

**CASwell, Inc. and its Subsidiaries
Interim Condensed Consolidated
Financial Statements for the Three and
Nine Months Ended September 30, 2025
and 2024 and Independent Auditors'
Review Report**

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Independent Auditors' Review Report

To the Board of Directors of CASwell, Inc.:

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of CASwell, Inc. and its subsidiaries (“the Group”) as of September 30, 2025 and 2024, and the related interim consolidated statements of comprehensive income for the three and nine months ended September 30, 2025 and 2024, the interim consolidated statements of changes in equity, and cash flows for the nine-month periods then ended, as well as the notes to the interim condensed consolidated financial statements, including a summary of material accounting policies. 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 (IAS) No. 34 Interim Financial Reporting, as endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (Taiwan) (FSC), are the responsibility of management. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Standards on Review Engagements No. 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of the consolidated financial statements consists primarily of inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytics and other review procedures. A review is substantially less in scope than an audit 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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly prepared, in all material respects, the consolidated financial position of the Group as of September 30, 2025 and 2024, and its financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS 34 “Interim Financial Reporting,” as endorsed and issued into effect by the FSC.

KPMG

CPA:

Securities Authority FSC Securities Letter No. 1040003949
Approval Reference No. FSC Securities Letter No. 1140131922
12 November, 2025

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and consolidated financial statements shall prevail.

CASwell, Inc. and its Subsidiaries
Consolidated Statement of Financial Position

Unit: NT\$ thousand

Assets	2025.9.30		2024.12.31		2024.9.30			Liabilities and equity	2025.9.30		2024.12.31		2024.9.30	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%		
Current assets:								Current liabilities:						
1100 Cash and cash equivalents (Note 6(1))	\$ 362,404	7	487,593	9	511,697	9	2100 Short-term borrowings (Note 6 (7))	\$ 129,068	2	158,749	3	175,560	3	
1136 Financial assets at amortized cost - current	80,169	1	69,189	1	67,320	1	2170 Accounts payable	601,273	12	618,699	11	649,410	11	
1170 Notes and accounts receivable, net (Note 6(2) and (14))	742,863	14	843,499	15	655,115	12	2180 Accounts payable - related parties (Note 7)	17,297	-	36,807	-	38,476	1	
1180 Accounts receivable from related parties - net (Note 6(2), (14) and 7)	313	-	13,230	-	17,384	-	2200 Other payables (including related parties) (Note 7)	129,586	2	143,473	3	149,898	3	
1200 Other receivables (including related parties) (Note 7)	73,909	1	64,301	1	77,020	1	2230 Current income tax liabilities	28,483	1	51,503	1	33,316	1	
1220 Current income tax assets	24	-	-	-	631	-	2252 Short-term provisions for warranty	5,939	-	6,162	-	5,443	-	
130X Inventories (Note 6(3))	2,139,290	39	2,104,877	37	2,193,513	39	2280 Lease liabilities - current (Note 6(9))	36,947	1	38,402	1	33,100	1	
1470 Other current assets (Notes 7 and 8)	96,621	2	94,205	2	102,034	2	2322 Long-term borrowings due within one year (Note 6(8) and 8)	6,292	-	1,388	-	1,381	-	
Total current assets	3,495,593	64	3,676,894	65	3,624,714	64	2399 Other current liabilities - others (Note 7)	115,842	2	116,568	2	124,389	2	
Non-current assets:							Total current liabilities	1,070,727	20	1,171,751	21	1,210,973	22	
1510 Financial assets at FVTPL - non-current	44,854	1	47,364	1	55,633	1	2540 Long-term borrowings (Notes 6(8) and 8)	213,978	4	269,920	5	270,269	5	
1517 Financial assets at FVOCI - non-current	52,207	1	79,402	1	112,678	2	2552 Long-term warranty provisions	22,904	-	23,389	-	20,821	-	
1600 Property, plant and equipment (Note 6(4) and 8)	771,172	14	784,767	14	787,327	14	2570 Deferred income tax liabilities	15,913	-	25,727	-	24,606	-	
1755 Right-of-use assets (Note 6(5))	693,623	13	714,507	13	708,431	13	2580 Lease liabilities - non-current (Note 6(9))	484,120	9	499,314	9	497,326	9	
1780 Intangible assets (Note 6(6))	339,768	7	338,026	6	342,213	6	2670 Other non-current liabilities - others	5	-	14	-	22	-	
1840 Deferred income tax assets	15,306	-	14,053	-	11,181	-	Total non-current liabilities	736,920	13	818,364	14	813,044	14	
1900 Other non-current assets	15,063	-	11,086	-	11,959	-	Total liabilities	1,807,647	33	1,990,115	35	2,024,017	36	
	1,931,993	36	1,989,205	35	2,029,422	36	Equity attributable to shareholders of the parent company (Note 6(12)):							
							3100 Share capital	733,485	14	733,485	13	733,485	13	
							3200 Capital surplus	1,445,196	27	1,445,196	25	1,445,196	26	
							3300 Retained earnings:							
							3310 Legal reserve	417,588	8	384,748	7	384,748	7	
							3320 Special earnings reserve	61,227	1	52,985	1	52,985	1	
							3350 Undistributed earnings	918,841	17	961,065	17	882,047	15	
							Total retained earnings	1,397,656	26	1,398,798	25	1,319,780	23	
							3400 Other equity	(87,858)	(2)	(61,227)	(1)	(36,462)	(1)	
							Equity attributable to owners of the parent	3,488,479	65	3,516,252	62	3,461,999	61	
							36XX Non-controlling interests	131,460	2	159,732	3	168,120	3	
							Total equity	3,619,939	67	3,675,984	65	3,630,119	64	
Total assets	\$ 5,427,586	100	5,666,099	100	5,654,136	100	Total liabilities and equity	\$ 5,427,586	100	5,666,099	100	5,654,136	100	

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc. and its Subsidiaries
Consolidated Statements of Comprehensive Income

Unit: NT\$ thousand

	For the three months ended September 30				For the nine months ended September 30				
	2025		2024		2025		2024		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Revenue (Note 6(14) and 7)								
	\$	966,269	100	1,119,929	100	3,136,716	100	3,083,805	100
5000	Cost of sales (Note 6(3), (4), (5), (9), (10), (15), 7 and 12)								
		746,743	77	845,782	76	2,402,943	77	2,342,178	76
	Gross profit								
		219,526	23	274,147	24	733,773	23	741,627	24
	Operating expenses (Note 6(4), (5), (9), (10), (15), 7 and 12):								
6100		47,621	5	49,484	4	150,285	5	129,615	4
6200		37,260	4	57,789	5	110,718	3	171,012	6
6300		64,522	7	64,354	6	209,081	7	190,251	6
6450		(10)	-	(19)	-	139	-	(1,962)	-
	Total operating expenses								
		149,393	16	171,608	15	470,223	15	488,916	16
	Operating profit								
		70,133	7	102,539	9	263,550	8	252,711	8
	Non-operating income and expenses (Note 6(16)):								
7100		2,069	-	3,021	-	7,602	-	9,222	-
7010		6,871	1	14,441	1	22,413	1	42,282	1
7020		25,193	3	(2,894)	-	(6,592)	-	20,796	1
7050		(4,867)	(1)	(5,317)	-	(14,749)	-	(16,353)	-
	Total non-operating income and expenses								
		29,266	3	9,251	1	8,674	1	55,947	2
7900	Profit before tax								
		99,399	10	111,790	10	272,224	9	308,658	10
7950	Less: Income tax expense (Note 6(9))								
		20,618	2	24,265	2	61,353	2	62,359	2
	Net profit								
		78,781	8	87,525	8	210,871	7	246,299	8
8300	Other comprehensive income (loss):								
8310	Items that will not be reclassified to profit or loss								
8316		(7,974)	(1)	(1,635)	-	(23,429)	(1)	1,716	-
8349		-	-	-	-	-	-	-	-
	Total of items that will not be reclassified to profit or loss								
		(7,974)	(1)	(1,635)	-	(23,429)	(1)	1,716	-
8360	Items that may be reclassified subsequently to profit or loss								
8361		10,271	1	15,544	1	(16,018)	-	17,496	1
8399		-	-	-	-	-	-	-	-
	Total of items that may be reclassified subsequently to profit or loss								
		10,271	1	15,544	1	(16,018)	-	17,496	1
8300	Other comprehensive income (loss)								
		2,297	-	13,909	1	(39,447)	(1)	19,212	1
8500	Total comprehensive income (loss)								
	\$	81,078	8	101,434	9	171,424	6	265,511	9
	Net profit attributable to:								
8610		77,753	8	87,918	8	213,444	7	249,386	8
8620		1,028	-	(393)	-	(2,573)	-	(3,087)	-
	Net profit								
	\$	78,781	8	87,525	8	210,871	7	246,299	8
	Comprehensive income attributable to:								
8710		82,447	8	101,580	9	184,938	6	265,909	9
8720		(1,369)	-	(146)	-	(13,514)	-	(398)	-
	Total comprehensive income (loss)								
	\$	81,078	8	101,434	9	171,424	6	265,511	9
	Earnings per share (Note 6(13))								
9750		1.06		1.20		2.91		3.40	
9850		1.06		1.20		2.90		3.40	

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc. and its Subsidiaries
Consolidated Statements of Changes in Equity

