

ABC Taiwan Electronics
Corporation and Subsidiaries

Consolidated Financial
Statements and Independent
Auditors' Review Report

For the Years Ended December 31, 2025 and 2024

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Statement of Consolidated Financial Statements of Affiliates

For the fiscal year 2025 (from January 1, 2025 to December 31, 2025), the companies required to be included in the preparation of the consolidated financial statements of affiliated enterprises under the "Regulations Governing the Preparation of Consolidated Business Reports, Consolidated Financial Statements, and Reports on Affiliations" are the same as those required to be included in the consolidated financial statements of the parent and subsidiary companies under International Financial Reporting Standard No. 10. Additionally, the information required to be disclosed in the consolidated financial statements of affiliated enterprises has already been disclosed in the aforementioned consolidated financial statements of the parent and subsidiary companies. Therefore, the Company will not prepare a separate set of consolidated financial statements for affiliated enterprises.

We hereby declared as such

Company name: ABC Taiwan Electronics Corporation

Responsible person: Joseph M. E. Hsu

March 12, 2026

Independent Auditors' Report

To: ABC Taiwan Electronics Corp.

Audit opinions

The consolidated balance sheets of ABC Taiwan Electronics Corp. and its subsidiaries as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and notes to the consolidated financial statements (including a summary of significant accounting policies) for the years from January 1 to December 31, 2025 and 2024, have been audited by our firm of certified public accountants.

In our opinion, the aforementioned consolidated financial statements have been prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretation Bulletins that have been endorsed and issued into effect by the Financial Supervisory Commission, and present fairly the consolidated financial position of ABC Taiwan Electronics Corp. and its subsidiaries as of December 31, 2025 and 2024, and their consolidated financial performance and consolidated cash flows for the periods from January 1 to December 31, 2025 and 2024.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the Consolidated Financial Statements. We are independent of ABC Taiwan Electronics Corp. and subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have acquired sufficient and appropriate audit evidence to serve as the basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of ABC Taiwan Electronics Corp. and subsidiaries for the year 2025. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and by forming of our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Consolidated Financial Statements of ABC Taiwan Electronics Corp. and subsidiaries for the year 2025 are stated as follows:

Key audit matters - Recognition of revenue

The main source of income of ABC Taiwan Electronics Corp and subsidiaries is from the design, development, and manufacturing of inductance components, ceramic heat sinks, and various precision metal stamping parts, and subsequent sales of these products. The 2025 consolidated net operating revenue was NT\$2,067,062 thousand. For the accounting policies and information related to revenue recognition, please refer to Notes IV and XX to the Consolidated Financial Statements. As the operating revenue of ABC Taiwan Electronics Corp. and its subsidiaries is material to the overall financial statements for this fiscal year, the recognition of sales revenue for specific customers has been identified as a key audit matter for the current year.

The appropriate audit procedures

The main audit procedures that we have implemented include:

1. Understand and evaluate the appropriateness of the internal control design and execution for the operating revenue recognition.
2. Testing is conducted on sales revenue and relevant transaction vouchers and payment receipts are sampled and checked to confirm the authenticity of the sales revenue recognition.

Other matters

ABC Taiwan Electronics Corp. has prepared the Parent Company Only Financial Statements for the years 2025 and 2024, and an audit report has been presented by the CPAs without reservations for reference.

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

Management is responsible for the preparation and fair presentation of the consolidated Financial Statements in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the ability of ABC Taiwan Electronics Corp. and subsidiaries to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate ABC Taiwan and subsidiaries, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, (including the audit committee), are responsible for overseeing the financial reporting process of ABC Taiwan Electronics Corp. and subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

We exercise professional judgment and skepticism in conducting audits in accordance with the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the internal control of ABC Taiwan Electronics Corp. and subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Draw conclusions on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of ABC Taiwan Electronics Corp. and subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause ABC Taiwan Electronics Corp. and subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the Consolidated Financial Statements, (including the related notes), and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence of the standalone financial information or business activities of ABC Taiwan Electronics Corp. and subsidiaries to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and implementation of the audit for ABC Taiwan Electronics Crop. and subsidiaries. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the Norms of Professional Ethics for Certified Public Accountants of the Republic of China regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, (and where applicable, related safeguards).

From matters communicated with those charged with governance, we determined an issue that was most significant in the audit of the standalone financial statement for the year ended December 31, 2025, and is, therefore, a key audit matter. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche
CPA Wen, Chih-Yuan

CPA Yeh, Tung-Hui

Approval reference number of the FSC
Jin-Guan-Zheng-Shen-Zi No. 1130349292

Approval reference number of the FSC
Jin-Guan-Zheng-Shen-Zi No. 0980032818

March 12, 2026

ABC Taiwan Electronics Corporation and Subsidiaries
Consolidated Statements Of Balance Sheet
December 31, 2025 and 2024

Unit: NTD thousand

Code	Assets	December 31, 2025		December 31, 2024		Code	Liabilities and equity	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current liabilities				
1100	Cash and cash equivalents (Note VI)	\$ 678,206	22	\$ 745,011	24	2100	Short-term borrowings (Note XVI)	\$ 200,000	6	\$ 190,000	6
1110	Financial assets measured at fair value through profit or loss - current (Note VII)	23,561	1	23,170	1	2110	Commercial paper payable (Note XVI)	-	-	29,964	1
1170	Notes and accounts receivable, net (Note IX)	182,922	6	162,947	5	2170	Notes and accounts payable	285,538	9	259,666	9
1180	Accounts receivable - related parties (Notes IX and XXVII)	162,336	5	107,910	4	2206	Employees' compensation and remuneration of directors payable (Note XXI)	8,043	-	1,445	-
1200	Other receivables	93,614	3	28,700	1	2219	Other payables (Note XVII)	106,310	4	98,968	3
1220	Current income tax assets (Note XXII)	2,902	-	10,416	-	2230	Current income tax liabilities (Note XXII)	18,693	1	1,824	-
130X	Inventories (Note X)	261,729	8	260,743	8	2280	Lease liabilities - current (Note XIII)	2,421	-	1,275	-
1410	Prepayments	20,832	1	32,442	1	2322	Long-term loans with maturity within one year (Notes XVI and XXVIII)	214,436	7	257,191	8
1470	Other current assets (Note XV)	-	-	112	-	2399	Other current liabilities (Notes XVII and XX)	2,917	-	2,842	-
11XX	Total current assets	<u>1,426,102</u>	<u>46</u>	<u>1,371,451</u>	<u>44</u>	21XX	Total of current liabilities	<u>838,358</u>	<u>27</u>	<u>843,175</u>	<u>27</u>
	Non-current assets						Non-current liabilities				
1517	Financial Assets at Fair Value through Other Comprehensive Income - non-current (Note VIII)	54,182	2	34,285	1	2540	Long-term loans (Notes XVI and XXVIII)	625,570	20	628,769	20
1600	Property, plant and equipment (Notes XII and XXVIII)	1,485,475	47	1,584,523	51	2570	Deferred income tax liabilities (Note XXII)	67,703	2	81,224	3
1755	Right-of-use assets (Note XIII)	8,002	-	6,699	-	2580	Lease liabilities - non-current (Note XIII)	841	-	488	-
1780	Intangible assets (Note XIV)	49,706	2	50,170	2	2630	Long-term deferred revenue (Note XXIV)	4,829	-	6,212	-
1915	Prepayment for equipment purchase	85,449	3	43,694	2	2670	Other non-current liabilities (Notes XVII)	991	-	2,136	-
1975	Net defined benefit assets - non-current (Note XVIII)	13,868	-	10,928	-	25XX	Total non-current liabilities	<u>699,934</u>	<u>22</u>	<u>718,829</u>	<u>23</u>
1990	Other non-current assets (Note XV)	4,787	-	5,069	-	2XXX	Total liabilities	<u>1,538,292</u>	<u>49</u>	<u>1,562,004</u>	<u>50</u>
15XX	Total non-current assets	<u>1,701,469</u>	<u>54</u>	<u>1,735,368</u>	<u>56</u>		Equity attributable to shareholders of the Company (Note XIX)				
							Share capital				
						3110	Common stock share capital	1,050,006	33	1,050,006	34
						3200	Additional paid-in capital	181,063	6	181,063	6
							Retained earnings				
						3310	Legal reserve	153,658	5	152,922	5
						3320	Special reserves	86,236	3	152,144	5
						3350	Undistributed earnings	158,837	5	94,917	3
						3300	Total retained earnings	<u>398,731</u>	<u>13</u>	<u>399,983</u>	<u>13</u>
						3400	Other equity items	(40,521)	(1)	(86,237)	(3)
						31XX	Total Equity Attributable to Owners of the Company	<u>1,589,279</u>	<u>51</u>	<u>1,544,815</u>	<u>50</u>
1XXX	Total assets	<u>\$ 3,127,571</u>	<u>100</u>	<u>\$ 3,106,819</u>	<u>100</u>		Total liabilities and equity	<u>\$ 3,127,571</u>	<u>100</u>	<u>\$ 3,106,819</u>	<u>100</u>

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu

Manager: Fan, Liang-Fang

Accounting Officer: Cheng, Ya-Yun

ABC Taiwan Electronics Corporation and Subsidiaries
Consolidated Statements Of Comprehensive Income
For the years ended December 31, 2025 and 2024

Unit: NTD thousand, except Earnings Per Share at NTD

Code		2025		2024	
		Amount	%	Amount	%
4000	Net operating revenue (Notes XX and XXVII)	\$ 2,067,602	100	\$ 1,864,179	100
5000	Operating cost (Notes X and XXI)	<u>1,544,506</u>	<u>74</u>	<u>1,454,267</u>	<u>78</u>
5900	Gross profit	<u>523,096</u>	<u>26</u>	<u>409,912</u>	<u>22</u>
	Operating expenses (Notes XXI and XXVII)				
6100	Sales and marketing expenses	75,392	4	73,451	4
6200	Management expenses	251,552	12	246,135	13
6300	R&D expenses	102,140	5	110,224	6
6450	ECL impairment loss (reversal of gain) (Notes IX)	(<u>1,055</u>)	<u>-</u>	<u>674</u>	<u>-</u>
6000	Total operating expenses	<u>428,029</u>	<u>21</u>	<u>430,484</u>	<u>23</u>
6900	Net operating profit (loss)	<u>95,067</u>	<u>5</u>	(<u>20,572</u>)	(<u>1</u>)
	Non-operating income and expenses				
7100	Interest revenue (Note XXI)	3,165	-	7,498	-
7010	Other income (Note VIII, XXI, XXIV, and XXVII)	2,827	-	2,377	-
7020	Other gains and losses (Notes XXI and XXVII)	(<u>2,193</u>)	<u>-</u>	46,454	3
7050	Financial costs (Note XXI)	(<u>19,320</u>)	(<u>1</u>)	(<u>19,121</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	(<u>15,521</u>)	(<u>1</u>)	<u>37,208</u>	<u>2</u>
7900	Profit before tax	79,546	4	16,636	1
7950	Income tax expenses (Note XXII)	(<u>45,785</u>)	(<u>2</u>)	(<u>12,190</u>)	(<u>1</u>)
8200	Net income for the year	<u>33,761</u>	<u>2</u>	<u>4,446</u>	<u>-</u>

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Code		2025		2024	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items not reclassified to profit or loss				
8311	Re-measurement of defined benefit plan (Note XVIII)	\$ 1,737	-	\$ 2,910	-
8316	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income (Note XIX)	19,897	1	(4,904)	-
8360	Items that may be reclassified subsequently as profit or loss				
8361	Exchange difference on translation of financial statements of foreign operations (Note XIX)	<u>25,819</u>	<u>1</u>	<u>70,812</u>	<u>4</u>
8300	Total other comprehensive income	<u>47,453</u>	<u>2</u>	<u>68,818</u>	<u>4</u>
8500	Total comprehensive income for the year	<u>\$ 81,214</u>	<u>4</u>	<u>\$ 73,264</u>	<u>4</u>
	Earnings per share (Note XXIII)				
9750	Basic	<u>\$ 0.32</u>		<u>\$ 0.04</u>	
9850	Diluted	<u>\$ 0.32</u>		<u>\$ 0.04</u>	

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu

Manager: Fan, Liang-Fang

Accounting Officer: Cheng, Ya-Yun

ABC Taiwan Electronics Corporation and Subsidiaries
Consolidated Statements Of Changes In Equity
For the years ended December 31, 2025 and 2024

