

ABC Taiwan Electronics
Corporation and Subsidiaries
Consolidated Financial
Statements and Independent
Auditors' Review Report
Quarter 1, 2026 and 2025

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Independent Auditors' Review Report

To: ABC Taiwan Electronics Corp

Preface

The consolidated balance sheets of ABC Taiwan Electronics Corp. and its subsidiaries as of March 31, 2026 and 2025, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the periods from January 1 to March 31, 2026 and 2025, together with the notes to consolidated financial statements (including summary of significant accounting policies), have been reviewed by the undersigned certified public accountant. 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 Group as of March 31, 2026 and 2025, and the consolidated financial performance and consolidated cash flows for the periods from January 1 to March 31, 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

May13, 2026

ABC Taiwan Electronics Corporation and Subsidiaries
Consolidated Statements Of Balance Sheet
March 31, 2026, and December 31 and March 31 of 2025

Unit: NTD thousand

Code	Assets	March 31, 2026		December 31, 2025		March 31, 2025		Code	Liabilities and equity	March 31, 2026		December 31, 2025		March 31, 2025	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
	Current assets								Current liabilities						
1100	Cash and cash equivalents (Note VI)	\$ 653,640	21	\$ 678,206	22	\$ 710,822	23	2100	Short-term borrowings (Note XVI)	\$ 200,000	6	\$ 200,000	6	\$ 220,000	7
1110	Financial assets measured at fair value through profit or loss - current (Note VII)	24,354	1	23,561	1	23,742	1	2170	Notes and accounts payable	305,177	10	285,538	9	239,028	8
1170	Notes and accounts receivable, net (Note IX)	193,912	6	182,922	6	171,839	5	2219	Employees' compensation and remuneration of directors payable (Note XXI)	10,337	-	8,043	-	2,115	-
1180	Accounts receivable - related parties (Notes IX and XXVII)	163,670	5	162,336	5	145,753	5	2230	Other payables (Note XVII)	91,820	3	106,310	4	92,653	3
1200	Other receivables	89,217	3	93,614	3	60,815	2	2280	Current income tax liabilities	18,989	1	18,693	1	4,191	-
1220	Current income tax assets	2,493	-	2,902	-	4,726	-	2322	Lease liabilities - current (Note XIII)	2,219	-	2,421	-	1,408	-
130X	Inventories (Note X)	265,211	8	261,729	8	254,609	8	2399	Long-term loans with maturity within one year (Notes XVI and XXVIII)	209,683	7	214,436	7	259,187	9
1410	Prepayments	24,312	1	20,832	1	37,319	1	21XX	Other current liabilities (Notes XVII and XX)	2,944	-	2,917	-	3,062	-
1470	Other current assets (Note XV)	-	-	-	-	4	-		Total of current liabilities	841,169	27	838,358	27	821,644	27
11XX	Total current assets	1,416,809	45	1,426,102	46	1,409,629	45		Non-current liabilities						
	Non-current assets							2540	Long-term loans (Notes XVI and XXVIII)	585,208	19	625,570	20	630,316	20
1517	Financial Assets at Fair Value through Other Comprehensive Income - non-current (Note VIII)	47,429	2	54,182	2	31,552	1	2570	Deferred income tax liabilities	66,221	2	67,703	2	79,224	3
1600	Property, plant and equipment (Notes XII and XXVIII)	1,479,321	47	1,485,475	47	1,542,064	50	2580	Lease liabilities - non-current (Note XIII)	588	-	841	-	795	-
1755	Right-of-use assets (Note XIII)	7,633	-	8,002	-	7,192	-	2630	Long-term deferred revenue (Note XXIV)	4,610	-	4,829	-	5,985	-
1780	Intangible assets (Note XIV)	49,810	2	49,706	2	48,697	2	2670	Other non-current liabilities (Notes XVII)	-	-	991	-	84	-
1915	Prepayment for equipment purchase	103,281	3	85,449	3	50,440	2	25XX	Total non-current liabilities	656,627	21	699,934	22	716,404	23
1975	Net defined benefit assets - non-current (Note XVIII)	13,873	1	13,868	-	10,932	-	2XXX	Total liabilities	1,497,796	48	1,538,292	49	1,538,048	50
1990	Other non-current assets (Note XV)	4,590	-	4,787	-	4,722	-		Equity attributable to shareholders of the Company (Note XIX)						
15XX	Total non-current assets	1,705,937	55	1,701,469	54	1,695,599	55		Share capital						
	Total assets	\$ 3,122,746	100	\$ 3,127,571	100	\$ 3,105,228	100	3110	Common stock share capital	1,050,006	34	1,050,006	33	1,050,006	33
								3200	Additional paid-in capital	181,063	6	181,063	6	181,063	6
									Retained earnings						
								3310	Legal reserve	153,658	5	153,658	5	152,922	5
								3320	Special reserves	86,236	3	86,236	3	152,144	5
								3350	Undistributed earnings	169,236	5	158,837	5	94,899	3
								3300	Total retained earnings	409,130	13	398,731	13	399,965	13
								3400	Other equity items	(15,249)	(1)	(40,521)	(1)	(63,854)	(2)
								31XX	Total equity attributable to the Company's owners	1,624,950	52	1,589,279	51	1,567,180	50
1XXX	Total assets	\$ 3,122,746	100	\$ 3,127,571	100	\$ 3,105,228	100		Total liabilities and equity	\$ 3,122,746	100	\$ 3,127,571	100	\$ 3,105,228	100

