072	556,264	61,808	6.51%~6.65%	"
Bank of Taiwan	811,250	687,213	618,367	68,846	6.58%~6.67%	"
First Commercial Bank	973,500	-	-	-	-	"
	<u>\$ 29,188,775</u>	<u>11,303,870</u>	<u>10,067,442</u>	<u>1,236,428</u>		

Note 1: The buyer confirms that the trading conditions of the commodity based on trade receivables factoring agreements, belonging to the transaction of trade receivables without recourse.

Note 2: Within the factoring line, if the counterpart is unable to pay or probably unable to pay due to financial difficulties, the buyer shall undertake the default risk while the Group is irrelevant to the risk. In addition, the promissory note issued by the Group is inoperative for the factoring behavior that is recorded in trade receivables factoring agreements (except for disputes resulting from warranty against defects).

Note 3: As of December 31, 2024, the Group had \$142,463 thousand available for advance payment. In addition, as of June 30, 2025 and 2024, the Group had no amount available for advance payment.

(vii) The Group entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreement, the Group provides a guarantee for trade receivables that are uncollectible in the specific period (either deferred payments or breach of contract), still remaining substantially all of the risks and rewards of ownership. Therefore, the Group continues to recognize the full carrying value of its trade receivables. At the reporting date, the carrying value of trade receivables which were not derecognized were as follows. There was no such situation on June 30, 2024.

2025.6.30				
Purchaser	Assignment facility	Factoring line	Amount advanced paid (under short-term borrowings)	Range of interest rate
Xiaomi Finance H.K. Limited	\$ 354,530	1,288,567	354,530	7.80%~7.82%
CTBC Bank Co., Ltd.	-	1,025,500	-	-
	<u>\$ 354,530</u>	<u>2,314,067</u>	<u>354,530</u>	

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2024.12.31

Purchaser	Assignment facility	Factoring line	Amount advanced paid (under short-term borrowings)	Range of interest rate
CTBC Bank Co., Ltd.	\$ 79,111	1,147,300	75,132	5.51%
DBS Bank Limited	-	1,966,800	-	-
	<u>\$ 79,111</u>	<u>3,114,100</u>	<u>75,132</u>	

(e) Other financial assets and other receivables

	2025.6.30	2024.12.31	2024.6.30
Other receivables-other			
Restricted bank deposits	\$ 723,681	782,196	1,002,921
Other current financial assets			
Rest payment of accounts receivable			
factoring	571,354	647,568	1,236,428
Time deposit	7,000	7,000	7,000
Other receivables	31,136	32,840	32,943
Less: loss allowance	(3,463)	(3,874)	(3,835)
	<u>\$ 1,329,708</u>	<u>1,465,730</u>	<u>2,275,457</u>

The movements in the allowance for other receivables for the six months ended June 30, 2025 and 2024 were as follows:

	For the six months ended June 30	
	2025	2024
Balance on January 1	\$ 3,874	3,632
Effect of movements in exchange rates	(411)	203
Balance on June 30	<u>\$ 3,463</u>	<u>3,835</u>

(f) Inventories

	2025.6.30	2024.12.31	2024.6.30
Raw material	\$ 2,709	1,465	1,368
Merchandise in transit	2,818,401	1,650,083	13,885,697
Merchandise and finished goods	18,000,027	22,204,039	28,088,768
	<u>\$ 20,821,137</u>	<u>23,855,587</u>	<u>41,975,833</u>

(i) For the three months and six months ended June 30, 2025 and 2024, the inventory write-down and scrap loss (reversal of gain) recognized due to inventory being written down to net realizable value amounted to \$(227,006) thousand, \$148,461 thousand, \$(266,213) thousand, and \$156,596 thousand respectively, under “operating costs”.

(ii) As of June 30, 2025, December 31 and June 30, 2024, the Group did not provide any inventories as collateral.

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(g) Investment accounted for using the equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	2025.6.30	2024.12.31	2024.6.30
Associates	\$ <u>56,425</u>	<u>76,673</u>	<u>117,419</u>

(i) As of June 30, 2025, December 31 and June 30, 2024, the Group did not provide investments accounted for using the equity method as collateral.

(ii) Associates

1) The associates that the Group invested, of which shares are concentrated within sole or minority shareholders, and the Group cannot obtain more than half of the total number of those associates' directors as well as cannot obtain more than half of the voting rights at the shareholders' meeting. Therefore, the Group assesses that it has only significant influence on associates.

2) The Group's summarized financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	2025.6.30	2024.12.31	2024.6.30
Carrying amount of individually insignificant associates' equity	\$ <u>56,425</u>	<u>76,673</u>	<u>117,419</u>

	For the three months ended		For the six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Attributable to the Group:				
Loss	\$ (3,777)	(17,740)	(12,347)	(49,324)
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	\$ <u>(3,777)</u>	<u>(17,740)</u>	<u>(12,347)</u>	<u>(49,324)</u>

(iii) Unreviewed investments accounted for using the equity method

The investments accounted for using the equity method and the Group's share in net income (loss) and other comprehensive income (loss) were calculated based on financial statements that have not been reviewed.

(h) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests		
		2025.6.30	2024.12.31	2024.6.30
SOUTH BASE (HK)	Hong Kong	41%	41%	41%
HK XZJ	Hong Kong	49%	49%	49%

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The following information of the aforementioned subsidiaries have been prepared in accordance with IFRS Accounting Standards endorsed by the FSC. Included in these pieces of information is the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra group transactions were not eliminated in this information.

(i) Summary financial information of SOUTH BASE (HK) and its subsidiaries:

	2025.6.30	2024.12.31	2024.6.30
Current assets	\$ 6,019,517	5,465,162	5,549,249
Non-current assets	98,992	110,716	106,227
Current liabilities	(4,348,711)	(3,706,023)	(3,913,408)
Non-current liabilities	(6,024)	(7,692)	(4,873)
Net assets	<u>\$ 1,763,774</u>	<u>1,862,163</u>	<u>1,737,195</u>
Non-controlling interests	<u>\$ 689,120</u>	<u>725,418</u>	<u>674,565</u>

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Operating revenue	<u>\$ 8,851,432</u>	<u>6,571,920</u>	<u>19,335,944</u>	<u>11,546,502</u>
Profit	\$ 26,639	53,342	88,182	78,155
Other comprehensive income	(207,542)	21,984	(186,571)	85,124
Total comprehensive income	<u>\$ (180,903)</u>	<u>75,326</u>	<u>(98,389)</u>	<u>163,279</u>
Profit attributable to non-controlling interests	<u>\$ 10,922</u>	<u>21,871</u>	<u>36,155</u>	<u>32,044</u>
Comprehensive income attributable to non-controlling interests	<u>\$ (69,665)</u>	<u>30,350</u>	<u>(36,298)</u>	<u>64,947</u>
Net cash flows from (used in) operating activities	\$ 93,807	406,153	(1,019,443)	260,821
Net cash flows used in investing activities	(2,027)	(1,437)	(2,027)	(1,485)
Net cash flows (used in) from financing activities	(31,570)	(363,907)	931,196	(416,103)
Effect of exchange rate changes on cash and cash equivalents	(179,199)	17,955	(161,234)	69,929
Net increased (decreased) amount in cash and cash equivalents	<u>\$ (118,989)</u>	<u>58,764</u>	<u>(251,508)</u>	<u>(86,838)</u>

(ii) Summary financial information of HK XZJ:

	2025.6.30	2024.12.31	2024.6.30
Current assets	\$ 8,237,572	6,749,499	9,456,619
Non-current assets	32,100	35,912	51,775
Current liabilities	(7,451,860)	(5,999,311)	(8,425,199)
Net assets	<u>\$ 817,812</u>	<u>786,100</u>	<u>1,083,195</u>
Non-controlling interests	<u>\$ 400,728</u>	<u>385,189</u>	<u>530,766</u>

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	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Operating revenue	<u>\$ 14,158,977</u>	<u>24,882,191</u>	<u>26,682,592</u>	<u>41,044,492</u>
Profit	\$ 56,802	193,619	125,344	282,088
Other comprehensive income	(103,719)	12,565	(93,632)	50,979
Total comprehensive income	<u>\$ (46,917)</u>	<u>206,184</u>	<u>31,712</u>	<u>333,067</u>
Profit attributable to non-controlling interests	<u>\$ 27,833</u>	<u>94,873</u>	<u>61,419</u>	<u>138,223</u>
Comprehensive income attributable to non-controlling interests	<u>\$ (22,989)</u>	<u>101,030</u>	<u>15,539</u>	<u>163,203</u>
Net cash flows (used in) from operating activities	\$ 445,126	(2,008,794)	1,429,368	(6,826,624)
Net cash flows from (used in) financing activities	394,629	2,046,132	(42,076)	5,958,082
Effect of exchange rate changes on cash and cash equivalents	(95,678)	10,111	(86,510)	40,796
Net increased (decreased) amount in cash and cash equivalents	<u>\$ 744,077</u>	<u>47,449</u>	<u>1,300,782</u>	<u>(827,746)</u>
Dividends paid to non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>123,754</u>

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the six months ended June 30, 2025 and 2024, were as follows:

	Land	Buildings	Other facilities	Total
Cost or deemed cost:				
Balance on January 1, 2025	\$ 168,078	175,452	209,950	553,480
Additions	-	-	12,530	12,530
Effect of movements in exchange rates	-	(7,346)	(5,066)	(12,412)
Balance on June 30, 2025	<u>\$ 168,078</u>	<u>168,106</u>	<u>217,414</u>	<u>553,598</u>
Balance on January 1, 2024	\$ 168,078	171,124	192,374	531,576
Additions	-	-	8,448	8,448
Disposals/Write-off	-	-	(617)	(617)
Effect of movements in exchange rates	-	3,631	2,102	5,733
Balance on June 30, 2024	<u>\$ 168,078</u>	<u>174,755</u>	<u>202,307</u>	<u>545,140</u>
Depreciation and impairment losses:				
Balance on January 1, 2025	\$ -	69,131	160,372	229,503
Depreciation	-	2,318	9,596	11,914
Effect of movements in exchange rates	-	(1,512)	(3,809)	(5,321)
Balance on June 30, 2025	<u>\$ -</u>	<u>69,937</u>	<u>166,159</u>	<u>236,096</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Other facilities</u>	<u>Total</u>
Balance on January 1, 2024	\$ -	63,722	149,831	213,553
Depreciation	-	2,332	7,892	10,224
Disposals/Write-off	-	-	(615)	(615)
Effect of movements in exchange rates	-	595	1,771	2,366
Balance on June 30, 2024	<u>\$ -</u>	<u>66,649</u>	<u>158,879</u>	<u>225,528</u>
Carrying value:				
Balance on June 30, 2025	<u>\$ 168,078</u>	<u>98,169</u>	<u>51,255</u>	<u>317,502</u>
Balance on December 31, 2024	<u>\$ 168,078</u>	<u>106,321</u>	<u>49,578</u>	<u>323,977</u>
Balance on June 30, 2024	<u>\$ 168,078</u>	<u>108,106</u>	<u>43,428</u>	<u>319,612</u>

As of June 30, 2025, December 31 and June 30, 2024, the property, plant and equipment of the Group had been pledged as collateral for short-term borrowing and financing guarantee; please refer to note 8.

(j) Right-of-use assets

The carrying value of the leased buildings, transportation equipment and other assets of the Group were as follows:

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Other assets</u>	<u>Total</u>
Balance on June 30, 2025	<u>\$ 94,822</u>	<u>21,662</u>	<u>165</u>	<u>116,649</u>
Balance on December 31, 2024	<u>\$ 86,599</u>	<u>18,510</u>	<u>457</u>	<u>105,566</u>
Balance on June 30, 2024	<u>\$ 90,646</u>	<u>19,029</u>	<u>722</u>	<u>110,397</u>

There were no significant additions, disposal, or recognition and reversal of the impairment losses of right-of-use assets leased by the Group for the six months ended June 30, 2025 and 2024. Please refer to note 6(j) to the 2024 annual consolidated financial statements for other related information.

For the three months and six months ended June 30, 2025 and 2024, the depreciation expenses incurred by the Group due to the lease of buildings, transportation equipment and other assets were \$18,109 thousand, \$18,494 thousand, \$38,730 thousand, and \$36,646 thousand, respectively.

(k) Intangible assets

The carrying value of the intangible assets of the Group were as follows:

	<u>Supplier relationship</u>	<u>Goodwill</u>	<u>Total</u>
Carrying amount:			
Balance on June 30, 2025	<u>\$ -</u>	<u>82,992</u>	<u>82,992</u>
Balance on December 31, 2024	<u>\$ -</u>	<u>92,849</u>	<u>92,849</u>
Balance on June 30, 2024	<u>\$ -</u>	<u>91,914</u>	<u>91,914</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2025 and 2024. Please refer to note 6(k) to the 2024 annual consolidated financial statements for other related information.

As of June 30, 2025, December 31 and June 30, 2024, the Group did not provide any intangible assets as collateral.

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(l) Short-term borrowings

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Commercial paper payable	\$ 700,000	350,000	300,000
Letter of credit	347,251	285,432	97,350
Unsecured bank loans	12,753,589	13,209,132	24,848,168
Secured bank loans	1,801,950	1,904,422	4,337,111
Other secured loans	354,530	-	-
Total	<u>\$ 15,957,320</u>	<u>15,748,986</u>	<u>29,582,629</u>
Unused line of credit	<u>\$ 22,958,726</u>	<u>24,766,672</u>	<u>13,522,963</u>
Range of interest rates	<u>1.94%~7.82%</u>	<u>1.93%~6.10%</u>	<u>1.90%~7.00%</u>

For the collateral for long-term borrowings, please refer to note 8.

(m) Long-term borrowings

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Bank loans	\$ 5,781,304	9,670,100	5,516,500
Less: Current portion	(501,351)	(1,802,900)	(2,669,500)
Unamortized expense	(12,921)	(16,226)	-
Total	<u>\$ 5,267,032</u>	<u>7,850,974</u>	<u>2,847,000</u>
Range of interest rates	<u>3.30%~5.66%</u>	<u>5.44%~6.08%</u>	<u>6.42%~6.77%</u>

- (i) The Company's subsidiary, GOLDEN SUPREME (HK), entered into a syndicated loan agreement in July, 2024, with a syndicate of banks, including Chang Hwa Commercial Bank, to obtain credit line of US\$360 million to repay US\$120 million under the syndicated loan in 2020 (which was initially due in November, 2025), and GOLDEN SUPREME (HK) has drawn on the credit line on August 26, 2024.

The Company entered into a syndicated loan agreement in November, 2020, with a syndicate of banks, including Bank of Taiwan, to obtain credit line of NT\$3,600 million to repay the syndicated loan in 2017, and the Company has drawn on the credit line on November 26, 2020.

The term of the aforesaid syndicated loan of the Company and GOLDEN SUPREME (HK) is 5 years from the date of first drawdown, and the credit line may be used on a revolving basis during the credit period, with the credit line decreasing in 8 equal installments on a 3-monthly basis, starting from the date of the first drawdown upon the expiration of 39 months. In addition, the above-mentioned loan agreement restricts that the Group shall maintain the following financial ratios, and these financial ratio restrictions are based on the CPA-reviewed/audited semi-annual/fiscal year consolidated financial reports. The financial covenants are reviewed semiannually. If the Group violates the agreement and fails to complete the improvement by the next review date, the Group would be considered as breaching the contract, and the syndicated banks would have the rights to suspend the rights to draw on the credit line or terminate all or a portion of the unutilized credit line, or claim for the early maturity of all or a portion of the principal and interest, and resume the process only after the reasons for the suspension of the rights to draw on the credit line have ceased to exist.

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- (ii) The financial commitments and covenants of each syndicated loan bank group were as follows:
- The syndicated loan with Chang Hwa Commercial Bank and other banks
 - 1) Financial commitments:
 - a) Current ratio: current assets to current liabilities, no less than 100%(inclusive).
 - b) Net financial liabilities ratio: No more than 250%(inclusive).
 - c) Tangible net value: no less than \$10 billion(inclusive).
 - 2) Covenants:
 - a) During the term of the syndicated loan, the Company shall hold no less than 50% of the shares of GOLDEN SUPREME (HK) and HK XZJ directly or indirectly, and shall maintain the business control over these companies.
 - b) Based on the syndicated loan agreement, the subsidiary, GOLDEN SUPREME (HK), shall open a revenue account with the management bank and ensure that the accumulated amount deposited or remitted to the revenue account every six months shall be at least equal to the credit line. Additionally, sales receivables from customers must constitute at least 50% of the total.
 - The syndicated loan with Bank of Taiwan and other banks
 - 1) Financial commitments:
 - a) Current ratio: current assets to current liabilities, no less than 100%(inclusive).
 - b) Net financial liabilities ratio: No more than 250%(inclusive).
 - c) Tangible net value: no less than \$3.5 billion(inclusive).
 - 2) Covenants:
 - a) During the term of the syndicated loan, the Company shall hold 50% shares of GOLDEN SUPREME (HK) directly or indirectly, and maintain the business control over the company.
 - b) Based on the syndicated loan agreement, the Company shall open a revenue account with the management bank and stipulate the following matters. If the Borrower violates the following matters, then the syndicated banks may exercise the right of set-off.
 - i) The Borrower shall ensure that the average balance of the revenue account reaches 5% of the currently effective total credit line.
 - ii) The Borrower shall ensure the accumulated amount, deposit or remit for every six months to revenue account that reaches at least 50% of currently effective credit line.

The balance of the Group's revenue account as a result of the agreements with banks as of June 30, 2025, December 31 and June 30, 2024, amounted to \$4,454 thousand, \$7,585 thousand, and \$5,286 thousand, respectively, which was classified under "other receivables-other."

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(iii) For the collateral for long-term borrowings, please refer to note 8.

(iv) Compliance with loan agreement

The Long-term syndicated loan agreement, which included commitments from a dozen banks such as Chang Hwa Commercial Bank and Bank of Taiwan, were made by the Group to meet operating activities needs. The Group was restricted by the syndicated loan agreement to maintain specific financial commitments, such as current ratio, net financial liabilities ratio, and tangible net value, based on the CPA audited/reviewed fiscal year/semi-annual consolidated financial report. If the Group cannot qualify financial covenants of each section, the improvement should be completed before the next inspection date. If fails to improve by the deadline, the Group shall pay the compensation fee to the management bank at a rate of 0.05% on the balance of outstanding principal and management bank transfer the compensation fee to the other credit banks in obedience to the credit risk amortization ratio. As of June 30, 2025 and December 31, 2024, the Group did not violate the conditions of the syndicated loan agreement.