Unit: NTD thousand, unless stated otherwise

		Equity attributable to the Company's shareholders					Other equity			
Code		Share capital		Additional paid-in capital	Retained earnings		Foreign currency translation differences for foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or (loss)	Total equity	
		Shares (in thousand)	Amount		Legal reserve	Special reserves				Undistributed earnings
A1	Balance as of January 1, 2024	105,001	\$ 1,050,006	\$ 181,063	\$ 148,446	\$ 128,123	\$ 139,158	(\$ 178,536)	\$ 26,391	\$ 1,494,651
	Distribution of earnings for 2023									
B1	Legal reserve	-	-	-	4,476	-	(4,476)	-	-	-
B3	Special reserves	-	-	-	-	24,021	(24,021)	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(23,100)	-	-	(23,100)
D1	2024 net income	-	-	-	-	-	4,446	-	-	4,446
D3	2024 Total other comprehensive income (loss)	-	-	-	-	-	2,910	70,812	(4,904)	68,818
D5	2024 Total comprehensive income (loss)	-	-	-	-	-	7,356	70,812	(4,904)	73,264
Z1	Balance as of December 31, 2024	105,001	1,050,006	181,063	152,922	152,144	94,917	(107,724)	21,487	1,544,815
	Distribution of earnings for 2024									
B1	Legal reserve	-	-	-	736	-	(736)	-	-	-
B3	Special reserves	-	-	-	-	(65,908)	65,908	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(36,750)	-	-	(36,750)
D1	2025 net income	-	-	-	-	-	33,761	-	-	33,761
D3	2025 Total other comprehensive income (loss)	-	-	-	-	-	1,737	25,819	19,897	47,453
D5	2025 Total comprehensive income (loss)	-	-	-	-	-	35,498	25,819	19,897	81,214
Z1	Balance as of December 31, 2025	<u>105,001</u>	<u>\$ 1,050,006</u>	<u>\$ 181,063</u>	<u>\$ 153,658</u>	<u>\$ 86,236</u>	<u>\$ 158,837</u>	<u>(\$ 81,905)</u>	<u>\$ 41,384</u>	<u>\$ 1,589,279</u>

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu

Manager: Fan, Liang-Fang

Accounting Officer: Cheng, Ya-Yun

ABC Taiwan Electronics Corporation and Subsidiaries
Consolidated Statements Of Cash Flows
For the years ended December 31, 2025 and 2024

Unit: NTD thousand

Code		2025	2024
	Cash flow from operating activities		
A10000	Profit before tax for the current year	\$ 79,546	\$ 16,636
A20010	Income and expenses items:		
A20100	Depreciation expense	161,954	170,273
A20200	Amortized expenses	16,581	17,444
A20300	ECL impairment loss (reversal of gain)	(1,055)	674
A20400	Net gains on financial assets and liabilities measured at fair value through profit or loss	(287)	(376)
A20900	Financial cost	19,320	19,121
A21200	Income from interest	(3,165)	(7,498)
A21300	Dividend income	(1,131)	(969)
A22500	Profit from disposal of property, plant and equipment	(1,733)	(34,979)
A23700	Loss on inventory devaluation and obsolescence	2,748	33,079
A24100	Net losses on foreign currency exchange	43,068	10,074
A24600	Loss (profit) from lease modification	(4)	13,338
A29900	Government subsidies income	(1,357)	(1,408)
A30000	Net changes in operating assets and liabilities		
A31130	Notes and accounts receivable	(21,048)	(14,290)
A31160	Accounts receivable - related parties	(54,426)	1,461
A31180	Other receivables	(64,826)	(416)
A31200	Inventory	(5,833)	(22,108)
A31230	Prepayments	11,610	(5,005)
A31240	Other current assets	112	759
A31990	Other assets	13	76
A32130	Notes and accounts payable	23,601	47,496
A32180	Other payables	11,004	(11,778)
A32200	Liability reserve	6	51
A32230	Other current liabilities	75	770
A32240	Net defined benefit liability	(1,203)	(1,433)
A32990	Employees' compensation and remuneration of directors payable	6,598	(9,840)
A33000	Cash from operations	220,168	221,152
A33100	Interest received	3,165	7,498

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Code		2025	2024
A33300	Interest paid	(\$ 19,485)	(\$ 19,132)
A33500	Income tax paid	(35,620)	(48,111)
AAAA	Net cash inflow from operating activities	<u>168,228</u>	<u>161,407</u>
	Cash flows from investing activities		
B02700	Acquisition of property, plant and equipment	(93,824)	(195,239)
B02800	Proceeds from disposal of property, plant and equipment	48,214	58,266
B03800	Decrease in refundable deposits	269	658
B04500	Acquisition of intangible assets	(16,117)	(36,301)
B07100	Increase in prepaid equipment purchase	(41,755)	-
B07200	Decrease in prepaid equipment purchase	-	43,780
B07600	Dividends received	<u>1,131</u>	<u>969</u>
BBBB	Net cash outflow from investing activities	<u>(102,082)</u>	<u>(127,867)</u>
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	1,230,000	1,520,000
C00200	Decrease in short-term borrowings	(1,220,000)	(1,560,000)
C00600	Decrease in short-term notes payable	(29,964)	(29,963)
C01600	Proceeds from long-term debt	199,470	323,346
C01700	Repayments of long-term debt	(245,424)	(317,790)
C04020	Repayment of lease principal	(2,805)	(1,645)
C04500	Distribution of cash dividends	<u>(36,750)</u>	<u>(23,100)</u>
CCCC	Net cash outflow from financing activities	<u>(105,473)</u>	<u>(89,152)</u>
DDDD	Effect of exchange rate fluctuations on cash and cash equivalents	<u>(27,478)</u>	<u>13,268</u>
EEEE	Net decrease of cash and cash equivalents for the current year	(66,805)	(42,344)
E00100	Cash and cash equivalents, beginning of the year	<u>745,011</u>	<u>787,355</u>
E00200	Cash and cash equivalents, end of the year	<u>\$ 678,206</u>	<u>\$ 745,011</u>

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Joseph M. E. Hsu

Manager: Fan, Liang-Fang

Accounting Officer: Cheng, Ya-Yun

ABC Taiwan Electronics Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Amounts in NTD thousand unless stated otherwise)

I. Company history

ABC Taiwan Electronics Corp (hereinafter referred to as "the Company") was approved for establishment by the Ministry of Economic Affairs (MOEA) on May 25, 1979. Its principal business is providing chip inductors, power inductors, filter inductive components, transformers, micro-porous ceramic (MPC) heat sinks, various precision metal stamping parts, LED lighting fixtures, and other related products and their raw materials that are used in various electronic products, communication electronic products, computer and peripheral equipment, industrial electronic equipment, automotive electronic equipment and other circuits, various product molds and production equipment, their manufacturing, processing and trading, as well as the import and export business for each of the aforementioned items.

The Company's shares have been listed for trading on the Taipei Exchange since December 2, 2004.

The Consolidated Financial Statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

II. Financial Statement Approval Date and Procedures

The Consolidated Financial Statements were approved by the Board of Directors on March 12, 2026.

III. Application of new and revised standards and interpretation

- (I) Initial adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") that have been endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Amendments to IAS 21 "Lack of Exchangeability"

The application of amendments to IAS 21 "Lack of Exchangeability" will not result in significant changes to the accounting policies of the Company and entities controlled by the Company (hereinafter referred to as "the Group").

- (II) FSC-endorsed IFRSs applicable from 2026 onwards

<u>New / Revised / Amended Standards and Interpretation</u>	<u>Effective date of IASB's announcement</u>
IFRS 9 and IFRS 7 Amendments "Classification and Measurement of Financial Instruments"	January 1, 2026
IFRS 9 and IFRS 7 Amendments "Contracts with Natural Dependency on Electricity"	January 1, 2026
"IFRS Annual Improvements - Volume 11"	January 1, 2026
IFRS 17 "Insurance Contracts"(As amended in 2020 and 2021)	January 1, 2023

Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"

1. Amendments to Application Guidance on Classification of Financial Assets

The amendments primarily modify the classification requirements for financial assets, including:

- (1) For financial assets that contain a contingent feature that could change the timing or amount of contractual cash flows, and where the nature of the contingency is not directly related to changes in basic lending risks and costs (such as whether a borrower achieves specific carbon emission reductions), such financial assets still have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding when both of the following conditions are met:
- The contractual cash flows in all possible scenarios (before or after the contingency occurs) are solely payments of principal and interest on the principal amount outstanding; and

- The contractual cash flows in all possible scenarios do not differ significantly from the cash flows of a financial instrument with identical contractual terms but without the contingent feature.
 - (2) Clarification that financial assets with non-recourse features refer to those where the entity's contractual right to receive cash flows is ultimately limited only to the cash flows generated by specific assets.
 - (3) Explanation that contractually linked instruments establish multiple tranches of securities through a waterfall payment structure to establish payment priorities among financial asset holders, thereby concentrating credit risk and causing disproportionate allocation of cash shortfalls from the underlying pool across different tranches.
2. Amendments to Application Guidance on Derecognition of Financial Liabilities

The amendment primarily explains that when an entity uses an electronic payment system to settle financial liabilities in cash, if the following conditions are met, the entity may elect to derecognize the financial liability before the settlement date:

- The entity does not have the practical ability to withdraw, stop, or cancel the payment instruction;
- The entity does not have the practical ability to access the cash that will be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system is not significant.

The Group is required to apply the amendment retrospectively but is not required to restate the comparative periods, with the effect of the initial application recognized on the date of first adoption. However, if the entity is able to restate the comparative periods without using hindsight, it may elect to do so.

Except for the effects described above, as of the date these consolidated financial statements were authorized for issuance, the Group has assessed that the amendments to other standards will not have a material impact on its financial position and financial performance.

(III) IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

<u>New / Revised / Amended Standards and Interpretation</u>	<u>Effective date announced by IASB (Note)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note 1 : Unless stated otherwise, the above New / Revised / Amended Standards and Interpretation are effective for annual periods beginning on or after their respective effective dates.

Note 2 : On September 25, 2025, the Financial Supervisory Commission (FSC) announced that enterprises in Taiwan shall apply IFRS 18 starting from January 1, 2028. Early adoption is permitted once IFRS 18 has been endorsed by the FSC.

IFRS 18 "Presentation and Disclosure in Financial Statements" and related consequential amendments

IFRS 18 will replace IAS 1 "Presentation of Financial Statements" and the main changes include:

- The Group shall assess whether it has specific main business activities involving investing in certain types of assets and providing financing to customers, and accordingly classify income and expense items in the statement of profit or loss into operating, investing, financing, income tax, and discontinued operations categories.

- The income statement should present subtotals and totals for operating profit or loss, profit or loss before financing and income tax, and profit or loss.
- Guidance is provided to strengthen aggregation and disaggregation requirements: The Group must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on common characteristics, ensuring that each line item presented in the primary financial statements has at least one similar characteristic. Items with dissimilar characteristics should be disaggregated in the primary financial statements and notes. The Group should label items as "other" only when it is unable to find a more informative label.
- Enhanced disclosure of management-defined performance measures: When the Group communicates publicly outside the financial statements and communicates management's view of a specific aspect of the company's overall financial performance to financial statement users, it should disclose information about management-defined performance measures in a single note to the financial statements. This includes a description of the measure, how it is calculated, its reconciliation to subtotals or totals specified in IFRS accounting standards, and the income tax and non-controlling interest effects of reconciling items.

In addition, the following consequential amendments have been made to IAS 7 "Statement of Cash Flows":

- When the Group prepares cash flows from operating activities using the indirect method, operating profit or loss shall be used as the starting point for reconciliation.
- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. If the Group determines that it has specific main business activities, it shall consider the classification of dividend income, interest income, and interest expense presented in the statement of profit or loss in determining the classification of dividends received, interest received, and interest paid in the statement of cash flows. However, each of the above cash flows shall be classified in only one category of the statement of cash flows.

In addition to the impact referred to above, the Group will continue to evaluate other impacts of amendments of each standard and interpretations on the financial position and financial performance as of the release date of these Consolidated Financial Statements, and will disclose the relevant impact when the evaluation is completed.

IV. Summary of significant accounting policies

(I) Statement of Compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS as endorsed and issued into effect by the FSC.

(II) Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis except for the financial instruments measured at fair value and the net defined assets recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The measurement of fair value is divided into Level 1 to Level 3 according to the observable degree and importance of the relevant input value:

1. Level 1 input value: Refers to the quotation (unadjusted) of the same asset or liability in an active market on the measurement date.
2. Level 2 input value: Refers to inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 input value: Refers to unobservable inputs for the asset or liability.

(III) Criteria for classifying assets and liabilities into current and non-current

Current assets include:

1. Assets held primarily for trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding those that are restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date)

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due and settled within 12 months after the balance sheet date, and
3. Liabilities on the balance sheet date that the Company has no substantive right to defer settlement of for at least 12 months after the balance sheet date.

Assets or liabilities that are not the abovementioned current assets or liabilities are classified as non-current assets or liabilities.

(IV) Basis for consolidation

The Consolidated Financial Statements include the Company and the financial statements of its controlling entities (subsidiaries). Adjustments have been made to the financial statements of the subsidiaries to enable consistency in the accounting policies of the parent company and the subsidiaries. All of the transactions, account balances, income and expense losses between the entities were eliminated during the preparation of the consolidated financial statements.

Please refer to Notes XI and XXXI for the statements, shareholding and operation items of the subsidiaries.

(V) Foreign currency

When each entity prepares financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are translated into functional currencies and recorded in accordance with the exchange rates on the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are translated at the closing rates on that date. Exchange difference arising from the delivery or translation of monetary items are recognized in profit or loss for the period incurred.

The foreign currency non-monetary item measured at fair value is converted at the exchange rate on the fair value determination date. The exchange difference generated is recognized in the profit or loss of the current year, but for the changes in fair value recognized in other comprehensive income, the exchange difference generated is recognized in other comprehensive income.

Foreign currency non-monetary items measured at historical cost which are converted according to the exchange rate on the transaction date are not re-translated.