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

January 1 to March 31 of 2026 and 2025

Unit: NTD thousands, except for net loss per share in dollars

Code		January 1 to March 31, 2026		January 1 to March 31, 2025	
		Amount	%	Amount	%
4000	Net operating revenue (Notes XX and XXVII)	\$ 537,543	100	\$ 449,986	100
5000	Operating cost (Notes X and XXI)	<u>415,019</u>	<u>77</u>	<u>343,628</u>	<u>76</u>
5900	Gross profit	<u>122,524</u>	<u>23</u>	<u>106,358</u>	<u>24</u>
	Operating expenses (Notes XXI)				
6100	Sales and marketing expenses	19,503	4	17,766	4
6200	Management expenses	63,476	12	69,251	16
6300	R&D expenses	27,500	5	23,748	5
6450	Expected credit reversal gains(Notes IX)	(<u>15</u>)	<u>-</u>	(<u>413</u>)	<u>-</u>
6000	Total operating expenses	<u>110,464</u>	<u>21</u>	<u>110,352</u>	<u>25</u>
6900	Net operating profit (loss)	<u>12,060</u>	<u>2</u>	(<u>3,994</u>)	(<u>1</u>)
	Non-operating income and expenses				
7100	Interest revenue (Note XXI)	656	-	425	-
7010	Other income (Notes XXI and XXIV)	1,121	1	525	-
7020	Other gains and losses (Notes XXI and XXVII)	5,017	1	12,643	3
7050	Financial costs (Note XXI)	(<u>4,835</u>)	(<u>1</u>)	(<u>4,719</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	<u>1,959</u>	<u>1</u>	<u>8,874</u>	<u>2</u>
7900	Profit before tax	14,019	3	4,880	1
7950	Income tax expense (Note XXII)	(<u>3,620</u>)	(<u>1</u>)	(<u>4,898</u>)	(<u>1</u>)
8200	Net loss for the period	<u>10,399</u>	<u>2</u>	(<u>18</u>)	<u>-</u>

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Code		January 1 to March 31, 2026		January 1 to March 31, 2025	
		Amount	%	Amount	%
	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)	(\$ 6,753)	(1)	(\$ 2,733)	(1)
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>32,025</u>	<u>6</u>	<u>25,116</u>	<u>6</u>
8300	Total other comprehensive income	<u>25,272</u>	<u>5</u>	<u>22,383</u>	<u>5</u>
8500	Total comprehensive income	<u>\$ 35,671</u>	<u>7</u>	<u>\$ 22,365</u>	<u>5</u>
	Earnings per share (Note XXIII)				
9750	Basic	<u>\$ 0.10</u>		<u>\$ -</u>	
9850	Diluted	<u>\$ 0.10</u>		<u>\$ -</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
January 1 to March 31 of 2026 and 2025

Unit: NTD thousand, unless stated otherwise

		Equity attributable to the Company's shareholders						Other equity		
		Share capital		Retained 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	
Code		Shares (in thousand)	Amount	Additional paid-in capital	Legal reserve	Special reserves	Undistributed earnings			
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
D1	Net loss for the period from January 1 to March 31, 2025	-	-	-	-	-	(18)	-	-	(18)
D3	Other comprehensive income (loss) for the three months period ended March 31, 2025	-	-	-	-	-	-	25,116	(2,733)	22,383
D5	Total comprehensive income (loss) for the three months period ended March 31, 2025	-	-	-	-	-	(18)	25,116	(2,733)	22,365
Z1	Balance as of March 31, 2025	<u>105,001</u>	<u>\$ 1,050,006</u>	<u>\$ 181,063</u>	<u>\$ 152,922</u>	<u>\$ 152,144</u>	<u>\$ 94,899</u>	<u>(\$ 82,608)</u>	<u>\$ 18,754</u>	<u>\$ 1,567,180</u>
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
D1	Net loss for the period from January 1 to March 31, 2026	-	-	-	-	-	10,399	-	-	10,399
D3	Other comprehensive income (loss) for the three months period ended March 31, 2026	-	-	-	-	-	-	32,025	(6,753)	25,272
D5	Total comprehensive income (loss) for the three months period ended March 31, 2026	-	-	-	-	-	10,399	32,025	(6,753)	35,671
Z1	Balance as of March 31, 2026	<u>105,001</u>	<u>\$ 1,050,006</u>	<u>\$ 181,063</u>	<u>\$ 153,658</u>	<u>\$ 86,236</u>	<u>\$ 169,236</u>	<u>(\$ 49,880)</u>	<u>\$ 34,631</u>	<u>\$ 1,624,950</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

January 1 to March 31 of 2026 and 2025

Unit: NTD thousand

Code		January 1 to March 31, 2026	January 1 to March 31, 2025
	Cash flow from operating activities		
A10000	Profit before tax for the current period	\$ 14,019	\$ 4,880
A20010	Income and expenses items:		
A20100	Depreciation expense	40,945	42,060
A20200	Amortized expenses	4,561	4,025
A20300	expected credit reversal gain	(15)	(413)
A20400	Net gains on financial assets and liabilities measured at fair value through profit or loss	(93)	(79)
A20900	Financial cost	4,835	4,719
A21200	Income from interest	(656)	(425)
A22500	Net profit from disposal of property, plant and equipment	(576)	(884)
A23700	Loss on inventory devaluation and obsolescence	4,736	5,464
A24100	Net losses on foreign currency exchange	49,945	24,081
A29900	Government subsidies income	(357)	(354)
A30000	Net changes in operating assets and liabilities		
A31130	Notes and accounts receivable	(7,438)	(3,366)
A31160	Accounts receivable - related parties	(1,334)	(37,843)
A31180	Other receivables	4,596	(32,120)
A31200	Inventory	(9,872)	(2,022)
A31230	Prepayments	(3,480)	(4,877)
A31240	Other current assets	-	108
A31990	Other assets	-	13
A32130	Notes and accounts payable	12,915	(24,060)
A32180	Other payables	(13,746)	(5,445)
A32200	Liability reserve	44	32
A32230	Other current liabilities	27	220
A32240	Net defined benefit assets	(5)	(4)
A32990	Employees' compensation and remuneration of directors payable	<u>2,294</u>	<u>670</u>
A33000	Cash inflow (outflow) from operations	101,345	(25,620)
A33100	Interest received	656	425
A33300	Interest paid	(4,847)	(4,719)
A33500	Income tax (refunded) paid	(<u>4,413</u>)	(<u>1,256</u>)
AAAA	Net cash inflow (outflow) from operating activities	<u>92,741</u>	(<u>28,658</u>)

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Code		January 1 to March 31, 2026	January 1 to March 31, 2025
	Cash flows from investing activities		
B02700	Acquisition of property, plant and equipment	(\$ 19,767)	(\$ 13,117)
B02800	Proceeds from disposal of property, plant and equipment	1,695	28,280
B03800	Decrease in refundable deposits	197	334
B04500	Acquisition of intangible assets	(4,665)	(2,552)
B07100	Increase in prepaid equipment purchase	(<u>17,832</u>)	(6,746)
BBBB	Net cash (outflow) inflow from investing activities	(<u>40,372</u>)	<u>6,199</u>
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	130,000	300,000
C00200	Decrease in short-term borrowings	(130,000)	(270,000)
C00600	Decrease in short-term notes payable	-	(29,964)
C01600	Proceeds from long-term debt	-	50,000
C01700	Repayments of long-term debt	(45,494)	(46,457)
C04020	Repayment of lease liability principal	(<u>832</u>)	(<u>491</u>)
CCCC	Net cash (outflow) inflow from financing activities	(<u>46,326</u>)	<u>3,088</u>
DDDD	Effect of exchange rate fluctuations on cash and cash equivalents	(<u>30,609</u>)	(<u>14,818</u>)
EEEE	Net decrease of cash and cash equivalents for the current period	(24,566)	(34,189)
E00100	Cash and cash equivalents, beginning of the year	<u>678,206</u>	<u>745,011</u>
E00200	Cash and cash equivalents, end of the year	<u>\$ 653,640</u>	<u>\$ 710,822</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
January 1 to March 31 of 2026 and 2025
(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 May 13, 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 2026 onwards

<u>New / Revised / Amended Standards and Interpretation</u>	<u>Effective date of IASB's announcement</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.