Unit: NT\$ thousand

	Equity attributable to shareholders of parent company					Other equity items		Total equity attributable to shareholders of the parent company	Non-controlling interests	Total Equity
	Share capital	Capital surplus	Earnings distribution and reserves			Exchange differences arising from the translation of foreign operations	FVOCI reserve for financial assets			
			Legal reserve	Special earnings reserve	Undistributed earnings					
Balance, January 1, 2024	\$ 733,485	1,445,196	352,478	40,230	883,062	(38,510)	(14,475)	3,401,466	185,047	3,586,513
Profit for the period	-	-	-	-	249,386	-	-	249,386	(3,087)	246,299
Other comprehensive income (loss)	-	-	-	-	-	15,483	1,040	16,523	2,689	19,212
Total comprehensive income (loss)	-	-	-	-	249,386	15,483	1,040	265,909	(398)	265,511
Earnings distribution:										
Appropriation of legal reserve	-	-	32,270	-	(32,270)	-	-	-	-	-
Appropriation of special reserve	-	-	-	12,755	(12,755)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(205,376)	-	-	(205,376)	-	(205,376)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(16,529)	(16,529)
Balance, September 30, 2024	\$ 733,485	1,445,196	384,748	52,985	882,047	(23,027)	(13,435)	3,461,999	168,120	3,630,119
Balance, January 1, 2025	\$ 733,485	1,445,196	384,748	52,985	961,065	(31,274)	(29,953)	3,516,252	159,732	3,675,984
Profit for the period	-	-	-	-	213,444	-	-	213,444	(2,573)	210,871
Other comprehensive income (loss)	-	-	-	-	-	(14,299)	(14,207)	(28,506)	(10,941)	(39,447)
Total comprehensive income (loss)	-	-	-	-	213,444	(14,299)	(14,207)	184,938	(13,514)	171,424
Earnings distribution:										
Appropriation of legal reserve	-	-	32,840	-	(32,840)	-	-	-	-	-
Appropriation of special reserve	-	-	-	8,242	(8,242)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(212,711)	-	-	(212,711)	-	(212,711)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(14,758)	(14,758)
Disposal of equity investments measured at FVOCI	-	-	-	-	(1,875)	-	1,875	-	-	-
Balance, September 30, 2025	\$ 733,485	1,445,196	417,588	61,227	918,841	(45,573)	(42,285)	3,488,479	131,460	3,619,939

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc. and its Subsidiaries
Consolidated Statements of Cash Flows

Unit: NT\$ thousand

	For the nine months ended	
	September 30	
	2025	2024
Cash flows from operating activities:		
Profit before tax	\$ 272,224	308,658
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	60,309	64,488
Amortization	4,261	9,239
Net expected credit losses (reversals)	139	(1,962)
Net gain on financial assets/liabilities at FVTPL	(4,627)	(8,845)
Interest expenses	14,749	16,353
Interest income	(7,602)	(9,222)
Loss (gain) on disposal and scrapping of property, plant and equipment	(388)	2,517
Loss (gain) on lease modification	488	(4)
Total adjustments to reconcile profit (loss)	67,329	72,564
Changes in operating assets/liabilities:		
Net changes in operating assets:		
Decrease in notes and accounts receivable (including related parties)	113,214	96,440
Increase in other receivables - including related parties	(9,608)	(35,466)
Inventory increase	(35,206)	(404,603)
Increase in other current assets	(2,416)	(28,668)
Total net changes in operating assets	65,984	(372,297)
Net changes in operating liabilities:		
Increase (decrease) in accounts payable (including related parties)	(36,936)	137,340
Increase (decrease) in other payables (including related parties)	(13,887)	14,726
Increase (decrease) in warranty provisions	(489)	1,451
Decrease in other current liabilities	(726)	(12,436)
Total net changes in operating liabilities	(52,038)	141,081
Total net changes in operating assets and liabilities	13,946	(231,216)
Total adjustments	81,275	(158,652)
Cash generated from operating activities	353,499	150,006
Interest received	7,602	9,222
Interest paid	(14,749)	(16,353)
Income tax paid	(95,464)	(102,913)
Net cash inflow generated from operations	250,888	39,962
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at FVOCI	3,766	-
Proceeds from return of capital of financial assets at FVTPL	11,937	1,339
Acquisition of financial assets at amortized cost	(10,980)	(15,041)
Acquisition of financial assets at FVTPL	(4,800)	-
Acquisition of property, plant and equipment	(9,609)	(41,222)
Disposal of property, plant and equipment	1,678	285
Acquisition of intangible assets	(4,475)	(3,367)
Decrease (increase) in other non-current assets	(4,316)	3,279
Net cash used in investing activities	(16,799)	(54,727)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	219,391	150,000
Decrease in short-term borrowings	(250,000)	(5,275)
Repayments of long-term borrowings	(51,038)	(50,894)
Repayment of the principal portion of lease liabilities	(34,481)	(40,041)
Decrease in other non-current liabilities	(9)	(6)
Cash dividends paid	(212,711)	(205,376)
Changes in non-controlling interests	(14,758)	(16,529)
Net cash used in financing activities	(343,606)	(168,121)
Effect of exchange differences on cash and cash equivalents	(15,672)	15,711
Decrease in cash and cash equivalents of the current period	(125,189)	(167,175)
Cash and cash equivalents at beginning of period	487,593	678,872
Cash and cash equivalents at end of period	\$ 362,404	511,697

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Steve Chu

Manager: Reaforl Hung

Accounting Supervisor: Amber Lee

CASwell, Inc. and its Subsidiaries
Notes to Consolidated Financial Statements
For the Nine Months Ended September 30, 2025 and 2024
(Amount in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History and Business Scope

CASwell, Inc. (“the Company”) was established on April 19, 2007 with the approval of the Ministry of Economic Affairs. The address of its registered office and principal place of business is 12F., No. 308, Jianguo 1st Road, Xinzhuang District, New Taipei City. The businesses scope of the Company and its subsidiaries (collectively referred as “the Group”) includes Electronic Components Manufacturing, Computers and Peripherals Manufacturing, Equipment Manufacturing, Wholesale of Electronic Materials and Information Services.

2. Process and Date of Authorization for Issue

This consolidated financial statements were approved and authorized for issue by the Board of Directors on November 12, 2025.

3. Impact on Application of Amendments and New Standards and Interpretations

- (1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to IFRS Accounting Standards endorsed and issued into effect by the FSC from January 1, 2025, did not have a material impact on the accounting policies of the Group.

- Amendments to IAS 21 “Lack of Exchangeability”
- (2) The IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2026

The Group has evaluated that the initial application of amendments to IFRS Accounting standards effective from January 1, 2026, are not expected to have a material impact on the Group’s accounting policies.

- IFRS 17 “Insurance Contracts” and amendments
- Amendments to IFRS9 and IFRS7 “the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

- (3) Amendments and new standards issued by IASB, but not yet endorsed and issued into effect by the FSC

The Group expects the following IFRS Accounting standards and amendments which have not yet been endorsed by FSC may be relevant to the accounting policies of the Group:

Amendments and New Standards	Key Topics	Effective Date announced by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>To provide financial statements users with better and more consistent information, the standard provides enhanced guidance on disaggregation and newly introduces three amendments that all entities apply including 1) classifying items of income and expenses into each of the three new categories in income statement, 2) two additional income and expenses subtotals, and 3) newly defined management performance measures to be disclosed in a single note to the financial statements.</p> <ul style="list-style-type: none"> • More Structured Income Statement: Under the current standard, companies use different formats to present their operating results, making it difficult for investors to compare financial performance across entities. The new standard adopts a more structured statement of profit or loss, introducing a newly defined “operating profit” subtotal and requiring all income and expenses to be classified into three distinct new categories based on the company’s main operating activities. • Management Performance Measures (MPMs): The standard newly introduces the definition of MPM and requires companies to explain, in a single note to the financial statements, why each measure provides useful information, how it is calculated, and how it is reconciled to amounts recognized under IFRS Accounting Standards. • More Disaggregated Information: The new standard includes guidance on how companies should enhance the disaggregation of information in financial statements. This includes directions on whether information should be presented in the primary financial statements or further disaggregated in the notes. 	<p>January 1, 2027</p> <p>Note: The FSC announced in a press release dated September 25, 2025 that Taiwan will adopt <i>IFRS 18</i> beginning with the 2028 fiscal year. Early adoption is permitted upon approval by the FSC.</p>

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

As of the date the consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Group completes its evaluation.

The Group does not expect the following IFRS Accounting Standards and Amendments, which have not yet been endorsed, will have a material impact on the accounting policies of the Group.

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

4. Summary of Material Accounting Policies

(1) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting”, endorsed and issued into effect by the FSC. The consolidated financial statements do not include all the disclosures required for a complete set of annual consolidated financial statements prepared in accordance with the IFRS Accounting Standards endorsed and issued into effect by the FSC.

Except as described below in Note 4(3), the material accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2024. For details, please refer to Note 4 to the 2024 consolidated financial statements.

(2) Basis for consolidation

a. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activity	Ownership %		
			2025.9.30	2024.12.31	2024.9.30
The Company	CASO, INC. (“CASO”)	Import and sales of network appliances and computer peripherals, etc.	99%	99%	99%
The Company	CASWELL INTERNATIONAL INVESTMENT CO., LTD.	Overseas investment	100%	100%	100%
The Company	CASWELL AMERICAS, INC. (“CAI”)	Sales of network appliances	100%	100%	100%
CASWELL INTERNATIONAL INVESTMENT CO., LTD.	BEIJING CASWELL LTD. (“BCW”)	Manufacturing and sales of network appliances	82%	82%	82%

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

<u>Name of Investor</u>	<u>Name of Subsidiary</u>	<u>Main Business Activity</u>	<u>Ownership %</u>		
			<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
The Company	APLIGO GmbH ("APLIGO")	Hub and SI Service	66.67%	66.67%	66.67%
The Company	HAWKEYE TECH, CO., LTD ("HAWKEYE")	Design and manufacturing of telecommunic ations and network appliances	60.64%	60.64%	60.64%

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

(3) Income tax

The Group measures and discloses interim income tax expense in accordance with the requirements of paragraph B12 of IAS 34, Interim Financial Reporting.

Income tax expense is measured by applying the management's best estimate of the annual effective tax rate to the net profit before tax for the interim reporting period.