(n) Convertible corporate bonds payable

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Total amount of issuing convertible corporate bonds	\$ 3,000,000	4,200,000	4,200,000
Unamortized discounted corporate bonds payable	(248,349)	(278,867)	(310,066)
Cumulative converted amount	<u>-</u>	<u>(1,176,700)</u>	<u>(1,118,900)</u>
Convertible corporate bonds payable balance	2,751,651	2,744,433	2,771,034
Less: convertible corporate bonds-current	<u>-</u>	<u>(23,255)</u>	<u>(80,488)</u>
Convertible corporate bonds-non-current	<u>\$ 2,751,651</u>	<u>2,721,178</u>	<u>2,690,546</u>
Embedded derivative instruments - call options (included in financial assets at fair value through profit or loss—current)	<u>\$ -</u>	<u>-</u>	<u>16</u>
Embedded derivative instruments - put options (included in financial liabilities at fair value through profit or loss—non-current)	<u>\$ 54,600</u>	<u>43,200</u>	<u>21,600</u>
Equity component - conversion options (included in capital surplus—share options)	<u>\$ 292,013</u>	<u>292,738</u>	<u>294,537</u>

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	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Embedded derivative instruments – Gain (loss) on remeasurement of call and put options at fair value (recognized in other gains and losses)	<u>\$ (4,500)</u>	<u>2,925</u>	<u>(11,400)</u>	<u>2,664</u>
Amortization amount of corporate bonds payable in the current period (recognized in financial cost)	<u>\$ 15,363</u>	<u>6,715</u>	<u>30,510</u>	<u>7,872</u>

- (i) The Company's ninth domestic unsecured convertible corporate bonds issued in 2022, matured in March 2025, and the remaining unconverted bonds were fully repurchased and redeemed.
- (ii) The Board of Directors of the Company passed a resolution to issue the tenth domestic unsecured convertible corporate bonds with a total amount of \$3 billion on April 12, 2024. It was declared effective by the Financial Supervisory Commission and was listed on the Taipei Exchange on May 24, 2024.

The Company issued the domestic convertible corporate bonds at par value, and the main issuance conditions were listed as follows:

	2022	2024
	Issuance of unsecured convertible corporate bonds	Issuance of unsecured convertible corporate bonds
Total issued amount	NT\$1,200,000 thousand	NT\$3,000,000 thousand
Issue date	2022.3.10	2024.5.24
Issue price	100.5% of par value	100.2% of par value
Coupon rate	0%	0%
Issue period	2022.3.10~2025.3.10	2024.5.24~2029.5.24
Trustee bank	SinoPac Bank., Trust Dept.	KGI Bank
Redemption at the option of the convertible corporate bonds	From the day following the expiration of three months after the date of issuance (June 11, 2022) to 40 days before the expiration of the issuance period (January 29, 2025), it shall be redeemed in advance when specific conditions are met.	From the day following the expiration of three months after the date of issuance (August 25, 2024) to 40 days before the expiration of the issuance period (April 14, 2029), it shall be redeemed in advance when specific conditions are met.
Resell at the option of the convertible corporate bonds	From the date of expiration of two years after the date of issuance (March 10, 2024), bondholders may require the Company to redeem their convertible corporate bonds in cash at 101.0025% of the par value of the bonds.	From the date of expiration of three years and four years after the date of issuance (May 24, 2027 and May 24, 2028), bondholders may require the Company to redeem their convertible corporate bonds in cash at par value of the bonds.

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	2022	2024
	Issuance of unsecured convertible corporate bonds	Issuance of unsecured convertible corporate bonds
Conversion period of convertible corporate bonds	From the day following the expiration of three months from the date of issuance of bonds (June 11, 2022) to the maturity date (March 10, 2025), the holder may calculate the current conversion price according to the conversion method and request to convert them into ordinary shares. At the end of the period, the Company will repay the principal in cash to those redeemed and not converted.	From the day following the expiration of three months from the date of issuance of bonds (August 25, 2024) to the maturity date (May 24, 2029), the holder may calculate the current conversion price according to the conversion method and request to convert them into ordinary shares. At the end of the period, the Company will repay the principal in cash to those redeemed and not converted.
Conversion price of convertible corporate bonds	The conversion prices as on December 31 and June 30, 2024 were \$42.8 and \$44.9 per share, respectively. As of June 30, 2025, all corporate bonds had been fully converted and redeemed.	The conversion price on June 30, 2025 was \$78.7 per share. After the issuance of corporate bonds, in the event that the Company's adjustment conditions of the conversion price in accordance with the provisions of the issuance terms are met, the conversion price shall be adjusted thereby.

(o) Lease liabilities

The carrying amount of the lease liabilities of the Group were as follows:

	2025.6.30	2024.12.31	2024. 6.30
Current	\$ <u>68,377</u>	<u>64,250</u>	<u>65,116</u>
Non-current	\$ <u>49,293</u>	<u>42,620</u>	<u>46,949</u>

For the maturity analysis, please refer to note 6(w) Financial instruments.

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 expenses on lease liabilities	\$ <u>885</u>	<u>664</u>	<u>1,601</u>	<u>1,369</u>
Expenses relating to short-term leases	\$ <u>1,599</u>	<u>947</u>	<u>2,746</u>	<u>1,874</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>938</u>	<u>1,841</u>	<u>1,960</u>	<u>2,710</u>

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

		For the six months ended June 30	
		2025	2024
Total cash outflows from leases	\$	<u>45,252</u>	<u>42,697</u>
(p) Employee benefits			
(i) Defined benefits plans			

There was no material volatility of the market, no material reimbursement and settlement or other material onetime events since the 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 details of the expenses recognized by the Group were as follows:

		For the three months ended June 30		For the six months ended June 30	
		2025	2024	2025	2024
Operating expenses	\$	<u>126</u>	<u>129</u>	<u>265</u>	<u>256</u>

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor personal pension account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The consolidated entities set up overseas have defined contribution plans. These plans are funded in accordance with the regulations of their respective countries and recognized as the contribution in the current period.

The pension costs incurred from the contributions to the Bureau of Labor Insurance were as follows:

		For the three months ended June 30		For the six months ended June 30	
		2025	2024	2025	2024
Operating costs	\$	<u>99</u>	<u>77</u>	<u>177</u>	<u>155</u>
Operating expenses	\$	<u>8,540</u>	<u>8,076</u>	<u>18,643</u>	<u>16,009</u>

(q) Income taxes

(i) The details of income tax expense of the Group were as follows:

		For the three months ended June 30		For the six months ended June 30	
		2025	2024	2025	2024
Income tax expense	\$	<u>111,899</u>	<u>384,433</u>	<u>187,511</u>	<u>629,091</u>

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

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- (ii) Considering the overall development and investment planning of the Group, although there are accumulated surpluses on the Company's overseas subsidiaries, they still have demand for capital expenditures and operating capital. Hence, the Company considers parts of overseas subsidiaries' surpluses will not be remitted back in the foreseeable future. As of June 30, 2025, December 31 and June 30, 2024, the unrecognized deferred tax liabilities each amounted to \$223,453 thousand.
- (iii) The Group did not have income tax recognized in equity for the six months ended June 30, 2025 and 2024.
- (iv) The amount of income tax expenses (revenues) recognized in other comprehensive income for the three months and the six months ended June 30, 2025 and 2024 were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Exchange differences from translation of financial statements of foreign operating entities	\$ (344,216)	38,983	(309,082)	144,902

- (v) The Company's tax returns for the year through 2022 were examined and approved by the Taipei National Tax Administration. And, GO-TECH ENERGY's, POCT's and BILLION's tax returns for the year through 2023 were examined and approved by the Taipei National Tax Administration.
- (vi) The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The Group is subject to the Global Minimum Tax regime under Pillar Two. Both Hong Kong and Singapore, where the Group operates, have implemented local minimum taxation and income inclusion rules effective January 1, 2025. Based on an assessment of the anticipated effective tax rates in the applicable tax jurisdictions, all were at or above 15% for the six months ended June 30, 2025. Accordingly, the Group does not expect to incur any top-up taxes under the Global Minimum Tax regime.

(r) Capital and other equity

Except as mentioned in the following paragraph, there was no significant change in capital and other equity of the Company for the six months ended June 30, 2025 and 2024. For relevant information, please refer to note 6(r) of the consolidated financial statements for 2024.

Reconciliation of shares outstanding for the six months ended June 30, 2025 and 2024 was as follows:

	(In thousands of shares)	
	For the six months ended June 30	
	2025	2024
Issued at the beginning of the period	524,764	514,001
Conversion of corporate bonds	528	9,412
Issued at the end of the period	525,292	523,413

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) Ordinary shares

The nominal common stock amounted to \$8,000,000 thousand, some of which can be preferred stocks. As of June 30, 2025, December 31 and June 30, 2024, 525,292 thousand shares, 524,764 thousand shares and 523,413 thousand shares were issued with par value of \$10 per share, respectively.

For the three months and six months ended June 30, 2025, convertible bonds were converted into 0 thousand shares, 3,303 thousand shares, 528 thousand shares and 9,412 thousand shares respectively, amounting to \$0 thousand, \$33,029 thousand, \$5,280 thousand and \$94,119 thousand, respectively. As of the reporting date, the shares converted from January 1 to June 30, 2025 have completed the change registration process.

(ii) Preference shares

On December 22, 2021, resolved by the Board of Directors, the Company issued Class A preference shares for capital increase by cash. The purpose of capital increase by cash is to repay the loans from financial institutions. The number of shares issued was 30,000 thousand with par value \$10 of per share at the issuance price of \$45, totaling \$1,350,000 thousand. This capital increase plan has been approved by the Financial Supervisory Commission on March 2, 2022 as the date of capital increase, and the relevant statutory registration procedures have been since completed.