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 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 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 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 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 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.

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Bank checks and demand deposits	\$ 652,727	\$ 676,928	\$ 676,190
Cash on hand and petty cash	913	1,278	1,427
Equivalent cash			
Bank time deposits with original maturity date within 3 months	-	-	33,205
	<u>\$ 653,640</u>	<u>\$ 678,206</u>	<u>\$ 710,822</u>

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Deposits in banks	0.010%~0.725%	0.005%~0.725%	0.005%~4.25%

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Financial assets - Current</u>			
Mandatorily measured at fair value through profit or loss			
Wealth management products	<u>\$ 24,354</u>	<u>\$ 23,561</u>	<u>\$ 23,742</u>

VIII. Financial assets at fair value through other comprehensive profit or loss

Investment in equity instruments

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Non-current</u>			
Domestic investment			
TWSE/TPEX listed stock	<u>\$ 47,429</u>	<u>\$ 54,182</u>	<u>\$ 31,552</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.

IX. Notes and accounts receivable, net amount

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Notes and accounts receivable</u>			
Measured at amortized cost			
Total book value	\$ 199,432	\$ 188,389	\$ 178,002
Less: Allowance for losses	(5,520)	(5,467)	(6,163)
	<u>\$ 193,912</u>	<u>\$ 182,922</u>	<u>\$ 171,839</u>
 <u>Accounts receivable - related parties</u>			
Measured at amortized cost			
Total book value	\$ 163,670	\$ 162,336	\$ 145,753
Less: Allowance for losses	-	-	-
	<u>\$ 163,670</u>	<u>\$ 162,336</u>	<u>\$ 145,753</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:

March 31, 2026

	<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	\$ 186,087	\$ 8,104	\$ -	\$ -	\$ 5,241	\$ 199,432
Loss allowance (expected credit losses throughout the duration)	-	(279)	-	-	(5,241)	(5,520)
Cost after amortization	<u>\$ 186,087</u>	<u>\$ 7,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,912</u>

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>

March 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	\$ 168,748	\$ 3,444	\$ -	\$ 25	\$ 5,785	\$ 178,002
Loss allowance (expected credit losses throughout the duration)	-	(353)	-	(25)	(5,785)	(6,163)
Cost after amortization	<u>\$ 168,748</u>	<u>\$ 3,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,839</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>January 1 to March 31, 2026</u>	<u>January 1 to March 31, 2025</u>
Balance at the beginning of the period	\$ 5,467	\$ 6,506
Less: Reversal of impairment loss for the period	(15)	(413)
Foreign currency exchange difference	<u>68</u>	<u>70</u>
Balance at end of period	<u>\$ 5,520</u>	<u>\$ 6,163</u>

X. Inventories

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Merchandise	\$ 2,140	\$ 1,907	\$ 2,515
Finished goods	139,022	144,638	139,200
Work-in-progress	3,561	3,918	3,131
Raw materials	<u>120,488</u>	<u>111,266</u>	<u>109,763</u>
	<u>\$ 265,211</u>	<u>\$ 261,729</u>	<u>\$ 254,609</u>

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

	January 1 to March 31, 2026	January 1 to March 31, 2025
Cost of inventories sold	\$ 410,283	\$ 338,164
Inventory devaluation loss	<u>4,736</u>	<u>5,464</u>
	<u>\$ 415,019</u>	<u>\$ 343,628</u>

XI. Subsidiaries

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
			March 31, 2026	December 31, 2025	March 31, 2025	
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%	-	-	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 March 31, 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

Self-use	March 31, 2026		December 31, 2025		March 31, 2025				
	<u>\$ 1,479,321</u>		<u>\$ 1,485,475</u>		<u>\$ 1,542,064</u>				
Cost	Land	Housing and construction	Machinery and equipment	Research and development equipment	Transportation equipment	Income-producing equipment	Miscellaneous equipment	Real estate under construction	Total
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
Addition	-	-	18,762	1,182	-	-	390	-	20,334
Disposal	-	-	(12,298)	(2,065)	(179)	(371)	(1,230)	-	(16,143)
Net exchange difference	<u>1,258</u>	<u>7,718</u>	<u>25,712</u>	<u>-</u>	<u>155</u>	<u>630</u>	<u>1,181</u>	<u>174</u>	<u>36,828</u>
Balance as of March 31, 2026	<u>\$ 355,806</u>	<u>\$ 673,371</u>	<u>\$ 1,127,995</u>	<u>\$ 345,320</u>	<u>\$ 12,103</u>	<u>\$ 26,839</u>	<u>\$ 100,483</u>	<u>\$ 6,057</u>	<u>\$ 2,647,974</u>