Income tax expense recognized directly in equity or in other comprehensive income is measured based on the temporary differences between the carrying amounts of the related assets and liabilities for financial reporting purposes and their tax bases, using the tax rates that are expected to apply in the period when the assets are realized or the liabilities are settled.

5. Major Sources of Estimation Uncertainty, Assumptions and Significant Judgements

In the process of preparing these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, Interim Financial Reporting, as endorsed by the FSC, management is required to make judgments, assumptions, and estimates about the future (including climate-related risks and opportunities) that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the major sources of estimation uncertainty, are consistent with those disclosed in Note 5 of the consolidated financial statements for the year ended December 31, 2024.

6. Details of Significant Accounts

Except as described below, there are no significant differences in the disclosures of significant accounts in these consolidated financial statements compared to those in the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to Note 6 to the consolidated financial statements for the year ended December 31, 2024.

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
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(1) Cash and Cash Equivalents

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Cash on hand and petty cash	\$ 1,024	821	914
Foreign currency and demand deposits	296,471	432,022	423,991
Short-term certificate of deposit	<u>64,909</u>	<u>54,750</u>	<u>86,792</u>
Cash and cash equivalents at end of period in the consolidated statements of cash flows	<u>\$ 362,404</u>	<u>487,593</u>	<u>511,697</u>

Refer to Note 6(17) for the details on interest rate risk and sensitivity analysis of financial assets of the Group.

(2) Notes and accounts receivable, net (including related parties)

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Notes receivable	\$ 662	983	1,447
Accounts receivable	749,841	862,733	677,698
Less: Loss allowance	<u>(7,327)</u>	<u>(6,987)</u>	<u>(6,646)</u>
	<u>\$ 743,176</u>	<u>856,729</u>	<u>672,499</u>

The Group adopts simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses (ECL) for all notes and accounts receivable. The lifetime ECL are recognized on a collective basis considering forward-looking information, including macroeconomic information related to the industry in which the entity operates. For the purpose of determining significant increases in credit risk and recognizing a loss allowance on a collective basis, the Group groups notes and accounts receivable on the basis of shared credit risk characteristics which align with customers' ability to meet contractual cash flows. The ECL analysis for notes and accounts receivable of the Group is as follows:

	<u>2025.9.30</u>		
	Carrying amount of notes and accounts receivable	Probability- weighted ECL rate	Allowance for lifetime ECL
Not Past Overdue	\$ 659,832	0.06%	401
Past Due ≤ 30 Days	43,858	0.48%	212
Past Due 31-120 days	37,753	2.51%	949
Past Due 121-365 days	8,209	59.86%	4,914
Past Due ≥ 366 Days	<u>851</u>	100.00%	<u>851</u>
	<u>\$ 750,503</u>		<u>7,327</u>

**Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
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	2024.12.31		
	Carrying amount of notes and accounts receivable	Probability- weighted ECL rate	Allowance for lifetime ECL
Not Past Overdue	\$ 784,545	0.11%	847
Past Due ≤ 30 Days	55,213	1.69%	934
Past Due 31-120 days	12,804	5.06%	648
Past Due 121-365 days	11,082	40.48%	4,486
Past Due ≥ 366 Days	<u>72</u>	100.00%	<u>72</u>
	<u>\$ 863,716</u>		<u>6,987</u>
	2024.9.30		
	Carrying amount of notes and accounts receivable	Probability- weighted ECL rate	Allowance for lifetime ECL
Not Past Overdue	\$ 612,760	0.13%	809
Past Due ≤ 30 Days	53,130	1.15%	612
Past Due 31-120 days	1,046	29.16%	305
Past Due 121-365 days	12,139	39.95%	4,850
Past Due ≥ 366 Days	<u>70</u>	100.00%	<u>70</u>
	<u>\$ 679,145</u>		<u>6,646</u>

Reconciliation of loss allowance for notes and accounts receivable of the Group is as follows:

	For the nine months ended September 30	
	2025	2024
Opening balance of loss allowance	\$ 6,987	8,356
New ECL provisions	783	1,022
Recoveries of previously written-off receivables	(644)	(2,984)
Foreign exchange differences	<u>201</u>	<u>252</u>
Ending balance of loss allowance	<u>\$ 7,327</u>	<u>6,646</u>

Financial assets mentioned above are neither pledged as collateral for borrowings nor for financing facilities.

Please refer to 6(17) for details on the credit risk.

The Group has entered into a non-recourse accounts receivable factoring agreement with a financial institution. Under the agreement, except for commercial disputes (such as sales

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

returns and allowances), the financial institution shall pay the Group the net amount of the factored receivables for any outstanding amounts not collected after their due date. Detailed information on accounts receivable factoring agreement at the reporting date is as follows:

2025.9.30					
Factoring institution	Total amount of receivables derecognition during the reporting period	Factoring limit	Factoring advance	Interest rate range	Collateral
China Merchants Bank	\$ 29,682	-	29,246	1.41%~1.50%	None
Industrial Bank	\$ 7,769	-	7,711	0.71%~0.78%	None
2024.12.31					
Factoring institution	Total amount of receivables derecognition during the reporting period	Factoring limit	Factoring advance	Interest rate range	Collateral
China Merchants Bank	\$ 66,753	-	65,723	1.53%~1.59%	None
Ping An Bank Co., Ltd.	\$ 17,033	-	16,774	1.52%	None

(3) Inventories

	2025.9.30	2024.12.31	2024.9.30
Raw materials and spare parts	\$ 1,023,188	1,101,520	1,130,152
Work-in-progress	343,041	302,760	342,997
Finished goods	773,061	700,597	720,364
	\$ 2,139,290	2,104,877	2,193,513

The details of cost of sales for the three and nine months ended September 30, 2025 and 2024 are as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Cost of goods sold (COGS) for inventory	\$ 713,181	821,458	2,308,889	2,277,441
Inventory write-down losses (reversals)	(9,695)	2,153	(6,392)	3,629
Loss for inventory obsolescence	8,455	-	14,390	5,028
Others	34,802	22,171	86,056	56,080
	\$ 746,743	845,782	2,402,943	2,342,178

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

All inventories mentioned above are neither pledged as collateral for borrowings nor for financing facilities.

(4) Property, plant and equipment (PP&E)

Reconciliation of the carrying amount of the Group's PP&E by class of underlying asset is as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery equipment</u>	<u>R&D equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:						
Balance, January 1, 2025	\$ 366,191	361,507	24,025	17,435	88,422	857,580
Additions	-	-	2,716	1,035	5,858	9,609
Disposal	-	-	(1,967)	(6,931)	(4,337)	(13,235)
Exchange differences	-	-	19	(91)	155	83
Balance, September 30, 2025	<u>\$ 366,191</u>	<u>361,507</u>	<u>24,793</u>	<u>11,448</u>	<u>90,098</u>	<u>854,037</u>
Balance on January 1, 2024	\$ 366,191	361,126	18,521	16,177	65,485	827,500
Additions	-	381	7,246	4,740	28,855	41,222
Disposal	-	-	(4,099)	(660)	(6,862)	(11,621)
Reclassification	-	-	-	-	1,702	1,702
Exchange differences	-	-	42	87	738	867
Balance, September 30, 2024	<u>\$ 366,191</u>	<u>361,507</u>	<u>21,710</u>	<u>20,344</u>	<u>89,918</u>	<u>859,670</u>
Accumulated Depreciation:						
Balance, January 1, 2025	\$ -	17,638	10,902	10,531	33,742	72,813
Depreciation	-	7,047	4,259	1,802	8,928	22,036
Disposal	-	-	(1,967)	(6,924)	(3,054)	(11,945)
Exchange differences	-	-	(39)	(87)	87	(39)
Balance, September 30, 2025	<u>\$ -</u>	<u>24,685</u>	<u>13,155</u>	<u>5,322</u>	<u>39,703</u>	<u>82,865</u>
Balance on January 1, 2024	\$ -	8,275	10,834	10,953	29,720	59,782
Depreciation	-	7,015	3,089	2,245	8,377	20,726
Disposal	-	-	(4,099)	(660)	(4,060)	(8,819)
Exchange differences	-	-	41	82	531	654
Balance, September 30, 2024	<u>\$ -</u>	<u>15,290</u>	<u>9,865</u>	<u>12,620</u>	<u>34,568</u>	<u>72,343</u>
Carrying Amount:						
January 1, 2025	<u>\$ 366,191</u>	<u>343,869</u>	<u>13,123</u>	<u>6,904</u>	<u>54,680</u>	<u>784,767</u>
September 30, 2025	<u>\$ 366,191</u>	<u>336,822</u>	<u>11,638</u>	<u>6,126</u>	<u>50,395</u>	<u>771,172</u>
September 30, 2024	<u>\$ 366,191</u>	<u>346,217</u>	<u>11,845</u>	<u>7,724</u>	<u>55,350</u>	<u>787,327</u>

Please refer to 8 for details on PP&E pledged as collateral for long-term borrowings and financing facilities.