In preparing the Consolidated Financial Statements, the assets and liabilities of the Company's foreign operations (including subsidiaries that operate in countries or using currencies different from the Company's) are translated into New Taiwan dollars at the end of each balance sheet date. Income and expense items are converted at the average exchange rate for the current year, and the exchange difference generated is listed in the other comprehensive profit or loss.

(VI) Inventory

Inventories include raw materials, finished goods, work-in-progress, and commodities. Inventories are measured at the lower of cost or net realizable value. Except for inventories of the same type, the comparison between cost and net realizable value is based on individual items. Net realizable value is the balance of the estimated selling price in the ordinary course of business, less the estimated cost required for completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average method.

(VII) Property, plant and equipment

Property, plant and equipment are recognized as costs, and they will be measured by the amount after the costs less the amount of accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under construction are recognized at cost less accumulated impairment loss. Cost includes professional service fees and borrowing costs that meet the capitalization conditions. Before reaching the intended state of use, such assets are measured at the lower of cost or net realizable value, and the selling price and cost are recognized in profit or loss. These assets will be classified into the appropriate category of property, plant, and equipment and depreciated accordingly when completed and ready for the intended state of use.

Except for self-owned land, the property, plant, and equipment are depreciated by significant parts over their useful lives on a straight-line basis. The Group shall review the estimation of life span, residual value and depreciation method at least once a year and extend the effect of changes in applicable accounting policy.

In the case of delisting real estate, plants, and equipment, the difference between the net disposal price and the book value of the asset is recognized in profit or loss.

(VIII) Intangible assets

1. Acquired separately

The intangible asset with limited useful life acquired separately was originally measured at cost and subsequently measured at the amount derived from taking cost less net of accumulated amortization and accumulated impairment losses. Intangible assets are amortized using straight-line method over the useful lives. The Group conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, and applies the effect of changes in accounting estimates prospectively.

2. Internally generated - research and development expenses

Research expenditure is recognized as expense when incurred.

3. Derecognition

In derecognition of intangible assets, the difference between the net proceeds of disposition and the book value of the assets shall be recognized as income for the current year.

(IX) Impairment of property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill)

At each balance sheet date, the Group assesses whether there is any sign that property, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill) may have been impaired. If there is any sign of impairment, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Common assets are amortized to the smallest group of cash-generating units on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and when there is a sign that the assets may be impaired.

The recoverable amount is the fair value less the selling cost or the value in use whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. However, the increased carrying amount shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset or cash-generating unit in prior years. Reversal of impairment loss is recognized in profit or loss.

(X) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Group becomes a party to the instrument contract.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs that can be directly attributed to the acquisition or issuance of financial assets or liabilities measured at fair value through profit or loss are immediately recognized as profit or loss.

1. Financial assets

Conventional transactions with financial assets are recognized and de-recognized on the trade date.

(1) Measurement type

Financial assets held by the Group are those measured at fair value through profit or loss, those measured at amortized cost, and investments in equity instruments measured at fair value through other comprehensive income.

A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include those mandatorily measured at fair value through profit or loss and those designated to be measured at fair value through profit or loss. The financial assets mandatorily and designated to be measured at fair value through profit and loss include the investment in equity instruments that are not designated to be measured at fair value through other comprehensive income, and the investment in liability instruments that are not qualified to be classified as those measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, with dividends, interest, and remeasurement gains or losses recognized in other gains and losses. Please refer to Note XXVI for the method of determining the fair value.

B. Financial assets measured at amortized cost

If the Group's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

- a. Held under a certain business model, the purpose of which is to hold financial assets to collect contractual cash flows; and
- b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, notes receivable measured at amortized cost, accounts receivable (including related parties), other receivables, and refundable deposits) are, after initial recognition, measured at amortized cost determined using the effective interest method as the gross carrying amount less any impairment loss. Any foreign currency exchange gains or losses are recognized in profit or loss.

Except for the following two situations, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
- b. For a financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period after the financial asset is impaired.

Credit-impaired financial assets refer to situations where the issuer or obligor has experienced major financial difficulty, default, or the obligor is likely to file for bankruptcy or other financial reorganization, or active financial assets have disappeared from the market due to financial difficulty.

Cash equivalents include highly liquid time deposits that can be converted into a given amount of cash at any time within 3 months after the date of acquisition and are subject to an insignificant risk of changes in value. They are used to meet short-term cash commitments.

C. Investments in equity instruments measured at fair value through other comprehensive income

The Group may, at the time of original recognition, make an irrevocable election to designate investments in equity instruments not held for trading and not recognized by the acquirer in a business merger transaction as contingent consideration for measurement at fair value through other comprehensive income.

Investments in equity instruments measured at FVTOCI are measured at fair value, and subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. In the disposition of investments, the accumulated profit or loss is directly transferred to the retained earnings without reclassification as profit or loss.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Group's right to receive dividends is established, unless such dividends clearly represent the recovery of part of an investment cost.

(2) Impairment of financial assets

The Group assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on the expected credit loss on each balance sheet date.

Accounts receivable shall be recognized for allowance for loss based on expected credit loss throughout the duration. For other financial assets, the allowance is assessed as to whether the credit risk has increased significantly since the original recognition. If there is no significant increase, the allowance is recognized according to the 12 month expected credit loss. If there is a significant increase, it is recognized according to the expected credit loss throughout the duration.

The expected credit loss is the weighted average credit loss with the risk of default as the weight. Expected credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Expected credit loss with the perpetuity of the financial instruments means the expected loss of credit from the financial instruments within the perpetuity of these financial instruments.

For the purpose of internal credit risk management, the Group, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

A. There is internal or external information showing that it is impossible for the debtor to pay off the debt.

B. Past due for over 150 days, unless there is reasonable and corroborating information showing that the deferred basis is more appropriate.

All impairment loss of financial assets is recognized through the reduction of the book value of the provisioned account. However, the provision for loss of investment of debt instruments at fair value through comprehensive income shall be recognized as other comprehensive income without the reduction of its book value.

(3) The derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights from the cash flows of the financial assets expire, or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to another enterprise.

Where a financial asset measured at amortized cost was derecognized as a whole, the difference between the book value and the received consideration was recognized in profit or loss. When the investment in equity instrument measured at FVTOCI is derecognized as a whole, the accumulated income is directly transferred to the retained earnings without reclassification as income.

2. Equity instruments

The debt and equity instruments issued by the Group are classified as financial liabilities or equity according to the substance of contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Group are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The Company's equity retrieved is debited or credited to the equity. The book value is calculated based on the weighted average of the types of shares. The purchase, sale, issuance, or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All of the financial liabilities of the Group are measured at amortized cost in the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book value and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized in profit or loss.

(XI) Liability reserve

The recognized liability reserve amount is based on the risk and uncertainty of the obligation considered, and it is the optimum estimate of the expenditure required to settle the obligations on the balance sheet date. The reserve for liabilities is measured at the discount value of the estimated cash flows for the settlement of obligations.

(XII) Recognition of Income

The Group, after identifying the performance obligations, has the transaction price amortized to each performance obligation and recognizes the income when each performance obligation is satisfied.

Revenue from sale of goods

Revenues from the sale of products are derived from the sale of products. When electronic products arrive at the customer's designated location or when they are shipped, the customer has the right to set the price and the use of the product, and is mainly responsible for the resale of the product, and bears the risk of product obsolescence. The Group recognizes them as income and accounts receivable at this time.

When the material is supplied for processing, the ownership of the processed product is not transferred; therefore, the income is not recognized when the material is supplied.

(XIII) Lease Holdings

On the date of contract formation, the Group assesses whether the contract is (or contains) a lease.

1. The Group as lessor

A lease arrangement is classified as a finance lease if the terms involve a transfer of virtually all risks and returns associated with ownership of the underlying asset to the lessee. All other lease arrangements are classified as operating lease.

Proceeds received from operating leases net of lease incentives are recognized as income on a straight-line basis over the lease tenor. Initial direct costs generated in the acquisition of operating leases are added to the underlying asset carrying amount and recognized as expenses on a straight-line basis in lease periods.

2. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities from the lease start date for each lease arrangement, except for exempted low-value underlying assets and short-term leases where expenses are recognized on a straight-line basis over the lease tenor.

Right-of-use assets are initially measured at cost (including the initial amount of lease liability), and subsequently at cost less accumulated depreciation and impairment loss with adjustments made to the re-measurement of lease liability. Right-of-use assets are separately expressed on the Consolidated Statements Of Balance Sheet.

The right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the expiry date of the lease or the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments. Lease payments are discounted at the implicit interest rate if it can be determined easily. If the interest rate cannot be determined easily, the lessee's incremental borrowing rate is used instead.

Subsequently, lease liability is measured at cost after amortization using the effective interest method, whereas interest expense is amortized over the lease tenor. If there is any change to the amounts to be paid over the lease tenor that leads to changes in future lease payments, the Group will remeasure its lease liabilities and make corresponding adjustments to right-of-use assets. If, however, the book value of right-of-use assets has already been reduced to zero, any remaining re-measurements are recognized in profit or loss. Lease liabilities are separately expressed on the Consolidated Statements Of Balance Sheet.

(XIV) Borrowing costs

Borrowing costs directly belonging to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities that the assets reaching the status of expected use or sale.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit and loss upon occurring in the current year.

(XV) Government subsidies

Government subsidies can be recognized upon receiving when there is reasonable assurance that the Group will adhere to the terms attached to the government subsidies.

Government subsidies-related income are recognized under other income on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the subsidies are intended to compensate. Government subsidies that are given on the condition that they will be used to purchase or construct non-current assets or to acquire them by other methods are recognized as deferred revenue, and will be recognized in profit or loss during the estimated useful life of associated assets on a reasonable and systematic basis.

(XVI) Employee Welfare

1. Short-term employee benefits

Liabilities associated with short-term employee benefits are measured at the non-discounted amount of cash that the Company expects to pay in exchange for employees' services.

2. Post-employment benefits

For defined contribution plans, the amount of contributions that is appropriated to pension funds over the duration of employees' services is recognized as expense.

For defined benefit plans, the cost of benefits (including service cost, net interest, and effect of re-measurement) is estimated using the projected unit credit method. The net interests of the service cost (including the service cost for the current period) and net defined benefit liability (asset) are recognized as employee benefit expenses when they occur. Effects of re-measurement (including actuarial gains/losses and return on plan assets net of interest) are recognized under other comprehensive income and added to retained earnings at the time of occurrence. This amount is not reclassified into profit or loss in subsequent periods.

Net defined benefit liability (asset) is the appropriation deficit (surplus) of the defined benefit pension plan. Net determined benefit asset shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

(XVII) Income tax

Income tax expenses are the aggregate of the income taxes and deferred taxes during the period.

1. Income tax for the current period

The Group determines the current revenue (loss) in accordance with the laws and regulations of the jurisdiction for filing income taxes and, with this as a basis, calculates the income tax payable (receivable).

Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholder resolution meeting.

The adjustment to prior period income tax payable is booked as current income tax.

2. Deferred income tax

Deferred income taxes are tax effects of temporary differences deriving from the different book value of assets and liabilities presented in the financial statement and those reported for tax filing.

Tax impacts arising from taxable temporary differences are recognized as deferred income tax liabilities; deferred income tax assets are recognized under the condition that the Company is very likely to generate taxable income in the future to offset deductible temporary differences.

The taxable temporary differences related to the investment in the equities of the subsidiaries are recognized as deferred income tax liabilities, except for those where the Group can control the timing of reversing the temporary difference and the temporary difference is unlikely to be reversed in the foreseeable future. The deferred income tax asset arising from deductible temporary differences associated with such investment is recognized within the range of earnings that are with sufficient taxable income to realize temporary differences and are expected to be reversed in the foreseeable future.

The book amount of deferred income tax asset must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset, should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of its assets should be adjusted up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly listed under equity items, which are also recognized in other comprehensive income or directly listed under equity.

V. Major Sources of Uncertainty over Significant Accounting Judgments, Assumptions, and Estimation

With regard to the adoption of accounting policies by the Group, management must make judgments, estimates and assumptions based on historical experience and other relevant factors if relevant information is not readily available from other sources. The actual outcome may be different from the estimates.

When developing significant accounting estimates, the Group incorporates the influence of the economic environment into the material estimates such as cash flows, growth, discount rates and profitability. Management will continue to review these estimates and assumptions.

After evaluation by the management of the Group, there are no significant accounting judgments, estimates, or uncertainties in the accounting policies, estimates, and basic assumptions adopted by the Group.

