Stock Code: 3236

ABC Taiwan Electronics Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

Quarter 2, 2026 and 2025

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Independent Auditors' Review Report

To: ABC Taiwan Electronics Corp

Introduction

We have audited the accompanying Consolidated Balance Sheet of ABC Taiwan Electronics Corp and subsidiaries for June 30, 2026 and 2025, and the consolidated statements of comprehensive income for April 1 to June 30 of 2026 and 2025, and January 1 to June 30 of 2026 and 2025, changes in equity and cash flows for January 1 to June 30 of 2026 and 2025, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 Interim Financial Reporting (IAS 34) endorsed and issued into effect by the Financial Supervisory Commission (FSC). The Independent Auditors are responsible to form a conclusion on the consolidated Financial Statements based on the review outcomes.

Scope

The review work is performed by independent auditors in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information." The procedures for the review of the Consolidated Financial Statements include inquiries (mainly inquiries with the personnel of finance and accounting), analytical procedures and other review procedures. The scope of the review work is distinctly smaller than the scope of the audit work. Hence, the independent auditors were unable to express an audit opinion as it was not possible to detect all of the material matters identified by the audit work.

Conclusion

Based on the review, nothing has come to the attention of the certified public accountant that causes the certified public accountant to believe that the accompanying consolidated financial statements are not prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission, and do not present fairly the consolidated financial position of ABC Taiwan Electronics Corporation and subsidiaries as of June 30, 2026 and 2025, the consolidated financial performance as of April 1 to June 30 of 2026and 2025, and the consolidated financial performance and consolidated cash flow from January 1 to June 30 of 2026 and 2025.

Deloitte & Touche

CPA Wen, Chih-Yuan

CPA Chung, Ming-Yuan

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. 1050024633

August 11, 2026

ABC Taiwan Electronics Corporation and Subsidiaries

Consolidated Statements Of Balance Sheet

June 30, 2026, and December 31 and June 30 of 2025

Unit: NTD thousand

Code	Assets	June 30, 2026		December 31, 2025		June 30, 2025	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note VI)	$ 648,228	22	$ 678,206	22	$ 671,757	22
1110	Financial assets measured at fair value through profit or loss - current (Note VII)	24,749	1	23,561	1	21,304	1
1170	Notes and accounts receivable, net (Note IX)	213,623	6	182,922	6	175,201	6
1180	Accounts receivable - related parties (Notes IX and XXVII)	196,275	6	162,336	5	161,209	5
1200	Other receivables	106,376	3	93,614	3	67,321	2
1220	Current income tax assets	2,653	-	2,902	-	4,549	-
130X	Inventories (Note X)	290,297	8	261,729	8	229,929	8
1410	Prepayments	23,999	1	20,832	1	26,058	1
1470	Other current assets (Note XV)	-	-	-	-	4	-
11XX	Total current assets	1,506,200	43	1,426,102	46	1,357,332	45
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income - Non-current (Note VIII)	249,605	7	54,182	2	29,944	1
1600	Property, plant and equipment (Notes XII, XXVIII)	1,560,936	45	1,485,475	47	1,456,681	49
1755	Right-of-use assets (Note XIII)	10,094	-	8,002	-	6,576	-
1780	Intangible assets (Note XIV)	45,398	1	49,706	2	47,820	2
1915	Prepayment for equipment purchase	98,001	3	85,449	3	76,671	3
1975	Net defined benefit assets - non-current (Note XVIII)	13,879	1	13,868	-	10,934	-
1990	Other non-current assets (Note XV)	5,776	-	4,787	-	4,621	-
15XX	Total non-current assets	1,983,689	57	1,701,469	54	1,635,247	55
1XXX	Total assets	$ 3,489,889	100	$ 3,127,571	100	$ 2,992,579	100

Code	Liabilities and equity	June 30, 2026		December 31, 2025		June 30, 2025	
		Amount	%	Amount	%	Amount	%
	Current liabilities						
2100	Short-term borrowings (Note XVI)	$ 150,000	4	$ 200,000	6	$ 250,000	8
2170	Notes and accounts payable	440,083	13	285,538	9	245,679	8
2206	Employees' compensation and remuneration of directors payable (Note XXI)	14,386	-	8,043		1,445	-
2219	Other payables (Note XVII)	154,244	5	106,310	4	134,134	5
2230	Current income tax liabilities	18,651	1	18,693	1	11,372	1
2280	Lease liabilities - current (Note XIII)	3,016	-	2,421	-	1,402	-
2322	Long-term loans with maturity within one year (Notes XVI and XXVIII)	244,413	7	214,436	7	242,388	8
2399	Other current liabilities (Notes XVII and XX)	1,801	-	2,917	-	2,483	-
21XX	Total of current liabilities	1,026,594	30	838,358	27	888,903	30
	Non-current liabilities						
2540	Long-term loans (Notes XVI and XXVIII)	602,700	17	625,570	20	632,462	21
2570	Deferred income tax liabilities (Note XXII)	64,017	2	67,703	2	67,903	2
2580	Lease liabilities - non-current (Note XIII)	2,238	-	841	-	766	-
2630	Long-term deferred revenue (Note XXIV)	4,304	-	4,829	-	5,033	-
2670	Other non-current liabilities (Notes XVII)	-	-	991	-	533	-
25XX	Total non-current liabilities	673,259	19	699,934	22	706,697	23
2XXX	Total liabilities	1,699,853	49	1,538,292	49	1,595,600	53
	Equity attributable to shareholders of the Company (Note XIX)						
	Share capital						
3110	Common stock share capital	1,050,006	30	1,050,006	33	1,050,006	35
3200	Additional paid-in capital	181,063	5	181,063	6	181,063	6
	Retained earnings						
3310	Legal reserve	157,208	5	153,658	5	153,658	5
3320	Special reserves	40,520	1	86,236	3	86,236	3
3350	Undistributed earnings	169,937	5	158,837	5	103,125	4
3300	Total retained earnings	367,665	11	398,731	13	343,109	12
3400	Other equity items	191,302	5	(40,521)	(1)	(177,109)	(6)
31XX	Total equity attributable to the Company's owners	1,790,036	51	1,589,279	51	1,396,979	47
	Total liabilities and equity	$ 3,489,889	100	$ 3,127,571	100	$ 2,992,579	100

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Tommy H. K. Hsu

Managerial Officer: Francis Fan

Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corporation and Subsidiaries

