

**Thinking Electronic Industrial Company
Limited**

**Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Thinking Electronic Industrial Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Thinking Electronic Industrial Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2025 is described as follows:

Authenticity of sales revenue

The Company's operating revenue for the year ended December 31, 2025 was \$3,848,147 thousand. Based on the Standards on Auditing of the Republic of China, revenue recognition is presumed to have a significant risk. Therefore, we considered the authenticity of revenue from specific customers as a key audit matter. For the accounting policy on revenue recognition, refer to Note 4 (l) to the financial statements.

In addition to obtaining an understanding of the internal controls relevant to the recognition of operating revenue, we performed the following audit procedures:

1. We obtained an understanding of and tested the operating effectiveness of the internal controls relevant to the revenue recognition of the Company.
2. We obtained details on the sales revenues of specific customers, randomly selected an adequate number of samples and examined shipping documents and receipt vouchers. We also verified the amounts collected and confirmed that payers and sales customers were in agreement with one another regarding the authenticity of revenue.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audits resulting in this independent auditors' report are Chen-Li Chen and Yu-Hsiang Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 5, 2026

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,073,304	7	\$ 1,063,377	7
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 26)	584,936	4	-	-
Notes receivable (Note 9)	2,672	-	2,315	-
Accounts receivable, net (Notes 4 and 9)	843,980	5	782,011	6
Accounts receivables from related parties (Notes 9 and 27)	254,319	2	222,057	2
Other receivables	2,843	-	2,415	-
Current tax assets (Notes 4 and 23)	-	-	3,075	-
Inventories (Notes 4 and 10)	336,805	2	337,081	2
Other financial assets - current (Notes 11 and 28)	4,860	-	38,526	-
Other current assets	31,262	-	34,408	-
Total current assets	3,134,981	20	2,485,265	17
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	36,184	-	27,903	-
Investments accounted for using the equity method (Notes 4 and 12)	10,590,474	68	10,160,183	70
Property, plant and equipment (Notes 4, 13, 27 and 29)	1,637,007	11	1,698,690	12
Right-of-use assets (Notes 4 and 14)	39,871	-	42,377	-
Investment property, net (Notes 4, 13 and 14)	1,539	-	-	-
Computer software, net (Note 4)	19,422	-	24,090	-
Deferred tax assets (Notes 4 and 23)	35,501	-	31,036	-
Prepayments for equipment (Note 27)	50,595	1	75,931	1
Net defined benefit assets - non-current (Notes 4 and 19)	48,988	-	42,479	-
Other financial assets - non-current (Notes 11 and 28)	3,324	-	3,321	-
Other non-current assets	17,968	-	17,968	-
Total non-current assets	12,480,873	80	12,123,978	83
TOTAL	\$ 15,615,854	100	\$ 14,609,243	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 15)	\$ 820,000	5	\$ 400,000	3
Financial liabilities at fair value through profit or loss- current (Notes 4,7 and 26)	2,080	-	4,212	-
Accounts payable (Note 16)	24,256	-	32,195	-
Accounts payable to related parties (Notes 16 and 27)	458,816	3	390,047	3
Other payables (Note 17)	364,250	2	365,947	3
Other payables to related parties (Note 27)	1,838	-	2,238	-
Current tax liabilities (Notes 4 and 23)	219,780	2	125,061	1
Lease liabilities - current (Notes 4 and 14)	1,380	-	1,851	-
Current portion of long-term borrowings (Notes 4 and 15)	163,899	1	178,612	1
Refund liabilities - current (Notes 4 and 18)	54,174	1	60,560	-
Other current liabilities (Note 4)	31,665	-	33,808	-
Total current liabilities	2,142,138	14	1,594,531	11
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 15)	448,281	3	680,030	5
Deferred tax liabilities (Notes 4 and 23)	1,777,389	12	1,682,962	11
Lease liabilities - non-current (Notes 4 and 14)	42,760	-	44,140	-
Long-term deferred revenue (Note 4)	14,315	-	17,368	-
Guarantee deposits received	16,912	-	262	-
Total non-current liabilities	2,299,657	15	2,424,762	16
Total liabilities	4,441,795	29	4,019,293	27
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)				
Ordinary shares	1,281,127	8	1,281,127	9
Capital surplus	352,907	2	352,907	2
Retained earnings				
Legal reserve	1,740,778	11	1,584,900	11
Special reserve	-	-	256,236	2
Unappropriated earnings	7,812,384	50	6,983,444	48
Total retained earnings	9,553,162	61	8,824,580	61
Other equity	(13,137)	-	131,336	-
Total equity	11,174,059	71	10,589,950	73
TOTAL	\$ 15,615,854	100	\$ 14,609,243	100