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	Land	Housing and construction	Machinery and equipment	Research and development equipment	Transportation equipment	Income-producing equipment	Miscellaneous equipment	Real estate under construction	Total
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	-	4,699	23,095	8,439	343	629	2,854	-	40,059
Disposal	-	-	(11,179)	(2,065)	(179)	(371)	(1,230)	-	(15,024)
Net exchange difference	-	4,247	16,495	-	91	502	803	-	22,138
Balance as of March 31, 2026	<u>\$ -</u>	<u>\$ 211,548</u>	<u>\$ 737,959</u>	<u>\$ 134,824</u>	<u>\$ 7,538</u>	<u>\$ 21,655</u>	<u>\$ 55,129</u>	<u>\$ -</u>	<u>\$ 1,168,653</u>
Net amount on March 31, 2026	<u>\$ 355,806</u>	<u>\$ 461,823</u>	<u>\$ 390,036</u>	<u>\$ 210,496</u>	<u>\$ 4,565</u>	<u>\$ 5,184</u>	<u>\$ 45,354</u>	<u>\$ 6,057</u>	<u>\$ 1,479,321</u>
Net amount as of December 31, 2025 and January 1, 2026	<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>
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
Addition	-	-	7,234	4,234	-	501	538	851	13,358
Disposal	-	-	(107,738)	-	-	-	(2,731)	-	(110,469)
Reclassification	-	212	-	-	-	-	-	(212)	-
Net exchange difference	1,127	6,036	21,567	-	135	451	874	119	30,309
Balance as of March 31, 2025	<u>\$ 352,639</u>	<u>\$ 659,000</u>	<u>\$ 1,090,551</u>	<u>\$ 337,069</u>	<u>\$ 12,306</u>	<u>\$ 25,132</u>	<u>\$ 83,237</u>	<u>\$ 5,989</u>	<u>\$ 2,565,923</u>
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	-	4,577	25,256	8,182	325	565	2,615	-	41,520
Disposal	-	-	(80,764)	-	-	-	(2,309)	-	(83,073)
Net exchange difference	-	2,990	13,240	-	78	348	554	-	17,210
Balance as of March 31, 2025	<u>\$ -</u>	<u>\$ 190,073</u>	<u>\$ 656,340</u>	<u>\$ 105,741</u>	<u>\$ 7,019</u>	<u>\$ 18,886</u>	<u>\$ 45,801</u>	<u>\$ -</u>	<u>\$ 1,025,859</u>
Net amount on March 31, 2025	<u>\$ 352,639</u>	<u>\$ 468,927</u>	<u>\$ 434,211</u>	<u>\$ 231,328</u>	<u>\$ 5,287</u>	<u>\$ 6,246</u>	<u>\$ 37,437</u>	<u>\$ 5,989</u>	<u>\$ 1,542,064</u>

For the periods from January 1 to March 31, 2026 and 2025, as there were no indications of impairment, the Group did not perform impairment testing.

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

	March 31, 2026	December 31, 2025	March 31, 2025
Book value of right-of-use assets			
Land	\$ 4,882	\$ 4,789	\$ 5,016
Buildings	1,915	2,265	1,340
Transportation equipment	836	948	836
	<u>\$ 7,633</u>	<u>\$ 8,002</u>	<u>\$ 7,192</u>

	January 1 to March 31, 2026	January 1 to March 31, 2025
Increase in right-of-use assets	<u>\$ 320</u>	<u>\$ 898</u>
Depreciation expense for right-of-use assets		
Land	\$ 48	\$ 46
Buildings	726	357
Transportation equipment	<u>112</u>	<u>137</u>
	<u>\$ 886</u>	<u>\$ 540</u>

Except for the additions and depreciation expenses recognized above, the Group's right-of-use assets did not experience significant subleasing or impairment during the periods from January 1 to March 31, 2026 and 2025.

(II) Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Book value of lease liabilities			
Current	<u>\$ 2,219</u>	<u>\$ 2,421</u>	<u>\$ 1,408</u>
Non-current	<u>\$ 588</u>	<u>\$ 841</u>	<u>\$ 795</u>

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

	March 31, 2026	December 31, 2025	March 31, 2025
Buildings	5%	5%	5%
Transportation equipment	2.07%~2.10%	2.07%~2.10%	1.56%~2.10%

(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

	January 1 to March 31, 2026	January 1 to March 31, 2025
Expenses of short-term leases	<u>\$ 253</u>	<u>\$ 577</u>
Expenses for lease of low-value assets	<u>\$ 180</u>	<u>\$ 223</u>
Total cash (outflow) for leases	<u>(\$ 1,297)</u>	<u>(\$ 1,315)</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	Goodwill	Total
<u>Cost</u>						
Balance as of January 1, 2026	\$ 38,368	\$ 12,457	\$ 10,825	\$ 23,873	\$ 5,340	\$ 90,863
Acquired separately	1,845	2,820	-	-	-	4,665
Disposal	(579)	-	-	-	-	(579)
Balance as of March 31, 2026	<u>\$ 39,634</u>	<u>\$ 15,277</u>	<u>\$ 10,825</u>	<u>\$ 23,873</u>	<u>\$ 5,340</u>	<u>\$ 94,949</u>
<u>Accumulated amortization</u>						
Balance as of January 1, 2026	\$ 8,962	\$ 3,693	\$ 8,892	\$ 19,610	\$ -	\$ 41,157
Amortized expenses	2,110	1,212	387	852	-	4,561
Disposal	(579)	-	-	-	-	(579)
Balance as of March 31, 2026	<u>\$ 10,493</u>	<u>\$ 4,905</u>	<u>\$ 9,279</u>	<u>\$ 20,462</u>	<u>\$ -</u>	<u>\$ 45,139</u>
Net amount on March 31, 2026	<u>\$ 29,141</u>	<u>\$ 10,372</u>	<u>\$ 1,546</u>	<u>\$ 3,411</u>	<u>\$ 5,340</u>	<u>\$ 49,810</u>
Net amount as of December 31, 2025 and January 1, 2026	<u>\$ 29,406</u>	<u>\$ 8,764</u>	<u>\$ 1,933</u>	<u>\$ 4,263</u>	<u>\$ 5,340</u>	<u>\$ 49,706</u>
<u>Cost</u>						
Balance as of January 1, 2025	\$ 37,279	\$ 6,864	\$ 10,825	\$ 23,873	\$ 5,340	\$ 84,181
Acquired separately	1,042	1,510	-	-	-	2,552
Disposal	(1,481)	(940)	-	-	-	(2,421)
Balance as of March 31, 2025	<u>\$ 36,840</u>	<u>\$ 7,434</u>	<u>\$ 10,825</u>	<u>\$ 23,873</u>	<u>\$ 5,340</u>	<u>\$ 84,312</u>
<u>Accumulated amortization</u>						
Balance as of January 1, 2025	\$ 6,785	\$ 3,681	\$ 7,345	\$ 16,200	\$ -	\$ 34,011
Amortized expenses	2,129	656	387	853	-	4,025
Disposal	(1,481)	(940)	-	-	-	(2,421)
Balance as of March 31, 2025	<u>\$ 7,433</u>	<u>\$ 3,397</u>	<u>\$ 7,732</u>	<u>\$ 17,053</u>	<u>\$ -</u>	<u>\$ 35,615</u>
Net amount on March 31, 2025	<u>\$ 29,407</u>	<u>\$ 4,037</u>	<u>\$ 3,093</u>	<u>\$ 6,820</u>	<u>\$ 5,340</u>	<u>\$ 48,697</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
Customer relationship	7
Trademark rights	10