Consolidated Statements Of Comprehensive Income

April 1 to June 30 of 2026 and 2025, and January 1 to June 30 of 2026 and 2025

Unit: NTD thousand, except that net profit (loss) per share in NTD

		April 1 to June 30, 2026		April 1 to June 30, 2025		January 1 to June 30, 2026		January 1 to June 30, 2025	
Code		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net operating revenue (Notes XX and XXVII)	$ 623,414	100	$ 527,463	100	$ 1,160,957	100	$ 977,449	100
5000	Operating cost (Notes X and XXI)	461,965	74	408,745	77	876,984	75	752,373	77
5900	Gross profit	161,449	26	118,718	23	283,973	25	225,076	23
	Operating expenses (Notes XXI)								
6100	Sales and marketing expenses	20,326	3	18,503	4	39,829	3	36,269	3
6200	Management expenses	73,261	12	55,398	10	136,737	12	124,649	13
6300	R&D expenses	27,486	4	25,143	5	54,986	5	48,891	5
6450	Expected credit reversal gains(Notes IX)	(140)	-	(548)	-	(155)	-	(961)	-
6000	Total operating expenses	120,933	19	98,496	19	231,397	20	208,848	21
6900	Net operating profit	40,516	7	20,222	4	52,576	5	16,228	2
	Non-operating income and expenses								
7100	Interest revenue (Note XXI)	1,177	-	1,232	-	1,833	-	1,657	-
7010	Other income (Notes XXI and XXIV)	1,427	-	389	-	2,775	-	914	-
7020	Other gains and losses (Notes XXI and XXVII)	(7,514)	(1)	(43,186)	(8)	(2,724)	-	(30,543)	(3)
7050	Financial costs (Note XXI)	(4,802)	(1)	(4,894)	(1)	(9,637)	(1)	(9,613)	(1)
7000	Total non-operating income and expenses	(9,712)	(2)	(46,459)	(9)	(7,753)	(1)	(37,585)	(4)
7900	Pre-tax (loss)profit	30,804	5	(26,237)	(5)	44,823	4	(21,357)	(2)
7950	Income tax benefit(expenses) (Note XXII)	(19,769)	(3)	6,041	1	(23,389)	(2)	1,143	-
8200	Net (loss)income	11,035	2	(20,196)	(4)	21,434	2	(20,214)	(2)
	Other comprehensive income								
8310	Items not reclassified to profit or loss:								
8316	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income (Note XIX)	202,176	32	(1,608)	-	195,423	17	(4,341)	-
8360	Items that may be reclassified subsequently as profit or loss:								
8361	Exchange difference on translation of financial statements of foreign operations (Note XIX)	4,375	1	(111,647)	(21)	36,400	3	(86,531)	(9)
8300	Total other comprehensive income	206,551	33	(113,255)	(21)	231,823	20	(90,872)	(9)
8500	Total comprehensive (loss)income	$ 217,586	35	($ 133,451)	(25)	$ 253,257	22	($ 111,086)	(11)
	Net (loss)profit per share (Note XXIII)								
9750	Basic	$ 0.11		($ 0.19)		$ 0.20		($ 0.19)	
9850	Diluted	$ 0.11				$ 0.20			

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Tommy H. K. Hsu　　Managerial Officer: Francis Fan　　Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corporation and Subsidiaries

Consolidated Statements Of Changes In Equity

January 1 to June 30, 2026 and 2025

Unit: NTD thousand, unless stated otherwise

		Equity attributable to the Company's shareholders								
		Share capital			Retained earnings			Other equity		
Code		Shares (in thousand)	Amount	Additional paid-in capital	Legal reserve	Special reserves	Undistributed earnings	Exchange differences on the translation of financial statements of foreign operations	Unrealized (loss) gain on equity instruments at fair value through other comprehensive incomes	Total equity
A1	Balance as of January 1, 2025	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	Net loss for the period from January 1 to June 30, 2025	-	-	-	-	-	(20,214)	-	-	(20,214)
D3	Other comprehensive income (loss) for the three months period ended June 30, 2025	-	-	-	-	-	-	(86,531)	(4,341)	(90,872)
D5	Total comprehensive income (loss) for the three months period ended June 30, 2025	-	-	-	-	-	(20,214)	(86,531)	(4,341)	(111,086)
Z1	Balance as of June 30, 2025	105,001	$ 1,050,006	$ 181,063	$ 153,658	$ 86,236	$ 103,125	($ 194,255)	$ 17,146	$ 1,396,979
A1	Balance as of January 1, 2026	105,001	$ 1,050,006	$ 181,063	$ 153,658	$ 86,236	$ 158,837	($ 81,905)	$ 41,384	$ 1,589,279
	Distribution of earnings for 2025									
B1	Legal reserve	-	-	-	3,550	-	(3,550)	-	-	-
B17	Special reserves	-	-	-	-	(45,716)	45,716	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(52,500)	-	-	(52,500)
D1	Net income for the period from January 1 to June 30, 2026	-	-	-	-	-	21,434	-	-	21,434
D3	Other comprehensive income (loss) for the three months period ended June 30, 2026	-	-	-	-	-	-	36,400	195,423	231,823
D5	Total comprehensive income (loss) for the three months period ended June 30, 2026	-	-	-	-	-	21,434	36,400	195,423	253,257
Z1	Balance as of June 30, 2026	105,001	$ 1,050,006	$ 181,063	$ 157,208	$ 40,520	$ 169,937	($ 45,505)	$ 236,807	$ 1,790,036

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Tommy H. K. Hsu　　Manager: Fan, Liang-Fang　　Accounting Officer: Cheng, Ya-Yun

ABC Taiwan Electronics Corporation and Subsidiaries

Consolidated Statements Of Cash Flows

January 1 to June 30, 2026 and 2025

Unit: NTD thousand

Code		January 1 to June 30, 2026	January 1 to June 30, 2025
	Cash flow from operating activities		
A10000	Pre-tax (loss)profit for the current period	$ 44,823	($ 21,357)
A20010	Income/expenses that do not affect cash flow:		
A20100	Depreciation expense	83,612	81,481
A20200	Amortized expenses	9,194	8,160
A20300	Expected credit reversal gain	(155)	(961)
A20400	Net gains on financial assets measured at fair value through profit or loss	(166)	(150)
A20900	Financial cost	9,637	9,613
A21200	Income from interest	(1,833)	(1,657)
A22500	Net profit from disposal of property, plant and equipment	(382)	(395)
A23700	Inventory devaluation loss	3,724	18,854
A24100	Net loss on foreign currency exchange	67,230	2,311
A29900	Government subsidies income	(1,240)	(687)
A30000	Net changes in operating assets and liabilities		
A31130	Notes and accounts receivable	(29,374)	(33,399)
A31160	Accounts receivable - related parties	(33,939)	(53,299)
A31180	Other receivables	(12,614)	(38,610)
A31200	Inventory	(33,669)	12,786
A31230	Prepayments	(3,167)	6,384
A31240	Other current assets	-	108
A31990	Other assets	-	13
A32130	Notes and accounts payable	141,747	3,483
A32180	Other payables	(2,834)	(5,487)
A32200	Liability reserve	65	(131)
A32230	Other current liabilities	(1,116)	(359)
A32240	Net defined benefit assets	(11)	(6)
A32990	Employees' compensation and remuneration of directors payable	6,343	-
A33000	Cash (outflow)inflow from operations	245,875	(13,305)
A33100	Interest received	1,833	1,657
A33300	Interest paid	(9,136)	(9,613)
A33500	Income tax refund(paid)	(27,037)	3,305
AAAA	Net cash (outflow)inflow from operating activities	211,535	(17,956)

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Code		January 1 to June 30, 2026	January 1 to June 30, 2025
	Cash flows from investing activities		
B02700	Acquisition of property, plant and equipment	($ 146,383)	($ 25,361)
B02800	Proceeds from disposal of property, plant and equipment	1,734	36,522
B03700	Increase in refundable deposits	(989)	-
B03800	Decrease in refundable deposits	-	435
B04500	Acquisition of intangible assets	(4,886)	(5,810)
B07100	Increase in prepaid equipment purchase	(12,552)	(32,977)
BBBB	Net cash outflow from investing activities	(163,076)	(27,191)
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	270,000	550,000
C00200	Decrease in short-term borrowings	(320,000)	(490,000)
C00500	Decrease in short-term notes payable	-	(29,964)
C01600	Proceeds from long-term debt	114,723	100,000
C01700	Repayments of long-term debt	(107,836)	(111,110)
C04020	Repayment of lease liability principal	(1,796)	(1,020)
CCCC	Net cash (outflow) inflow from financing activities	(44,909)	17,906
DDDD	Effect of exchange rate fluctuations on cash and cash equivalents	(33,528)	(46,013)
EEEE	Net decrease of cash and cash equivalents for the current period	(29,978)	(73,254)
E00100	Cash and cash equivalents, beginning of the year	678,206	745,011
E00200	Cash and cash equivalents, end of the year	$ 648,228	$ 671,757

The accompanying notes form part of the Consolidated Financial Statements.