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

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 27)	\$ 3,848,147	100	\$ 3,562,236	100
OPERATING COSTS (Notes 10, 22 and 27)	<u>2,528,814</u>	<u>66</u>	<u>2,309,633</u>	<u>65</u>
GROSS PROFIT	<u>1,319,333</u>	<u>34</u>	<u>1,252,603</u>	<u>35</u>
UNREALIZED GAINS FROM SALES (Notes 4 and 27)	(15,646)	-	(5,165)	-
REALIZED GAINS FROM SALES (Note 4)	<u>5,165</u>	<u>-</u>	<u>1,180</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,308,852</u>	<u>34</u>	<u>1,248,618</u>	<u>35</u>
OPERATING EXPENSES (Notes 4, 9, 22 and 27)				
Selling and marketing expenses	163,870	4	158,836	4
General and administrative expenses	219,210	6	198,074	6
Research and development expenses	181,538	5	188,210	5
Expected credit loss (gain)	<u>2,034</u>	<u>-</u>	<u>(1,520)</u>	<u>-</u>
Total operating expenses	<u>566,652</u>	<u>15</u>	<u>543,600</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>742,200</u>	<u>19</u>	<u>705,018</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES (Notes 12, 22 and 27)				
Interest income	24,779	1	37,276	1
Other income	14,678	-	5,764	-
Other gains and losses	(95,884)	(2)	28,280	1
Finance costs	(20,823)	(1)	(20,285)	(1)
Share of profit of subsidiaries	<u>1,253,090</u>	<u>33</u>	<u>1,172,376</u>	<u>33</u>
Total non-operating income and expenses	<u>1,175,840</u>	<u>31</u>	<u>1,223,411</u>	<u>34</u>
PROFIT BEFORE INCOME TAX	1,918,040	50	1,928,429	54
INCOME TAX EXPENSE (Notes 4 and 23)	<u>412,007</u>	<u>11</u>	<u>377,889</u>	<u>10</u>
NET PROFIT FOR THE YEAR	<u>1,506,033</u>	<u>39</u>	<u>1,550,540</u>	<u>44</u>

(Continued)

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 4,967	-	\$ 8,181	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	8,281	-	221	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	63	-	1,703	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(993)</u>	<u>-</u>	<u>(1,636)</u>	<u>-</u>
	<u>12,318</u>	<u>-</u>	<u>8,469</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(372,604)	(10)	576,918	16
Share of the other comprehensive income of subsidiaries accounted for using the equity method	181,661	5	(92,729)	(2)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>38,189</u>	<u>1</u>	<u>(96,838)</u>	<u>(3)</u>
	<u>(152,754)</u>	<u>(4)</u>	<u>387,351</u>	<u>11</u>
Other comprehensive income (loss) for the year, net	<u>(140,436)</u>	<u>(4)</u>	<u>395,820</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,365,597</u>	<u>35</u>	<u>\$ 1,946,360</u>	<u>55</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 11.76</u>		<u>\$ 12.10</u>	
Diluted	<u>\$ 11.71</u>		<u>\$ 12.05</u>	

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

(Concluded)