XV. Other assets

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Current</u>			
Retained tax credit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>

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	March 31, 2026	December 31, 2025	March 31, 2025
<u>Non-current</u>			
Refundable deposits	\$ 1,842	\$ 2,039	\$ 1,974
Other	<u>2,748</u>	<u>2,748</u>	<u>2,748</u>
	<u>\$ 4,590</u>	<u>\$ 4,787</u>	<u>\$ 4,722</u>

XVI. Borrowings

(I) Short-term borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Unsecured borrowings</u>			
- Borrowings of working capital fund	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 220,000</u>

The interest rates on working capital loans as of March 31, 2026, December 31, 2025, and March 31, 2025 were 1.85%~1.92%, 1.85%~1.92%, and 1.85%~1.87%, respectively.

(II) Long-term borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Secured borrowings (Note XXVIII)</u>			
Mid and long-term bank borrowings (1)	\$ 242,154	\$ 252,727	\$ 118,273
<u>Unsecured borrowings</u>			
Mid and long-term bank borrowings (2)	<u>552,737</u>	<u>587,279</u>	<u>771,230</u>
Subtotal	794,891	840,006	889,503
Due within one year	(<u>209,683</u>)	(<u>214,436</u>)	(<u>259,187</u>)
	<u>\$ 585,208</u>	<u>\$ 625,570</u>	<u>\$ 630,316</u>

1. Bank loans as of March 31, 2026, December 31, 2025, and March 31, 2025 carried interest rates of 0.635%~4.91%, 0.635%~4.91%, and 1.925%~2.14%, respectively.
2. Bank credit loans as of March 31, 2026, December 31, 2025, and March 31, 2025 carried interest rates of 0.635%~2.1966%, 0.635%~2.1966%, and 0.635%~2.196%, 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 ratios in the consolidated financial statements of the Group as of March 31, 2026, and December 31 and March 31, 2025 was in compliance with the aforementioned limits.

XVII. Other liabilities

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Current</u>			
Other payables			
Remuneration	\$ 27,978	\$ 27,110	\$ 24,475
Bonus	10,933	27,212	8,811
Payable leave benefit	7,358	7,314	7,340
Freight and import/export expenses	2,326	2,462	2,782
Service fees	1,926	2,308	2,647
Equipment payments	1,304	737	3,775
Commission	626	747	1,051
Other	39,369	38,420	41,772
	<u>\$ 91,820</u>	<u>\$ 106,310</u>	<u>\$ 92,653</u>
	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Other liabilities			
Collections	\$ 2,142	\$ 2,398	\$ 1,805
Contract liabilities	802	519	1,022
Other	-	-	235
	<u>\$ 2,944</u>	<u>\$ 2,917</u>	<u>\$ 3,062</u>
<u>Non-current</u>			
Other liabilities			
Deferred credits	<u>\$ -</u>	<u>\$ 991</u>	<u>\$ 84</u>

XVIII. Retirement benefit plan

The defined benefit plan-related pension expenses recognized for the periods from January 1 to March 31, 2026 and 2025 were calculated using pension cost rates actuarially determined as of December 31, 2025 and 2024, amounting to NT\$255 thousand and NT\$265 thousand, respectively.

XIX. Equity

(I) Share capital

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Authorized shares (in thousand)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Authorized shares	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Issued and paid shares (in thousand)	<u>105,001</u>	<u>105,001</u>	<u>105,001</u>
Issued capital stock	<u>\$ 1,050,006</u>	<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>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
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	<u>775</u>	<u>775</u>	<u>775</u>
	<u>\$ 181,063</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 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 a board of directors meeting on March 12, 2026 and an annual shareholders' meeting on June 5, 2025, proposing and resolving the earnings distribution plans for 2025 and 2024, respectively, as follows:

	<u>2025</u>	<u>2024</u>
Legal reserve	\$ <u>3,550</u>	\$ <u>736</u>
Reversal of special reserve	(\$ <u>45,716</u>)	(\$ <u>65,908</u>)
Cash dividends	\$ <u>52,500</u>	\$ <u>36,750</u>
Cash dividend per share (NTD)	\$ 0.5	\$ 0.35

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>January 1 to March 31, 2026</u>	<u>January 1 to March 31, 2025</u>
Beginning and ending balance	\$ <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>January 1 to March 31, 2026</u>	<u>January 1 to March 31, 2025</u>
Balance at the beginning of the period	(\$ 81,905)	(\$ 107,724)
Incurring in the current period		
Exchange differences of foreign operations	<u>32,025</u>	<u>25,116</u>
Balance at end of period	(\$ <u>49,880</u>)	(\$ <u>82,608</u>)

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

	January 1 to March 31, 2026	January 1 to March 31, 2025
Balance at the beginning of the period	\$ 41,384	\$ 21,487
Incurring in the current period		
Unrealized gain or loss Equity instruments	(<u>6,753</u>)	(<u>2,733</u>)
Balance at end of period	<u>\$ 34,631</u>	<u>\$ 18,754</u>

XX. Revenue

(I) Revenue from Contracts

	January 1 to March 31, 2026	January 1 to March 31, 2025
Revenue from contracts with customers		
Revenue from sale of goods	\$ 537,465	\$ 449,986
Revenue from services	<u>78</u>	<u>-</u>
	<u>\$ 537,543</u>	<u>\$ 449,986</u>

(II) Contract balance

	March 31, 2026	December 31, 2025	March 31, 2025	January 1, 2025
Contract liabilities				
Revenue from sale of goods	<u>\$ 802</u>	<u>\$ 519</u>	<u>\$ 1,022</u>	<u>\$ 917</u>

(III) Breakdown of revenue from contracts with customers

	January 1 to March 31, 2026	January 1 to March 31, 2025
<u>Main regional markets</u>		
USA	\$ 264,814	\$ 224,046
Germany	109,962	78,037
China	61,940	60,227
Taiwan	45,481	17,602
Other	<u>55,346</u>	<u>70,074</u>
	<u>\$ 537,543</u>	<u>\$ 449,986</u>

XXI. Net income from continuing operations

(I) Interest income

	January 1 to March 31, 2026	January 1 to March 31, 2025
Income from interest		
Deposits in banks	<u>\$ 656</u>	<u>\$ 425</u>