Chairman: Tommy H. K. Hsu　Managerial Officer: Francis Fan　Accounting supervisor: Ya-Yun Cheng

ABC Taiwan Electronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements

January 1 to June 30, 2026 and 2025

(Amounts in NTD thousand unless stated otherwise)

I. Company history

ABC Taiwan Electronics Corp (hereinafter referred to as "ABC Taiwan") 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 ABC Taiwan's shares have been listed for trading on the Taipei Exchange since December 2, 2004.

The Consolidated Financial Statements of ABC Taiwan 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 August 11, 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).

Except as described below, the IFRS Accounting Standards recognized and brought into effect by the Financial Supervisory Commission are not expected to result in any significant changes to the accounting policies of the Company and the entities controlled by the Company (hereinafter collectively referred to as the “Group”).

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.

(II) FSC-endorsed IFRSs applicable from 2027 onwards

New / Revised / Amended Standards and Interpretation	Effective date issued by the International Accounting Standards Board (IASB)
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 1)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including amendments in 2025)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027
Amendments to IAS 28 "Amendments to the Fair Value Option for Investments in Associates and Joint Ventures"	January 1, 2027 (Note 2)

Note 1 : Domestic enterprises shall apply IFRS 18 starting from January 1, 2028, and are also permitted to elect early application.

Note 2 : The amendments shall be applied concurrently upon the adoption of IFRS 18.

<u>IFRS 18 "Presentation and Disclosure in Financial Statements", related consequential amendments, and the amendments to IAS 28 "Amendments to the Fair Value Option for Investments in Associates and Joint Ventures"</u>

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.

The Group expects not to early apply IFRS 18 and the related consequential amendments.

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.

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

New / Revised / Amended Standards and Interpretation	Effective date announced by IASB (Note)
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 20 "Regulatory Assets and Regulatory Liabilities"	January 1, 2029

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

The Group will continue to evaluate the impact 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 IAS 34 Interim Financial Reporting as endorsed and issued into effect by the FSC. The consolidated financial statements do not include all IFRSs information disclosures required for the full annual financial report.

(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 liabilities (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) Basis for consolidation

The Consolidated Financial Statements include ABC Taiwan Electronics 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 XXX (II) for the statements, shareholding and operation items of the subsidiaries.

(IV) Other significant accounting policies

Please refer to the 2025 significant accounting policies compilation and explanation in addition to the below explanation.

1. Defined benefit - Benefits after retirement

   The pension cost in the interim period adopts the pension cost rate determined by actuarial calculation at the end of the previous year. The period from the beginning to the end of the current year is taken as the basis for calculation. Adjustments are made based on the major market fluctuations and major plan revisions, liquidations or other one time matters.

2. Income tax expenses

   Income tax expenses are the aggregate of the income taxes and deferred taxes during the period. Income tax for the interim period is evaluated using the fiscal year as the basis. Calculations for income before tax of the midterm period are made taking the applicable tax rates of the expected total annual earnings.

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

With regard to the adoption of accounting policies by the consolidated company, 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 consolidated companies incorporate the potential impact of U.S. reciprocal tariff measures into considerations of significant estimates related to cash flow projections, growth rates, discount rates, profitability, and other relevant factors. Management will continue to review estimates and underlying assumptions.

Significant accounting judgments, estimates and assumptions adopted by these consolidated financial statements mainly derive from similar sources to that of the 2025 consolidated financial statements.

VI. Cash and cash equivalents

	June 30, 2026	December 31, 2025	June 30, 2025
Bank checks and demand deposits	$ 647,020	$ 676,928	$ 641,256
Cash on hand and petty cash	1,208	1,278	1,201
Equivalent cash			
Bank time deposits with original maturity date within 3 months	-	-	29,300
	$ 648,228	$ 678,206	$ 671,757

The market interest rate intervals of bank deposits on the balance sheet date were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Deposits in banks	0.010%~0.725%	0.005%~0.725%	0.005%~4.22%

VII. Financial instruments measured at fair value through profit or loss

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets - Current			
Mandatorily measured at fair value through profit or loss			
Financial products	$ 24,749	$ 23,561	$ 21,304

VIII. Financial assets at fair value through other comprehensive income

Investment in equity instruments

	June 30, 2026	December 31, 2025	June 30, 2025
Non-current			
Domestic investment			
TWSE/TPEx listed stock	$ 249,605	$ 54,182	$ 29,944

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.

IX. Notes and accounts receivable, net amount

	June 30, 2026	December 31, 2025	June 30, 2025
Notes and accounts receivable			
Measured at amortized cost			
Total book value	$ 218,222	$ 188,389	$ 180,534
Less: Allowance for losses	(4,599)	(5,467)	(5,333)
	$ 213,623	$ 182,922	$ 175,201
Accounts receivable - related parties			
Measured at amortized cost			
Total book value	$ 196,275	$ 162,336	$ 161,209
Less: Allowance for losses	-	-	-
	$ 196,275	$ 162,336	$ 161,209

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:

June 30, 2026

	Not overdue	Past Due by 1 ~ 60 Days	Past Due 61 ~ 90 Days	Past Due 91 ~ 120 Days	Overdue over 120 days	Total
Total book value	$ 211,193	$ 2,405	$ 302	$ -	$ 4,322	$ 218,222
Loss allowance (expected credit losses throughout the duration)	-	(27)	(250)	-	(4,322)	(4,599)
Cost after amortization	$ 211,193	$ 2,378	$ 52	$ -	$ -	$ 213,623

December 31, 2025

	Not overdue	Past Due by 1 ~ 60 Days	Past Due 61 ~ 90 Days	Past Due 91 ~ 120 Days	Overdue over 120 days	Total
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	$ 182,115	$ 790	$ 17	$ -	$ -	$ 182,922

June 30, 2025

	Not overdue	Past Due by 1 ~ 60 Days	Past Due 61 ~ 90 Days	Past Due 91 ~ 120 Days	Overdue over 120 days	Total
Total book value	$ 171,372	$ 2,636	$ 1,465	$ 98	$ 4,963	$ 180,534
Loss allowance (expected credit losses throughout the duration)	-	(88)	(184)	(98)	(4,963)	(5,333)
Cost after amortization	$ 171,372	$ 2,548	$ 1,281	$ -	$ -	$ 175,201

Accounts receivable - related parties are non-overdue accounts.