(5) Right-of-use assets

Reconciliation of the carrying amount of the Group's right-of-use assets by class of underlying asset is as follows:

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:					
Balance, January 1, 2025	\$ 337,533	423,762	141	7,373	768,809
Additions	-	15,976	-	4,824	20,800
Modifications	-	(10,098)	-	(4,399)	(14,497)
Exchange differences	-	(1,741)	7	219	(1,515)
Balance, September 30, 2025	<u>\$ 337,533</u>	<u>427,899</u>	<u>148</u>	<u>8,017</u>	<u>773,597</u>
Balance on January 1, 2024	\$ 337,533	494,750	114	7,765	840,162
Additions	-	33,713	-	-	33,713
Modifications	-	(58,286)	-	(406)	(58,692)
Exchange differences	-	3,196	4	179	3,379
Balance, September 30, 2024	<u>\$ 337,533</u>	<u>473,373</u>	<u>118</u>	<u>7,538</u>	<u>818,562</u>
Accumulated depreciation:					
Balance, January 1, 2025	\$ -	48,963	35	5,304	54,302
Depreciation	-	36,427	109	1,737	38,273
Modifications	-	(8,932)	-	(3,538)	(12,470)
Exchange differences	-	(282)	4	147	(131)
Balance, September 30, 2025	<u>\$ -</u>	<u>76,176</u>	<u>148</u>	<u>3,650</u>	<u>79,974</u>
Balance on January 1, 2024	\$ -	118,551	28	4,252	122,831
Depreciation	-	42,191	87	1,484	43,762
Modifications	-	(58,286)	-	(327)	(58,613)
Exchange differences	-	2,013	3	135	2,151
Balance, September 30, 2024	<u>\$ -</u>	<u>104,469</u>	<u>118</u>	<u>5,544</u>	<u>110,131</u>
Carrying Amount:					
January 1, 2025	<u>\$ 337,533</u>	<u>374,799</u>	<u>106</u>	<u>2,069</u>	<u>714,507</u>
September 30, 2025	<u>\$ 337,533</u>	<u>351,723</u>	<u>-</u>	<u>4,367</u>	<u>693,623</u>
September 30, 2024	<u>\$ 337,533</u>	<u>368,904</u>	<u>-</u>	<u>1,994</u>	<u>708,431</u>

(6) Intangible assets

	<u>Goodwill</u>	<u>Computer software and other intangible assets</u>	<u>Total</u>
Carrying Amount:			
January 1, 2025	<u>\$ 330,514</u>	<u>7,512</u>	<u>338,026</u>
September 30, 2025	<u>\$ 331,707</u>	<u>8,061</u>	<u>339,768</u>
September 30, 2024	<u>\$ 331,422</u>	<u>10,791</u>	<u>342,213</u>

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
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The Group had no significant additions, disposals, impairments, or reversals of impairment of intangible assets during the nine months ended September 30, 2025 and 2024. For the amortization amount for the reporting period, please refer to Note 12. For other related information, please refer to Note 6(6) of the consolidated financial statements for the year ended December 31, 2024.

(7) Short-term borrowings

Details of short-term borrowings are as follows:

	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Unsecured bank borrowings	<u>\$ 129,068</u>	<u>158,749</u>	<u>175,560</u>
Unused credit facility	<u>\$ 2,612,412</u>	<u>2,094,283</u>	<u>2,233,220</u>
Interest rate range	<u>1.8%~7.794%</u>	<u>1.91%~9.69%</u>	<u>1.85%~9.69%</u>

a. Issuance and repayment of borrowings

During the periods from January 1 to September 30, 2025 and 2024, the Group had significant short-term borrowings amounting to NT\$219,391 thousand and NT\$150,000 thousand, respectively, bearing interest rates ranging from 1.8% to 7.79% and 1.85% to 9.69%, respectively, with maturities in August 2025 and November 2024. Repayments made during the respective periods amounted to NT\$250,000 thousand and NT\$5,275 thousand. Please refer to Note 6(16) for details on interest expenses.

b. Collateral for bank borrowings

The group had not pledged any assets as collateral for short-term bank borrowings.

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
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(8) Long-term borrowings

	2025.9.30	2024.12.31	2024.9.30
Secured bank loans	\$ 220,270	271,308	271,650
Less: Current portion of long-term borrowings	(6,292)	(1,388)	(1,381)
Non-current portion of long-term borrowings	\$ 213,978	269,920	270,269
Unused credit facility	\$ -	-	-
Interest rate range	<u>2.118%~2.122%</u>	<u>2.118%~2.122%</u>	<u>2.12%~2.22%</u>

a. Issuance and repayment of borrowings

The Group had no significant long-term borrowings issued during the periods from January 1 to September 30, 2025 and 2024. Repayments made during the respective periods amounted to NT\$51,038 thousand and NT\$50,894 thousand. Please refer to Note 6(16) for details on interest expenses.

b. Collateral for bank borrowings

The Group has pledged assets as collateral for long-term bank borrowings. Please refer to 8 for details.

(9) Lease liabilities

Lease liabilities of the Group are classified as follows:

	2025.9.30	2024.12.31	2024.9.30
Current	\$ 36,947	38,402	33,100
Non-current	\$ 484,120	499,314	497,326

Please refer to 6(17) financial instruments for details of maturity analysis.

Lease-related expenses recognized in profit or loss, including:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Interest expenses on lease liabilities	\$ 2,724	2,893	8,410	8,506
Expenses relating to short-term leases	\$ 999	2,422	3,974	7,221
Expenses relating to leases of low-value assets	\$ 209	23	267	67
Gain (loss) on lease modification	\$ 32	-	(488)	4

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
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The amounts recognized in the statements of cash flows are:

	For the nine months ended	
	September 30	
	2025	2024
Total cash outflow of lease	\$ 47,132	55,835

a. Lease of buildings and structures

The Group leases buildings and structures to be used as its operating premises. Lease terms typically range from one to six years. Some leases include extension options upon expiration, for periods identical to the original lease term.

Payments for certain leases depend on changes in a local price index. Additionally, some lease contracts require the Group to pay taxes and insurance related to the leased properties on behalf of the lessor. These payments generally occur on a monthly basis.

Certain lease contracts for equipment contain options to extend or terminate the leases. These contracts are managed locally, resulting in differing terms and conditions across the Group. These options are exercisable exclusively by the Group, with no enforceable rights given to the lessors. When it is not reasonably certain that the Group will exercise extension options, lease payments associated with the option periods are not included in lease liabilities.

b. Other leases

The Group leases machinery and transportation equipment with lease terms ranging from one to five years. Some leases include purchase options at the end of the lease term. Other leases include arrangements whereby the Group provides residual value guarantees for the leased assets upon lease expiration.

In addition, the Group leases certain machinery and equipment for one to five years that qualify as leases of low-value assets. For these leases, the Group has elected to apply the recognition exemption, choosing not to recognize right-of-use assets or lease liabilities.

(10) Employee benefits

The pension expenses recognized by the Group under the defined contribution plan are as follows, with a portion contributed to the Bureau of Labor Insurance or relevant local authorities.

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
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	For the three months ended		For the nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Cost of sales	\$ 1,132	1,417	3,806	4,286
Selling and marketing expenses	511	615	1,718	1,918
General and administrative expenses	684	750	2,107	2,381
Research and development expenses	1,703	1,966	5,533	5,799
	\$ 4,030	4,748	13,164	14,384

(11) Income tax

a. Income tax expenses

The details of the income tax expense of the Group are as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Current income tax expenses	\$ 23,495	26,745	72,869	65,840
Deferred income tax benefit	(2,877)	(2,480)	(11,516)	(3,481)
Income tax expenses	\$ 20,618	24,265	61,353	62,359

b. Tax Return Filing

As of September 30, 2025, the most recent tax year assessed for the Company and its subsidiary, HAWKEYE, was 2023 and no significant adjustments were required.

(12) Capital and other equity

Except as otherwise disclosed below, there were no significant changes in the Company's capital and other equity during the periods from January 1 to September 30, 2025 and 2024. For related information, please refer to Note 6(13) of the 2024 consolidated financial statements.

a. Capital surplus

The component of the Company's capital surplus consists of the following:

	2025.9.30	2024.12.31	2024.9.30
Share premium	\$ 1,418,377	1,418,377	1,418,377
Treasury share transactions	22,792	22,792	22,792
Expired stock options	4,027	4,027	4,027
	\$ 1,445,196	1,445,196	1,445,196

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
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The Company may distribute its realized capital surplus, including share premium and donated capital, as stock dividends or cash after offsetting any accumulated deficits, in accordance with the “Company Act.” Pursuant to the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers,” the capital surplus that may be capitalized each year shall not exceed 10% of the paid-in capital.

b. Earnings distribution and reserves

In accordance with the Company’s Articles of Incorporation, if there is net profit after tax for the fiscal year, it shall first be used to offset accumulated deficits. Subsequently, 10% shall be appropriated to the legal reserve in accordance with regulations, unless the accumulated legal reserve has reached the total paid-in capital of the Company, in which case further allocations are not required. The Company shall then appropriate or reverse special reserves in accordance with laws or regulatory requirements. Any remaining earnings, along with undistributed earnings at the beginning of the period, shall be proposed by the Board of Directors as an earnings distribution plan for resolution at the shareholders’ meeting.

When distributing dividends and bonuses, or when distributing the legal reserve and capital surplus under Article 241, Paragraph 1 of the Company Act, if such distributions are in cash, they must be approved by at least two-thirds of the Board members present, and a majority vote of attending directors, in accordance with Article 240, Paragraph 5 of the Company Act, and subsequently reported to the shareholders’ meeting.

The Company’s dividends may be distributed in cash or stock. The distribution amount shall be no less than 10% of the current year’s net profit after tax, and the cash dividend portion shall be no less than 10% of total dividends. Since the Company is in its growth phase, the type and ratio of dividend distributions shall be determined by the Board of Directors based on operational conditions, future capital needs, and long-term strategic planning. The Board will propose a distribution plan that balances shareholder interests, dividend policy, and capital planning, subject to approval at the shareholders’ meeting.