VI.	<u>Cash and cash equivalents</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	Bank checks and demand deposits	\$ 676,928	\$ 711,468
	Cash on hand and petty cash	1,278	758
	Equivalent cash		
	Bank time deposits with original maturity date within 3 months	-	32,785
		<u>\$ 678,206</u>	<u>\$ 745,011</u>
	The market interest rate intervals of bank deposits on the balance sheet date were as follows:		
		<u>December 31, 2025</u>	<u>December 31, 2024</u>
	Deposits in banks	0.005%~0.725%	0.001%~4.30%
VII.	<u>Financial instruments measured at fair value through profit or loss</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Financial assets - Current</u>		
	Mandatorily measured at fair value through profit or loss		
	Financial products	<u>\$ 23,561</u>	<u>\$ 23,170</u>
VIII.	<u>Financial assets at fair value through other comprehensive profit or loss</u>		
(I)	Investment in equity instruments	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Non-current</u>		
	Domestic investment		
	TWSE/TPEX listed stock	<u>\$ 54,182</u>	<u>\$ 34,285</u>
	The Group invested in the common shares of the domestic companies in line with its mid and long-term investment strategic objective with the anticipation of return from long-term investment. The Group's management does not recognize the short-term fair value volatility of such investments as profit or loss aligned with the abovementioned long-term investment planning. Therefore, management decided to designate such investments measured at fair value through other comprehensive incomes.		
	The Group recognized dividend income of NT\$1,131 thousand and NT\$969 thousand for the years ended December 31, 2025 and 2024, respectively, related to investments still held as of December 31, 2025, and December 31, 2024.		
IX.	<u>Notes and accounts receivable, net amount</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Notes and accounts receivable</u>		
	Measured at amortized cost		
	Total book value	\$ 188,389	\$ 169,453
	Less: Allowance for losses	(5,467)	(6,506)
		<u>\$ 182,922</u>	<u>\$ 162,947</u>
	<u>Accounts receivable - related parties</u>		
	Measured at amortized cost		
	Total book value	\$ 162,336	\$ 107,910
	Less: Allowance for losses	-	-
		<u>\$ 162,336</u>	<u>\$ 107,910</u>

Accounts receivable at amortized cost

The average credit period for the Group's sales of goods on a monthly basis is 30 to 150 days, and the accounts receivable do not accrue interest. To mitigate the credit risk, the Group's management has designated a team responsible for determining the line of credit cap, loan approval and adopting other adequate monitoring procedures, through which to ascertain if adequate action has been taken on recalling overdue receivables. Meanwhile, the Group reviews the recoverable amount of each receivable on the balance sheet date to recognize appropriate impairment loss for the unrecoverable receivables. Hence, the Group's management believes that the Group's credit risks have been significantly reduced.

The Group adopts the simplified method in IFRS 9 to recognize the allowance for loss of the accounts receivable according to the expected credit losses throughout the duration. Expected credit losses throughout the duration are calculated using Provision Matrix, which considers the historical default records and current financial status, industry economic conditions. As indicated by the Group's historical experience in credit loss, the loss patterns among varied customer bases show no significant difference at all. In the preparation matrix, therefore, the customer bases were not further classified. Instead, we fixed the anticipated rate of credit loss only based on the number of days overdue in the accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expect the recoverable amount back, the Group will directly write off the relevant accounts receivable, but will continue its recourses, and the amount recovered will be recognized in profit or loss.

The Group uses a provision matrix to measure the allowance for losses of receivables as follows:

December 31, 2025

	<u>Not overdue</u>	<u>Past Due by 1 ~ 60 Days</u>	<u>Past Due by 61 ~ 90 Days</u>	<u>Past Due by 91 ~ 120 Days</u>	<u>Overdue over 120 days</u>	<u>Total</u>
Total book value	\$ 182,402	\$ 793	\$ 17	\$ -	\$ 5,177	\$ 188,389
Loss allowance (expected credit losses throughout the duration)	(287)	(3)	-	-	(5,177)	(5,467)
Cost after amortization	<u>\$ 182,115</u>	<u>\$ 790</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,922</u>

December 31, 2024

	<u>Not overdue</u>	<u>Past Due by 1 ~ 60 Days</u>	<u>Past Due by 61 ~ 90 Days</u>	<u>Past Due by 91 ~ 120 Days</u>	<u>Overdue over 120 days</u>	<u>Total</u>
Total book value	\$ 160,967	\$ 2,089	\$ 263	\$ 20	\$ 6,114	\$ 169,453
Loss allowance (expected credit losses throughout the duration)	-	(363)	(9)	(20)	(6,114)	(6,506)
Cost after amortization	<u>\$ 160,967</u>	<u>\$ 1,726</u>	<u>\$ 254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,947</u>

Accounts receivable - related parties are non-overdue accounts.

The information about changes in the allowance for loss on accounts receivable is as follows:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	\$ 6,506	\$ 5,681
Add: Provision for (Reversal of) Impairment Loss for the Year	(1,055)	674
Less: Actual write-off for the year	(8)	-
Foreign currency exchange difference	<u>24</u>	<u>151</u>
Balance at the end of the year	<u>\$ 5,467</u>	<u>\$ 6,506</u>

X. Inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Commodities	\$ 1,907	\$ 1,656
Finished goods	144,638	147,803
Work-in-progress	3,918	3,706
Raw materials and supplies	<u>111,266</u>	<u>107,578</u>
	<u>\$ 261,729</u>	<u>\$ 260,743</u>

The nature of the cost of goods sold is as follows:

	<u>2025</u>	<u>2024</u>
Cost of inventories sold	\$ 1,541,758	\$ 1,421,188
Inventory devaluation loss	<u>2,748</u>	<u>33,079</u>
	<u>\$ 1,544,506</u>	<u>\$ 1,454,267</u>

XI. Subsidiaries

(I) Subsidiaries listed in the consolidated financial statements

The entities included in the preparation of this consolidated financial statements:

Name of investment company	Name of subsidiary	Type of business	Shareholding ratio		Explanation
			December 31, 2025	December 31, 2024	
The Company	A TEC HOLDING COMPANY (hereinafter referred to as AHC)	Reinvestment of the holding company in Mainland China	100%	100%	Subsidiaries
	ABC AMERICA ELECTRONICS CORP. (hereinafter referred to as AAE)	Trading of electronic components	100%	100%	Subsidiaries
AHC	A TEC Universal Company (hereinafter referred to as AUC)	Reinvestment of the holding company in Mainland China	100%	100%	Second-tier subsidiary
	A-TEC INTERNATIONAL COMPANY (hereinafter referred to as AIC)	Reinvestment of the holding company in Mainland China	100%	100%	Second-tier subsidiary
	AOBA TECHNOLOGY (M) SDN. BHD. (hereinafter referred to as AOBA)	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	Second-tier subsidiary
AUC	GUANGZHOU ABC ELECTRONICS CORP. (hereinafter referred to as Guangzhou ABC Company)	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	Third-tier subsidiary
AIC	ABC Electronics (Shanghai) Corp. (hereinafter referred to as ABC (Shanghai) Company)	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	Third-tier subsidiary
	Shanghai Qianchi Electronics Trading Company Ltd. (hereinafter referred to as Shanghai Qianchi Company)(Note)	Sale of electronic machine components, etc.	100%	100%	Third-tier subsidiary

Note : In May 2025, the Group established Shanghai Qianchi Company through AIC.

Except for the insignificant subsidiary AAE listed in the consolidated financial statements for the period between 2025 and 2024, the financial statements of other subsidiaries have been reviewed by independent auditors. The management of the Group thinks that the financial statements of AAE that are not reviewed by the independent auditors will not result in material impact.

XII. Property, plant and equipment

Own use	December 31, 2025						December 31, 2024				
	<u>\$ 1,485,475</u>									<u>\$ 1,584,523</u>	
	Land	Housing and construction	Machinery and equipment	Research and development equipment	Transportation equipment	Income-producing equipment	Miscellaneous equipment	Real estate under construction	Total		
<u>Cost</u>											
Balance as of January 1, 2025	\$ 351,512	\$ 652,752	\$ 1,169,488	\$ 332,835	\$ 12,171	\$ 24,180	\$ 84,556	\$ 5,231	\$ 2,632,725		
Increase	-	4,130	46,859	17,733	480	1,864	19,069	892	91,027		
Disposal	-	-	(134,212)	(4,365)	(746)	-	(3,182)	-	(142,505)		
Reclassification for the current year	-	296	-	-	-	-	-	(296)	-		
Net exchange difference	3,036	8,475	13,684	-	222	536	(301)	56	25,708		
Balance as of December 31, 2025	<u>\$ 354,548</u>	<u>\$ 665,653</u>	<u>\$ 1,095,819</u>	<u>\$ 346,203</u>	<u>\$ 12,127</u>	<u>\$ 26,580</u>	<u>\$ 100,142</u>	<u>\$ 5,883</u>	<u>\$ 2,606,955</u>		
<u>Accumulated depreciation</u>											
Balance as of January 1, 2025	\$ -	\$ 182,506	\$ 698,608	\$ 97,559	\$ 6,616	\$ 17,973	\$ 44,940	\$ -	\$ 1,048,202		
Depreciation expense	-	18,219	92,657	33,519	1,323	2,446	10,775	-	158,939		
Disposal	-	-	(89,902)	(2,628)	(746)	-	(2,748)	-	(96,024)		
Net exchange difference	-	1,877	8,185	-	90	476	(265)	-	10,363		
Balance as of December 31, 2025	<u>\$ -</u>	<u>\$ 202,602</u>	<u>\$ 709,548</u>	<u>\$ 128,450</u>	<u>\$ 7,283</u>	<u>\$ 20,895</u>	<u>\$ 52,702</u>	<u>\$ -</u>	<u>\$ 1,121,480</u>		
Net amount on December 31, 2025	<u>\$ 354,548</u>	<u>\$ 463,051</u>	<u>\$ 386,271</u>	<u>\$ 217,753</u>	<u>\$ 4,844</u>	<u>\$ 5,685</u>	<u>\$ 47,440</u>	<u>\$ 5,883</u>	<u>\$ 1,485,475</u>		
<u>Cost</u>											
Balance as of January 1, 2024	\$ 346,725	\$ 455,851	\$ 1,086,931	\$ 252,350	\$ 10,216	\$ 22,654	\$ 82,278	\$ 178,480	\$ 2,435,485		
Increase	-	6,017	60,442	80,485	2,802	463	6,347	16,270	172,826		
Disposal	-	(17,646)	(39,995)	-	(1,170)	(61)	(5,577)	-	(64,449)		
Reclassification for the current year	-	189,619	1,779	-	-	-	-	(189,619)	1,779		
Net exchange difference	4,787	18,911	60,331	-	323	1,124	1,508	100	87,084		
Balance as of December 31, 2024	<u>\$ 351,512</u>	<u>\$ 652,752</u>	<u>\$ 1,169,488</u>	<u>\$ 332,835</u>	<u>\$ 12,171</u>	<u>\$ 24,180</u>	<u>\$ 84,556</u>	<u>\$ 5,231</u>	<u>\$ 2,632,725</u>		
<u>Accumulated depreciation</u>											
Balance as of January 1, 2024	\$ -	\$ 166,930	\$ 583,813	\$ 65,787	\$ 6,416	\$ 13,355	\$ 38,316	\$ -	\$ 874,617		
Depreciation expense	-	18,925	101,711	31,772	1,092	3,876	11,056	-	168,432		
Disposal	-	(9,004)	(25,629)	-	(1,082)	(59)	(5,388)	-	(41,162)		
Reclassification for the current year	-	-	1,779	-	-	-	-	-	1,779		
Net exchange difference	-	5,655	36,934	-	190	801	956	-	44,536		
Balance as of December 31, 2024	<u>\$ -</u>	<u>\$ 182,506</u>	<u>\$ 698,608</u>	<u>\$ 97,559</u>	<u>\$ 6,616</u>	<u>\$ 17,973</u>	<u>\$ 44,940</u>	<u>\$ -</u>	<u>\$ 1,048,202</u>		
Net amount as of December 31, 2024	<u>\$ 351,512</u>	<u>\$ 470,246</u>	<u>\$ 470,880</u>	<u>\$ 235,276</u>	<u>\$ 5,555</u>	<u>\$ 6,207</u>	<u>\$ 39,616</u>	<u>\$ 5,231</u>	<u>\$ 1,584,523</u>		

In 2025 and 2024, as there was no sign of impairment, the Group did not conduct impairment assessment.

Property, plant, and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Housing and construction	
Plant and main building	3 to 50 years
Engineering system	2 to 20 years
Machinery and equipment	2 to 10 years
Research and development equipment	2 to 15 years
Transportation equipment	4 to 10 years
Income-producing equipment	1 to 10 years
Miscellaneous equipment	2 to 20 years

Please refer to Note XXVIII for the amount of property, plant and equipment pledged as collateral for borrowings.

XIII. Lease agreement

(I) Right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Book value of right-of-use assets		
Land	\$ 4,789	\$ 4,957
Building	2,265	1,667
Transportation equipment	<u>948</u>	<u>75</u>
	<u>\$ 8,002</u>	<u>\$ 6,699</u>
	<u>2025</u>	<u>2024</u>
Increase in right-of-use assets	<u>\$ 4,264</u>	<u>\$ 1,943</u>
Depreciation expense for right-of-use assets		
Land	\$ 182	\$ 211
Building	2,358	1,454
Transportation equipment	<u>475</u>	<u>176</u>
	<u>\$ 3,015</u>	<u>\$ 1,841</u>

In 2025, the Group early terminated certain land lease agreements, derecognizing right-of-use assets amounting to NT\$13,029 thousand, and recognized a lease termination loss of NT\$13,338 thousand and foreign currency exchange gain of NT\$309 thousand.

Other than the early terminations, additions, and recognition of depreciation expenses listed above, the Group's right-of-use assets did not experience significant subleasing or impairment situations in 2025 and 2024.