The rights and obligations of the Company's Preferred Shares A issued were as follows:

- 1) Expiration date: The Company's Preferred Shares A are perpetual and shareholders of the Preferred Shares A have no right to request redemption of such shares by the Company. However, the Company may redeem Preferred Shares A in whole or in part at any time from the next day of five years after issuance at the actual issue price. The rights and obligations of the remaining and outstanding Preferred Shares A as described in the preceding paragraphs will remain unchanged. Shareholders of the outstanding Preferred Shares A are entitled to receive declared dividends based on the actual days in the redemption year up to the date of redemption should the Company decide to declare dividend for the redemption year.
- 2) Dividends: Dividends of Preferred Shares A are calculated at 4.5% (five-year IRS rate of 0.87% + fixed overweight rate of 3.3%) per annum based on the issue price per share. The five-year IRS rate will be reset on the next business day after the five years since issuance and every subsequent five years. The pricing effective date for rate reset is two Taipei financial industry business days prior to the IRS rate reset date. The rate index, five-year IRS rate, is the arithmetic mean of five-year IRS rates appearing on Reuters pages "TAIFXIRS" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing effective date of rate reset. If such rate cannot be obtained, the Company will determine the rate based on the reasonable market price with good faith.
- 3) Dividends distribution: Dividends are distributed once per year in the form of cash. The Chairman is authorized by the Board of Directors to set the ex-dividend date and the amount of dividends to be paid for the previous fiscal year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated proportionally based on the actual number of days that the Preferred Shares A remained outstanding in that year.

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

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- 4) If the Company has a surplus at the end of the year, after paying the tax and offsetting the prior years' deficits, it shall first make a legal capital reserve in accordance with the Articles of Incorporation, and then set aside or reverse a special capital reserve in accordance with relevant laws and regulations or the regulations of the competent authority. If there is still surplus, the Company shall give priority to the distribution of the dividend of Preferred Shares A. Further to the undistributed earnings at the beginning of the same period, the Board of Directors shall propose a proposal for the distribution of earnings.
- 5) The Company has discretion in dividend distribution of Preferred Shares A. The Company could choose not to distribute dividends of preferred shares when resolved by the stockholders, which would not be able to lead to default if the Company has no or insufficient current year's earnings for distribution or other necessary considerations.
- 6) The Preferred Shares A issued are non-cumulative. If the Company decides not to distribute preferred share dividends or to distribute insufficient dividends, the undistributed dividends or shortfalls in dividends distributed shall not be cumulative and shall cease to accrue and be payable, therefore no deferred payment will be paid in subsequent years where there are earnings.
- 7) Excessive dividend distribution: Except for the dividends referred in paragraphs 2) to 3) of this paragraph, Preferred Shares A shareholders shall not participate in the distribution of common stocks with respect to earnings and capital surplus as cash and appropriation of capital.
- 8) Residual property distribution: The shareholders of Preferred Shares A have priority over shareholders of common stocks in distributing the Company's residual property, but the limit is the amount calculated by shares of outstanding preferred stocks issued and the issue price when distributing.
- 9) Right to vote and be elected: The shareholders of Preferred Shares A are not entitled to any voting rights or election during general shareholders' meeting. Shareholders of outstanding Preferred Shares A have mandatory voting rights with respect to agendas that would affect preferred shares in general shareholders' meeting and in preferred shareholders' meeting.
- 10) Conversion of ordinary shares: Preferred Shares A cannot be converted to ordinary shares.
- 11) The capital reserve for premium issuance of Preferred Shares A shall not be used as capital during the issuance period, except to make up for losses.
- 12) When the Company issues new shares by cash placement, the shareholders of Preferred Shares A and the shareholders of common stocks have the same right to subscribe new shares.

(iii) Capital surplus

The balances of capital surplus of the Company were as follows:

	2025.6.30	2024.12.31	2024.6.30
Additional paid-in capital	\$ 6,606,312	6,588,297	6,542,547
Treasury share transaction	253,718	253,696	253,696
Employee stock options	143,841	143,841	143,841
Conversion options of convertible corporate bonds	292,013	292,738	294,537
Others	32,134	32,056	11,324
	<u>\$ 7,328,018</u>	<u>7,310,628</u>	<u>7,245,945</u>

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

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According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

(iv) Retained earnings

The Company's Articles of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any. Of the remaining balance, the Company shall set aside a legal capital reserve at 10% until the accumulated legal capital reserve equals the Company's additional paid-in capital, after set aside or reverse a special capital reserve in accordance with relevant laws or regulations, residual earnings (hereinafter referred to as the "Earnings for the current year") should be added to the undistributed retained earnings at the beginning of the period as cumulative distributable earnings. Any remaining profit left shall first be distributed as dividends of preferred stock, and the Board of Directors should propose a resolution on earnings distribution. If the Company decides to distribute stock dividends, then it shall submit the proposal to the shareholders' meeting for approval.

The distribution of dividends is matched up with the Company's current year's earnings, on a basis of dividend stability. The distribution of dividends shall be no less than 50% of earnings for current year and the cash dividends shall not be less than 10% of total dividends. In case cash dividend per share is less than \$0.2 based on the aforementioned ratio, the Company could distribute stock dividends as a whole.

The Company distributes dividends and bonuses, or distributes all of or part of the legal reserve and capital surplus, if the distribution is in the form of cash, the distribution needs to be authorized by the agreement made by more than half the directors present with the attendance rate of the Board of Directors higher than two-thirds, and then report to the shareholders meeting.

(v) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2024 and 2023 had been approved during the Board meetings on March 10, 2025 and March 11, 2024, respectively, and the other appropriations of earnings for 2024 and 2023 had been approved during the shareholders' meetings on May 27, 2025 and May 30, 2024, respectively. The relevant dividend distributions to shareholders were as follows:

	<u>2024</u>	<u>2023</u>
Dividend distributed to owners of ordinary shares:		
Cash	<u>\$ 1,750,000</u>	<u>2,100,000</u>
Dividend distributed to owners of preference shares:		
Cash	<u>\$ 60,750</u>	<u>60,750</u>

(vi) Treasury shares

The Company repurchased treasury shares for the purpose of transferring shares to employees in accordance with the requirements of Securities and Exchange Act. As of June 30, 2025, the value and number of treasury shares repurchased by the Company were \$112,193 thousand and 3,000 thousand shares, respectively, and the total number of untransferred shares was 3,000 thousand shares.

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

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In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and should not hold any shareholder rights before their transferring.

(s) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share were as follows:

1) Profit attributable to ordinary shareholders of the Company

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Profit attributable to the Company	\$ 179,013	777,807	380,271	1,308,452
Less: Dividend of preference shares	-	-	(60,750)	(60,750)
Profit attributable to ordinary shareholders of the Company	<u>\$ 179,013</u>	<u>777,807</u>	<u>319,521</u>	<u>1,247,702</u>

2) Weighted average number of ordinary shares

	For the three months ended June 30		(In thousands of shares) For the six months ended June 30	
	2025	2024	2025	2024
Issued ordinary shares at January 1	525,292	520,110	524,764	514,001
Effect of treasury shares held	(3,000)	(3,000)	(3,000)	(3,000)
Effect of convertible corporate bonds	-	1,019	417	4,920
Weighted average number of ordinary shares at June 30	<u>522,292</u>	<u>518,129</u>	<u>522,181</u>	<u>515,921</u>

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share were as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Profit attributable to ordinary shareholders of the Company (basic)	\$ 179,013	777,807	319,521	1,247,702
Interest expense on convertible corporate bonds, net of tax	-	5,372	-	6,298
Profit attributable to ordinary shareholders of the Company(diluted)	<u>\$ 179,013</u>	<u>783,179</u>	<u>319,521</u>	<u>1,254,000</u>

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Weighted average number of outstanding ordinary shares (diluted)

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Weighted average number of ordinary shares (basic)	522,292	518,129	522,181	515,921
Effect of convertible corporate bonds	-	19,238	-	13,873
Effect of employee stock bonuses if all transferred to shares	182	293	414	544
Weighted average number of outstanding ordinary shares (diluted)	<u>522,474</u>	<u>537,660</u>	<u>522,595</u>	<u>530,338</u>

Note : For the three months and six months ended June 30, 2025, the convertible bonds were not included in the calculation of diluted earnings per share, as they had no dilutive effect.

(t) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
<u>Primary geographical markets</u>				
Hong Kong and mainland China	\$ 39,705,470	54,279,577	75,351,674	94,267,701
Taiwan	11,607,711	9,735,029	19,379,935	22,064,285
United States	4,523,402	5,589,223	7,044,364	8,795,528
Others	521,259	449,439	899,306	748,057
	<u>\$ 56,357,842</u>	<u>70,053,268</u>	<u>102,675,279</u>	<u>125,875,571</u>
<u>Major products</u>				
NAND Flash and other memory	\$ 12,774,619	28,438,580	24,614,506	50,166,826
DRAM	27,331,516	27,310,747	43,304,734	49,601,380
TFT/LCD	1,878,021	2,068,533	3,922,893	3,852,262
Application Processor	8,507,617	6,527,367	18,687,848	11,375,774
System LSI	3,493,980	3,375,426	7,044,880	6,582,826
Others	2,372,089	2,332,615	5,100,418	4,296,503
	<u>\$ 56,357,842</u>	<u>70,053,268</u>	<u>102,675,279</u>	<u>125,875,571</u>

(ii) Contract balance

	2025.6.30	2024.12.31	2024.6.30
Notes and trade receivables	\$ 22,483,173	23,840,820	22,185,919
Less: loss allowance	(517,879)	(471,982)	(295,593)
Total	<u>\$ 21,965,294</u>	<u>23,368,838</u>	<u>21,890,326</u>
Contract liabilities	<u>\$ 1,365,898</u>	<u>1,108,710</u>	<u>935,536</u>

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 1) For details on notes and trade receivables and allowance for impairment, please refer to note 6(d).
- 2) The contract liabilities primarily relate to the difference between the time at which the Group meets its performance obligations by transferring the goods to the customer and the time at which the customer makes the payment. The amount of revenue recognized for the six months ended June 30, 2025 and 2024 that was included in the contract liability balance at the beginning of the period was \$644,514 thousand, and \$641,966 thousand, respectively.