• Dividend distribution

On March 5, 2025, and March 13, 2024, the Board of Directors approved the cash dividend distribution plans for fiscal years 2024 and 2023, respectively. The approved cash dividends distributed to common shareholders are as follows:

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
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	2024		2023	
	Dividends Per Share (NT\$)	Amount	Dividends Per Share (NT\$)	Amount
Dividends distributed to common shareholders:				
Cash	\$ 2.90	<u>212,711</u>	2.80	<u>205,376</u>
c. Other components of equity (net of tax) and non-controlling interests				
	Foreign currency translation reserve	FVOCI reserve for financial assets	Non- controlling interests	Total
January 1, 2025	\$ (31,274)	(29,953)	159,732	98,505
Net loss attributable to non-controlling interests	-	-	(2,573)	(2,573)
Fair value changes in financial assets at FVOCI	-	(14,207)	(9,222)	(23,429)
Exchange differences on translation of foreign operations	(14,299)	-	(1,719)	(16,018)
Disposal of equity investments measured at FVOCI	-	1,875	-	1,875
Decrease in non-controlling interests	-	-	(14,758)	(14,758)
September 30, 2025	<u>\$ (45,573)</u>	<u>(42,285)</u>	<u>131,460</u>	<u>43,602</u>
January 1, 2024	\$ (38,510)	(14,475)	185,047	132,062
Net loss attributable to non-controlling interests	-	-	(3,087)	(3,087)
Fair value changes in financial assets at FVOCI	-	1,040	676	1,716
Exchange differences on translation of foreign operations	15,483	-	2,013	17,496
Decrease in non-controlling interests	-	-	(16,529)	(16,529)
September 30, 2024	<u>\$ (23,027)</u>	<u>(13,435)</u>	<u>168,120</u>	<u>131,658</u>

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
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(13) Earnings per share

The calculation of basic and diluted earnings per share is as follows:

	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Basic earnings per share:				
Net profit attributable to owners of ordinary shares of the Company	\$ 77,753	87,918	213,444	249,386
Weighted average number of ordinary shares outstanding (in thousands)	73,348	73,348	73,348	73,348
Basic earnings per share (NT\$)	\$ 1.06	1.20	2.91	3.40
Diluted earnings per share:				
Net profit attributable to owners of ordinary shares of the Company	\$ 77,753	87,918	213,444	249,386
Weighted average number of ordinary shares outstanding (basic) (in thousands)	73,348	73,348	73,348	73,348
Effect of dilutive potential ordinary shares (in thousands):				
Employee share-based compensation	112	17	136	78
Weighted average number of ordinary shares outstanding (diluted) (in thousands)	73,460	73,365	73,484	73,426
Diluted earnings per share (NT\$)	\$ 1.06	1.20	2.90	3.40

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(14) Revenue from contracts with customers

a. Disaggregation of Revenue from Contracts with Customers

For the three months ended September 30, 2025				
	Taiwan Segments	PRC Segments	Others	Total
Disaggregation of revenue by geographical region:				
Taiwan	\$ 31,975	-	6,632	38,607
Asia	480,957	11,226	88,369	580,552
America	238,685	-	14,841	253,526
Europe	88,007	-	5,529	93,536
Australia	46	-	-	46
Africa	-	-	2	2
	\$ 839,670	11,226	115,373	966,269
Disaggregation of revenue by major product lines:				
Network appliances	\$ 634,084	8,369	66,723	709,176
Motherboards	10,826	6	442	11,274
Others	194,760	2,851	48,208	245,819
	\$ 839,670	11,226	115,373	966,269
For the three months ended September 30, 2024				
	Taiwan Segments	PRC Segments	Others	Total
Disaggregation of revenue by geographical region:				
Taiwan	\$ 78,370	-	-	78,370
Asia	406,980	42,150	87,257	536,387
America	267,615	-	56,517	324,132
Europe	168,047	-	8,047	176,094
Australia	4,719	-	32	4,751
Africa	-	-	195	195
	\$ 925,731	42,150	152,048	1,119,929
Disaggregation of revenue by major product lines:				
Network appliances	\$ 715,545	31,059	117,733	864,337
Motherboards	28,943	58	702	29,703
Others	181,243	11,033	33,613	225,889
	\$ 925,731	42,150	152,048	1,119,929

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

For the nine months ended September 30, 2025				
	Taiwan	PRC	Others	Total
	Segments	Segments		
Disaggregation of revenue by geographical region:				
Taiwan	\$ 275,842	-	8,584	284,426
Asia	1,391,510	51,245	276,127	1,718,882
America	675,785	-	120,588	796,373
Europe	319,510	-	14,731	334,241
Australia	1,973	-	-	1,973
Africa	-	-	821	821
	\$ 2,664,620	51,245	420,851	3,136,716

Disaggregation of revenue by major product lines:				
Network appliances	\$ 2,077,164	37,435	302,504	2,417,103
Motherboards	77,681	119	2,604	80,404
Others	509,775	13,691	115,743	639,209
	\$ 2,664,620	51,245	420,851	3,136,716

For the nine months ended September 30, 2024				
	Taiwan	PRC	Others	Total
	Segments	Segments		
Disaggregation of revenue by geographical region:				
Taiwan	\$ 431,286	-	-	431,286
Asia	973,573	129,275	270,254	1,373,102
America	696,704	-	139,689	836,393
Europe	395,475	-	41,412	436,887
Australia	5,602	-	94	5,696
Africa	-	-	441	441
	\$ 2,502,640	129,275	451,890	3,083,805

Disaggregation of revenue by major product lines:				
Network appliances	\$ 1,875,865	98,887	328,180	2,302,932
Motherboards	74,562	730	2,764	78,056
Others	552,213	29,658	120,946	702,817
	\$ 2,502,640	129,275	451,890	3,083,805

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

b. Contract balance

	2025.9.30	2024.12.31	2024.9.30
Notes and accounts receivable	\$ 750,503	863,716	679,145
Less: Loss allowance	(7,327)	(6,987)	(6,646)
Notes and accounts receivable, net	\$ 743,176	856,729	672,499

Please refer to 6(2) for accounts receivable and ECL analysis.

(15) Employee and Director remuneration

On May 22, 2025, the Company resolved at its shareholders' meeting to amend the Articles of Incorporation. Pursuant to the amended Articles, if the Company has profit for the year—defined as profit before tax and before deducting employee and director remuneration, it shall allocate 2% to 15% of such profit as employees' compensation, of which not less than 20% of the actual amount allocated shall be distributed to rank-and-file employees, and not more than 2% as directors' remuneration. However, if the Company has accumulated losses, the amount shall first be retained to cover such losses. Employees' compensation may be distributed in the form of stock or cash, and the recipients may include employees of subsidiaries meeting certain criteria. Directors' remuneration shall be distributed in cash only.

For the periods from January 1 to September 30, 2025 and 2024, employee and director remuneration is estimated based on the Company's profit before tax and before deducting employee and director remuneration for each respective period, multiplied by the allocation percentages prescribed in the Company's Articles of Incorporation. The estimated amounts are recognized as operating costs or operating expenses during the respective periods. Related information is available on the Market Observation Post System (MOPS). If there is any difference between the actual amounts approved in the following year and the previously estimated amounts, such difference is accounted for as a change in accounting estimate and recognized in the following year's profit or loss.

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

The aforementioned estimated expenses were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Employee remuneration	\$ 3,700	2,750	9,200	8,250
Director remuneration	1,040	1,000	3,040	3,000
	\$ 4,740	3,750	12,240	11,250

The estimated employee and director remuneration for the years ended 2024 and 2023 were as follows:

	2024	2023
Employee remuneration	\$ 13,800	12,500
Director remuneration	5,280	4,400
	\$ 19,080	16,900

There was no difference between the estimated and actual amounts of employee and director remuneration for the year 2024. The director remuneration for the year 2023 was approved by the Board of Directors on March 13, 2024, in the amount of NT\$4,800 thousand. The difference has been adjusted in the 2024 accounts accordingly. Related information on the employee and director remuneration is available on the Market Observation Post System (MOPS).

(16) Non-operating income and expenses

a. Interest income

Interest income consists of the following items:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Interest income				
from bank				
deposits	\$ 1,941	2,287	5,757	7,119
Interest income				
from financial				
assets measured				
at amortized cost	122	717	1,824	2,042
Others	6	17	21	61
Total interest income	\$ 2,069	3,021	7,602	9,222

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

b. Other income

Other income consists of the following items:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Non-recurring engineering, freight, and insurance income	\$ 4,285	3,209	13,240	15,689
Government grants for R&D activities	6	2,226	1,087	5,158
Others	2,580	9,006	8,086	21,435
Other income	\$ 6,871	14,441	22,413	42,282

c. Other gains and losses

Other gains and losses consist of the following items:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Gain (loss) on disposal and scrapping of property, plant and equipment	\$ (8)	-	388	(2,517)
Gain (loss) on lease modification	32	-	(488)	4
Exchange differences	17,763	(464)	(11,081)	14,464
Net gains (losses) from financial assets and liabilities at FVTPL	7,412	(2,430)	4,627	8,845
Others	(6)	-	(38)	-
Other gains and losses, net	\$ 25,193	(2,894)	(6,592)	20,796

d. Finance costs

Financial costs consist of the following items:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Interest expense from bank borrowings	\$ 2,143	2,424	6,339	7,847
Interest on lease liabilities	2,724	2,893	8,410	8,506
Total financial costs	\$ 4,867	5,317	14,749	16,353

**Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)**

(17) Financial Instruments

a. Credit risks

(a) Maximum exposure to credit risk

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

(b) Concentration of credit risks

The Group's credit risk primarily arises from notes and accounts receivable derived from sales to customers. To mitigate credit risk, the Group continuously assesses the financial position of customers and, when necessary, requests guarantees or collateral. The Group continues to assess the recoverability of accounts receivable on a regular basis and recognizes an allowance for ECL accordingly. The impairment losses recognized to date have remained within management's expectations. As of September 30, 2025, December 31, 2024, and September 30, 2024, 67.20%, 67.21%, and 46.30% the Group's accounts receivable were attributable to three major customers, respectively, indicating a significant concentration of credit risk.

(c) Credit risk of receivables

Please refer to 6(2) for information on the credit risk exposure of notes receivable and accounts receivable. Other financial assets measured at amortized cost include other receivables and long-term certificate of deposit.