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

	January 1 to June 30, 2026	January 1 to June 30, 2025
Balance at the beginning of the period	$ 5,467	$ 6,506
Less: Reversal of impairment loss in the current period	(155)	(961)
Write-off for the current period	(805)	-
Foreign currency exchange difference	92	(212)
Balance at end of period	$ 4,599	$ 5,333

X. Inventories

	June 30, 2026	December 31, 2025	June 30, 2025
Commodities	$ 3,141	$ 1,907	$ 2,136
Finished goods	150,268	144,638	125,750
Work-in-progress	4,321	3,918	3,974
Raw materials and supplies	132,567	111,266	98,069
	$ 290,297	$ 261,729	$ 229,929

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

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Cost of inventories sold	$ 462,977	$ 395,355	$ 873,260	$ 733,519
Loss (gain) on inventory devaluation	(1,012)	13,390	3,724	18,854
	$ 461,965	$ 408,745	$ 876,984	$ 752,373

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 June 30, 2026	Shareholding ratio December 31, 2025	Shareholding ratio June 30, 2025	Explanation
The Company	ATEC HOLDING COMPANY (AHC)	Reinvestment of the holding company in Mainland China	100%	100%	100%	Subsidiaries
	ABC AMERICA ELECTRONICS CORP. (AAE)	Trading of electronic components	100%	100%	100%	Subsidiaries
AHC	ATEC UNIVERSAL COMPANY (AUC)	Reinvestment of the holding company in Mainland China	100%	100%	100%	Second-tier subsidiary
	A-TEC INTERNATIONAL COMPANY (AIC)	Reinvestment of the holding company in Mainland China	100%	100%	100%	Second-tier subsidiary
	AOBA TECHNOLOGY (M) SDN. BHD. (AOBA)	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	100%	Second-tier subsidiary
AUC	Guangzhou ABC Electronics Corp. (Guangzhou ABC Company)	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	100%	Third-tier subsidiary
AIC	ABC Electronics (Shanghai) Corp. (ABC (Shanghai) Company)	Manufacture, processing, and sale of electronic machine components, etc.	100%	100%	100%	Third-tier subsidiary
	Shanghai Qianchi Electronics Trading Company Ltd. (Shanghai Qianchi Company)(Note)	Sale of electronic machine components, etc.	100%	100%	100%	Third-tier subsidiary

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

For the subsidiaries listed in the consolidated financial statements for the period between January 1 to June 30, 2026 and 2025, the financial statements of important subsidiaries have been reviewed by independent auditors with exception of insignificant subsidiary AAE. 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

	June 30, 2026	December 31, 2025	June 30, 2025
Own use	$ 1,560,936	$ 1,485,475	$ 1,458,681

	Land	Housing and construction	Machinery and equipment	Research and development equipment	Transportation equipment	Income-producing equipment	Miscellaneous equipment	Real estate under construction	Total
Cost									
Balance as of January 1, 2026	$ 354,548	$ 665,653	$1,095,819	$ 346,203	$ 12,127	$ 26,580	$ 100,142	$ 5,883	$2,606,955
Increase	-	-	136,390	1,327	-	154	8,114	-	145,985
Disposal	-	(313)	(12,297)	(2,065)	(179)	(371)	(2,309)	-	(17,534)
Net exchange difference	541	7,903	24,802	-	127	725	1,700	254	36,052
Balance as of June 30, 2026	$ 355,089	$ 673,243	$1,244,714	$ 345,465	$ 12,075	$ 27,088	$ 107,647	$ 6,137	$2,771,458
Accumulated depreciation									
Balance as of January 1, 2026	$ -	$ 202,602	$ 709,548	$ 128,450	$ 7,283	$ 20,895	$ 52,702	$ -	$1,121,480
Depreciation expense	-	9,340	48,025	16,883	683	1,156	5,625	-	81,712
Disposal	-	(177)	(11,180)	(2,065)	(179)	(371)	(2,210)	-	(16,182)
Net exchange difference	-	5,666	16,039	-	81	565	1,161	-	23,512
Balance as of June 30, 2026	$ -	$ 217,431	$ 762,432	$ 143,268	$ 7,868	$ 22,245	$ 57,278	$ -	$1,210,522
Net amount as of June 30, 2026	$ 355,089	$ 455,812	$ 482,282	$ 202,197	$ 4,207	$ 4,843	$ 50,369	$ 6,137	$1,560,936
Net amount as of December 31, 2025 and January 1, 2026	$ 354,548	$ 463,051	$ 386,271	$ 217,753	$ 4,844	$ 5,685	$ 47,440	$ 5,883	$1,485,475

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Cost									
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	-	3,994	11,236	10,005	-	501	4,203	1,008	30,947
Disposal	-	-	(118,773)	-	-	-	(2,731)	-	(121,504)
Reclassification	-	296	-	-	-	-	-	(296)	-
Net exchange difference	(2,743)	(20,054)	(70,554)	-	(404)	(1,618)	(3,463)	(487)	(99,323)
Balance as of June 30, 2025	$ 348,769	$ 636,988	$ 991,397	$ 342,840	$ 11,767	$ 23,063	$ 82,565	$ 5,456	$ 2,442,845
Accumulated depreciation									
Balance as of January 1, 2025	$ -	$ 182,506	$ 698,608	$ 97,559	$ 6,616	$ 17,973	$ 44,940	$ -	$ 1,048,202
Depreciation expense	-	9,103	47,680	16,574	644	1,156	5,197	-	80,354
Disposal	-	-	(83,068)	-	-	-	(2,309)	-	(85,377)
Net exchange difference	-	(11,658)	(43,609)	-	(273)	(1,251)	(2,224)	-	(59,015)
Balance as of June 30, 2025	$ -	$ 179,951	$ 619,611	$ 114,133	$ 6,987	$ 17,878	$ 45,604	$ -	$ 984,164
Net amount as of June 30, 2025	$ 348,769	$ 457,037	$ 371,786	$ 228,707	$ 4,780	$ 5,185	$ 36,961	$ 5,456	$ 1,458,681

Unrecognized or reversed impairment losses for January 1 to June 30, 2026 and 2025

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

	June 30, 2026	December 31, 2025	June 30, 2025
Book value of right-of-use assets			
Land	$ 4,898	$ 4,789	$ 4,442
Building	1,675	2,265	1,411
Transportation equipment	3,521	948	723
	$ 10,094	$ 8,002	$ 6,576

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Increase in right-of-use assets			$ 3,754	$ 1,507
Depreciation expense for right-of-use assets				
Land	$ 49	$ 46	$ 97	$ 92
Building	688	428	1,414	785
Transportation equipment	277	113	389	250
	$ 1,014	$ 587	$ 1,900	$ 1,127

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 during the periods from January 1 to June 30, 2026 and 2025.

(II) Lease liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Book value of lease liabilities			
Current	$ 3,016	$ 2,421	$ 1,402
Non-current	$ 2,238	$ 841	$ 766

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

	June 30, 2026	December 31, 2025	June 30, 2025
Building	5%	5%	5%
Transportation equipment	2.07%~2.20%	2.07%~2.10%	1.56%~2.10%

(III) Important lease activities and terms

The lands and buildings that the consolidated company 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 consolidated company.