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

	Share Capital	Capital Surplus	Retained Earnings				Total Retained Earnings	Exchange Differences on Translation of Foreign Operations	Other Equity	Total Other Equity	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE, JANUARY 1, 2024	\$ 1,281,127	\$ 352,907	\$ 1,454,089	\$ 140,627	\$ 6,337,262	\$ 7,931,978	\$ (249,976)	\$ (6,260)	\$ (256,236)	\$ 9,309,776	
Appropriation of 2023 earnings (Note 20)											
Appropriation of legal reserve	-	-	130,811	-	(130,811)	-	-	-	-	-	
Appropriation of special reserve	-	-	-	115,609	(115,609)	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(666,186)	(666,186)	-	-	-	(666,186)	
	-	-	130,811	115,609	(912,606)	(666,186)	-	-	-	(666,186)	
Net profit for the year ended December 31, 2024	-	-	-	-	1,550,540	1,550,540	-	-	-	1,550,540	
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	8,248	8,248	387,351	221	387,572	395,820	
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	1,558,788	1,558,788	387,351	221	387,572	1,946,360	
BALANCE AT DECEMBER 31, 2024	1,281,127	352,907	1,584,900	256,236	6,983,444	8,824,580	137,375	(6,039)	131,336	10,589,950	
Appropriation of 2024 earnings (Note 20)											
Appropriation of legal reserve	-	-	155,878	-	(155,878)	-	-	-	-	-	
Reversal of special reserve	-	-	-	(256,236)	256,236	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(781,488)	(781,488)	-	-	-	(781,488)	
	-	-	155,878	(256,236)	(681,130)	(781,488)	-	-	-	(781,488)	
Net profit for the year ended December 31, 2025	-	-	-	-	1,506,033	1,506,033	-	-	-	1,506,033	
Other comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	4,037	4,037	(152,754)	8,281	(144,473)	(140,436)	
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	1,510,070	1,510,070	(152,754)	8,281	(144,473)	1,365,597	
BALANCE AT DECEMBER 31, 2025	\$ 1,281,127	\$ 352,907	\$ 1,740,778	\$ -	\$ 7,812,384	\$ 9,553,162	\$ (15,379)	\$ 2,242	\$ (13,137)	\$ 11,174,059	

The accompanying notes are an integral company only financial statements.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,918,040	\$ 1,928,429
Adjustments for:		
Depreciation expense	152,064	117,868
Amortization expense	10,882	11,410
Expected credit loss (gain) recognized	2,034	(1,520)
Net loss on financial assets or liabilities at fair value through profit or loss	45,102	51,322
Finance costs	20,823	20,285
Interest income	(24,779)	(37,276)
Dividend income	(3,039)	-
Share of profit of subsidiaries	(1,253,090)	(1,172,376)
Loss (gain) on disposal of property, plant and equipment	289	(12)
Expenses transfer from property, plant, and equipment	5,245	-
Write-down (reversal) of inventories	14,932	(27,236)
Unrealized gain on transactions with subsidiaries	15,646	5,165
Realized gain on transactions with subsidiaries	(5,165)	(1,180)
Other non-cash items	(467)	(2,084)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(88,475)	(47,739)
Notes receivable	(357)	(27)
Accounts receivable	(64,003)	(109,271)
Accounts receivables from related parties	(32,262)	(51,034)
Other receivables	(438)	332
Other receivables from related parties	-	54
Inventories	(14,656)	(30,272)
Other current assets	3,146	2,031
Net defined benefit assets	(1,542)	(1,332)
Accounts payable	(7,939)	(2,302)
Accounts payable to related parties	68,769	25,675
Other payables	(6,077)	41,706
Other payables to related parties	(257)	257
Other current liabilities	(2,143)	19,401
Other operating liabilities	(8,972)	(10,922)
Cash generated from operations	743,311	729,352
Interest received	24,789	37,548
Interest paid	(17,454)	(15,742)
Income taxes paid	(187,055)	(105,050)
Net cash generated from operating activities	<u>563,591</u>	<u>646,108</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	(1,079,694)	-
Proceeds from disposal of financial assets at fair value through profit or loss	535,999	-

(Continued)