The above-mentioned are considered to have low credit risk. Accordingly, the loss allowance for the period was measured based on 12-month ECL. For the Group's assessment of low credit risk, please refer to Note 4(7) to the consolidated financial statements for the year ended December 31, 2024. No loss allowance was recognized for other receivables during nine months ended September 30, 2025 and 2024.

b. Liquidity risks

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

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
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	<u>Carrying amount</u>	<u>Total contractual cash flows</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
September 30, 2025							
Non-derivative financial							
liabilities							
Bank borrowings	\$ 349,338	396,512	112,955	29,744	17,757	47,762	188,294
Accounts payable							
(including related parties)	618,570	618,570	618,570	-	-	-	-
Other payables (including							
related parties)	129,586	129,586	129,586	-	-	-	-
Lease liabilities	521,067	543,070	24,385	22,592	33,221	462,872	-
Total	<u>\$ 1,618,561</u>	<u>1,687,738</u>	<u>885,496</u>	<u>52,336</u>	<u>50,978</u>	<u>510,634</u>	<u>188,294</u>
December 31, 2024							
Non-derivative financial							
liabilities							
Bank borrowings	\$ 430,057	489,855	160,864	5,586	18,192	58,325	246,888
Accounts payable							
(including related parties)	655,506	655,506	655,506	-	-	-	-
Other payables (including							
related parties)	143,473	143,473	143,473	-	-	-	-
Lease liabilities	537,716	567,483	26,016	22,827	37,530	481,110	-
Total	<u>\$ 1,766,752</u>	<u>1,856,317</u>	<u>985,859</u>	<u>28,413</u>	<u>55,722</u>	<u>539,435</u>	<u>246,888</u>
September 30, 2024							
Non-derivative financial							
liabilities							
Bank borrowings	\$ 447,210	510,535	169,495	15,852	13,278	58,325	253,585
Accounts payable							
(including related parties)	687,886	687,886	687,886	-	-	-	-
Other payables (including							
related parties)	149,898	149,898	149,898	-	-	-	-
Lease liabilities	530,426	562,765	23,615	20,064	30,934	488,152	-
Total	<u>\$ 1,815,420</u>	<u>1,911,084</u>	<u>1,030,894</u>	<u>35,916</u>	<u>44,212</u>	<u>546,477</u>	<u>253,585</u>

The Group does not expect the timing of the cash flows included in the maturity analysis to occur significantly earlier, nor the actual cash outflows to differ significantly in amount.

c. **Currency risk**

(a) **Exposure to currency risk**

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

The Group is exposed to significant currency risk arising from financial assets and liabilities denominated in foreign currencies. The details as of the reporting periods are as follows:

2025.9.30					
<u>Foreign</u>	<u>currency</u>	<u>Exchange rate</u>	<u>NTD</u>		
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 26,259	USD/NTD=	30.445	799,455	
JPY	1,251	JPY/NTD=	0.2058	257	
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	13,584	USD/NTD=	30.445	413,565	
2024.12.31					
<u>Foreign</u>	<u>currency</u>	<u>Exchange rate</u>	<u>NTD</u>		
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 25,052	USD/NTD=	32.785	821,330	
JPY	788	JPY/NTD=	0.2099	165	
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	13,957	USD/NTD=	32.785	457,580	
2024.9.30					
<u>Foreign</u>	<u>currency</u>	<u>Exchange rate</u>	<u>NTD</u>		
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 23,896	USD/NTD=	31.65	756,308	
JPY	386	JPY/NTD=	0.2223	86	
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	13,708	USD/NTD=	31.65	433,858	

(b) Currency risk sensitivity analysis

The Group's currency risk primarily arises from cash and cash equivalents, accounts receivable, other receivables, accounts payable, and other payables denominated in foreign currencies, which may result in exchange differences upon translation. As of September 30, 2025 and 2024, if the New Taiwan Dollar depreciates or appreciates by 10% against the US Dollar and the Japanese Yen,

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

with all other factors remaining constant, the profit for the nine months ended September 30, 2025 and 2024 would have increased by NT\$30,892 thousand and decreased by NT\$25,803 thousand, respectively. The analysis for both periods is based on the same assumptions.

(c) Exchange differences on foreign currency monetary items

Due to the variety of functional currencies used within the Group, information on exchange differences arising from monetary items is disclosed on an aggregated basis. The exchange differences on foreign currency monetary items (including both realized and unrealized amounts) amounted to NT\$11,081 thousand (loss) and NT\$14,464 thousand (gain) for the nine-month periods ended September 30, 2025 and 2024, respectively.

(d) Interest rate risk sensitivity analysis

The Group's exposure to interest rate risk on financial assets and liabilities is described in the liquidity risk section of this note.

The following sensitivity analysis is based on the Group's exposure to interest rate risk from both derivative and non-derivative financial instruments as of the reporting date. For floating rate liabilities, the analysis assumes that the amount of liability outstanding at the reporting date remained constant throughout the year. The sensitivity analysis is based on a reasonably possible change in interest rates, as estimated by management, using a rate fluctuation of $\pm 1\%$, which reflects the rate used in internal reporting to key management.

Assuming a 1% increase or decrease in interest rates, with all other variables held constant, the Group's profit for the nine months ended September 30, 2025 and 2024 would have decreased by NT\$2,795 thousand and increased by NT\$3,578 thousand, respectively.

d. Other price risk sensitivity analysis

The Group is exposed to equity price risk arising from equity instruments measured at fair value through profit or loss and at fair value through other comprehensive income (OCI). A 1% increase or decrease in the fair value of these investments as of the reporting date, with all other variables held constant, would have the following impact:

Equity price at reporting date	For the nine months ended September 30			
	2025		2024	
	OCI, net of tax	Profit or loss	OCI, net of tax	Profit or loss
Increase by 1%	\$ 522	449	1,127	556
Decrease by 1%	\$ (522)	(449)	(1,127)	(556)

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

e. Information on fair value

(a) Categories and fair value of financial instruments

The Group measures financial assets and liabilities at FVTPL and financial assets at FVOCI on a recurring basis using fair value measurement techniques. The carrying amounts and fair values of various types of financial assets and financial liabilities (including fair value hierarchy information, but excluding those financial instruments not measured at fair value where the carrying amount is a reasonable approximation of fair value, and lease liabilities, for which fair value disclosures are not required by regulations) are presented as follows:

	2025.9.30				
	Carrying amount	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets at FVTPL					
Financial assets at FVTPL	\$ 44,854	-	-	44,854	44,854
Financial assets at FVOCI					
Foreign listed equity securities	\$ 4,383	4,383	-	-	4,383
Unquoted equity instruments measured at fair value	47,824	-	-	47,824	47,824
Total	\$ 52,207	4,383	-	47,824	52,207
Financial assets at amortized cost					
Cash and Cash Equivalents	\$ 362,404	-	-	-	-
Financial assets at amortized cost	80,169	-	-	-	-
Notes and accounts receivable, net (including related parties)	743,176	-	-	-	-
Other receivables (including related parties)	73,909	-	-	-	-
Other current assets	1,000	-	-	-	-
Refundable deposit	10,533	-	-	-	-
Total	\$ 1,271,191	-	-	-	-
Financial liabilities at amortized cost					
Bank borrowings	\$ 349,338	-	-	-	-
Accounts payable (including related parties)	618,570	-	-	-	-
Other payables (including related parties)	129,586	-	-	-	-
Lease liabilities	521,067	-	-	-	-
Total	\$ 1,618,561	-	-	-	-

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

	2024.12.31				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Financial assets at FVTPL	\$ 47,364	-	-	47,364	47,364
Financial assets at FVOCI					
Foreign listed equity securities	\$ 31,578	31,578	-	-	31,578
Unquoted equity instruments measured at fair value	47,824	-	-	47,824	47,824
Total	\$ 79,402	31,578	-	47,824	79,402
Financial assets at amortized cost					
Cash and Cash Equivalents	\$ 487,593	-	-	-	-
Financial assets at amortized cost	69,189	-	-	-	-
Notes and accounts receivable, net (including related parties)	856,729	-	-	-	-
Other receivables (including related parties)	64,301	-	-	-	-
Other current assets	1,000	-	-	-	-
Refundable deposit	10,748	-	-	-	-
Total	\$ 1,489,560	-	-	-	-
Financial liabilities at amortized cost					
Bank borrowings	\$ 430,057	-	-	-	-
Accounts payable (including related parties)	655,506	-	-	-	-
Other payables (including related parties)	143,473	-	-	-	-
Lease liabilities	537,716	-	-	-	-
Total	\$ 1,766,752	-	-	-	-

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

	2024.9.30				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Financial assets at FVTPL	\$ 55,633	-	-	55,633	55,633
Financial assets at FVOCI					
Unquoted equity instruments measured at fair value	\$ 112,678	-	-	112,678	112,678
Financial assets at amortized cost					
Cash and Cash Equivalents	\$ 511,697	-	-	-	-
Financial assets at amortized cost	67,320	-	-	-	-
Notes and accounts receivable, net (including related parties)	672,499	-	-	-	-
Other receivables (including related parties)	77,020	-	-	-	-
Other current assets	1,000	-	-	-	-
Refundable deposit	10,830	-	-	-	-
Total	\$ 1,340,366	-	-	-	-
Financial liabilities at amortized cost					
Bank borrowings	\$ 447,210	-	-	-	-
Accounts payable (including related parties)	687,886	-	-	-	-
Other payables (including related parties)	149,898	-	-	-	-
Lease liabilities	530,426	-	-	-	-
Total	\$ 1,815,420	-	-	-	-

(b) Valuation techniques of financial instruments not measured at fair value

The Group uses the following methods and assumptions to estimate the fair value of financial instruments that are not measured at fair value:

For financial assets and liabilities measured at amortized cost, if there are transaction or market maker quotation data available, the most recent transaction price and quotation data shall be used as the basis for assessing fair value. In the absence of market value for reference, valuation methods will be employed for estimation. The estimated values and assumptions used in the evaluation method are the present value estimates of cash flow fair value.