(u) Remunerations to employees, directors and supervisors

On May 27, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, the Company should contribute net profit before tax, excluding the remuneration to employees and directors, 1% to 5% of the profit as employee remuneration and no more than 2% as directors' remuneration for the year. The distribution will be proposed by the Board of Directors, and then report to the shareholders meeting. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of the aforementioned employee remuneration shall include base-level employees, to whom not less than 2% shall be allocated, may be in the way of shares or cash, and the recipients of shares and cash may include the employees of the Company's affiliated companies who meet the conditions set by the Board of Directors. Prior to the amendment, the Company should contribute net profit before tax, excluding the remuneration to employees and directors, 1% to 5% of the profit as employee remuneration and no more than 2% as directors' remuneration for the year. The distribution will be proposed by the Board of Directors, and then report to the shareholders meeting. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The aforementioned employee remuneration may be in the way of shares or cash, and the recipients of shares and cash may include the employees of the Company's affiliated companies who meet the conditions set by the Board of Directors.

For the three months and six months ended June 30, 2025 and 2024, the Company estimated its employee remunerations amounting to \$5,800 thousand, \$13,800 thousand, \$8,200 thousand (including remunerations of base-level employees) and \$24,000 thousand, and directors' remuneration amounting to \$1,000 thousand, \$3,000 thousand, \$1,500 thousand and \$5,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax and excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles of Incorporation. These remunerations were expensed under the operating expenses during each period. If there is any difference between the distribution made in the following year and the estimated amount, it shall be handled as the change of accounting estimation, and the difference shall be recognized as profit and loss for the following year.

For the years ended December 31, 2024 and 2023, the Company's employee remunerations amounted to \$38,000 thousand and \$43,000 thousand, and directors' remuneration amounted to \$7,500 thousand and \$8,000 thousand, respectively, which were identical to those of the actual distributions resolved by the Board of Directors. Related information is available at the Market Observation Post System website.

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

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(v) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Loss on financial assets and liabilities at fair value through profit or loss, net \$	(11,797)	(18,394)	(23,212)	(28,549)
Foreign currency exchange gains (losses), net	(398,501)	25,102	(334,758)	62,446
Others	(97)	(171)	(189)	(1,381)
	<u>\$ (410,395)</u>	<u>6,537</u>	<u>(358,159)</u>	<u>32,516</u>

(w) Financial instruments

Except as stated below, there was no significant changes in the fair value of the Group's financial instruments and the exposure to credit risk, liquidity risk and market risk due to financial instruments. For relevant information, please refer to note 6(w) to the consolidated financial statements for the year ended December 31, 2024.

(i) Credit risk

The major customers of the Group are centralized in the high-tech computer industry. As of June 30, 2025, December 31 and June 30, 2024, 34%, 30% and 46%, respectively, of ending balance of notes and trade receivables arose from sales to individual customers constituting the top five customers. Thus, credit risk is significantly centralized. To minimize credit risk, the Group keeps evaluating customers' financial positions and ask them to provide a guarantee when it is necessary. For information on trade receivables factoring in order to control the credit risk of the trade receivables, please refer to note 6(d).

(ii) Liquidity risk

The following table shows the contractual maturity of financial liabilities, including the impact of estimated interest payments:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years
June 30, 2025					
Non-derivative financial liabilities					
Long-term and short-term Borrowings (including current portion)	\$ 21,725,703	23,626,220	17,487,654	274,589	5,863,977
Notes and trade payables (including related parties)	3,354,203	3,354,203	3,354,203	-	-
Dividends payable	1,810,750	1,810,750	1,810,750	-	-
Convertible corporate bonds	2,751,651	3,000,000	-	3,000,000	-
Lease liabilities	117,670	122,791	71,847	50,944	-
Other financial liabilities	438,327	438,327	438,327	-	-
	<u>\$ 30,198,304</u>	<u>32,352,291</u>	<u>23,162,781</u>	<u>3,325,533</u>	<u>5,863,977</u>
December 31, 2024					
Non-derivative financial liabilities					
Long-term and short-term Borrowings (including current portion)	\$ 25,402,860	28,261,085	18,814,545	430,729	9,015,811
Notes and trade payables (including related parties)	3,825,676	3,825,676	3,825,676	-	-

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	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years
Convertible corporate bonds	2,744,433	3,023,534	23,534	-	3,000,000
Lease liabilities	106,870	110,160	66,498	43,662	-
Other financial liabilities	493,825	493,825	493,825	-	-
	<u>\$ 32,573,664</u>	<u>35,714,280</u>	<u>23,224,078</u>	<u>474,391</u>	<u>12,015,811</u>
June 30, 2024					
Non-derivative financial liabilities					
Long-term and short-term					
Borrowings (including current portion)					
	\$ 35,099,129	37,210,666	34,269,280	2,941,386	-
Notes and trade payables (including related parties)	5,055,564	5,055,564	5,055,564	-	-
Dividends payable	2,160,750	2,160,750	2,160,750	-	-
Convertible corporate bonds	2,771,034	3,081,913	81,913	-	3,000,000
Lease liabilities	112,065	114,488	66,598	47,890	-
Other financial liabilities	756,863	756,863	756,863	-	-
	<u>\$ 45,955,405</u>	<u>48,380,244</u>	<u>42,390,968</u>	<u>2,989,276</u>	<u>3,000,000</u>

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

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Exposures to foreign currency risk

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

	2025.6.30			2024.12.31			2024. 6.30		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 307,063	29.30	8,996,946	285,411	32.78	9,355,773	226,547	32.45	7,351,450
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 250,251	29.30	7,332,354	211,670	32.78	6,938,543	411,878	32.45	13,365,441

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, notes and trade receivable and other receivables, bank loans, trade payables and other financial liabilities that are denominated in foreign currency.

A weakening or strengthening of 1% of the NTD against the USD as of June 30, 2025 and 2024 would have increased or decreased the net profit before tax by \$16,646 thousand and decreased or increased the net profit before tax by \$60,140 thousand for the six months ended June 30, 2025 and 2024, respectively. The analysis assumes that all other variables remain constant and is performed on the same basis for both periods.

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 and six months ended June 30, 2025 and 2024, foreign exchange gains (losses) (including realized and unrealized) amounted to \$(398,501) thousand, \$25,102 thousand, \$(334,758) thousand and \$62,446 thousand, respectively.

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(iv) Interest rate risk

The sensitivity analysis is based on the exposure to the interest rate risk of non-derivative instruments on the reporting date. If the interest rate had increased/decreased by 1 basis point, the Group's net income would have decreased or increased by \$19,671 thousand and \$40,124 thousand for the six months ended June 30, 2025 and 2024, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowings and bank deposits at variable rates.

(v) Fair value information

1) Types of financial instruments and fair value

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	2025.6.30				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>\$ 147,569</u>	87,882	-	59,687	147,569
Financial assets at fair value through other comprehensive income					
Stocks in unlisted companies	\$ 9,975	-	-	9,975	9,975
Debt investments-trade receivables	<u>3,827,601</u>	-	-	3,827,601	3,827,601
Subtotal	<u>\$ 3,837,576</u>				
Financial assets at amortized cost					
Cash and cash equivalents	\$ 5,265,775				
Notes and trade receivables, net (including related parties)	18,137,693				
Other financial assets	<u>1,386,454</u>				
Subtotal	<u>\$ 24,789,922</u>				
Financial liabilities at fair value through profit or loss					
Convertible bonds with embedded derivative financial instruments	<u>\$ 54,600</u>	-	54,600	-	54,600
Financial liabilities at amortized cost					
Long-term and short-term borrowings (including current portion)	\$ 21,725,703				
Notes and trade payables (including related parties)	3,354,203				

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		2025.6.30			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Dividends payable	1,810,750				
Convertible corporate bonds payable	2,751,651	-	2,769,440	-	2,769,440
Lease liabilities	117,670				
Other financial liabilities	438,327				
Subtotal	<u>\$ 30,198,304</u>				
		2024.12.31			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>\$ 160,515</u>	94,533	-	65,982	160,515
Financial assets at fair value through other comprehensive income					
Stocks in unlisted companies	\$ 9,975	-	-	9,975	9,975
Debt investments-trade receivables	<u>4,928,029</u>	-	-	4,928,029	4,928,029
Subtotal	<u>\$ 4,938,004</u>				
Financial assets at amortized cost					
Cash and cash equivalents	\$ 4,710,729				
Notes and trade receivables, net (including related parties)	18,440,809				
Other financial assets	<u>1,519,631</u>				
Subtotal	<u>\$ 24,671,169</u>				
Financial liabilities at fair value through profit or loss					
Convertible bonds with embedded derivative instruments	<u>\$ 43,200</u>	-	43,200	-	43,200
Financial liabilities at amortized cost					
Long-term and short-term borrowings (including current portion)	\$ 25,402,860				
Notes and trade payables (including related parties)	3,825,676				
Convertible corporate bonds payable	2,744,433	-	2,739,929	-	2,739,929
Lease liabilities	106,870				
Other financial liabilities	<u>493,825</u>				
Subtotal	<u>\$ 32,573,664</u>				