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
Acquisition of investment accounted for using equity method	\$ (6,200)	\$ -
Acquisition of property, plant and equipment	(66,846)	(157,867)
Proceeds from disposal of property, plant and equipment	1,057	12
Acquisition of intangible assets	(6,214)	(8,162)
Increase in other financial assets	-	(10,240)
Decrease in other financial assets	33,663	-
Dividends received	<u>630,982</u>	<u>424,261</u>
Net cash generate from investing activities	<u>42,747</u>	<u>248,004</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,800,000	2,085,140
Decrease in short-term borrowings	(1,380,000)	(1,785,140)
Proceeds from long-term borrowings	-	43,700
Repayments of long-term borrowings	(249,722)	(219,119)
Increase in guarantee deposits received	16,650	142
Repayments of the principal portion of lease	(1,851)	(1,662)
Cash dividends paid	<u>(781,488)</u>	<u>(666,186)</u>
Net cash used in financing activities	<u>(596,411)</u>	<u>(543,125)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,927	350,987
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>1,063,377</u>	<u>712,390</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>\$ 1,073,304</u>	<u>\$ 1,063,377</u>

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

(Concluded)

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Thinking Electronic Industrial Co., Ltd. (the “Company”) was incorporated in July 1979. The Company mainly manufactures, processes and sells electric devices, thermistors, varistors and wires.

The Company’s shares have been listed on the Taiwan Stock Exchange since September 2000.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors on February 20, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

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

- 1) The amendments to the application guidance of classification of financial assets

The amendments mainly revise the requirements for the classification of financial assets, including:

- a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) Financial assets characterized by the absence of recourse rights refer to the ultimate rights of an enterprise to receive cash flows, which are contractually limited to cash flows generated by specific assets.
- c) To clarify that the characteristics of contractually linked instruments include the prioritization of payments to holders of financial assets through multiple tranches established under a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool among the tranches.
- 2) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Company can choose to derecognize the financial liability before the settlement date if, and only if, the Company has initiated a payment instruction that resulted in:

- The Company having no practical ability to withdraw, stop or cancel the payment instruction;
- The Company having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the Company's financial statements were authorized for issue, the Company has assessed that amendments to other standards will not have a material impact on its financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Company shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

- The Company shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Company has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the other impacts of the above amended standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and related regulations.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

The subsidiaries are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on consolidated financial statements, the effect of the differences between the parent company only basis and consolidated basis are adjusted in the investments accounted for using the equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and related equity.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting the parent company only financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. Inventories

Inventories consist of finished goods, semi-finished goods, work-in-process, raw materials and supplies and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

f. Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. Differences between the carrying amounts of the investment and the fair value of the consideration paid or received are directly recognized in equity.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting year, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets that meet the definition of investment properties.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties acquired through leases are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment and right-of-use assets to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to individual cash-generating units or the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of corresponding the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, amortized cost, and investments in equity instruments at FVTOCI.

i Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is mandatorily classified. The financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- i Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities at FVTPL including financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 26.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

l. Revenue recognition

The Company identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from sale of goods comes from sales of passive components. Sales of passive components are recognized as revenue when the goods are shipped or delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Accounts receivable are recognized simultaneously.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

Refund liabilities are based on the historical experience and different contract items to estimate the probable sales returns and allowance.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Company as a lessor classifies leases as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

The Company as a lessee recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note 4 (h) the accounting policies for investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grant will be received.

Government grants related to income are recognized in other income on a systematic basis over the period in which the Company recognized as expense the related cost that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rate.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit assets are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit assets represent the actual surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Cash on hand	\$ 903	\$ 788
Checking accounts	68	74
Demand deposits	774,412	1,062,515
Cash equivalents		
Time deposits with original maturities of 3 months or less	<u>297,921</u>	<u>-</u>
	<u>\$ 1,073,304</u>	<u>\$ 1,063,377</u>
The annual interest rate of time deposits (%)	1.1~1.13	-