(IV) Other lease information

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Expenses of short-term leases	$ 287	$ 518	$ 540	$ 1,095
Expenses for lease of low-value assets	$ 112	$ 185	$ 292	$ 408
Total cash (outflow) for leases			($ 2,695)	($ 2,573)

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	Goodwill	Total
Cost						
Balance as of January 1, 2026	$ 38,368	$ 12,457	$ 10,825	$ 23,873	$ 5,340	$ 90,863
Increase	2,066	2,820	-	-	-	4,886
Disposal	(977)	-	-	-	-	(977)
Balance as of June 30, 2026	$ 39,457	$ 15,277	$ 10,825	$ 23,873	$ 5,340	$ 94,772
Accumulated amortization						
Balance as of January 1, 2026	$ 8,962	$ 3,693	$ 8,892	$ 19,610	$ -	$ 41,157
Amortized expenses	4,292	2,424	773	1,705	-	9,194
Disposal	(977)	-	-	-	-	(977)
Balance as of June 30, 2026	$ 12,277	$ 6,117	$ 9,665	$ 21,315	$ -	$ 49,374
Net amount as of June 30, 2026	$ 27,180	$ 9,160	$ 1,160	$ 2,558	$ 5,340	$ 45,398
Net amount as of December 31, 2025 and January 1, 2026	$ 29,406	$ 8,764	$ 1,933	$ 4,263	$ 5,340	$ 49,706

Cost						
Balance as of January 1, 2025	$ 37,279	$ 6,864	$ 10,825	$ 23,873	$ 5,340	$ 84,181
Increase	2,218	3,592	-	-	-	5,810
Disposal	(2,585)	(940)	-	-	-	(3,525)
Balance as of June 30, 2025	$ 36,912	$ 9,516	$ 10,825	$ 23,873	$ 5,340	$ 86,466
Accumulated amortization						
Balance as of January 1, 2025	$ 6,785	$ 3,681	$ 7,345	$ 16,200	$ -	$ 34,011
Amortized expenses	4,299	1,383	773	1,705	-	8,160
Disposal	(2,585)	(940)	-	-	-	(3,525)
Balance as of June 30, 2025	$ 8,499	$ 4,124	$ 8,118	$ 17,905	$ -	$ 38,646
Net amount as of June 30, 2025	$ 28,413	$ 5,392	$ 2,707	$ 5,968	$ 5,340	$ 47,820

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

XV. Other assets

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Retained tax credit	$ -	$ -	$ 4
Non-current			
Refundable deposits	$ 3,028	$ 2,039	$ 1,873
Others	2,748	2,748	2,748
	$ 5,776	$ 4,787	$ 4,621

XVI. Borrowings

(I) Short-term borrowings

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured borrowings			
- Borrowings of working capital fund	$ 150,000	$ 200,000	$ 250,000

The interest rates of working capital borrowings as of June 30, 2026 and December 31 and June 30, 2025 were 1.85%~1.92%, 1.85%~1.92% and 1.85%~1.88%, respectively.

(II) Long-term borrowings

	June 30, 2026	December 31, 2025	June 30, 2025
Secured borrowings (Note XXVIII)			
Mid and long-term bank borrowings (1)	$ 245,762	$ 252,727	$ 114,854
Unsecured borrowings			
Mid and long-term bank borrowings (2)	601,351	587,279	759,996
Sub-total	847,113	840,006	874,850
Due within one year	(244,413)	(214,436)	(242,388)
	$ 602,700	$ 625,570	$ 632,462

1. Bank loans as of June 30, 2026, December 31, 2025, and June 30, 2025 carried interest rates of 0.635%~4.87%, 0.635%~4.91%, and 1.925%~2.14%, respectively.
2. Bank credit loans as of June 30, 2026, December 31, 2025, and June 30, 2025 carried interest rates of 0.635%~2.1966%, 0.635%~2.1966%, and 0.635%~2.196%, respectively.

Long-term bank borrowings

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 June 30, 2026 and December 31 and June 30, 2025 satisfies the limitations of the aforementioned financial rates.

XVII. Other liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Other payables			
Cash dividends	$ 52,500	$ -	$ 36,750
Salary	29,543	27,110	25,945
Bonus	16,470	27,212	13,149
Payable leave benefit	7,379	7,314	7,177
Freight and import/export expenses	2,655	2,462	2,321
Labor service expenses	2,579	2,308	2,081
Commission	580	747	1,086
Provision for equipment	339	737	9,120
Others	42,199	38,420	36,505
	$ 154,244	$ 106,310	$ 134,134

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Other liabilities			
Collection of funds on behalf of others	$ 1,339	$ 2,398	$ 1,590
Contract liabilities	462	519	893
	$ 1,801	$ 2,917	$ 2,483
Non-current			
Other liabilities			
Deferred credits	$ -	$ 991	$ 533

XVIII. Retirement benefit plan

The related pension fees of the defined benefit plan recognized for April 1 to June 30, 2026 and 2025, and January 1 to June 30, 2026 and 2025 are calculated based on the pension cost rate determined by actuarial calculation for December 31, 2025 and 2024. The amounts are NT$230 thousand and NT$262 thousand and NT$485 thousand and NT$527 thousand, respectively.

XIX. Equity

(I) Share capital

	June 30, 2026	December 31, 2025	June 30, 2025
Authorized shares (in thousand)	150,000	150,000	150,000
Authorized shares	$ 1,500,000	$ 1,500,000	$ 1,500,000
Issued and paid shares (in thousand)	105,001	105,001	105,001
Issued capital stock	$ 1,050,006	$ 1,050,006	$ 1,050,006

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

	June 30, 2026	December 31, 2025	June 30, 2025
Can be used to offset losses, distribute cash, or capitalize on shares (Note)			
Premium from stock issuance	$ 169,469	$ 169,469	$ 169,469
Transaction of treasury stock	10,819	10,819	10,819
The difference between the equity actually acquired or disposed of and the book value	775	775	775
	$ 181,063	$ 181,063	$ 181,063

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 reimbursement of accumulated losses according to laws, followed by 10% of the earnings as legal reserve, and the remainder as provision or reverse of special reserves. If there are 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.

Furthermore, in accordance with the Company's Articles of Incorporation, the Company's dividend policy takes into consideration current and future development plans, investment environment, capital requirements, domestic and international competitive conditions, and shareholders' interests. The Company shall distribute no less than 20% of distributable earnings as dividends to shareholders annually; however, when accumulated distributable earnings are less than 2% of paid-in capital, distribution may be waived. When distributing dividends to shareholders, distribution may be made in cash or stock, with cash dividends comprising no less than 10% of 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 its annual general meetings of shareholders on June 9, 2026 and June 5, 2025, respectively, at which the earnings distribution proposals for 2025 and 2024 were resolved and approved as follows:

	2025	2024
Legal reserve	$ 3,550	$ 736
Reversal of special reserve	($ 45,716)	($ 65,908)
Cash dividends	$ 52,500	$ 36,750
Cash dividend per share (NTD)	$ 0.50	$ 0.35

(IV) Special reserves

	January 1 to June 30, 2026	January 1 to June 30, 2025
Balance at the beginning of the period	$ 86,236	$ 152,144
Reversal of special reserve	(45,716)	(65,908)
Balance at end of period	$ 40,520	$ 86,236

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

	January 1 to June 30, 2026	January 1 to June 30, 2025
Balance at the beginning of the period	($ 81,905)	($ 107,724)
Exchange differences arising from the translation of the net assets of foreign operations	36,400	(86,531)
Balance at end of period	($ 45,505)	($ 194,255)