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	2024.6.30				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 160,370	91,982	-	68,388	160,370
Convertible bonds with embedded derivative instruments	16	-	16	-	16
Subtotal	<u>\$ 160,386</u>				
Financial assets at fair value through other comprehensive income					
Stocks in unlisted companies	\$ 9,975	-	-	9,975	9,975
Debt investments-trade receivables	1,929,227	-	-	1,929,227	1,929,227
Subtotal	<u>\$ 1,939,202</u>				
Financial assets at amortized cost					
Cash and cash equivalents	\$ 2,018,625				
Notes and trade receivables, net (including related parties)	19,961,099				
Other financial assets	2,348,934				
Subtotal	<u>\$ 24,328,658</u>				
Financial liabilities at fair value through profit or loss					
Convertible bonds with embedded derivative financial instruments	<u>\$ 21,600</u>	-	21,600	-	21,600
Financial liabilities at amortized cost					
Long-term and short-term borrowings (including current portion)	\$ 35,099,129				
Notes and trade payables (including related parties)	5,055,564				
Dividends payable	2,160,750				
Convertible corporate bonds payable	2,771,034	-	2,757,588	-	2,757,588
Lease liabilities	112,065				
Other financial liabilities	756,863				
Subtotal	<u>\$ 45,955,405</u>				

2) Valuation techniques for financial instruments not measured at fair value

a) Financial assets and liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values. The estimates and assumptions adopted in the valuation method were the discounted value of cash flow to estimate the fair value.

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

The fair value of financial instruments trade in an active market is based on the quoted market prices. The quotation, which is published by the main exchange counter or that which was deemed to be a public bond by the Treasury Bureau of Counter Bank, is included in the fair value of the listed securities instruments and the debt instruments in active market with open bid.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

For financial instruments trade in an active market, their fair value are listed below by type and attributes:

- The stocks of publicly traded companies are financial assets which are traded in active market under standard terms and conditions. The fair value of the aforementioned stock is based on quoted market prices.

Except for the financial instruments at active market, the fair value of remaining financial instruments is obtained through evaluation technique or reference to the quotation of the other transaction party. The fair value obtained through evaluation techniques can be calculated by referring to the current fair value of other financial instruments with substantially similar conditions and characteristics, the discounted cash flow approach, or other evaluation techniques, including the calculation based on the market information acquirable on the consolidated balance sheet date by using models.

For financial instruments trade without an active market, their fair value are listed below by type and attributes:

- Equity instruments with no quoted market prices: The fair value was estimated using the market comparable company method, with key assumptions based on the estimated EBITDA of the investee and earnings multiples derived from the market quotations of comparable listed companies. The estimated value has been adjusted to reflect the discount for lack of marketability of the equity securities.
- The trade receivables measured at fair value through other comprehensive income held by the Group are estimated according to the trade receivables at the end of the period according to the discounted cash flow method.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants.

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

4) Reconciliation of Level 3 fair values:

	At fair value through profit or loss	At fair value through other comprehensive income		
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Unquoted equity instruments	Debt instruments	Total
Opening balance, January 1, 2025	\$ 65,982	9,975	4,928,029	5,003,986
Total gains and losses recognized:				
In profit or loss	(9,890)	-	-	(9,890)
Purchased	3,595	-	-	3,595
Trade receivables reclassified	-	-	(1,100,428)	(1,100,428)
Ending balance, June 30, 2025	<u>\$ 59,687</u>	<u>9,975</u>	<u>3,827,601</u>	<u>3,897,263</u>
Opening balance, January 1, 2024	\$ 86,338	18,292	4,804,079	4,908,709
Total gains and losses recognized:				
In profit or loss	(19,549)	-	-	(19,549)
In other comprehensive income	-	(8,317)	-	(8,317)
Purchased	1,599	-	-	1,599
Trade receivables reclassified	-	-	(2,874,852)	(2,874,852)
Ending balance, June 30, 2024	<u>\$ 68,388</u>	<u>9,975</u>	<u>1,929,227</u>	<u>2,007,590</u>

For the six months ended June 30, 2025 and 2024, total gains and losses are included in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income”.

There were no transfers in the fair value hierarchy during the six months ended June 30, 2025 and 2024.

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

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss-equity investments” and “fair value through other comprehensive income-equity investments”. Quantified information of significant unobservable inputs was as follows:

- a) Investments in equity instruments with no active market, the fair value has no unobservable input to calculate, thus, of which are independent with each other, there is no relationship. Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable input	Relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss-equity investment without active market	Market comparable company method	- Lack-of-marketability discount (30% as of June 30, 2025, December 31, 2024 and June 30, 2024) - P/B ratio multiplier (2.85, 2.50 and 1.95 at June 30, 2025, December 31, and June 30, 2024, respectively)	The estimated fair value would increase(decrease) if: - Lake of marketability discount were lower (higher); - The multiplier were higher (lower)

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6) Fair value Level 3 - sensitivity analysis of reasonable possible alternative assumptions

The fair value measurements of the Group's financial instruments are reasonable. However, the adoption of different valuation models or valuation parameters may lead to different valuation results. For fair value measurements at Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

					Other comprehensive income	
			Profit and loss			
	Input	Variation	Favorable	Unfavorable	Favorable	Unfavorable
June 30, 2025						
Financial assets at fair value through profit or loss						
Equity investment without active market	Discount rate	5%	4,274	(4,274)	-	-
	P/B ratio	10%	6,247	(5,918)	-	-
December 31, 2024						
Financial assets at fair value through profit or loss						
Equity investment without active market	Discount rate	5%	4,398	(4,582)	-	-
	P/B ratio	10%	6,048	(6,414)	-	-
June 30, 2024						
Financial assets at fair value through profit or loss						
Equity investment without active market	Discount rate	5%	3,111	(3,111)	-	-
	P/B ratio	10%	4,575	(4,392)	-	-

The favorable and unfavorable effects of the Group represent the variations 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.

(x) Financial risk management

The financial risk management objectives and policies of the Group have not changed significantly from those disclosed in note 6(x) of the consolidated financial statements for the year ended December 31, 2024.

(y) Capital management

The capital management objectives, policies and procedures of the Group are consistent with those disclosed in the consolidated financial statements of 2024. In addition, there is no significant change between the aggregate quantitative data as capital management items and those disclosed in the consolidated financial statements of 2024. Please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2024.

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

The Group's reconciliation of liabilities arising from financing activities for the six months ended June 30, 2025 and 2024 were as follows:

	2025.1.1	Cash flows	Non-cash changes and others	2025.6.30
Long-term borrowings (including current portion)	\$ 9,653,874	(3,885,491)	-	5,768,383
Short-term borrowings	15,748,986	208,334	-	15,957,320
Convertible corporate bonds payable	2,744,433	(700)	7,918	2,751,651
Lease liabilities	106,870	(38,945)	49,745	117,670
Total liabilities from financing activities	<u>\$ 28,254,163</u>	<u>(3,716,802)</u>	<u>57,663</u>	<u>24,595,024</u>

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	2024.1.1	Cash flows	Non-cash changes and others	2024.6.30
Long-term borrowings (including current portion)	\$ 5,497,600	18,900	-	5,516,500
Short-term borrowings	17,523,248	12,059,381	-	29,582,629
Convertible corporate bonds payable	497,114	3,001,000	(727,080)	2,771,034
Lease liabilities	133,876	(36,744)	14,933	112,065
Total liabilities from financing activities	<u>\$ 23,651,838</u>	<u>15,042,537</u>	<u>(712,147)</u>	<u>37,982,228</u>

(7) Related-party transactions

(a) Names and relationships with related parties

Name of related party	Relationship with the Group
Eplus Asia Limited (Eplus Asia)	An associate of the Group
TOPLEAD ELECTRONICS CO., LTD. (TOPLEAD ELECTRONICS)	An associate of the Group
HUIZHOU FULI ELECTRONIC LIMITED (HUIZHOU FULI)	An associate of the Group
MARS SEMICONDUCTOR CORP. (MARS)	The Group serves as the legal director of the company
SUZHOU GOLDEN CROWN NEW ENERGY LIMITED(GOLDEN CROWN (SUZHOU))	Substantive related party
MARK CORE DIGITAL LIMITED (MARK CORE)	Substantive related party
SOUTH BASE INTERNATIONAL LIMITED(SHENZHEN) (SOUTH BASE INTERNATIONAL)	Substantive related party
SHENZHEN YINGYI TECHNOLOGY CO., LTD (SHENZHEN YINGYI)	Substantive related party
HONG KONG DIANZHI TECHNOLOGY CO., LIMITED (HONG KONG DIANZHI TECHNOLOGY)	Substantive related party
HIGH TECH CHARITY ASSOCIATION	The Group's key management personnel currently serves as director of the association
Ka Chun	Key management personnel of the Group
Wang Yi	Key management personnel of the Group
Li Yingyi	Key management personnel of the Group
Key management personnel	Key management personnel of the Group

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Notes to the Consolidated Financial Statements

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales transactions and outstanding balances by the Group to related parties were as follows:

	Sale				Trade receivables due from related parties		
	For the three months ended June 30		For the six months ended June 30				
	2025	2024	2025	2024	2025.6.30	2024.12.31	2024.6.30
Associates							
Eplus Asia	\$ (320)	1,508	339	2,027	6,750	-	20,536
TOPLEAD							
ELECTRONICS	616	1,739,575	28,420	7,008,121	41,694	58,024	-
HUIZHOU FULI	5,947	5,636	13,508	16,573	332,464	328,515	293,859
Other related parties							
Mark Core	506	2,194,949	638,779	2,205,584	506	-	283,742
HONG KONG							
DIANZHI	100,872	-	100,872	-	98,782	-	-
Other related parties	654	-	1,207	97	-	543,144	-
	<u>\$ 108,275</u>	<u>3,941,668</u>	<u>782,675</u>	<u>9,232,402</u>	<u>480,196</u>	<u>929,683</u>	<u>598,137</u>

The selling prices and collection terms of the Group's sales to associates and other related parties were not significantly different from those with third-party customers. For the six months ended June 30, 2025 and 2024, the Group purchased or processed goods for some related parties and then sold to related parties, amounted to \$193,499 thousand and \$345,332 thousand, respectively. The Group had already deducted the same amount of sales revenue and cost of goods sold on account.