The Company transacted with variety of financial institutions which are high credit quality to disperse credit risk, hence, there was no expected credit loss.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2025	2024
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
-Domestic listed shares	\$ 388,223	\$ -
-Open-end mutual funds	137,698	-
-Securities Investment Trust Funds	59,015	-
	<u>\$ 584,936</u>	<u>\$ -</u>
Financial liabilities - current		
Financial liabilities mandatorily classified as at FVTPL		
Derivative instruments (non-designated hedges)		
Foreign exchange forward contracts	\$ 2,080	\$ 4,212

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

December 31, 2025

	Currency	Maturity Date	Notional Amount (In Thousands)
Sell	USD/NTD	2026.01	USD 21,000/NTD 659,040
Sell	USD/NTD	2026.02	USD 3,000/NTD 94,800
Buy	EUR/USD	2026.01	EUR 1,000/USD 1,180
Buy	USD/CNY	2026.01	USD 2,000/RMB 14,053

December 31, 2024

	Currency	Maturity Date	Notional Amount (In Thousands)
Sell	USD/NTD	2025.01	USD 33,000/NTD 1,079,640
Sell	USD/CNY	2025.01	USD 12,000/CNY 87,581

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

Details of profit and loss of financial instruments at FVTPL for the year 2025 and 2024 list on Note 22.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2025	2024
Investments in equity instruments at FVTOCI		
Domestic unlisted shares	\$ 36,184	\$ 27,903

These investments in equity instruments are not held for trading or for short-term gains. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2025	2024
Notes receivable		
At amortized cost		
Gross carrying amount - operating	\$ 2,672	\$ 2,315
Accounts receivable - non-related parties		
At amortized cost		
Gross carrying amount - operating	\$ 850,324	\$ 786,321
Less: Allowance for impairment loss	<u>6,344</u>	<u>4,310</u>
	<u>\$ 843,980</u>	<u>\$ 782,011</u>
Accounts receivable - related parties		
At amortized cost		
Gross carrying amount - operating (Note 27)	\$ 254,319	\$ 222,057

The Company's notes receivable and accounts receivable have been measured by amortized cost. Refer to Note 26 for information related to credit management policy.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The Company writes off accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

There were no notes receivable that were past due and not impaired at the end of the reporting years.

The following table details the loss allowance of accounts receivable (including related parties) based on the Company's provision matrix:

December 31, 2025

	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECLs)	Amortized cost
Not Past Due	0~0.05	\$ 1,081,917	(\$ 433)	\$ 1,081,484
1 to 30 Days Past Due	0.5	2,685	(13)	2,672
31 to 60 Days Past Due	1	12,506	(125)	12,381
61 to 90 Days Past Due	30	334	(100)	234
91 to 180 Days Past Due	50	3,057	(1,529)	1,528
Over 180 Days Past Due	100	<u>4,144</u>	<u>(4,144)</u>	<u>-</u>
Total Other Equity		<u>\$ 1,104,643</u>	<u>(\$ 6,344)</u>	<u>\$ 1,098,299</u>

December 31, 2024

	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECLs)	Amortized cost
Not Past Due	0~0.05	\$ 974,580	(\$ 389)	\$ 974,191
1 to 30 Days Past Due	0.5	15,729	(79)	15,650
31 to 60 Days Past Due	1	13,051	(131)	12,920
61 to 90 Days Past Due	30	1,102	(331)	771
91 to 180 Days Past Due	50	1,073	(537)	536
Over 180 Days Past Due	100	<u>2,843</u>	<u>(2,843)</u>	<u>-</u>
Total Other Equity		<u>\$ 1,008,378</u>	<u>(\$ 4,130)</u>	<u>\$ 1,004,068</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 4,310	\$ 5,854
Net remeasurement (reversal) of loss allowance	2,034	(1,520)
Amounts written off	<u>-</u>	<u>(24)</u>
Balance at December 31	<u>\$ 6,344</u>	<u>\$ 4,310</u>

10. INVENTORIES

	December 31	
	2025	2024
Finished goods	\$ 207,929	\$ 201,613
Semi-finished	16,160	19,782
Work-in-process	65,045	70,130
Raw materials	35,924	34,771
Supplies	5,066	6,612
Inventory in transit	<u>6,681</u>	<u>4,173</u>
	<u>\$ 336,805</u>	<u>\$ 337,081</u>