(II) Lease liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Book value of lease liabilities		
Current	<u>\$ 2,421</u>	<u>\$ 1,275</u>
Non-current	<u>\$ 841</u>	<u>\$ 488</u>

The range of the discount rate for lease liabilities is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Building	5%	5%
Transportation equipment	2.07%~2.10%	1.56%

(III) Significant Leasing Activities and Terms

The lands and buildings that the Group leases are used as factories and employee dormitories with a lease period of 1~2 years. At the end of the lease period, there were no preferential purchase rights for the lands and buildings leased by the Group.

(IV) Other lease information

	<u>2025</u>	<u>2024</u>
Expenses of short-term leases	<u>\$ 1,487</u>	<u>\$ 2,392</u>
Expenses for lease of low-value assets	<u>\$ 736</u>	<u>\$ 883</u>
Total cash (outflow) for leases	<u>(\$ 5,163)</u>	<u>(\$ 4,984)</u>

The Group chooses to apply the exemption to the recognition of office equipment that meets the criteria of short-term lease and low-value asset lease, and does not recognize the relevant right-of-use assets and lease liabilities for these leases.

XIV. Intangible assets

	Computer software	Technology authorization	Technology	Customer relationship	Trademark rights	Goodwill	Total
<u>Cost</u>							
Balance as of January 1, 2025	\$ 37,279	\$ 6,864	\$ 10,825	\$ 23,873	\$ -	\$ 5,340	\$ 84,181
Increase in the current year	7,204	8,913	-	-	-	-	16,117
Disposal for the current year	(6,115)	(3,320)	-	-	-	-	(9,435)
Balance as of December 31, 2025	<u>\$ 38,368</u>	<u>\$ 12,457</u>	<u>\$ 10,825</u>	<u>\$ 23,873</u>	<u>\$ -</u>	<u>\$ 5,340</u>	<u>\$ 90,863</u>
<u>Accumulated amortization</u>							
Balance as of January 1, 2025	\$ 6,785	\$ 3,681	\$ 7,345	\$ 16,200	\$ -	\$ -	\$ 34,011
Amortized expenses	8,292	3,332	1,547	3,410	-	-	16,581
Disposal for the current year	(6,115)	(3,320)	-	-	-	-	(9,435)
Balance as of December 31, 2025	<u>\$ 8,962</u>	<u>\$ 3,693</u>	<u>\$ 8,892</u>	<u>\$ 19,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,157</u>
Net amount on December 31, 2025	<u>\$ 29,406</u>	<u>\$ 8,764</u>	<u>\$ 1,933</u>	<u>\$ 4,263</u>	<u>\$ -</u>	<u>\$ 5,340</u>	<u>\$ 49,706</u>
<u>Cost</u>							
Balance as of January 1, 2024	\$ 11,982	\$ 7,422	\$ 19,800	\$ 28,809	\$ 3,372	\$ 5,340	\$ 76,725
Increase in the current year	34,977	1,324	-	-	-	-	36,301
Disposal for the current year	(9,680)	(1,882)	(8,975)	(4,936)	(3,372)	-	(28,845)
Balance as of December 31, 2024	<u>\$ 37,279</u>	<u>\$ 6,864</u>	<u>\$ 10,825</u>	<u>\$ 23,873</u>	<u>\$ -</u>	<u>\$ 5,340</u>	<u>\$ 84,181</u>
<u>Accumulated amortization</u>							
Balance as of January 1, 2024	\$ 6,787	\$ 2,775	\$ 14,774	\$ 17,725	\$ 3,351	\$ -	\$ 45,412
Amortized expenses	9,678	2,788	1,546	3,411	21	-	17,444
Disposal for the current year	(9,680)	(1,882)	(8,975)	(4,936)	(3,372)	-	(28,845)
Balance as of December 31, 2024	<u>\$ 6,785</u>	<u>\$ 3,681</u>	<u>\$ 7,345</u>	<u>\$ 16,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,011</u>
Net amount as of December 31, 2024	<u>\$ 30,494</u>	<u>\$ 3,183</u>	<u>\$ 3,480</u>	<u>\$ 7,673</u>	<u>\$ -</u>	<u>\$ 5,340</u>	<u>\$ 50,170</u>

The above intangible assets with limited durability are amortized on a straight-line basis based on the following durability years:

Computer software	1 to 10 years
Technology authorization	2 to 5 years
Technology	7 years
Customer relationship	7 years
Trademark rights	10 years

XV.	<u>Other assets</u>		
		<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Current</u>		
	Retained tax credit	\$ -	\$ 104
	Others	<u>-</u>	<u>8</u>
		<u>\$ -</u>	<u>\$ 112</u>
	<u>Non-current</u>		
	Refundable deposits	\$ 2,039	\$ 2,308
	Others	<u>2,748</u>	<u>2,761</u>
		<u>\$ 4,787</u>	<u>\$ 5,069</u>

XVI.	<u>Borrowings</u>		
(I)	Short-term borrowings		
		<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Unsecured borrowings</u>		
	- Borrowings of working capital fund	<u>\$ 200,000</u>	<u>\$ 190,000</u>

The interest rates of working capital borrowings as of December 31, 2025 and 2024 were 1.87%~1.925% and 1.70%~1.775%, respectively.

(II)	Short-term notes payable		
		<u>December 31, 2025</u>	<u>December 31, 2024</u>
	Commercial paper payable	<u>\$ -</u>	<u>\$ 29,964</u>

Outstanding short-term notes payable are as follows:

December 31, 2025 : None.

December 31, 2024

<u>Guarantee/ Acceptance Agency</u>	<u>Par value</u>	<u>Discount amount</u>	<u>Book value</u>	<u>Interest rate range</u>	<u>Name of collateral</u>	<u>Book value of collateral</u>
<u>Commercial paper payable</u>						
China Bills Finance Corporation (CBF)	<u>\$ 30,000</u>	<u>\$ 36</u>	<u>\$ 29,964</u>	1.988%	Unsecured	<u>\$ -</u>

(III)	Long-term borrowings		
		<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Secured borrowings (Note XXVIII)</u>		
	Mid and long-term bank borrowings (1)	\$ 252,727	\$ 277,006
	<u>Unsecured borrowings</u>		
	Mid and long-term bank borrowings (2)	<u>587,279</u>	<u>608,954</u>
	Sub-total	840,006	885,960
	Due within one year	(<u>214,436</u>)	(<u>257,191</u>)
		<u>\$ 625,570</u>	<u>\$ 628,769</u>

1. Bank loans as of December 31, 2025 and 2024 carried interest rates of 0.635%~4.91% and 0.635%~2.14%, respectively.
2. Bank credit loans as of December 31, 2025 and 2024 carried interest rates of 0.635%~2.1966% and 0.635%~2.1947%, respectively.

Long-term borrowings from banks

The Group has made commitments for some of its long-term borrowings and so must maintain the financial ratio and regulations in its end-of-year consolidated financial statements each year for the duration of the credit extension, as shown below:

Starting from the date of the fund transfer, the annual consolidated financial statements shall be reviewed at the end of July each year. The financial liabilities must not be over 100%, and the minimum net worth shall be NT\$1,200,000 thousand. If this standard is not met the first time for any of the items, a review will be made for the next half of the annual report. If the standard is still not met, an interest rate of 0.25% will be added to the originally approved interest rate. The originally approved interest rate can be resumed once the standard has been met during the next review. If the standard is not met for two consecutive annual consolidated financial statements, the bank will deem all or part of the interest of the credit amount used as matured.

Each of the financial rates in the consolidated financial statements of the Group for 2025 and 2024 satisfies the limitations of the aforementioned financial rates.

XVII. Other liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Other payables		
Bonus	\$ 27,212	\$ 21,957
Salary	27,110	20,998
Payable leave benefit	7,314	7,308
Freight and import/export expenses	2,462	2,550
Labor service expenses	2,308	2,529
Commission	747	843
Provision for equipment	737	3,534
Others	<u>38,420</u>	<u>39,249</u>
	<u>\$ 106,310</u>	<u>\$ 98,968</u>
Other liabilities		
Collection of funds on behalf of others	\$ 2,398	\$ 1,810
Contract liabilities	519	917
Others	<u>-</u>	<u>115</u>
	<u>\$ 2,917</u>	<u>\$ 2,842</u>
<u>Non-current</u>		
Other liabilities		
Deferred credits	<u>\$ 991</u>	<u>\$ 2,136</u>

XVIII. Retirement benefit plan

(I) Defined contribution plan

The pension scheme introduced under the "Labor Pension Act" that the Company uses is a government-managed defined contribution plan, under which the Company is required to contribute an amount equal to 6% of employees' monthly salaries to their individual pension accounts maintained by the Bureau of Labor Insurance.

The Group's subsidiaries in Malaysia and Mainland China appropriate a specific percentage of the total monthly salary of local employees to the pension management business. The obligation of the Group for this retirement benefit plan is only to appropriate a specific amount.

(II) Defined benefit plan

The Company is also subject to the pension scheme introduced under the "Labor Standards Act," which is a government-managed defined benefit plan. Under this plan, employees' pension benefits are calculated based on their years of service and 6-month average salary leading up to their retirement. The Company makes monthly pension contributions equivalent to 6% of employees' monthly salaries into an account held under the Bank of Taiwan in the Labor Pension Supervisory Committee's name. In the event that at the end of the year the account is estimated to be short of balance to pay workers who are expected to meet their retirement criteria in the following, the Company will reimburse the shortfall in one contribution by no later than the end of March next year. The account is managed by the Bureau of Labor Funds, Ministry of Labor. The Company has no influence whatsoever over the investment strategy.

The following amounts relating to the defined benefit plan have been recognized on the Consolidated Statements Of Balance Sheet:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligation	\$ 24,695	\$ 23,760
Fair value of planned assets	(38,563)	(34,688)
Net defined benefit (assets) liabilities	(\$ 13,868)	(\$ 10,928)

Changes in the net defined benefit liability are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of planned assets</u>	<u>Net defined benefit liabilities (assets)</u>
January 1, 2024	\$ 32,545	(\$ 39,130)	\$ 6,585
Cost of services			
Current service cost	89	-	89
Interest expense (income)	<u>393</u>	(<u>484</u>)	(<u>91</u>)
Recognized in profit or loss	<u>482</u>	(<u>484</u>)	(<u>2</u>)
Re-measurements			
Actuarial losses - changes in financial assumptions	40	-	40
Actuarial losses (gains) - Experience adjustments	<u>878</u>	(<u>3,828</u>)	(<u>2,950</u>)
Recognized in other comprehensive income	<u>918</u>	(<u>3,828</u>)	(<u>2,910</u>)
Contributions from the employer	<u>-</u>	(<u>1,431</u>)	(<u>1,431</u>)
Payment of welfare	(<u>10,185</u>)	<u>10,185</u>	<u>-</u>
December 31, 2024	<u>23,760</u>	(<u>34,688</u>)	(<u>10,928</u>)
Cost of services			
Current service cost	-	-	-
Interest expense (income)	<u>309</u>	(<u>460</u>)	(<u>151</u>)
Recognized in profit or loss	<u>309</u>	(<u>460</u>)	(<u>151</u>)

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Re-measurements			
Actuarial gains - changes in financial assumptions	(192)	-	(192)
Actuarial losses (gains) - Experience adjustments	<u>1,415</u>	(<u>2,960</u>)	(<u>1,545</u>)
Recognized in other comprehensive income	<u>1,223</u>	(<u>2,960</u>)	(<u>1,737</u>)
Contributions from the employer	<u>-</u>	(<u>1,052</u>)	(<u>1,052</u>)
Payment of welfare	(<u>597</u>)	<u>597</u>	<u>-</u>
December 31, 2025	<u>\$ 24,695</u>	(<u>\$ 38,563</u>)	(<u>\$ 13,868</u>)

The pension fund system of the Company under the "Labor Standards Act" is exposed to the following risks:

1. Investment risk: The Bureau invests labor pension funds in domestic and foreign equity securities, debt securities, and bank deposits through self-management and commissioned management. However, the distributable amount of the Company's plan assets is based on a return not lower than the interest rate of a two-year time deposit with local banks.
2. Interest rate risk: The decline of the interest rate for government/corporate bonds will cause an increase in the present value of defined benefit obligation. However, the ROI of the debt of the planned assets will also increase accordingly. The effect of the two on net defined benefit liability is mutually offsetting.
3. Salary risk: The calculation of the present value of the defined benefit obligation is based on the salaries of the members in the plan in the future. Therefore, an increase in salary level would raise the present value of defined benefit obligations.

The present value of defined benefit obligations is determined based on actuarial estimates made by certified actuaries. Below are the main assumptions used on the date of measurement:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.47%	1.30%
Expected rate of return on planned assets	1.47%	1.30%
Expected rate of increase in salary	2.00%	2.00%

If there were reasonable and possible changes to the major actuarial assumptions, and all other assumptions remained unchanged, the amount of increase (decrease) in the present value of defined benefit obligation would be as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate		
Increase by 0.25%	(<u>\$ 279</u>)	(<u>\$ 282</u>)
Decrease by 0.25%	<u>\$ 284</u>	<u>\$ 287</u>
Expected rate of increase in salary		
Increase by 0.25%	<u>\$ 221</u>	<u>\$ 226</u>
Decrease by 0.25%	(<u>\$ 219</u>)	(<u>\$ 223</u>)

Because actuarial assumptions may be related to one another, and it is unlikely that any single assumption will change, the sensitivity analysis above may not reflect the actual changes in the present value of defined benefit obligations.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Expected amount to be appropriated within 1 year	<u>\$ 1,041</u>	<u>\$ 1,348</u>
Average expiry period of defined benefit obligations	1 year	1 year

XIX. Equity

(I) Share capital

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Authorized shares (in thousand)	<u>150,000</u>	<u>150,000</u>
Authorized shares	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Issued and paid shares (in thousand)	<u>105,001</u>	<u>105,001</u>
Issued capital stock	<u>\$ 1,050,006</u>	<u>\$ 1,050,006</u>

The shares issued were common shares with a par value of NT\$10 per share, and each share was entitled to one voting right and the right to receive dividends.