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

	January 1 to June 30, 2026	January 1 to June 30, 2025
Balance at the beginning of the period	$ 41,384	$ 21,487
Incurred in the current period		
Unrealized gain or loss		
Equity instruments	195,423	(4,341)
Balance at end of period	$ 236,807	$ 17,146

XX. Income

(I) Revenue from contracts

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Revenue from contracts with customers				
Revenue from sale of goods	$ 623,325	$ 527,463	$ 1,160,790	$ 977,449
Revenue from services	89	-	167	-
	$ 623,414	$ 527,463	$ 1,160,957	$ 977,449

(II) Balance of contract

	June 30, 2026	December 31, 2025	June 30, 2026	January 1, 2025
Contract liabilities				
Revenue from sale of goods	$ 462	$ 519	$ 893	$ 917

(III) Breakdown of revenue from contracts with customers

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Main regional markets				
USA	$ 292,201	$ 255,067	$ 557,015	$ 479,113
Germany	131,845	96,280	241,807	174,317
China	85,683	73,268	147,623	133,495
Taiwan	54,100	21,599	99,581	39,201
Others	59,585	81,249	114,931	151,323
	$ 623,414	$ 527,463	$ 1,160,957	$ 977,449

XXI. Net income and other comprehensive income

(I) Income from interest

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Income from interest				
Deposits in banks	$ 1,177	$ 1,232	$ 1,833	$ 1,657

(II) Other income

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Deferred government subsidies income	$ 656	$ 333	$ 1,240	$ 687
Rental income	771	56	1,535	227
	$ 1,427	$ 389	$ 2,775	$ 914

(III) Other gains and losses

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Net loss on foreign exchange	($ 8,006)	($ 42,193)	($ 3,081)	($ 30,813)
Net gains on financial assets measured at fair value through profit or loss	73	71	166	150
Net (loss) profit from disposal of property, plant and equipment	(194)	(489)	382	395
Others	613	(575)	(191)	(275)
	($ 7,514)	($ 43,186)	($ 2,724)	($ 30,543)

(IV) Financial cost

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Interest of bank loans	$ 4,767	$ 4,868	$ 9,570	$ 9,563
Interest on lease liabilities	35	26	67	50
	$ 4,802	$ 4,894	$ 9,637	$ 9,613

(V) Depreciation and amortization

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Depreciation expense summarized by function				
Operating cost	$ 26,788	$ 25,412	$ 53,678	$ 53,332
Operating expenses	15,879	14,009	29,934	28,149
	$ 42,667	$ 39,421	$ 83,612	$ 81,481
Amortization expense summarized by function				
Operating cost	$ 94	$ 102	$ 187	$ 203
Operating expenses	4,539	4,033	9,007	7,957
	$ 4,633	$ 4,135	$ 9,194	$ 8,160

(VI) Employee benefit expenses

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Benefits after retirement				
Defined contribution plan	$ 1,572	$ 1,490	$ 3,125	$ 2,988
Defined benefit plan (Note XVIII)	230	262	485	527
	1,802	1,752	3,610	3,515
Other employee benefits	128,798	115,768	249,840	223,930
Total employee benefit expenses	$ 130,600	$ 117,520	$ 253,450	$ 227,445
Summarized by function				
Operating cost	$ 72,098	$ 75,395	$ 138,060	$ 125,318
Operating expenses	58,502	42,125	115,390	102,127
	$ 130,600	$ 117,520	$ 253,450	$ 227,445

(VII) Employees’ compensation and directors' remuneration

According to the Company's Articles of Incorporation, the employees' and directors' remuneration are allocated based on 12%~16% and no more than 6% of the pre-tax income before deduction of the employees' and directors' remuneration, respectively. In accordance with the August 2025 amendments to the Securities and Exchange Act, the Company expects to amend its Articles of Incorporation at the 2026 shareholders' meeting to stipulate that no less than 30% of the employee compensation appropriated for the current year shall be distributed as compensation to entry level employees. For the period from January 1 to June 30, 2025, there was an operating loss; therefore, no employee compensation and directors' compensation were estimated. For the periods from April 1 to June 30, 2026 and from January 1 to June 30, 2026, employees’ compensation and directors’ remuneration were accrued at 12% and 3%, respectively, of the aforementioned profit before tax. The accrued amounts are as follows:

<u>Amount</u>

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Compensation to employees	$ 3,239	($ 536)	$ 5,074	$ -
Remuneration to directors	$ 810	($ 134)	$ 1,269	$ -

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.

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:

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

There is no difference between the actual amounts of employees' remuneration and directors' remuneration paid for 2025 and 2024 and the amounts recognized in the Consolidated Financial Statements for 2025 and 2024.

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 foreign exchange gain (loss)

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Total foreign exchange gains	$ 3,240	$ 20,898	$ 16,858	$ 36,364
Total foreign exchange losses	(11,246)	(63,091)	(19,939)	(67,177)
Net foreign exchange loss	($ 8,006)	($ 42,193)	($ 3,081)	($ 30,813)

XXII. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expense (benefit) are as follows:

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Income tax for the current period				
Incurred in the current period	$ 14,647	$ 7,069	$ 19,749	$ 12,178
Surtax on undistributed retained earnings	-	(1,789)	-	-
Adjustments for previous year	7,326	-	7,326	-
	21,973	5,280	27,075	12,178
Deferred income tax				
Incurred in the current period	(2,204)	(11,321)	(3,686)	(13,321)
Income tax (benefit)expenses recognized in profit or loss	$ 19,769	($ 6,041)	$ 23,389	($ 1,143)

(II) 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 (loss) per share

Unit: NTD per share

	Before retrospective adjustment		After retrospective adjustment	
	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Basic earnings (loss) per share	$ 0.11	($ 0.19)	$ 0.20	($ 0.19)
Diluted earnings per share	$ 0.11		$ 0.20	

The net income (loss) and weighted average number of ordinary shares used in the calculation of earnings (loss) per share are as follows:

Net income (loss) for the period

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Net income (loss) used in the calculation of basic and diluted earnings (loss) per share	$ 11,035	($ 20,196)	$ 21,434	($ 20,214)

Number of shares

Unit: Thousand shares

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Weighted average number of ordinary shares used to calculate basic earnings (loss) per share	105,001	105,001	105,001	105,001
Effect of potentially dilutive ordinary shares:				
Compensation to employees	74	-	163	-
Weighted average number of ordinary shares used to calculate diluted earnings (loss) per share	105,075	105,001	105,164	105,001

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. For the six months ended June 30, 2026 and 2025, RMB157 thousand was recognized as subsidy income for each period. In addition, the Company obtained project interest subsidies of NT$519 thousand for the period from January 1 to June 30, 2026 (accounted for under other 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 - financial instruments at fair value on a recurring basis

1. Fair value hierarchy

June 30, 2026

	Class 1	Class 2	Class 3	Total
Financial assets measured at fair value through profit or loss				
Financial products	$ -	$ 24,749	$ -	$ 24,749
Financial assets at fair value through other comprehensive income				
TWSE(TPEx) domestic listed companies' stocks	$ 249,605	$ -	$ -	$ 249,605

December 31, 2025

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

June 30, 2025

	Class 1	Class 2	Class 3	Total
Financial assets measured at fair value through profit or loss				
Financial products	$ -	$ 21,304	$ -	$ 21,304
Financial assets at fair value through other comprehensive income				
TWSE(TPEx) domestic listed companies' stocks	$ 29,944	$ -	$ -	$ 29,944

There were no transfers between Class 1 and Class 2 fair value measurements in January 1 to June 30 of 2026 and 2025.