(II)	Other income		
		January 1 to March 31, 2026	January 1 to March 31, 2025
	Deferred government subsidies income	\$ 357	\$ 354
	Rental income	<u>764</u>	<u>171</u>
		<u>\$ 1,121</u>	<u>\$ 525</u>
(III)	Other gains and losses		
		January 1 to March 31, 2026	January 1 to March 31, 2025
	Net gains on foreign exchange	\$ 4,925	\$ 11,380
	Net gains on financial assets measured at fair value through profit or loss	93	79
	Net profit from disposal of property, plant and equipment	576	884
	Other	(<u>577</u>)	<u>300</u>
		<u>\$ 5,017</u>	<u>\$ 12,643</u>
(IV)	Financial cost		
		January 1 to March 31, 2026	January 1 to March 31, 2025
	Interest of bank loans	\$ 4,803	\$ 4,695
	Interest on lease liabilities	<u>32</u>	<u>24</u>
		<u>\$ 4,835</u>	<u>\$ 4,719</u>
(V)	Depreciation and amortization		
		January 1 to March 31, 2026	January 1 to March 31, 2025
	Depreciation expense summarized by function		
	Operating cost	\$ 26,890	\$ 27,920
	Operating expenses	<u>14,055</u>	<u>14,140</u>
		<u>\$ 40,945</u>	<u>\$ 42,060</u>
	Amortization expense summarized by function		
	Operating cost	\$ 93	\$ 101
	Operating expenses	<u>4,468</u>	<u>3,924</u>
		<u>\$ 4,561</u>	<u>\$ 4,025</u>
(VI)	Employee benefit expenses		
		January 1 to March 31, 2026	January 1 to March 31, 2025
	<u>Benefits after retirement</u>		
	Defined contribution plan	\$ 1,553	\$ 1,498
	Defined benefit plan (Note XVIII)	<u>255</u>	<u>265</u>
		1,808	1,763
	Other employee benefits	<u>121,042</u>	<u>108,162</u>
	Total employee benefit expenses	<u>\$ 122,850</u>	<u>\$ 109,925</u>

Summarized by function		
Operating cost	\$ 65,962	\$ 49,923
Operating expenses	<u>56,888</u>	<u>60,002</u>
	<u>\$ 122,850</u>	<u>\$ 109,925</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. For the periods from January 1 to March 31, 2026 and 2025, 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>January 1 to September 30, 2025</u>	<u>January 1 to September 30, 2024</u>
Compensation to employees	<u>\$ 1,835</u>	<u>\$ 536</u>
Remuneration to directors	<u>\$ 459</u>	<u>\$ 134</u>

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:

	<u>2025</u>		<u>2024</u>	
	<u>Cash</u>	<u>Shares of stock</u>	<u>Cash</u>	<u>Shares of stock</u>
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 gains on foreign currency exchange

	January 1 to March 31, 2026	January 1 to March 31, 2025
Total foreign exchange gains	\$ 13,618	\$ 15,466
Total loss on foreign currency exchange	(8,693)	(4,086)
Net gains on foreign currency exchange	<u>\$ 4,925</u>	<u>\$ 11,380</u>

XXII. Income tax

(I) Income tax recognized in profit or loss

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

	January 1 to March 31, 2026	January 1 to March 31, 2025
Income tax for the current period		
Incurred in the current period	\$ 5,102	\$ 5,109
Surtax on undistributed retained earnings	<u>-</u>	<u>1,789</u>
	5,102	6,898
Deferred income tax		
Incurred in the current period	(1,482)	(2,000)
Income tax expense (benefit) recognized in profit or loss	<u>\$ 3,620</u>	<u>\$ 4,898</u>

(II) Authorization of income tax

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

XXIII. Earnings (loss) per share

	January 1 to March 31, 2026	Unit: NTD per share January 1 to March 31, 2025
Basic earnings (loss) per share	<u>\$ 0.10</u>	<u>(\$ 0.00)</u>
Diluted earnings (loss) per share	<u>\$ 0.10</u>	<u>(\$ 0.00)</u>

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

	January 1 to March 31, 2026	January 1 to March 31, 2025
Net income (loss) used in the calculation of basic and diluted earnings (loss) per share	<u>\$ 10,399</u>	<u>(\$ 18)</u>

<u>Number of shares</u>	January 1 to March 31, 2026	Unit: Thousand shares January 1 to March 31, 2025
Weighted average number of ordinary shares used to calculate basic earnings (loss) per share	105,001	105,001
Effect of potentially dilutive ordinary shares:		
Compensation to employees	<u>240</u>	<u>-</u>
Weighted average number of ordinary shares used to calculate diluted earnings (loss) per share	<u>105,241</u>	<u>105,001</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 government grants of RMB 2,315 thousand under the "Special Fund for Advanced Manufacturing Development," which are recognized as deferred revenue. Such deferred revenue is recognized in profit or loss (presented under other income) over the useful lives of the related assets. Government subsidies of RMB 78 thousand and RMB 79 thousand were recognized for the periods from January 1 to March 31, 2026 and 2025, respectively.

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

March 31, 2026

	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit or loss</u>				
Wealth management products	\$ <u> -</u>	\$ <u> 24,354</u>	\$ <u> -</u>	\$ <u> 24,354</u>
<u>Financial assets at fair value through other comprehensive profit or loss</u>				
TWSE(TPEX) domestic listed companies' stocks	\$ <u> 47,429</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 47,429</u>

December 31, 2025

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

March 31, 2025

	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit or loss</u>				
Wealth management products	\$ <u> -</u>	\$ <u> 23,742</u>	\$ <u> -</u>	\$ <u> 23,742</u>
<u>Financial assets at fair value through other comprehensive profit or loss</u>				
TWSE(TPEX) domestic listed companies' stocks	\$ <u> 31,552</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 31,552</u>

There were no transfers between Class 1 and Class 2 fair value measurements in January 1 to March 31 of 2026 and 2025.