(II) Additional paid-in capital

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Can be used to offset losses, distribute cash, or capitalize on shares (Note)</u>		
Premium from stock issuance	\$ 169,469	\$ 169,469
Transaction of treasury stock	10,819	10,819
The difference between the equity actually acquired or disposed of and the book value	<u>775</u>	<u>775</u>
	<u>\$ 181,063</u>	<u>\$ 181,063</u>

Note: Such capital surplus may be used to offset a deficit, or, when the Company has no deficit, to distribute cash or stock capital, provided that the capital reserve shall be no more than a certain percentage of the Company's share capital each year.

(III) Retained earnings and dividend policy

According to the earnings distribution policy of the Company, any earnings at the end of the year are subject to tax, and reversal of accumulated losses according to laws, followed by setting aside 10% of the earnings as legal reserve, and the remainder as provision or reverse of special reserves. If there are still earnings remaining, together with the undistributed earnings, the board of directors is to draft a motion for earnings distribution and submit to the shareholders' meeting for resolution and distribution of dividends to shareholders. Please refer to Note XXI (VII) regarding the policy for remuneration to the employees and the directors as stipulated in the Company's Articles of Incorporation.

According to the Company's Articles of Incorporation, the Company's dividend policy takes into consideration its current and future development plans, the investment environment, capital requirements, domestic and international competition, and shareholders' interests, and provides for the appropriation of not less than 20% of distributable earnings each year as shareholders' dividends. However, when the accumulated distributable earnings are less than 2% of the Company's paid-in capital, no distribution shall be made. Dividends may be distributed in the form of cash or shares, of which cash dividends shall not be less than 10% of the total dividends.

Appropriation of legal reserve shall be made until the balance is equivalent to the amount of the Company's share capital. Legal reserve may be used to offset a deficit. If the Company has no deficit, the portion of legal reserve that exceeds 25% of the share capital may be capitalized or distributed in cash.

The Company held annual shareholders' meetings on June 5, 2025 and June 3, 2024. Earnings distribution proposals for 2024 and 2023 have been resolved and passed as follows:

	<u>2024</u>	<u>2023</u>
Legal reserve	<u>\$ 736</u>	<u>\$ 4,476</u>
Provision (reverse) of special reserves	(<u>\$ 65,908</u>)	<u>\$ 24,021</u>
Cash dividends	<u>\$ 36,750</u>	<u>\$ 23,100</u>
Cash dividend per share (NTD)	\$ 0.35	\$ 0.22

On March 12, 2026, the Board of Directors of the Group proposed the 2024 earnings distribution plan as follows:

	<u>2025</u>
Legal reserve	<u>\$ 3,550</u>
Reversal of special reserve	(<u>\$ 45,716</u>)
Cash dividends	<u>\$ 52,500</u>
Cash dividend per share (NTD)	\$ 0.5

The appropriation of the 2025 earnings is still pending for resolution by the shareholders' meeting scheduled to be held on June 9, 2026.

(IV) Special reserves

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	\$ 152,144	\$ 128,123
Provision (reverse) of special reserves	(<u>65,908</u>)	<u>24,021</u>
Balance at the end of the year	<u>\$ 86,236</u>	<u>\$ 152,144</u>

Of which, NT\$39,767 thousand came from the recognition of the accumulated translation adjustments presented to the Company into retained earnings upon initial adoption of the IFRSs.

(V) Other equity items

1. Exchange differences on the translation of financial statements of foreign operations

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	(<u>\$ 107,724</u>)	(<u>\$ 178,536</u>)
Exchange differences arising from the translation of the net assets of foreign operations	<u>25,819</u>	<u>70,812</u>
Balance at the end of the year	(<u>\$ 81,905</u>)	(<u>\$ 107,724</u>)

2. Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	\$ 21,487	\$ 26,391
Generated in the current year		
Unrealized gain or loss Equity instruments	<u>19,897</u>	<u>(4,904)</u>
Balance at the end of the year	<u>\$ 41,384</u>	<u>\$ 21,487</u>

XX. Income

(I) Revenue from Contracts

	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers		
Revenue from sale of goods	\$ 2,067,490	\$ 1,864,179
Revenue from services	<u>112</u>	<u>-</u>
	<u>\$ 2,067,602</u>	<u>\$ 1,864,179</u>

(II) Contract balance

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Contract liabilities			
Revenue from sale of goods	<u>\$ 519</u>	<u>\$ 917</u>	<u>\$ 349</u>

The amount from contract liabilities recognized as income at the beginning of the year is as follows:

	<u>2025</u>	<u>2024</u>
<u>From contract liabilities at the beginning of the year</u>		
Sale of goods	<u>\$ 917</u>	<u>\$ 349</u>

(III) Breakdown of revenue from contracts with customers

	<u>2025</u>	<u>2024</u>
<u>Main regional markets</u>		
USA	\$ 1,009,774	\$ 846,008
Germany	380,395	346,121
China	279,385	266,115
Taiwan	106,955	93,133
Others	<u>291,093</u>	<u>312,802</u>
	<u>\$ 2,067,602</u>	<u>\$ 1,864,179</u>

XXI.	<u>Net income and other comprehensive income</u>		
	Net income includes the following items:		
(I)	Interest income		
		<u>2025</u>	<u>2024</u>
	Deposits in banks	\$ <u>3,165</u>	\$ <u>7,498</u>
(II)	Other income		
		<u>2025</u>	<u>2024</u>
	Government subsidies income	\$ 1,357	\$ 1,408
	Dividend income		
	Financial assets at fair value through other comprehensive profit or loss	1,131	969
	Rental income	<u>339</u>	<u>-</u>
		<u>\$ 2,827</u>	<u>\$ 2,377</u>
(III)	Other gains and losses		
		<u>2025</u>	<u>2024</u>
	Net (loss)gains on foreign exchange	(\$ 1,150)	\$ 27,000
	Net profit from disposal of property, plant and equipment	1,733	34,979
	Net gains on financial assets measured at fair value through profit or loss	287	376
	Gain(loss) from lease modification	4	(13,338)
	Others	(<u>3,067</u>)	(<u>2,563</u>)
		<u>(\$ 2,193)</u>	<u>\$ 46,454</u>
(IV)	Financial cost		
		<u>2025</u>	<u>2024</u>
	Interest of bank loans	\$ 19,185	\$ 19,057
	Interest on lease liabilities	<u>135</u>	<u>64</u>
		<u>\$ 19,320</u>	<u>\$ 19,121</u>
(V)	Depreciation and amortization		
		<u>2025</u>	<u>2024</u>
	Depreciation expense summarized by function		
	Operating cost	\$ 104,639	\$ 116,486
	Operating expenses	<u>57,315</u>	<u>53,787</u>
		<u>\$ 161,954</u>	<u>\$ 170,273</u>
	Amortization expense summarized by function		
	Operating cost	\$ 392	\$ 406
	Operating expenses	<u>16,189</u>	<u>17,038</u>
		<u>\$ 16,581</u>	<u>\$ 17,444</u>

(VI) Employee benefit expenses

	2025	2024
<u>Benefits after retirement (Note XVIII)</u>		
Defined contribution plan	\$ 6,087	\$ 6,548
Defined benefit plan	(151)	(2)
	5,936	6,431
Other employee benefits	<u>456,701</u>	<u>426,684</u>
Total employee benefit expenses	<u>\$ 462,637</u>	<u>\$ 433,115</u>
Summarized by function		
Operating cost	\$ 251,828	\$ 232,081
Operating expenses	<u>210,809</u>	<u>201,034</u>
	<u>\$ 462,637</u>	<u>\$ 433,115</u>

(VII) Remuneration to employees and directors

In accordance with the Company's Articles of Incorporation, employees' remuneration is appropriated at 12%-16% and directors' remuneration at not more than 6% of profit before tax before deduction of such remuneration for the year. Pursuant to the amendments to the Securities and Exchange Act in August 2024, the Company revised its Articles of Incorporation at the 2025 Annual General Meeting to specify that at least 30% of the employee remuneration for the year shall be allocated to the junior-level employees. The remuneration to employees and directors for 2025 and 2024 were approved by the Board of Directors on March 12, 2026 and March 10, 2025, respectively, as follows:

Estimated ratio

	2025	2024
Compensation to employees	12%	12%
Remuneration to directors	3%	3%

Amount

	2025		2024	
	Cash	Shares of stock	Cash	Shares of stock
Compensation to employees	\$ 6,435	\$ -	\$ 1,156	\$ -
Remuneration to directors	1,608	-	289	-

If there is a change in the actual amount of remuneration after the Consolidated Financial Statements were authorized for issue, the difference is treated as a change in accounting estimate and adjusted into the books in the following year.

There is no difference between the actual amounts of employees' remuneration and directors' remuneration paid for 2024 and 2023 and the amounts recognized in the Consolidated Financial Statements for 2024 and 2023.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(VIII) Net gains/losses on foreign currency exchange

	<u>2025</u>	<u>2024</u>
Total foreign exchange gains	\$ 75,988	\$ 48,419
Total loss on foreign currency exchange	(77,138)	(21,419)
Net foreign exchange gain	<u>(\$ 1,150)</u>	<u>\$ 27,000</u>

XXII. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	<u>2025</u>	<u>2024</u>
Income tax for the current period		
Generated in the current year	\$ 40,206	\$ 16,875
Adjustments for previous year	<u>19,100</u>	<u>2,980</u>
	59,306	19,855
Deferred income tax		
Generated in the current year	(13,521)	(7,665)
Income tax expenses recognized in profit or loss	<u>\$ 45,785</u>	<u>\$ 12,190</u>

Adjustment of accounting income and income tax expenses is as follows:

	<u>2025</u>	<u>2024</u>
Profit before tax	<u>\$ 79,546</u>	<u>\$ 16,636</u>
Income tax expense of profit before tax calculated at the statutory rate	\$ 18,296	\$ 3,826
Unrecognized temporary difference	8,389	5,384
Adjustments to previous year's income tax expenses	<u>19,100</u>	<u>2,980</u>
Income tax expenses recognized in profit or loss	<u>\$ 45,785</u>	<u>\$ 12,190</u>

(II) Current income tax assets and liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current income tax assets		
Tax refund receivable	<u>\$ 2,902</u>	<u>\$ 10,416</u>
Current income tax liabilities		
Income tax payable	<u>\$ 18,693</u>	<u>\$ 1,824</u>

(III) Deferred income tax liabilities

Changes in deferred income tax liabilities are as follows:

<u>2025</u>	<u>Balance at the beginning of the year</u>	<u>Changes in tax rate</u>	<u>Recognized in profit or loss</u>	<u>Balance at the end of the year</u>
Deferred income tax liabilities				
Temporary difference	<u>\$ 81,224</u>	<u>\$ -</u>	<u>(\$ 13,521)</u>	<u>\$ 67,703</u>

2024

	Balance at the beginning of the year	Changes in tax rate	Recognized in profit or loss	Balance at the end of the year
Deferred income tax liabilities				
Temporary difference	<u>\$ 88,889</u>	<u>\$ -</u>	<u>(\$ 7,665)</u>	<u>\$ 81,224</u>

(IV) The total amount of the temporary differences related to the investment not recognized as deferred income tax liabilities

As of December 31, 2025 and 2024, there were no taxable temporary differences related to the investment in subsidiaries that were not recognized as deferred income tax liabilities.

(V) Authorization of income tax

The Company's profit-seeking enterprise income tax returns up to 2023 have been approved by the tax collection authority.

XXIII. Earnings per share

	2025	Unit: NTD per share 2024
Basic earnings per share	<u>\$ 0.32</u>	<u>\$ 0.04</u>
Diluted earnings per share	<u>\$ 0.32</u>	<u>\$ 0.04</u>

The net income and the weighted average number of common shares issued for the calculation of earnings per share are as follows:

Net income for the year

	2025	2024
Net profit used in the calculation of basic and diluted earnings per share	<u>\$ 33,761</u>	<u>\$ 4,446</u>

Number of shares

	2025	Unit: Thousand shares 2024
Weighted average common stock shares used to calculate basic earnings per share	105,001	105,001
Effect of potentially dilutive ordinary shares:		
Compensation to employees	<u>239</u>	<u>134</u>
Weighted average common stock shares used to calculate diluted earnings per share	<u>105,240</u>	<u>105,135</u>

The Group can elect to distribute employees' compensation by stock or by cash. If compensation is in the form of shares, the Company should presume that the entire amount of compensation will be settled in shares, and the resulting potential shares should be included in the weighted-average number of shares outstanding to be used in calculating diluted EPS if the shares have a dilutive effect. The dilutive effects of the potential shares needs to be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees' in the following year.