(III) Type of financial instrument

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets			
Measured at fair value through profit or loss	$ 24,749	$ 23,561	$ 21,304
Measured at fair value through other comprehensive income	249,605	54,182	29,944
Measured at amortized cost (Note 1)	1,167,530	1,119,117	1,077,361
Financial liabilities			
Measured at amortized cost (Note 2)	1,553,326	1,439,897	1,469,358

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, notes and accounts payable, other payables (excluding dividends payable), and long-term borrowings (including current portion of long-term borrowings).

(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 ABC Taiwan'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) Currency 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 XXIX for details.

Sensitivity analysis

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

The following table details the consolidated company'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 conversion at the end of the period 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 (loss) before tax will increase (decrease) 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	
	January 1 to June 30, 2026	January 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Income (loss)	$ 15,952	$ 19,301	($ 10,409)	($ 6,658)

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 risks

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:

	June 30, 2026	December 31, 2025	June 30, 2025
Fair value interest rate risk			
- Financial assets	$ -	$ -	$ 29,300
- Financial liabilities	25,254	83,262	132,168
Cash flow interest rate risk			
- Financial assets	647,006	676,919	641,245
- Financial liabilities	977,113	960,006	994,850

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 decreased/increased by 0.1%, with all other variables remaining unchanged, the Group's net income before tax in January 1 to June 30 of 2026 and 2025, would increase/decrease by NT$165 thousand and NT$177 thousand, respectively, mainly due to the Group's variable interest rate/net 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 in January 1 to June 30 of 2026 and 2025 would have increased/decreased by NT$12,480 thousand and NT$1,497 thousand, respectively, due to changes in the fair value of financial assets 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 consolidated customers. As of June 30, 2026, December 31 and June 30 2025, the ratio of the total accounts receivable from the aforementioned customers was 81%, 78% and 79%, 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 for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the consolidated company 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 consolidated company 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.

June 30, 2026

	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
Non-derivative financial liabilities						
Non-interest bearing liabilities	-	$ 356,138	$ 178,005	$ 50,025	$ 16,195	$ -
Floating interest rate instruments	0.64~4.87	53,353	46,531	288,770	538,558	60,951
Fixed interest rate instruments	1.87~1.90	20,031	-	-	-	-
Lease liabilities	2.07~5.00	352	638	2,121	2,277	-
		$ 429,874	$ 225,174	$ 340,916	$ 557,030	$ 60,951

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	$ 3,111	$ 2,277	$ -	$ -	$ -	$ -

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
Non-derivative financial liabilities						
Non-interest bearing liabilities	-	$ 170,236	$ 183,260	$ 25,229	$ 12,890	$ -
Floating interest rate instruments	0.64~4.91	53,130	36,114	258,675	582,457	69,323
Fixed interest rate instruments	1.866	124	80,124	-	-	-
Lease liabilities	2.07~5.00	278	520	1,692	850	-
		$ 223,768	$ 300,018	$ 285,596	$ 596,197	$ 69,323

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	$ 2,490	$ 850	$ -	$ -	$ -	$ -

June 30, 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
Non-derivative financial liabilities						
Non-interest bearing liabilities	-	$ 192,313	$ 138,087	$ 42,821	$ -	$ -
Floating interest rate instruments	0.64~2.20	112,093	137,749	125,172	569,396	91,313
Fixed interest rate instruments	1.86~1.87	130,202	-	-	-	-
Lease liabilities	1.56~5.00	141	272	1,040	776	-
		$ 434,749	$ 276,108	$ 169,033	$ 570,172	$ 91,313

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	$ 1,453	$ 776	$ -	$ -	$ -	$ -

(2) Financing amount

	June 30, 2026	December 31, 2025	June 30, 2025
The secured bank loan facility may be extended upon mutual consent of both parties.			
- Amount used	$ 250,332	$ 260,494	$ 258,060
- Unutilized amount	119,450	132,672	10,465
	$ 369,782	$ 393,166	$ 268,525
The unsecured bank loan facility may be extended upon mutual consent of both parties.			
- Amount used	$ 751,352	$ 787,279	$ 869,707
- Unutilized amount	462,812	445,807	376,422
	$ 1,214,164	$ 1,233,086	$ 1,246,129

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

Name of Related Party	Relationship with the Group
Bourns, Inc.	Substantive related party

(II) Operating revenues

Account items	Category/name of related party	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Sales revenues	Substantive related party				
	Bourns, Inc.	$ 281,224	$ 248,099	$ 535,332	$ 460,030

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)

Account items	Category/name of related party	June 30, 2026	December 31, 2025	June 30, 2025
Accounts receivable - related parties	Substantive related party			
	Bourns, Inc.	$ 196,275	$ 162,336	$ 161,209

No guarantee is collected for outstanding receivables from related parties. Receivables from related parties for January 1 to June 30, 2026 and 2025 are not yet listed as provision for allowance for losses. The collection period is open 60 to 120 days on a monthly basis.

(IV) Transactions with other related parties

Account items	Category/name of related party	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Other expenses	Substantive related party				
	Bourns, Inc.	$ -	$ 1,139	$ 569	$ 1,139

(V) Remuneration to the management

	April 1 to June 30, 2026	April 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Short-term employee benefits	$ 8,219	$ 7,734	$ 16,520	$ 15,995
Benefits after retirement	160	215	379	426
	$ 8,379	$ 7,949	$ 16,899	$ 16,421

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 bankers' acceptances and long-term bank borrowings:

	June 30, 2026	December 31, 2025	June 30, 2025
Land	$ 355,089	$ 354,548	$ 348,769
Housing and construction	386,578	389,980	382,523
	$ 741,667	$ 744,528	$ 731,292

XXIX. 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:

June 30, 2026

		Foreign currency	Exchange rate		Book value
Assets denominated in foreign currencies					
Monetary items					
USD	$	13,228	31.8500 (USD: NTD)	$	421,327
USD		1,677	4.2169 (USD: MYR)		53,417
EUR		4,369	36.2900 (EUR: NTD)		158,561
EUR		426	4.8048 (EUR: MYR)		15,444
RMB		6,489	4.6820 (RMB: NTD)		30,382
NTD		10,511	0.1324 (NTD: MYR)		10,511
Liabilities denominated in foreign currencies					
Monetary items					
USD	$	4,614	4.2169 (USD: MYR)	$	146,970
RMB		50,952	4.6820 (RMB: NTD)		238,555

December 31, 2025

		Foreign currency	Exchange rate		Book value
Assets denominated in foreign currencies					
Monetary items					
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					
Monetary items					
USD		819	4.2022 (USD: MYR)		25,738
RMB		48,787	4.4880 (RMB: NTD)		218,957

June 30, 2025

		Foreign currency	Exchange rate		Book value
Assets denominated in foreign currencies					
Monetary items					
USD	$	12,759	29.3000 (USD: NTD)	$	373,844
USD		1,017	4.3793 (USD: MYR)		29,787
EUR		4,935	34.3500 (EUR: NTD)		169,507
EUR		364	5.1341 (EUR: MYR)		12,497
RMB		11,337	4.0830 (RMB: NTD)		46,290
NTD		10,005	0.1495 (NTD: MYR)		10,005
Liabilities denominated in foreign currencies					
Monetary items					
USD		477	29.3000 (USD: NTD)		13,968
RMB		43,951	4.0830 (RMB: NTD)		179,453

For April 1 to June 30, 2026 and 2025, and January 1 to June 30, 2026 and 2025, the Group's net (loss)profit on foreign currency exchanged (realized and unrealized) were NT$8,006 thousand, NT$42,193 thousand, NT$3,081 thousand and NT$30,813 thousand, respectively. It is impossible to disclose exchange gains and losses by different currencies based on the significant impacts due to the variety of functional currencies used by the Group.