(c) Valuation techniques of financial instruments measured at fair value

Fair value of financial instrument is obtained through application of valuation techniques or reference to quotation from counterparties. The fair value obtained through application of evaluation techniques may be calculated by reference to the

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

current fair value of other financial instruments with similar material conditions and characteristics, use of the discounted cash flow method, or by other evaluation techniques, including using models based on available market information on the reporting date.

(d) **Transfers Between Level 1 and Level 3**

Shares of VEEA INC. held by the Company's subsidiary, HAWKEYE, were classified as financial assets measured at FVOCI. As of September 30, 2025, December 31, 2024, and September 30, 2024, the fair values of these shares were NT\$4,383 thousand, NT\$31,578 thousand and NT\$64,854 thousand, respectively. As of September 30, 2024, due to the absence of a quoted market price and the use of significant unobservable inputs in the valuation, the shares were classified within Level 3 of the fair value hierarchy. In September 2024, the shares of VEEA INC. became publicly traded, with an active market quotation. Accordingly, the fair value classification was transferred from Level 3 to Level 1. There were no transfers during the nine months ended September 30, 2024.

(e) **Quantitative information of fair value of significant unobservable inputs (Level 3)**

The Group's financial assets measured at FVTPL that are categorized within Level 3 of the fair value hierarchy include private equity fund investment.

The Group's fair value measurements classified within Level 3 involve a single significant unobservable input. Quantitative information of fair value of significant unobservable inputs is listed as below:

Item	Valuation techniques	Significant unobservable input value	Relationship between unobservable inputs and fair value
Financial assets at FVTPL - private equity fund investment	Net asset value (NAV) method	• Net asset value	The higher the net asset value, the higher the fair value.

(f) **Sensitivity analysis of reasonably possible alternative assumptions on fair value measurements in Level 3**

The Group's fair value measurements for financial instruments are considered reasonable; however, the use of different valuation models or inputs may result in different fair value measurements. For financial instrument at Level 3, if there are changes in valuation parameters, the impact on current profit and loss is as follows:

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

	<u>Valuation inputs</u>	<u>Range of inputs</u>	<u>Impact on fair value measurement</u>	
			<u>Favorable impact</u>	<u>Unfavorable impact</u>
September 30, 2025				
Financial assets at FVTPL				
Private equity fund investment	\$ 44,854	1%	449	(449)
December 31, 2024				
Financial assets at FVTPL				
Private equity fund investment	47,364	1%	474	(474)
September 30, 2024				
Financial assets at FVTPL				
Private equity fund investment	55,633	1%	556	(556)

(18) Financial risk management

There were no significant changes in the Group's financial risk management objectives and policies compared to those disclosed in Note 6(19) of the consolidated financial statements for the year ended December 31, 2024.

(19) Capital management

The Group's objectives, policies, and procedures for capital management were consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2024. In addition, there were no significant changes in the quantitative disclosures of items considered as part of capital management. Please refer to 6(20) of the consolidated financial statements for the year ended December 31, 2024 for further details.

7. Related Party Transactions

(1) Names of related parties and relations

The following entities were identified as related parties with which the Group conducted transactions during the reporting period and/or had outstanding balances as of the reporting date:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Ennoconn	Parent company
Hon Hai Precision Industry Co., Ltd.	Entity with significant influence over the parent
Vecow Co., Ltd.	Fellow subsidiary
Victor Plus Holdings Ltd. (Victor Plus)	Fellow subsidiary
Thecus Technology Corp.	Fellow subsidiary
Dexatek Technology Co., Ltd.	Fellow subsidiary
Ennovision Inc.	Fellow subsidiary
ARBOR Technology Corp.	Fellow subsidiary
Renown Information Technology Corp.	Fellow subsidiary
American Industrial Systems Inc. (AIS)	Fellow subsidiary
FORTUNE BAY TECHNOLOGY PTE. LTD.	Fellow subsidiary
Nera Telecommunications LTD.	Fellow subsidiary
All directors, general manager and deputy general manager and other major officers in management of the Company	

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

(2) Transaction with Related Party

a. Revenue

The sales amounts to related parties during the reporting periods are as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Parent company	\$ -	-	-	20
Fellow subsidiary	-	26,597	25,301	84,809
	\$ -	26,597	25,301	84,829

Sales terms to related parties are generally consistent with those offered to third parties. Credit terms typically range from 60 to 100 days or are settled monthly within 30–90 days. Related parties are not required to provide collateral. No ECL allowance has been recognized after assessment.

b. Purchases

The purchase amounts from related parties are as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Fellow subsidiary	\$ 21,801	35,515	38,619	108,254

The Group's purchase prices and payment terms from the aforementioned related parties (O/A 60–90 days or monthly settlement 30–90 days) were not materially different from those with third-party suppliers.

c. Receivables from related parties

The receivables amount from related parties are as follows:

Account name	Relationship and name of related parties	2025.9.30	2024.12.31	2024.9.30
Accounts receivable	Fellow subsidiary - AIS	\$ 69	12,634	12,411
Accounts receivable	Fellow subsidiary	244	596	4,973
Other receivables	Fellow subsidiary	-	5	3,495
Other receivables	Parent company	-	32	-
		\$ 313	13,267	20,879

**Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)**

d. Other Related Party Transactions

<u>Account name</u>	<u>Relationship and name of related parties</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Cost of sales	Fellow subsidiary	\$ -	\$ -	43	\$ -
General and administrative expenses	Fellow subsidiary	279	375	279	439
		<u>\$ 279</u>	<u>375</u>	<u>322</u>	<u>439</u>

<u>Account name</u>	<u>Relationship and name of related parties</u>	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Other current liabilities	Parent company	\$ -	30	\$ -

<u>Account name</u>	<u>Relationship and name of related parties</u>	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Other current assets	Fellow subsidiary	\$ 8	\$ -	\$ -

e. Payables to related parties

The payables amount to related parties are as follows:

<u>Account name</u>	<u>Relationship and name of related parties</u>	<u>2025.9.30</u>	<u>2024.12.31</u>	<u>2024.9.30</u>
Accounts payable	Fellow subsidiary - Victor Plus	\$ 4,477	4,858	4,554
Accounts payable	Fellow subsidiary - Vecow Co., Ltd.	10,869	28,425	32,520
Accounts payable	Fellow subsidiary - others	1,951	3,524	1,402
Other payables	Fellow subsidiary - Victor Plus	93	71	15
		<u>\$ 17,390</u>	<u>36,878</u>	<u>38,491</u>

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

(3) Transactions with key management officers

a. Key management personnel compensation

Key management personnel compensation comprises the following:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Short-term employee				
benefits	\$ 12,879	12,812	38,527	39,479
Post-employment				
benefits	231	240	712	694
	\$ 13,110	13,052	39,239	40,173

During January 1 to September 30, 2025 and 2024, the Group provided vehicles for use by key management personnel. The breakdown of the related costs and depreciation expenses recognized is as follows:

	2025.9.30	2024.12.31	2024.9.30
Original acquisition cost	\$ 6,823	6,982	6,982

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Depreciation	\$ 212	274	627	824

8. Pledged Assets

The carrying amounts of assets pledged as collateral are as follows:

Account name	As collateral for	2025.9.30	2024.12.31	2024.9.30
Other current assets	Custom clearance			
(pledged time	guarantees			
deposits)		\$ 1,000	1,000	1,000
Property, plant and	Long-term			
equipment	borrowings	673,289	678,156	679,778
		\$ 674,289	679,156	680,778

9. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

10. Significant loss from disasters: None.

11. Subsequent Events: None.

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

12. Others

- (1) The nature of employee benefits, depreciation and amortization expenses categorized by function are as follows:

By functions	For the three months ended September 30					
	2025			2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By nature						
Employee benefits						
Salary	24,258	69,718	93,976	24,617	78,936	103,553
Labor and health insurance	3,022	8,356	11,378	2,507	9,506	12,013
Pension	1,132	2,898	4,030	1,417	3,331	4,748
Remuneration to directors	-	2,414	2,414	-	2,058	2,058
Others	1,217	3,220	4,437	1,666	3,276	4,942
Depreciation	8,556	11,179	19,735	8,298	10,914	19,212
Amortization	5	1,001	1,006	-	3,216	3,216

By functions	For the nine months ended September 30					
	2025			2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By nature						
Employee benefits						
Salary	70,671	217,020	287,691	69,007	225,136	294,143
Labor and health insurance	9,822	26,278	36,100	7,643	28,003	35,646
Pension	3,806	9,358	13,164	4,286	10,098	14,384
Remuneration to directors	-	6,924	6,924	-	6,062	6,062
Others	4,529	9,185	13,714	5,485	11,096	16,581
Depreciation	25,806	34,503	60,309	31,189	33,299	64,488
Amortization	14	4,247	4,261	-	9,239	9,239

- (2) Seasonality of operations:

CASwell's business operations are subject to quarterly fluctuations, primarily driven by the public market performance settlement reports of major global software value-added providers. These seasonal variations are most pronounced in major regions such as the Americas and Europe, as the performance peak from the previous year's fourth quarter and the summer holiday period in Europe during the third quarter adversely affect the results from January to March each year. To mitigate the impact of these seasonal trends, the Company aims to balance supply and demand through order forecasting and inventory management.

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

13. Supplementary Disclosures

(1) Information on significant transactions:

In accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers, the Group shall disclose the following information concerning significant transactions for the period from January 1 to September 30, 2025, is as follows:

a. Loans to others:

Unit: NTD/USD thousand

No.	Creditor	Debtor	Transaction item	If they are related to each other	Maximum balance of the period	Ending balance of loss allowance	Actual amount drawn	Interest rate range	Nature of capital loan (Note 1)	Business transaction amount	Reason for short-term financing	Amount of allowance loss appropriated	Collateral		Limit on loans granted to a single party (Note 2)	Total loan limit (Note 3)
													Investor	Value		
0	The Company	APLIGO GMBH	Other receivables - related parties	Yes	57,846 (USD1,900)	44,145 (USD1,450)	44,145 (USD1,450)	5.65%	2	-	Working capital for operation	-	-	-	348,848	697,696

Note 1: 1. The borrower has business transactions with the lender.
2. The borrower has short-term financing necessities.