XXIV. Government subsidies

Guangzhou ABC Company has acquired the “Special Fund for Advanced Manufacturing Development” government subsidy of RMB 2,315 thousand. It is recognized as deferred revenue. The deferred revenue is transferred to profit and loss within the limited durability of the related assets. As of December 31, 2025 and 2024, a total of RMB314 thousand and RMB317 thousand were recognized as subsidy income.

XXV. Capital risk management

The Group manages capital to ensure the Group’s enterprises to maximize shareholder’s returns by optimizing the balance of debt and equity under the precondition of continuing operation. The capital structure of the Group is composed of the Group’s equity (i.e. share capital, additional paid-in capital, retained earnings, and other equity items).

XXVI. Financial Instruments

(I) Fair value information - Financial instruments that are not measured at fair value

The financial assets not at fair value and the book value of financial liabilities were considered by the Group’s management to be close to their fair value and have no reliable, fair value measurement.

(II) Fair value information - financial instruments at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2025

	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Total</u>
Financial assets measured at fair value through profit or loss				
Financial products	\$ <u> -</u>	\$ <u> 23,561</u>	\$ <u> -</u>	\$ <u> 23,561</u>
Financial assets at fair value through other comprehensive profit or loss				
TWSE(TPEX) domestic listed companies' stocks	\$ <u> 54,182</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 54,182</u>

December 31, 2024

	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Total</u>
Financial assets measured at fair value through profit or loss				
Financial products	\$ <u> -</u>	\$ <u> 23,170</u>	\$ <u> -</u>	\$ <u> 23,170</u>
Financial assets at fair value through other comprehensive profit or loss				
TWSE(TPEX) domestic listed companies' stocks	\$ <u> 34,285</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 34,285</u>

There were no transfers between Class 1 and Class 2 fair value measurements in 2025 and 2024.

(III) Types of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss	\$ 23,561	\$ 23,170
Measured at fair value through other comprehensive income	54,182	34,285
Measured at amortized cost (Note 1)	1,119,117	1,046,876
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	1,439,897	1,466,003

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, notes and accounts receivable, accounts receivable - related parties, other receivables, and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term borrowings, commercial paper payable, notes and accounts payable, other payables, and long-term borrowings (including long-term borrowings due within one year).

(IV) Financial risk management objective and policies

The Group's primary financial instruments include equity investment, accounts receivable, accounts payable, borrowings, and lease liabilities. The Group's financial management department shall provide services to each business unit, to plan and coordinate operations in the domestic financial markets, and to monitor and manage the Group's operation-related financial risks through the internal risk report, with the risk exposure analyzed in accordance with the degree and breadth of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The financial management department is an independent organization dedicated exclusively to monitoring risks and implementing policies to mitigate risk exposure and it reports to the Company's Board of Directors quarterly.

1. Market risk

The main financial risks for the Group's operating activities are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

The exposure of the market risk of the financial instruments of the Group and the management and measurement of such exposure risk remain unchanged.

(1) Exchange rate risk

Part of the Group's cash inflows and outflows are denominated in foreign currencies, and therefore part of them have a natural hedging effect. The Group's management of currency risk is for hedging and not for profit seeking.

For the book values of monetary assets and monetary liabilities denominated in non-functional currencies of the Group as at the balance sheet date, please refer to Note XXX for details.

Sensitivity analysis

The Group is mainly affected by fluctuations in the exchange rates of USD, CNY, and JPY.

The following table details the Group's sensitivity analysis when the New Taiwan dollar (functional currency) increases and decreases by 5% against each relevant foreign currency. The sensitivity analysis included only the outstanding foreign currency monetary items and foreign exchange forward contracts designated as cash flow hedges, and the year-end conversion was adjusted based on a 5% change in exchange rates. The scope of sensitivity analysis includes cash and cash equivalents, accounts receivable (including related parties), other receivables, accounts payable, and other payables. The positive numbers in the table below indicate the amount by which the net profit before tax will increase

when NTD depreciates by 5% against the relevant foreign currencies. When NTD appreciates by 5% against the relevant foreign currencies, the effect on net profit before tax will be the negative number of the same amount.

	Effect of US Dollars		Effect of Renminbi	
	2025	2024	2025	2024
Income (loss)	\$ 22,540	\$ 21,092	(\$ 8,863)	(\$ 4,882)

The management believes that the sensitivity analysis cannot represent the inherent risk of exchange rate, as foreign currency risk exposure at the balance sheet date cannot reflect the risk exposure at mid-year.

(2) Interest rate risk

Because individual entities within the Group borrow funds at fixed and floating interest rates at the same time, interest rate risks can arise.

The book value of financial assets and liabilities of the Group with interest rate exposure on the balance sheet date is as follows:

	December 31, 2025	December 31, 2024
Fair value interest rate risk		
- Financial assets	\$ -	\$ 32,785
- Financial liabilities	83,262	171,727
Cash flow interest rate risk		
- Financial assets	676,919	711,460
- Financial liabilities	960,006	935,960

Sensitivity analysis

The following sensitivity analysis are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. The analysis of floating rate liabilities is based on the assumption that the amount of liabilities outstanding on the balance sheet date is outstanding throughout the reporting period.

If the interest rate increased/decreased by 0.1%, with all other variables remaining unchanged, the Group's net income before tax in 2025 and 2024 would decrease/increase by NT\$283 thousand and NT\$225 thousand, respectively, mainly due to the fact that the Group's variable interest rate net debt/asset interest rate exposure.

(3) Other price risk

The Group's exposure to the equity price risk is due to the investment in the TWSE/TPEX listed equity securities. The equity investment was not held for trading but was classified as a strategic investment. The Group does not trade such investments actively. The Group's equity price risk is mainly concentrated on equity instruments in the electronics industry, which are traded on Taiwan Stock Exchanges and TPEX.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk exposure at the balance sheet date.

If the equity price increased/decreased by 5%, other comprehensive income before tax for 2025 and 2024 would have increased/decreased by NT\$ 2,709 thousand and NT\$ 1,714 thousand, respectively, due to the change in fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligation resulting in financial loss for the Group. As of the balance sheet date, the Group's maximum credit risk of financial losses may be caused by counterparties' failure to fulfill obligations. The risk exposure mainly comes from the book value of financial assets recognized in the Consolidated Statements Of Balance Sheets.

To mitigate the credit risk, the Group's management has designated a team responsible for determining the line of credit cap, loan approval and adopting other adequate monitoring procedures, through which to ascertain if adequate action has been taken on recalling overdue receivables. Meanwhile, the Group reviews the recoverable amount of each receivable on the balance sheet date to recognize appropriate impairment loss for the unrecoverable receivables. Hence, the Group's management believes that the Group's credit risks have been significantly reduced.

In addition, because the counterparty of the current fund is a reputable bank, the credit risk is limited.

The Group's credit risk is mainly concentrated in the top ten customers. As of December 31, 2025 and 2024, the ratio of the total accounts receivable from the aforementioned customers was 78% and 67%, respectively.

3. Liquidity risk

The Group manages and maintains sufficient positions of cash and cash equivalents to pay for the Group's operations and mitigate the impact of fluctuating cash flows. The management of the Group supervises the utilization of the banking facilities and ensures compliance with the terms of the loan contract.

Bank borrowings were an important source of liquidity for the Group. For the bank financing facilities not drawn down by the Group, please refer to the description of (2) financing facilities below.

(1) Liquidity and interest rate risk tables of non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the Group might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings that the Group could be demanded to repay immediately were listed in the earliest time period of the below table, regardless of the probability of the bank executing the right. Maturity analysis of other non-derivative financial liabilities was compiled based on the agreed repayment date.

December 31, 2025

	Weighted average effective interest rate (%)	Payment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative</u>						
<u>financial liabilities</u>						
Non-interest bearing liabilities		\$ 170,236	\$ 183,260	\$ 25,229	\$ 12,890	\$ -
Floating interest rate instruments	0.64~4.91	53,070	35,994	258,135	566,662	69,323
Fixed interest rate instruments	1.866	124	80,124	-	-	-
Lease liabilities	2.07~5.00	278	520	1,692	850	-
		<u>\$ 223,708</u>	<u>\$ 299,898</u>	<u>\$ 285,056</u>	<u>\$ 580,402</u>	<u>\$ 69,323</u>

Further information on maturity analysis of the undiscounted total payments of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liabilities	<u>\$ 2,490</u>	<u>\$ 850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

	Weighted average effective interest rate (%)	Payment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 150,399	\$ 154,171	\$ 47,292	\$ -	\$ -
Floating interest rate instruments	0.64~2.19	13,357	85,567	220,918	540,963	120,093
Fixed interest rate instruments	1.87~1.99	80,220	90,282	-	-	-
Lease liabilities	1.56~5.00	143	273	909	496	-
		<u>\$ 244,119</u>	<u>\$ 330,293</u>	<u>\$ 269,119</u>	<u>\$ 541,459</u>	<u>\$ 120,093</u>

Further information on maturity analysis of the undiscounted total payments of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Lease liabilities	<u>\$ 1,325</u>	<u>\$ 496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing amount

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
The secured bank loan facility may be extended upon mutual consent of both parties.		
- Amount used	\$ 260,494	\$ 280,463
- Unutilized amount	<u>132,672</u>	<u>10,674</u>
	<u>\$ 393,166</u>	<u>\$ 291,137</u>
The unsecured bank loan facility may be extended upon mutual consent of both parties.		
- Amount used	\$ 787,279	\$ 828,954
- Unutilized amount	<u>445,807</u>	<u>394,657</u>
	<u>\$ 1,233,086</u>	<u>\$ 1,223,611</u>

XXVII. Related party transactions

All of the transactions, account balances, income and expense losses between the Company and subsidiaries (refer to as the related party) were eliminated. Thus, it is not disclosed in this Note. The transactions between the Group and other related party are as below.

(I) Names of related parties and their relationships

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
Bourns, Inc.	Substantive related party

(II) Operating revenue

<u>Account items</u>	<u>Category/name of related party</u>	<u>2025</u>	<u>2024</u>
Sales revenues	Substantive related party		
	Bourns, Inc.	<u>\$ 973,629</u>	<u>\$ 798,831</u>

The sales of goods between the Group and related parties are performed based on general transaction rules.

(III) Receivables from related parties (not including loans to the related party)	Category/name of related party	December 31, 2025	December 31, 2024
Account items	party		
Accounts receivable	Substantive related party		
	Bourns, Inc.	\$ <u>162,336</u>	\$ <u>107,910</u>

No guarantee is collected for outstanding receivables from related parties. No provision of loss allowance was provided for receivables from related parties in 2025 and 2024. The collection period is from 60 to 120 days after the monthly settlement.

(IV) Transactions with other related parties	Category/name of related party	2025	2024
Account items	party		
Other benefits	Substantive related party		
	Bourns, Inc.	\$ <u>-</u>	\$ <u>221</u>
Other expenses	Substantive related party		
	Bourns, Inc.	\$ <u>1,139</u>	\$ <u>2,007</u>

(V) Remuneration to the management	2025	2024
Short-term employee benefits	\$ 36,554	\$ 34,008
Benefits after retirement	<u>860</u>	<u>923</u>
	<u>\$ 37,414</u>	<u>\$ 34,931</u>

The remuneration to directors and other key management personnel is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXVIII. Assets pledged as collateral

In addition to those disclosed in other notes, the following assets have been provided as collateral for long-term bank borrowings:

	December 31, 2025	December 31, 2024
Land	\$ 354,548	\$ 351,512
Housing and construction	<u>389,980</u>	<u>392,628</u>
	<u>\$ 744,528</u>	<u>\$ 744,140</u>

XXIX. Significant Contingent Liabilities and Unrecognized Commitments : None.

XXX. Significant assets and liabilities denominated in foreign currencies

The following information is aggregated by foreign currencies other than the functional currency of each entity of the Group. The disclosed exchange rates refer to the exchange rates at which the foreign currencies were converted into functional currencies. Significant assets and liabilities denominated in foreign currencies are as follows:

December 31, 2025

	Foreign currency	Exchange rate	Book value
Assets denominated in foreign currencies			
<u>Monetary items</u>			
USD	\$ 14,068	31.4300 (USD: NTD)	\$ 442,150
USD	1,364	4.2022 (USD: MYR)	42,876
EUR	4,601	36.9000 (EUR: NTD)	169,787
EUR	377	4.9335 (EUR: MYR)	13,899
RMB	9,290	4.4880 (RMB: NTD)	41,694
NTD	12,904	0.1337 (NTD: MYR)	12,904
Liabilities denominated in foreign currencies			
<u>Monetary items</u>			
USD	819	4.2022 (USD: MYR)	25,738
RMB	48,787	4.4880 (RMB: NTD)	218,957

December 31, 2024

	Foreign currency	Exchange rate	Book value
Assets denominated in foreign currencies			
<u>Monetary items</u>			
USD	\$ 10,487	32.7850 (USD: NTD)	\$ 343,805
USD	2,835	4.6402 (USD: MYR)	92,935
EUR	3,138	34.1400 (EUR: NTD)	107,143
RMB	13,482	4.4700 (RMB: NTD)	60,263
NTD	10,955	0.1415 (NTD: MYR)	10,955
Liabilities denominated in foreign currencies			
<u>Monetary items</u>			
USD	317	30.7850 (USD: NTD)	10,380
RMB	35,325	4.4700 (RMB: NTD)	157,902

For 2025 and 2024, the Group's net (loss)profit on foreign currency exchanged (realized and unrealized) were NT\$(1,150) thousand and NT\$27,000 thousand, respectively. It is impossible to disclose exchange gains and losses by different currencies based on the significant impacts due to various types of functional currencies used by each entity of the Group.