(III) Types of financial instruments

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Financial assets</u>			
Measured at fair value through profit or loss	\$ 24,354	\$ 23,561	\$ 23,742
Measured at fair value through other comprehensive income	47,429	54,182	31,552
Measured at amortized cost (Note 1)	1,102,281	1,119,117	1,091,203
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	1,402,225	1,439,897	1,443,299

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, 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 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 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 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 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	
	January 1 to March 31, 2026	January 1 to March 31, 2025	January 1 to March 31, 2026	January 1 to March 31, 2025
Profit or loss	\$ 20,947	\$ 21,903	(\$ 9,032)	(\$ 4,884)

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:

	March 31, 2026	December 31, 2025	March 31, 2025
Fair value interest rate risk			
- Financial assets	\$ -	\$ -	\$ 33,205
- Financial liabilities	82,807	83,262	172,203
Cash flow interest rate risk			
- Financial assets	652,712	676,919	676,180
- Financial liabilities	914,891	960,006	939,503

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 interest rates increase/decrease by 0.1%, assuming all other variables remain constant, the consolidated companies' income before income tax for the periods from January 1 to March 31, 2026 and 2025 would decrease/increase by NT\$66 thousand in each period, primarily due to the consolidated companies' exposure to variable interest rate net debt.

(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 equity prices rise/fall by 5%, other comprehensive income before income tax for the periods from January 1 to March 31, 2026 and 2025 would increase/decrease by NT\$2,371 thousand and NT\$1,578 thousand, respectively, due to fair value changes 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 primarily concentrated in the top ten customers. As of March 31, 2026, December 31, 2025, and March 31, 2025, the percentages of total accounts receivable from these customers were 80%, 78%, and 74%, 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.

March 31, 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
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities	-	\$ 172,442	\$ 173,823	\$ 36,900	\$ 15,827	\$ -
Floating interest rate instruments	0.64~4.91	53,279	53,168	237,408	546,440	63,456
Fixed interest rate instruments	1.866	80,124	-	-	-	-
Lease liabilities	2.07~5.00	<u>290</u>	<u>495</u>	<u>1,489</u>	<u>594</u>	<u>-</u>
		<u>\$ 306,135</u>	<u>\$ 227,486</u>	<u>\$ 275,797</u>	<u>\$ 562,861</u>	<u>\$ 63,456</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>\$ 2,274</u>	<u>\$ 594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 financial liabilities</u>						
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	<u>278</u>	<u>520</u>	<u>1,692</u>	<u>850</u>	<u>-</u>
		<u>\$ 223,768</u>	<u>\$ 300,018</u>	<u>\$ 285,596</u>	<u>\$ 596,197</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>

March 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 financial liabilities</u>						
Non-interest bearing liabilities	-	\$ 143,847	\$ 136,286	\$ 45,395	\$ -	\$ -
Floating interest rate instruments	0.64~2.20	12,759	172,112	136,755	522,495	109,678
Fixed interest rate instruments	1.85~1.87	170,402	-	-	-	-
Lease liabilities	1.56~5.00	<u>159</u>	<u>327</u>	<u>972</u>	<u>806</u>	<u>-</u>
		<u>\$ 327,167</u>	<u>\$ 308,725</u>	<u>\$ 183,122</u>	<u>\$ 523,301</u>	<u>\$ 109,678</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>\$ 1,458</u>	<u>\$ 806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing amount

	March 31, 2026	December 31, 2025	March 31, 2025
The secured bank loan facility may be extended upon mutual consent of both parties.			
- Amount used	\$ 246,474	\$ 260,494	\$ 269,105
- Unutilized amount	<u>135,114</u>	<u>132,672</u>	<u>11,412</u>
	<u>\$ 381,588</u>	<u>\$ 393,166</u>	<u>\$ 280,517</u>
The unsecured bank loan facility may be extended upon mutual consent of both parties.			
- Amount used	\$ 752,736	\$ 787,279	\$ 843,425
- Unutilized amount	<u>454,294</u>	<u>445,807</u>	<u>400,525</u>
	<u>\$ 1,207,030</u>	<u>\$ 1,233,086</u>	<u>\$ 1,243,950</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>January 1 to March 31, 2026</u>	<u>January 1 to March 31, 2025</u>
Sales revenues	Substantive related party Bourns, Inc.	<u>\$ 254,108</u>	<u>\$ 211,931</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)

<u>Account items</u>	<u>Category/name of related party</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Accounts receivable	Substantive related party Bourns, Inc.	<u>\$ 163,670</u>	<u>\$ 162,336</u>	<u>\$ 145,753</u>

No guarantee is collected for outstanding receivables from related parties. Receivables from related parties for January 1 to March 31, 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

<u>Account items</u>	<u>Category/name of related party</u>	<u>January 1 to March 31, 2026</u>	<u>January 1 to March 31, 2025</u>
Other expenses	Substantive related party Bourns, Inc.	<u>\$ 569</u>	<u>\$ -</u>

(V) Remuneration to the management

	<u>January 1 to March 31, 2026</u>	<u>January 1 to March 31, 2025</u>
Short-term employee benefits	\$ 8,301	\$ 8,261
Benefits after retirement	<u>219</u>	<u>211</u>
	<u>\$ 8,520</u>	<u>\$ 8,472</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

Except for those disclosed in other notes, the Group has provided the following assets as collateral for long-term borrowing facilities with banks:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Land	\$ 355,806	\$ 354,548	\$ 352,639
Housing and construction	<u>390,290</u>	<u>389,980</u>	<u>392,754</u>
	<u>\$ 746,096</u>	<u>\$ 744,528</u>	<u>\$ 745,393</u>

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:

March 31, 2026

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
Assets denominated in foreign currencies			
<u>Monetary items</u>			
USD	\$ 13,623	31.9950 (USD: NTD)	\$ 435,865
USD	1,050	4.1817 (USD: MYR)	33,595
EUR	4,061	36.7100 (EUR: NTD)	149,084
EUR	333	4.7980 (EUR: MYR)	12,217
RMB	6,625	4.6210 (RMB: NTD)	30,615
NTD	14,240	0.1307 (NTD: MYR)	14,240

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Liabilities denominated in foreign currencies			
<u>Monetary items</u>			
USD	352	31.9950 (USD: NTD)	11,251
USD	1,247	4.1817 (USD: MYR)	39,905
RMB	45,714	4.6210 (RMB: NTD)	211,245

December 31, 2025

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

March 31, 2025

Assets denominated in foreign currencies	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Book value</u>
<u>Monetary items</u>			
USD	\$ 11,243	33.2050 (USD: NTD)	\$ 373,315
USD	2,530	4.5993 (USD: MYR)	83,997
EUR	3,452	35.9700 (EUR: NTD)	124,156
EUR	288	4.9823 (EUR: MYR)	10,370
RMB	13,434	4.5650 (RMB: NTD)	61,325
NTD	12,602	0.1385 (NTD: MYR)	12,602