As of June 30, 2024, the advance sales receipts from TOPLEAD ELECTRONICS were \$184,116 thousand. There was no such situation on June 30, 2025 and December 31, 2024.

(ii) Purchases

The amount of significant purchase by the Group from related parties were as follows:

	Purchases				Payables to related parties		
	For the three months ended June 30		For the six months ended June 30				
	2025	2024	2025	2024	2025.6.30	2024.12.31	2024.6.30
Other related parties	<u>\$ 233</u>	<u>26</u>	<u>233</u>	<u>26</u>	<u>-</u>	<u>33</u>	<u>26</u>

The pricing of purchase transactions with related parties were at prices with markup adjustments based on the market price or at purchase prices plus expenses such as freight, customs clearance fees and miscellaneous fees. The payment terms were not significantly different from those offered by other vendors.

(iii) Financing of the Group from related-parties: (Recognized as other financial liabilities). There was no such situation on June 30, 2025.

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204.12.31					
	Highest balance	Ending balance	Interest rate	Interest expenses	Interest payable
Key management personnel	\$ 56,161	-	3.00%~5.00%	677	-
Other related parties	97,450	-	7.00%~8.00%	1,767	-
	\$ 153,611	-		2,444	-

2024.06.30					
	Highest balance	Ending balance	Interest rate	Interest expenses	Interest payable
Key management personnel	\$ 50,085	-	5.00%	677	-
Other related parties	97,302	35,060	7.00%~8.00%	875	-
	\$ 147,387	35,060		1,552	-

(iv) Others

- 1) The Group provides warehousing, inventory management, information and financial management services for associates. For the three months and six months ended June 30, 2025 and 2024, the service revenues were \$223 thousand, \$194 thousand, \$285 thousand and \$3,132 thousand, respectively. As of June 30, 2025, December 31 and June 30, 2024, the account receivables were \$5 thousand, \$662 thousand, and \$1,325 thousand, respectively, under “other current financial assets”.
- 2) The Group delegated the promotion of marketing services to the related parties. For the three months and six months ended June 30, 2025 and 2024, the services expense were \$39,850 thousand, \$65,467 thousand, \$88,184 thousand and \$113,721 thousand, respectively. As of June 30, 2025, December 31 and June 30, 2024, the accrual expense were \$23,193 thousand, \$88,938 thousand, and \$51,791 thousand, respectively, under “other current financial liabilities.”
- 3) For the six months ended June 30, 2025, donations made by the Group to other related parties amounted to \$3,000 thousand.

(c) 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	\$ 31,605	35,695	55,279	68,319
Post-employment benefits	298	232	594	441
Termination benefits	-	-	-	-
Other long-term employee benefits	-	-	-	-
Share-based payments	-	-	-	-
	\$ 31,903	35,927	55,873	68,760

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Notes to the Consolidated Financial Statements

(8) Pledged assets

The carrying value of pledged assets were as follows:

Name of assets	Object	2025.6.30	2024.12.31	2024.6.30
Restricted bank deposits (under other receivables - other)	Long-term and short-term borrowings	\$ 723,681	782,196	1,002,921
Notes and trade receivables	Short-term borrowings	354,530	79,111	-
Land and buildings	Short-term borrowings and its credit line	217,477	218,649	219,822
		<u>\$ 1,295,688</u>	<u>1,079,956</u>	<u>1,222,743</u>

(9) Commitments and contingencies

(a) The secured letters of credit for purchases and borrowings of the Group were as follows:

(in thousand US dollars)

Name of assets	2025.6.30	2024.12.31	2024.6.30
Outstanding standby letters of credit	<u>\$ 72,000</u>	<u>69,000</u>	<u>37,800</u>
Unused letters of credit	<u>\$ -</u>	<u>2,315</u>	<u>1,000</u>

(b) The Group has demand for operating and financing capital. As of June 30, 2025, December 31 and June 30, 2024, the amounts of the guarantees provided to financial institutions by the Group were \$13,077,799 thousand, \$12,863,765 thousand, and \$17,143,925 thousand, respectively.

(c) As of June 30, 2025, December 31 and June 30, 2024, the Group had contractual commitments for placed orders pending delivery under purchase agreements amounting to \$2,724,829 thousand, \$2,961,663 thousand, and \$1,355,261 thousand, respectively. As of June 30, 2025, prepayments made under these agreements totaled \$173,679 thousand. Failure to fulfill the terms of these agreements may result in forfeiture losses.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Others

The summary of employee benefits, depreciation, and amortization, by function, was as follows:

Function Type	For the three months ended June 30, 2025			For the three months ended June 30, 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salary	1,699	181,522	183,221	1,331	176,114	177,445
Labor and health insurance	154	13,901	14,055	159	13,220	13,379
Pension	99	8,666	8,765	77	8,205	8,282
Others	91	16,088	16,179	81	18,986	19,067
Depreciation	221	23,847	24,068	113	23,551	23,664
Amortization	-	3,174	3,174	-	2,770	2,770

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Function Type	For the six months ended June 30, 2025			For the six months ended June 30, 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salary	2,932	336,659	339,591	2,553	345,199	347,752
Labor and health insurance	304	28,286	28,590	318	27,107	27,425
Pension	177	18,908	19,085	155	16,265	16,420
Others	172	31,676	31,848	162	36,604	36,766
Depreciation	438	50,206	50,644	174	46,696	46,870
Amortization	-	6,141	6,141	-	5,950	5,950

(13) Other disclosures

(a) Information on significant transactions

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

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

No	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in mainland China
		Name	Relationship with the Company										
0	The Company	GOLDEN SUPREME (HK)	The Company indirectly invest through CAYMAN ALFO	19,209,821	2,322,600	2,051,000	468,800	-	12.81%	40,020,460	Y	N	N
"	"	GOLDEN SUPREME (SH)	"	19,209,821	3,465,949	3,013,249	1,544,020	-	18.82%	40,020,460	Y	N	Y
"	"	HK XZJ	"	19,209,821	4,644,030	3,852,950	2,436,588	-	24.07%	40,020,460	Y	N	N
"	"	WORLD PACIFIC (HK)	Subsidiary	19,209,821	663,600	586,000	468,800	-	3.66%	40,020,460	Y	N	N
"	"	SOUTH BASE (HK)	The Company indirectly invest through WEST SAMOA	19,209,821	3,905,220	3,574,600	2,673,039	-	22.33%	40,020,460	Y	N	N

Note 1: The guarantee amounts given to single entity shall not exceed 120% of the Company's net worth in the latest financial statements.

Note 2: The highest balance for guarantees cannot exceed 250% of the Company's net worth in the latest financial statement.

Note 3: The above guarantee parties are net included in the consolidated financial statements.

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

Unit: thousand shares

Name of holder	Category and name of security	Relationship with the Company	Accounting item	Ending balance				Note
				Number of shares	Carrying amount	Percentage of ownership (%)	Fair value	
The Company	MARS SEMICONDUCTOR CORP.	Related parties	Financial assets at fair value through profit or loss	1,974	86,841	6.80	86,841	
GOLDEN SUPREME (SH)	HAINING LEZHONG INFORMATION TECHNOLOGY LIMITED	None	"	4,019	38,485	12.18	38,485	

Note: Only securities with a year-end balance of \$30 million or more are disclosed.