XXX. Disclosures in notes

(I) Information about significant transactions:

1. Loans to others: None.
2. Endorsements/guarantees for others:

Unit: NTD thousand, unless stated otherwise

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	Third-tier subsidiaries held 100% by the Company	$ 447,509	$ 143,978 (USD 4,500)	$143,325	$35,816	$ -	8.01	$ 895,018	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				Remarks
					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 income	803,880	$249,605	0.47	$ 249,605 (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	-	24,749	-	24,749	—

Note: Calculated based on the stock closing price on June 30, 2026.

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)		Remarks
			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	$ 579,564	72%	Monthly settlement of 60 days	Same as Note XXX(I) 6.	Same as Note XXX(I) 6.	($ 185,227)	(67%)	—
	Shanghai Qianchi Company	Third-tier subsidiaries held 100% by the Company	Purchase goods	$ 126,950	16%	Monthly settlement of 60 days	Same as Note XXX(I) 6.	Same as Note XXX(I) 6.	($ 50,932)	(19%)	—
	Bourns, Inc.	Substantive related party of the Company	Sales of goods	535,332	51%	Monthly settlement of 60 days	Same as Note XXVII (II)	Same as Note XXVII (III)	196,275	55%	—

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	$ 196,275	5.97	$ -	—	$ 108,956	$ -
Guangzhou ABC Company	The Company	Parent company	185,227 (Note)	6.57	-	—	81,873	-

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 I)	Status of transaction: Accounting titles	Amount	Trading terms and conditions (Note II)	Percentage in consolidated total revenue or total assets
January 1 to June 30, 2026						
The Company	Guangzhou ABC Company	1	Purchases	$ 579,564	-	50%
		1	Accounts payable to related parties	185,227	-	5%
	AOBA	1	Purchases	37,775	-	3%
		1	Accounts payable to related parties	10,500	-	-
	Shanghai Qianchi Company	1	Purchases	126,950		11%
		1	Accounts payable to related parties	50,932	-	1%
AIC	ABC (Shanghai) Company	3	Other receivables - related parties	23,410	-	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: End of current period	Initial investment amount: End of last year	Held at the end of period: Number of shares	Held at the end of period: Percentage (%)	Held at the end of period: Book value	Gains (losses) on investees for the current period	Investment income (loss) recognized by the Company	Remarks
The Company	AHC	Mauritius	Reinvestment of the holding company in Mainland China	US$ 35,604 Thousand ($ 1,133,987)	USD 34,304 Thousand ($1,078,175)	35,784,161	100	$ 1,249,599	($ 24,979)	($ 24,624)	Subsidiary of the Company
	AAE	USA	Trading of electronic components	US$ 105 Thousand ($ 3,344)	USD 105 Thousand ($ 3,300)	220,000	100	1,334	(364)	(364)	Subsidiary of the Company
AHC	AUC	Mauritius	Reinvestment of the holding company in Mainland China	US$ 6,274 Thousand ($ 199,827)	USD 6,274 Thousand ($ 197,192)	6,274,457	100	571,295	16,253	16,253	Sub-subsidiaries of the Company
	AIC	Mauritius	Reinvestment of the holding company in Mainland China	US$ 5,691 Thousand ($ 181,258)	USD 5,691 Thousand ($ 178,868)	5,110,938	100	249,676	12,773	12,773	Sub-subsidiaries of the Company
	AOBA	Malaysia	Manufacture, processing, and sale of electronic machine components, etc.	US$ 23,678 Thousand ($ 754,144)	USD 22,378 Thousand ($ 703,341)	77,810,232	100	386,162	(54,136)	(54,136)	Sub-subsidiaries of the Company
AUC	Guangzhou ABC Company	Guangzhou City, China	Manufacture, processing, and sale of electronic machine components, etc.	US$ 6,274 Thousand ($ 199,827)	USD 6,274 Thousand ($ 197,192)	-	100	571,295	16,253	16,253	Third-tier subsidiary of the Company
AIC	ABC (Shanghai) Company	Shanghai City, China	Manufacture, processing, and sale of electronic machine components, etc.	US$ 5,691 Thousand ($ 181,258)	USD 5,691 Thousand ($ 178,868)	-	100	161,194	(2,287)	(2,287)	Third-tier subsidiary of the Company
	Shanghai Qianchi Company	Shanghai City, China	Sale of electronic machine components, etc.	US$ 959 Thousand ($ 30,544)	US$ 959 Thousand ($ 30,141)	-	100	63,478	14,053	14,053	Third-tier subsidiary of the Company

(III) Investment in Mainland China:

1. 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 II)	Recognition of investment gain (loss) in the current period (Note II)	Book value of investments at end of period (Note II)	Investment income remitted back as of the current period
					Outward remittance	Withdraw						
Guangzhou ABC Company	Manufacture, processing, and sale of electronic machine components, etc.	US$ 6,274 Thousand ($ 199,827)	Note 1	US$ 3,479 Thousand ($ 109,345)	$ -	$ -	US$ 3,479 Thousand ($ 110,806)	$ 16,253	100%	$ 16,253	$ 571,295	$ -
ABC (Shanghai) Company	Manufacture, processing, and sale of electronic machine components, etc.	US$ 5,691 Thousand ($ 181,258)	Note 1	US$ 5,691 Thousand ($ 178,868)	-	-	US$ 5,691 Thousand ($ 181,258)	(2,287)	100%	(2,287)	161,194	US$ 2,489 Thousand ($ 79,275)
Shanghai Qianchi Company	Sale of electronic machine components, etc.	US$ 959 Thousand ($ 30,544)	Note 1	US$ 959 Thousand ($ 30,141)	US$ 959 Thousand ($ 28,099)	-	US$ 959 Thousand ($ 30,544)	14,053	100%	14,053	63,478	-

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..	Upper limits of investment to Mainland China as specified by the Investment Commission, MOEA, R.O.C.
US$10,129 thousand ($322,608)	US$9,546 thousand ($304,040)	$1,074,022

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 reviewed 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.

2. 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 XXX (I) 6.

XXXI. 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	
	January 1 to June 30, 2026	January 1 to June 30, 2025	January 1 to June 30, 2026	January 1 to June 30, 2025
Inductor Business Unit	$ 1,150,410	$ 963,742	$ 283,902	$ 224,442
Other departments	10,547	13,707	71	634
Total amount for continuing operations	$ 1,160,957	$ 977,449	283,973	225,076
Amount not yet amortized:				
Operating expenses			(231,397)	(208,848)
Non-operating income and expenses			(7,753)	(37,585)
Pre-tax profit (loss)			$ 44,823	($ 21,357)

The revenues reported above are generated from external customer transactions. There have been no inter-department sales for January 1 to June 30, 2026 and 2025.

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) Departmental assets

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