Note 2: 1. The amount of loans to a single entity shall not exceed the total amount of business transactions with the entity in the most recent year.
2. The amount of loans to a single entity shall not exceed 10% of the net worth of the Group as stated in the latest financial statements audited or reviewed by independent auditors.

Note 3: Total amount of loans shall not be more than 20% of the Group's net worth as stated in the latest financial statement audited or reviewed by independent auditors.

Note 4: The above transactions have been fully eliminated when preparing the consolidated financial statements.

b. Endorsements/guarantees for others: None.

c. Significant marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures):

Unit: NT\$ thousand/thousand shares

Name of Held Company	Type of Securities	Name of Securities	Relationship with Issuer of Securities	Ledger Account	End of Period				Remarks
					Number of Shares	Carrying amount	Shareholding %	Fair value	
The Company	Fund beneficiary certificates	Zoyi Fund II Investment LP	-	Financial assets at FVTPL - non-current	-	44,854	- %	44,854	-
The Company	Ordinary Shares	FiduciaEdge Technologies Co. Ltd.	-	Financial assets at FVOCI - non-current	1,600	40,000	10.65%	40,000	-

d. Purchases from or sales to related parties amounting to NT\$100 million or over 20% of the paid-in capital or more:

Unit: NT\$ thousand

Buyer (seller)	Counterparty	Relationship	Transaction Details				Unusual Transaction Terms and Reasons		Notes and accounts receivable (payable)		Remarks
			Purchases (Sales)	Amount	Ratio to Total Purchase (Sales)	Credit Period	Unit Price	Credit Period	Balance	Ratio to Total Notes or Account Receivable (Payable)	
The Company	CASO, INC.	Subsidiary	Sales	167,521	6.30 %	O/A 70 days	-	No significant differences.	33,088	5.15%	Note 1
CASO, INC.	The Company	Parent company	Purchases	162,516	59.35 %	O/A 70 days	-	No significant differences.	(34,267)	72.39%	(Note 1)

Note 1: The transactions listed on the left have been fully eliminated as preparing the consolidated financial statements.

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

- e. Receivables from related parties amounting to NT\$100 million or over 20% of paid-up capital: None.
- f. Business relationships and significant intercompany transactions:

Unit: NT\$ thousand

No. (Note 1)	Company name	Counterparty	Relationship with the counterparty (Note 2)	Transaction (Note 3)			
				Account name	Amount	Transaction terms	% of total revenue or assets
0	The Company	APLIGO GMBH	1	Revenue	17,679	Not significantly different.	0.56%
0	The Company	CASO, INC.	1	Revenue	167,521	Not significantly different.	5.34%
0	The Company	CASWELL AMERICAS, INC.	1	Revenue	81,820	Not significantly different.	2.61%
1	CASWELL AMERICAS, INC.	The Company	2	Revenue	16,902	Not significantly different.	0.54%
2	APLIGO GMBH	The Company	2	Revenue	25,289	Not significantly different.	0.81%
0	The Company	CASO, INC.	1	Accounts receivable	33,088	Not significantly different.	0.61%
0	The Company	CASWELL AMERICAS, INC.	1	Accounts receivable	16,017	Not significantly different.	0.30%
0	The Company	APLIGO GMBH	1	Other receivables	45,597	Not significantly different.	0.84%

Note 1: The number is filled as follows:

1. Fill in 0 for parent company
2. Subsidiary are numbered in order starting from 1 by each company.

Note 2: Relationships with counterparties are listed as follows:

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3: For business relationships and significant transactions between the Company and its subsidiaries, only information on financing receivables, sales and accounts receivable will be disclosed. Corresponding purchase and accounts payable will not be repeated.

Note 4: The above transactions have been fully eliminated when preparing the consolidated financial statements.

(2) Information on investees (excluding investees in mainland China):

The following is information on the Group's equity investments for the period from January 1 to September 30, 2025:

Unit: NT\$ thousand/thousand shares

Name of Investor	Name of investee	Region	Principal Business Activities	Initial Investment Amount		Held at the End of Period			Profit and loss of Investee for the Period	Profit (loss) on investment recognized	Remarks
				End of the Period	End of Last Year	Number of Shares	Ratio	Carrying amount (Note 1)			
The Company	CASO, INC.	Japan	Imports and sales of network machines and computer peripherals	27,062	27,062	2	99.00%	152,570	18,144	17,963	Subsidiary (Note 2)
The Company	CASWELL INTERNATIONAL INVESTMENT CO., LTD.	Samoa	Overseas investment	101,135	101,135	3,206	100.00%	104,537	(33,871)	(33,871)	Subsidiary (Note 2)
The Company	CASWELL AMERICAS, INC.	USA	Sales of network appliances	92,460	92,460	3,000	100.00%	64,211	(4,005)	(4,005)	Subsidiary (Note 2)
The Company	APLIGO GMBH	Germany	Hub and SI Service	60,275	60,275	24	66.67%	6,817	(32,661)	(21,964)	Subsidiary (Note 2)
The Company	Hawkeye Tech, Co., Ltd.	Taiwan	Design and manufacturing of computers and network appliances	602,041	602,041	9,097	60.64%	482,404	40,009	24,113	Subsidiary (Note 2)

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

Note 1: Including adjustments for foreign currency translation.

Note 2: The transactions listed on the left have been fully eliminated as preparing the consolidated financial statements.

(3) Information on investments in mainland China:

a. Information on investees in Mainland China

Unit: NTD/USD thousand

Investee in mainland China	Principal Business Activities	Paid-in Capital	Way of Investment (Note 1)	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period (Note 2)	Amount of Investments Remitted or Repatriated for the Period (Note 2)		Accumulated Amount of Investments Remitted from Taiwan at Ending of Period (Note 2)	Profit and loss of Investee for the Period	The Company's Direct or Indirect Shareholding %	Investment Profit (Loss) Recognized for the Period (Note 3)	Carrying amount of Investments at End of Period	Accumulated return on investments recovered by the end of the period
					Remitted	Repatriated						
Beijing Caswell Ltd.	Manufacturing and sales of network appliances	115,691 (USD3,800)	(2)	94,867 (USD3,116)	-	-	94,867 (USD3,116)	(41,252)	82%	(33,826)	112,478	-

Note 1: There are three ways of investment:

(1) Direct investment in mainland China.

(2) Investment in mainland China through a company in another region, this is a direct investment by subsidiary, Caswell International Investment Co., Ltd.

(3) Others.

Note 2: The exchange rate at end of period is used for foreign currency translation

Note 3: Investment gains or losses are recognized based on the financial statements reviewed by the parent company's certified public accountant.

Note 4: The transactions listed on the left have been fully eliminated as preparing the consolidated financial statements.

b. Limits on investments in Mainland China

Unit: NTD/USD thousand

Accumulated amount of remittance from Taiwan to Mainland China at reporting date	Investment amount approved by Investment Commission of the Ministry of Economic affairs (MOEA)	Ceiling on investment in mainland China as imposed by Investment Commission of MOEA
94,867 (USD3,116)	94,867 (USD3,116)	2,093,087

Exchange rates at end of period: USD: 30.445

Average exchange rate: USD: 31.2223

c. Significant Transactions:

Please refer to the Note 13(1) "Information on significant transactions" for significant transactions during the nine months ended September 30, 2025, between the Group and its investees in mainland China (which have been eliminated during the preparation of consolidated financial statements).

Notes to Consolidated Financial Statements of CASwell, Inc. and its Subsidiaries
(continued)

14. Segment Information

Information and adjustments of the Group's operating segments are as follows:

	For the three months ended September 30, 2025				
	Taiwan Segments	PRC Segments	Others	Adjustments and elimination	Total
Revenue:					
Revenue from external clients	\$ 839,671	11,226	115,372	-	966,269
Inter-segment revenue	87,954	-	15,444	(103,398)	-
Total revenue	\$ 927,625	11,226	130,816	(103,398)	966,269
Profits (losses) of reportable segments	\$ 94,815	(8,427)	(9,489)	1,882	78,781

	For the three months ended September 30, 2024				
	Taiwan Segments	PRC Segments	Others	Adjustments and elimination	Total
Revenue:					
Revenue from external clients	\$ 925,731	42,150	152,048	-	1,119,929
Inter-segment revenue	88,450	-	4,319	(92,769)	-
Total revenue	\$ 1,014,181	42,150	156,367	(92,769)	1,119,929
Profits (losses) of reportable segments	\$ 95,963	(7,413)	(600)	(425)	87,525

	For the nine months ended September 30, 2025				
	Taiwan Segments	PRC Segments	Others	Adjustments and elimination	Total
Revenue:					
Revenue from external clients	\$ 2,664,621	51,245	420,850	-	3,136,716
Inter-segment revenue	297,629	-	42,191	(339,820)	-
Total revenue	\$ 2,962,250	51,245	463,041	(339,820)	3,136,716
Profits (losses) of reportable segments	\$ 253,453	(41,252)	(18,566)	17,236	210,871

	For the nine months ended September 30, 2024				
	Taiwan Segments	PRC Segments	Others	Adjustments and elimination	Total
Revenue:					
Revenue from external clients	\$ 2,502,640	129,275	451,890	-	3,083,805
Inter-segment revenue	245,826	-	8,920	(254,746)	-
Total revenue	\$ 2,748,466	129,275	460,810	(254,746)	3,083,805
Profits (losses) of reportable segments	\$ 271,957	(29,443)	(1,374)	5,159	246,299