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- (iv) Information regarding related-party purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital:

Company name	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	GOLDEN SUPREME (HK)	Subsidiary	Purchase	2,349,091	6.77 %	(Note2)	No significant difference	No significant difference	(1,118,500)	(46.83)%	(Note 1)
"	"	"	(Sale)	(249,121)	(0.73) %	"	"	"	-	-%	"
GOLDEN SUPREME (HK)	The Company	Parent Company of GOLDEN SUPREME (HK)	(Sale)	(2,349,091)	(5.71) %	"	"	"	1,118,500	11.76%	"
"	"	"	Purchase	249,121	0.71 %	"	"	"	-	-%	"
"	GOLDEN SUPREME (SH)	Affiliate	(Sale)	(316,449)	(0.77) %	"	"	"	107,834	1.13%	"
"	HK XZJ	"	(Sale)	(20,501,019)	(49.85) %	"	"	"	4,429,158	46.55%	"
GOLDEN SUPREME (SH)	GOLDEN SUPREME (HK)	"	Purchase	316,449	7.53 %	"	"	"	(107,834)	(99.17)%	"
HK XZJ	"	"	Purchase	20,501,019	77.18 %	"	"	"	(4,429,158)	(89.85)%	"
"	DIANZHI(HK)	Substantive related party	(Sale)	(100,872)	(0.38) %	"	"	"	98,782	1.64%	"
"	Mark Core	Substantive related party	(Sale)	(638,779)	(2.39) %	"	"	"	506	0.01%	"
SOUTH BASE (HK)	SOUTH BASE (SZ)	Subsidiary of SOUTH BASE (HK)	(Sale)	(132,484)	(0.69) %	"	"	"	124,099	3.32%	(Note 1)
SOUTH BASE (SZ)	SOUTH BASE (HK)	Parent Company of SOUTH BASE (SZ)	Purchase	132,484	85.30 %	"	"	"	(124,099)	(89.26)%	"

Note1: Transactions within the Group were eliminated in the consolidated financial statements.

Note2: The payment terms of 30 days to 120 days can be adjusted at the discretion agreed by both parties.

- (v) Information regarding receivables from related parties exceeding 100 million or 20% of the Company's paid-in capital:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amount received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
GOLDEN SUPREME (HK)	The Company	Parent Company of GOLDEN SUPREME (HK)	1,118,500(notes 3)	8.40	-	-	523,780	-
"	GOLDEN SUPREME (SH)	Affiliate	107,834(note2 and 3)	7.09	-	-	-	-
"	HK XZJ	"	4,429,158(note 3)	10.54	-	-	3,708,347	-
"	HUIZHOU FULI	Associates	332,464(notes 2)	0.69	254,760	-	-	282,881
SOUTH BASE (HK)	SOUTH BASE (SZ)	Subsidiary of SOUTH BASE (HK)	124,099(notes 3)	1.69	66,317	-	51,040	-

Note 1: Until July 31, 2025.

Note 2: The trade receivables resulted from goods sold to related parties, which is considered as on behalf of procurement in the financial statements, and had already deducted the same amount of sales revenue and cost of goods sold.

Note 3: Transactions within the Group were eliminated from the consolidated financial statements.

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Notes to the Consolidated Financial Statements

(vi) Business relationships and significant intercompany transactions: (Only transactions with an amount of NT\$100 million or more are disclosed)

No. (Note 1)	Name of company	Name of counterparty	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	GOLDEN SUPREME (HK)	1	Sale	249,121	Note 5	0.24%
1	GOLDEN SUPREME (HK)	The Company	2	Sale	2,349,091	"	2.29%
1	"	"	2	Trade receivables	1,118,500	"	2.12%
1	"	GOLDEN SUPREME (SH)	3	Sale	316,449	"	0.31%
1	"	"	3	Trade receivables	107,834	"	0.20%
1	"	HK XZJ	3	Sale	20,501,019	"	19.97%
1	"	"	3	Trade receivables	4,429,158	"	8.38%
2	SOUTH BASE (HK)	SOUTH BASE (SZ)	3	Sale	132,484	"	0.13%
2	"	"	3	Trade receivables	124,099	"	0.23%

Note 1: The "No." column is filled in as follows:

1. "0" represents the parent company, and the others represent the subsidiaries.
2. The subsidiaries start with number "1".

Note 2: The relationship with the counterparty is represented as follows:

1. "1" represents the transactions from parent company to subsidiary.
2. "2" represents the transactions from subsidiary to parent company.
3. "3" represents the transactions between subsidiaries.

Note 3: The pricing of purchase transactions with related parties were at price with markup adjustments based on the market price or at purchase prices plus expenses such as freight, customs clearance fees, and miscellaneous fees.

Note 4: Transactions within the Group were eliminated in the consolidated financial statements.

Note 5: The payment terms of 30 days to 120 days can be adjusted at the discretion agreed by both parties.

(b) Information on investees (Excluding investee companies in mainland China)

Information on the Group's reinvestment businesses for the six months ended June 30, 2025 is as follow:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2025			Net income (losses) of investee	Share of profits (losses) of investee	Note
				June 30, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying amount			
The Company	WEST SAMOA	Samoa	Investing company	4,293,866	4,293,866	131,598	100.00%	12,767,838	307,668	307,668	Note 1
"	GO-TECH ENERGY	Taiwan	Manufacture of batteries and service of energy technique	326,333	326,333	12,689	69.53%	5,165	(13,479)	(9,372)	"
"	SUNAMPER ELECTRONIC	Taiwan	Trading of computer hardware and software and components	26,467	26,467	2,897	37.38%	-	-	-	Note 2
"	POCT	Taiwan	Biotechnology related products	30,000	30,000	3,000	100.00%	10,707	551	551	Note 1
"	BILLION	Taiwan	Manufacturing and trading of electronic parts	5,100	5,100	510	51.00%	5,029	58	30	"
"	WORLD PACIFIC (HK)	Hong Kong	Warehousing services and import/export business	259,515	259,515	60,812	100.00%	432,941	33,192	33,192	"
"	ALFO (INDIA)	India	Import/export trading of battery cells and electronic parts	6,631	6,631	1,700	100.00%	5,600	(127)	(127)	"
"	GOLDEN SUPREME (SGP)	Singapore	Trading of electronic parts	24,026	24,026	1,000	100.00%	15,323	(5,496)	(5,496)	"
GO-TECH ENERGY	ODOO BIKE	Taiwan	Manufacture of automotive and its parts	10,500	10,500	1,050	35.00%	-	-	-	Note 3
WEST SAMOA	CAYMAN ALFO	Cayman	Investment corporation	4,369,558	4,369,558	138,473	100.00%	11,699,444	255,624	255,624	Note 1
"	Samoa Mighty	Samoa	Investment corporation	294,938	294,938	527	65.00%	721,200	52,909	34,391	"
"	SOUTH BASE (HK)	Hong Kong	Trading of electronic parts	65,934	65,934	2,273	20.00%	353,454	88,182	17,636	"
Samoa Mighty	Samoa Dario	Samoa	Investing company	24,534	24,534	811	100.00%	997,125	52,909	52,909	"
Samoa Dario	SOUTH BASE (HK)	Hong Kong	Trading of electronic parts	24,534	24,534	6,818	60.00%	997,125	88,182	52,909	"
CAYMAN ALFO	GOLDEN SUPREME (HK)	Hong Kong	Trading of electronic parts	4,171,035	4,171,035	1,021,800	100.00%	10,789,374	240,347	240,347	"
"	Eplus	Korea	Trading of electronic parts	41,174	41,174	39	20.00%	49,821	12,858	1,173	"
"	Eplus Asia	Hong Kong	Trading of electronic parts	8	8	2	20.00%	3,518	4,468	1,221	"
"	TOPLEAD ELECTRONICS	Taiwan	Trading of electronic parts	1,000	1,000	100	20.00%	3,086	(2,071)	(172)	"
"	HK XZJ	Hong Kong	Trading of electronic parts	284,776	284,776	10,098	51.00%	417,084	125,344	63,925	Note 1
GOLDEN SUPREME (HK)	ORIENTAL SUPREME ELECTRONICS	Hong Kong	Investing company	90,520	90,520	22,500	30.00%	-	(41,091)	(14,569)	"

Note 1: Transactions within the Group were eliminated in the consolidated financial statements

Note 2: SUNAMPER ELECTRONIC CO., LTD. had been closed.

Note 3: ODOO BIKE had been dissolved.

(c) Information on investment in mainland China:

SUPREME ELECTRONICS CO., LTD. AND SUBSIDIARIES

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- (i) The names of investees in mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated outflow of investment from Taiwan at the end of the period	Net income (losses) of investee	Percentage of ownership of the Company's direct or indirect investments	Investment (losses) income (Note 1)	Book value (Note 1)	Accumulated remittance of earnings in current period
GOLDEN SUPREME (SH)	Trading of electronic parts	369,011	Indirectly invest through Cayman ALFO	369,011	-	-	369,011	(50,913)	100%	(50,913)	428,137	-
HUIZHOU FULI	Processing and selling of polarizer	282,587	Indirectly invest through ORIENTAL SUPREME ELECTRONICS	-	-	-	-	(41,457)	30%	(14,698)	-	-
SOUTH BASE (SZ)	Trading of electronic parts	153,553	Indirectly invest through SOUTH BASE (HK)	-	-	-	-	(3,259)	59%	(1,923)	111,866	-
SOUTH BASE (SH)	Trading of electronic parts	13,576	#	-	-	-	-	855	59%	504	9,514	-

Note 1: Except that GOLDEN SUPREME (SH) was evaluated in the financial report of the parent company in Taiwan and reviewed by CPA as an investee company, the rest was based on the self-settled financial statements of the investee companies in the same period.

- (ii) Limitation on investment in mainland China:

Accumulated investment in mainland China at the end of the period	Invested amounts authorized by Investment Commission, MOEA	Upper Limit on Investment
418,536	927,744	9,604,910

- (iii) Significant transactions:

The significant inter-company transactions with the subsidiary in mainland China during the six months ended June 30, 2025, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(14) Segment information

Revenues of the Group primarily come from dealership of electronic products and components. The Group's operations only involve a single industry segment: the Group identifies its operating segments based on the decision of the chief operating decision maker (CODM). The chief operating decision maker's main responsibility is to integrate strategy and to allocate profit from operating results. For the six months ended June 30, 2025 and 2024, the Group's segment financial information was the same as that in the consolidated financial statements.