XXXI. Disclosures in notes

(I) Information on significant transactions:

1. Loaning of funds to others: None.
2. Endorsements/guarantees for others:

Unit: NTD thousand / Foreign currency thousand

No.	Endorser/ guarantor	Party being endorsed/ guaranteed	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note)	Maximum outstanding balance for the period	Ending balance	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee to net asset value of the endorser/ guarantor(%)	Ceiling on total amount of endorsements/ guarantees provided (Note)	Endorsements /guarantees provided by parent company	Endorsements /guarantees provided by a subsidiary	Endorsements /guarantees provided to the party in Mainland China	Remarks
0	The Company	AOBA	Sub-subsidiaries held 100% by the Company	\$ 397,320	\$ 141,435 (USD 4,500)	\$141,435	\$20,183	\$ -	8.90	\$ 794,640	Yes	-	-	-

Note: According to the company's "Endorsement and Guarantee Operating Procedures," the total amount of endorsements and guarantees shall not exceed 50% of the company's net worth, and the amount for any single guarantee recipient shall not exceed 25% of the company's net worth as stated in the most recent financial statements.

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

Unit: NTD thousand, unless stated otherwise

Company held	Type of marketable securities	Name of marketable securities	Relationship with issuer of securities	Accounting titles in book	End of period				Note
					Number of shares	Book value	Percentage of Ownership (%)	Fair value/book value	
The Company	Shares of stock	PROSPERITY DIELECTRICS CO., LTD.	-	Financial assets at fair value through other comprehensive profit or loss	803,880	\$ 54,182	0.47	\$ 54,182	Note
ABC (Shanghai) Company	Financial products	Bank of Shanghai - Bank of Shanghai Winner RMB Financial Products	-	Financial assets measured at fair value through profit or loss	-	23,561	-	23,561	-

Note: Calculated based on the stock closing price on December 31, 2025.

4. Amount on purchase from and sale to related parties reaching NT\$100 million or more than 20% of the paid-in capital:

Unit: NTD thousand, unless stated otherwise

Purchasing (selling) company	Counterparty	Relationship	Status of transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)		Note
			Purchasing (selling) goods	Amount	Percentage of total purchase (sale)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes and accounts receivable (payable)	
The Company	Guangzhou ABC Company	Third-tier subsidiaries held 100% by the Company	Purchase goods	\$ 1,060,394	77%	Monthly settlement of 60 days	Same as Note XXXI (I) 6.	Same as Note XXXI (I) 6.	(\$ 169,800)	(67%)	-
	Shanghai Qianchi Company	Third-tier subsidiaries held 100% by the Company	Purchase goods	163,338	12%	Monthly settlement of 60 days	Same as Note XXXI (I) 6.	Same as Note XXXI (I) 6.	(47,547)	(19%)	-
	Bourns, Inc.	Substantive related party of the Company	Sales of goods	973,629	52%	Monthly settlement of 60 days	Same as Note XXVII (II)	Same as Note XXVII (III)	162,336	56%	-

5. Accounts receivable from related parties reaching NT\$ 100 million or more than 20% of the paid-in capital.

Unit: NTD thousand, unless stated otherwise

The company that accounts for the accounts receivable	Name of counterparty	Relationship	Balance for receivables from related parties	Turnover	Overdue accounts receivable from related parties		Subsequent recovery of receivables from related parties	Allowance for Doubtful Accounts
					Amount	Disposal method		
The Company	Bourns, Inc.	Substantive related party	\$ 162,336	7.21	\$ -	-	\$ 80,046	\$ -
GuangzhouABC Company	The Company	Parent company	169,800 (Note)	6.92	-	-	80,240	-

Note: Eliminated in full in the consolidated financial statements.

6. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them:

Unit: NTD thousand, unless stated otherwise

Name	Counterparty	Relationship with the counterparty (Note 1)	Status of transaction		Transaction terms and conditions (Note 2)	Percentage in consolidated total revenue or total assets
			Accounting titles	Amount		
January 1 to December 31, 2025						
The Company	Guangzhou ABC Company	1	Purchases	\$ 1,060,394	-	51%
		1	Accounts payable to related parties	169,800	-	5%
	AOBA	1	Purchases	68,209	-	3%
			Accounts payable to related parties	12,913	-	-
	Shanghai Qianchi Company	1	Purchases	163,338	-	8%
AIC	AAE	1	Accounts payable to related parties	47,547	-	2%
		1	Labor service expenses	12,451	-	1%
	ABC (Shanghai) Company	3	Other receivables - related parties	22,440	-	1%
ABC (Shanghai) Company	Guangzhou ABC Company	3	Purchase goods	20,148	-	1%
		3	Sales of goods	73,211	-	4%
Guangzhou ABC Company	Shanghai Qianchi Company	3	Sales of goods	15,511	-	1%
		3	Sales of goods	14,615	-	1%

Note 1: 1 Refers to transactions by parent company to subsidiary.

3 Refers to transactions between subsidiaries.

Note 2: The sales and purchases of goods between the Company and related parties are performed based on general transaction rules and there are no other related product prices available for comparison. The payment period is from 30 to 60 days on a monthly basis while the collection period is from 60 to 120 days on a monthly basis. In order to cooperate with the operations of subsidiaries, the Company temporarily collects and pays accounts based on its funding status.

Note 3: The materiality threshold means that amounts less than NTD 10,000 thousand may be omitted from disclosure.

(II) Information about reinvestment business:

Unit: NTD thousand, unless stated otherwise

Name of investment company	Name of investee company	Location of the Company	Main business items	Initial investment amount		Held at the end of period			Gains (losses) on investees for the current period	Investment income (loss) recognized by the Company	Note
				End of current period	End of last year	Number of shares	Percentage (%)	Book value			
The Company	AHC	Mauritius	Reinvestment of the holding company in Mainland China	USD 34,304 Thousand (\$ 1,078,175)	USD 33,004 Thousand (\$ 1,082,036)	34,484,161	100	\$ 1,196,790	(\$ 65,087)	(\$ 67,194)	Subsidiary of the Company
	AAE	USA	Trading of electronic components	USD 105 Thousand (\$ 3,300)	USD 105 Thousand (\$ 3,442)	220,000	100	1,678	531	531	Subsidiary of the Company
AHC	AUC	Mauritius	Reinvestment of the holding company in Mainland China	USD 6,274 Thousand (\$ 197,192)	USD 6,274 Thousand (\$ 205,693)	6,274,457	100	531,903	5,904	5,904	Subsidiaries of the Company
	AIC	Mauritius	Reinvestment of the holding company in Mainland China	USD 5,691 Thousand (\$ 178,868)	USD 5,691 Thousand (\$ 186,579)	5,110,938	100	227,841	10,609	10,609	Subsidiaries of the Company
	AOBA	Malaysia	Manufacture, processing, and sale of electronic machine components, etc.	USD 22,378 Thousand (\$ 703,341)	USD 21,078 Thousand (\$ 691,042)	72,491,932	100	436,116	(81,550)	(81,550)	Subsidiaries of the Company
AUC	Guangzhou ABC Company	Guangzhou City, China	Manufacture, processing, and sale of electronic machine components, etc.	USD 6,274 Thousand (\$ 197,192)	USD 6,274 Thousand (\$ 205,693)	-	100	531,903	5,904	5,904	Third-tier subsidiary of the Company
AIC	ABC (Shanghai) Company	Shanghai City, China	Manufacture, processing, and sale of electronic machine components, etc.	USD 5,691 Thousand (\$ 178,868)	USD 5,691 Thousand (\$ 186,579)	-	100	156,742	1,512	1,512	Third-tier subsidiary of the Company
	Shanghai Qianchi Company	Shanghai City, China	Sale of electronic machine components, etc.	US\$ 959 Thousand (\$ 30,141)	-	-	100	47,101	14,859	14,859	Third-tier subsidiary of the Company

(III) Information on investment in Mainland China:

- The name of the investee company in Mainland China, the main businesses and products, its paid-in capital, method of investment, information on inflow and outflow of capital, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China area.

Unit: NTD thousand, unless stated otherwise

Name of investees in Mainland China	Main business items	Paid-in capital	Method of investment	Accumulated Investment Amount from Taiwan at Beginning of Period	Investment amount for outward remittance or recovered in the current period		Accumulated Investment Amount from Taiwan at End of Period	Gains (losses) on investees for the current period	The Company's shareholding percentage by direct or indirect investment (Note 2)	Recognition of investment gain (loss) in the current period (Note 2)	Book value of investments at end of period (Note 2)	Investment income remitted back of the current period
					Outward remittance	Withdraw						
Guangzhou ABC Company	Manufacture, processing, and sale of electronic machine components, etc.	USD 6,274 Thousand (\$ 197,192)	Note 1	USD 3,479 Thousand (\$ 109,345)	\$ -	\$ -	USD 3,479 Thousand (\$ 109,345)	\$ 5,904	100%	\$ 5,904	\$ 531,903	\$ -
ABC (Shanghai) Company	Manufacture, processing, and sale of electronic machine components, etc.	USD 5,691 Thousand (\$ 178,868)	Note 1	USD 5,691 Thousand (\$ 178,868)	-	-	USD 5,691 Thousand (\$ 178,868)	1,512	100%	1,512	156,742	USD 2,489 Thousand (\$ 78,229)
Shanghai Qianchi Company	Sale of electronic machine components, etc.	USD 959 Thousand (\$ 30,141)	Note 1	-	USD 959 Thousand (\$ 30,141)	-	USD 959 Thousand (\$ 30,141)	14,859	100%	14,859	47,101	-

Accumulated investment from Taiwan to Mainland China at end of period	Investment Amount Approved by Investment Commission, Ministry of Economic Affairs (MOEA), R.O.C..	Investment to Mainland China is capped at 60% of the net worth as specified by the Investment Commission, MOEA, R.O.C..
USD 10,129 thousand (\$ 318,354)	USD 9,546 thousand (\$ 300,031)	\$953,567

Note 1: Investing in companies in Mainland China through companies invested and incorporated in a third region.

Note 2: Calculated based on the financial statements audited and attested by the independent auditors of the parent company in Taiwan and the consolidated shareholding ratio.

Note 3: Figures in this table that involve foreign currencies are converted into NTD at the exchange rate on the date of the financial reporting.

- Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: Please refer to Note XXXI (I) 6.

XXXII. Departmental information

This information is provided to the chief operating decision-maker for the purpose of allocating resources to the departments and to measure performances with a focus on the type of product or labor work delivered or provided. Departments of the Group to be reported are as follows:

Inductor Business Unit

Other departments

(I) Department revenue and operating results

The revenue and operating results of the continuing business unit of the Group are based on the analysis for the departments to be reported as follows:

	Departmental revenue		Departmental profit and loss	
	2025	2024	2025	2024
Inductor Business Unit	\$ 2,037,586	\$ 1,818,097	\$ 521,369	\$ 408,969
Other departments	30,016	46,082	1,727	943
Total amount for continuing operations	\$ 2,067,602	\$ 1,864,179	523,096	409,912
Amount not yet amortized:				
Operating expenses			(428,029)	(430,484)
Non-operating income and expenses			(15,521)	37,208
Profit before tax			\$ 79,546	\$ 16,636

The revenues reported above are generated from external customer transactions. There were no inter-segment sales in 2025 and 2024.

Departmental profit and loss refers to the profits made by each of the departments, not including operating expenses to be amortized and non-operating income and expenses. This measurement is provided to the chief operating decision-maker for the purpose of allocating resources to the departments and to measure performance.

(II) Total Departmental assets and liabilities

The measurement of the total assets and liabilities of the Group assets have not been provided to the operating chief decision-maker. Hence, there is no disclosure of asset and liability measurement amount.

(III) Revenues from main products and services:

Items	2025	2024
Operating revenues		
Inductor	\$ 2,015,471	\$ 1,794,658
Ceramic Heat Sink	2,476	8,321
Precision metal parts	27,540	37,761
Others	<u>22,115</u>	<u>23,439</u>
Net amount	<u>\$ 2,067,602</u>	<u>\$ 1,864,179</u>

(IV) Information by region:

The Group's revenue from the continuing operations of external customers based on the countries where the customers are located and the non-current assets based on the regions where the assets are located are as follows:

	Revenue from external customers		Non-current assets	
	2025	2024	December 31, 2025	December 31, 2024
Taiwan (where the Company is located)	\$ 106,955	\$ 93,133	\$ 994,355	\$ 1,017,786
USA	1,009,774	846,008	2	3
Germany	380,395	346,121	-	-
China	279,385	266,115	287,090	369,575
Others	<u>291,093</u>	<u>312,802</u>	<u>363,801</u>	<u>311,411</u>
	<u>\$ 2,067,602</u>	<u>\$ 1,864,179</u>	<u>\$ 1,645,248</u>	<u>\$ 1,698,775</u>

Non-current assets do not include financial instruments.

(V) Information on major customers:

Revenues from main customers exceeding 10% of the Group's total operating revenues in 2025 and 2024:

Customers	2025		2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Customer A	\$ 973,629	47	\$ 798,831	43
Customer B	598,429	29	562,291	30