Liabilities denominated in foreign currencies			
<u>Monetary items</u>			
USD	380	33.2050 (USD: NTD)	12,603
RMB	34,831	4.5650 (RMB: NTD)	159,005

The consolidated companies' net foreign exchange gains (realized and unrealized) for the periods from January 1 to March 31, 2026 and 2025 were NT\$4,925 thousand and NT\$11,380 thousand, respectively. Due to the diversity of functional currencies among the Group's foreign currency transaction entities, exchange gains and losses cannot be disclosed by each significant foreign currency

XXX. Disclosures in notes

(I) Information about significant transactions:

1. Loaning of funds 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	\$ 406,238	\$ 143,978 (USD 4,500)	\$143,978	\$20,546	\$ -	8.86	\$ 812,475	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. Significant 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 the issuer of marketable securities Combined segment	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	\$47,429	0.47	\$ 47,429	Note
ABC (Shanghai) Company	Wealth management products	Bank of Shanghai - Bank of Shanghai Winner RMB Financial Products	-	Financial assets measured at fair value through profit or loss	-	24,354	-	24,354	-

Note: Calculated based on the stock closing price on March 31, 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)		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	Purchases	\$ 258,637	71%	Monthly settlement of 60 days	See Note XXX(I).6	See Note XXX(I).6	(\$ 170,868)	(68%)	-
	Bourns, Inc.	Substantive related party of the Company	Sales	254,108	52%	Monthly settlement of 60 days	Same as Note XXVII (II)	Same as Note XXVII (III)	163,670	54%	-

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	\$ 163,670	6.24	\$ -	-	\$ 73,614	\$ -
Guangzhou ABC Company	The Company	Parent company	170,868	6.12	-	-	92,181	-

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 March 31, 2026						
The Company	Guangzhou ABC Company	1	Purchases	\$ 258,637	-	48%
		1	Accounts payable to related parties	170,868	-	5%
	AOBA	1	Purchases	19,659	-	4%
		1	Accounts payable to related parties	14,233	-	-
	Shanghai Qianchi Company	1	Purchases	55,944	-	10%
		1	Accounts payable to related parties	38,163	-	1%
AIC	ABC (Shanghai) Company	3	Other receivables - related parties	23,105	-	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 (\$ 1,097,556)	USD 34,304 Thousand (\$ 1,078,175)	34,484,161	100	\$ 1,213,184	(\$ 16,533)	(\$ 15,600)	Subsidiary of the Company
	AAE	USA	Trading of electronic components	USD 105 Thousand (\$ 3,359)	USD 105 Thousand (\$ 3,300)	220,000	100	1,797	87	87	Subsidiary of the Company
AHC	AUC	Mauritius	Reinvestment of the holding company in Mainland China	USD 6,274 Thousand (\$ 200,737)	USD 6,274 Thousand (\$ 197,192)	6,274,457	100	546,571	(1,081)	(1,081)	Sub-subsidiaries of the Company
	AIC	Mauritius	Reinvestment of the holding company in Mainland China	USD 5,691 Thousand (\$ 182,084)	USD 5,691 Thousand (\$ 178,868)	5,110,938	100	242,560	8,573	8,573	Sub-subsidiaries of the Company
	AOBA	Malaysia	Manufacture, processing, and sale of electronic machine components, etc.	USD 22,378 Thousand (\$ 715,984)	USD 22,378 Thousand (\$ 703,341)	72,491,932	100	422,100	(24,116)	(24,116)	Sub-subsidiaries of the Company
AUC	Guangzhou ABC Company	Guangzhou City, China	Manufacture, processing, and sale of electronic machine components, etc.	USD 6,274 Thousand (\$ 200,737)	USD 6,274 Thousand (\$ 197,192)	-	100	546,571	(1,081)	(1,081)	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 (\$ 182,084)	USD 5,691 Thousand (\$ 178,868)	-	100	160,512	(864)	(864)	Third-tier subsidiary of the Company
	Shanghai Qianchi Company	Shanghai City, China	Sale of electronic machine components, etc.	US\$ 959 Thousand (\$ 30,683)	US\$ 959 Thousand (\$ 30,141)	-	100	57,353	8,738	8,738	Third-tier subsidiary of the Company

(III) Information about 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 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 of the current period
					Outward remittance	Withdraw						
Guangzhou ABC Company	Manufacture, processing, and sale of electronic machine components, etc.	USD 6,274 Thousand (\$ 200,737)	Note 1	USD 3,479 Thousand (\$ 111,311)	\$ -	\$ -	USD 3,479 Thousand (\$ 111,311)	(\$ 1,081)	100%	(\$ 1,081)	\$ 546,571	\$ -
ABC (Shanghai) Company	Manufacture, processing, and sale of electronic machine components, etc.	USD 5,691 Thousand (\$ 182,084)	Note 1	USD 5,691 Thousand (\$ 182,084)	-	-	USD 5,691 Thousand (\$ 182,084)	(864)	100%	(864)	160,512	US\$ 2,489 (\$ 79,636)
Shanghai Qianchi Company	Sale of electronic machine components, etc.	US\$ 959 Thousand (\$ 30,683)	Note 1	US\$ 959 Thousand (\$ 30,683)	-	-	US\$ 959 Thousand (\$ 30,683)	8,738	100%	8,738	57,353	-

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.	In accordance with Investment Commission, Ministry of Economic Affairs regulations Investment ceiling for mainland China area
US\$10,129 thousand (\$324,078)	USD 9,546 thousand (\$305,424)	\$974,970

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.

- 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 March 31, 2026	January 1 to March 31, 2025	January 1 to March 31, 2026	January 1 to March 31, 2025
Inductor Business Unit	\$ 530,185	\$ 443,818	\$ 122,677	\$ 105,913
Other departments	7,358	6,168	(153)	445
Total amount for continuing operations	<u>\$ 537,543</u>	<u>\$ 449,986</u>	122,524	106,358
Amount not yet amortized:				
Operating expenses			(110,464)	(110,352)
Non-operating income and expenses			1,959	8,874
Income (loss) before income taxes			<u>\$ 14,019</u>	<u>\$ 4,880</u>

The revenues reported above are generated from external customer transactions. There were no inter-department sales for the periods from January 1 to March 31, 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 measured asset amount of the Group's assets is not provided to the operating decision maker, so it is not necessary to disclose the asset measured amount.