The cost of goods sold related to inventories includes the reversal of write-down of inventory and unallocated production overhead. The amounts were as follows:

	For the Year Ended December 31	
	2025	2024
Cost of goods sold	<u>\$ 2,528,814</u>	<u>\$ 2,309,633</u>
Loss of inventory scrapped	\$ 13,425	\$ 12,672
Inventory write-downs (reversed)	1,507	(39,908)
Unallocated production overhead	<u>5,001</u>	<u>7,000</u>
	<u>\$ 19,933</u>	<u>\$ (20,236)</u>

Unallocated fixed overheads attributable to idle capacity are recognized as cost of goods sold in the period when they are incurred.

11. OTHER FINANCIAL ASSETS

	December 31	
	2025	2024
Pledged demand deposits	\$ -	\$ 4,866
Pledged time deposits	4,860	33,660
Refundable deposits	<u>3,324</u>	<u>3,321</u>
	<u>\$ 8,184</u>	<u>\$ 41,847</u>
Current	\$ 4,860	\$ 38,526
Non-current	<u>3,324</u>	<u>3,321</u>
	<u>\$ 8,184</u>	<u>\$ 41,847</u>
The annual interest rate of pledge time deposits (%)	0.67	0.67

For information on other financial assets pledged, refer to Note 28.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in subsidiaries

Unlisted company	December 31	
	2025	2024
Yenyo Technology Co., Ltd. (Yenyo)	\$ 183,449	\$ 208,674
Greenish Co., Ltd. (Greenish)	2,657,584	3,112,322
Thinking (Changzhou) Electronic Co., Ltd. (Thinking Changzhou)	2,034,979	1,868,668
Thinking Holding (Cayman) Co., Ltd. (Thinking Holding)	5,575,273	4,826,241
Thinking Electronic USA, Inc. (Thinking USA)	887	995
Thinking (Viet Nam) Electronic Co., Ltd. (Thinking Viet Nam)	<u>138,302</u>	<u>143,283</u>
	<u>\$ 10,590,474</u>	<u>\$ 10,160,183</u>

At the end of the reporting period, the percentages of owners' voting rights in subsidiaries held by the Company were as follows:

Proportion of Ownership and Voting Rights	December 31	
	2025	2024
Yenyo	63.76%	63.76%
Greenish	100.00%	100.00%
Thinking Changzhou	47.39%	47.39%
Thinking Holding	100.00%	100.00%
Thinking USA	100.00%	100.00%
Thinking Viet Nam (Note)	100.00%	100.00%

Note: In order to cope with the working capital demands, the Company invested Thinking Viet Nam US\$0.2 million in November 2025.

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2025 and 2024 were recognized based on the subsidiaries' financial statements which have been audited.

13. PROPERTY, PLANT, AND EQUIPMENT

a. Changes in cost and accumulated depreciation:

For the Year ended December 31, 2025

	Land	Buildings	Machinery and Equipment	Others and Leasehold Improvements	Construction in Progress and Equipment to be Inspected	Total
Cost						
Balance at January 1, 2025	\$ 144,685	\$ 824,456	\$ 911,781	\$ 694,408	\$ 65,484	\$ 2,640,814
Additions	-	17,490	67,710	57,859	(46,749)	96,310
Disposals	-	-	(25,681)	(42,381)	(5,245)	(73,307)
Reclassification to investment properties	-	(52,594)	-	-	-	(52,594)
Balance at December 31, 2025	<u>\$ 144,685</u>	<u>\$ 789,352</u>	<u>\$ 953,810</u>	<u>\$ 709,886</u>	<u>\$ 13,490</u>	<u>\$ 2,611,223</u>
Accumulated depreciation						
Balance at January 1, 2025	\$ -	\$ 111,876	\$ 598,946	\$ 231,302	\$ -	\$ 942,124
Depreciation expenses	-	17,126	74,590	58,025	-	149,741
Disposals	-	-	(24,239)	(42,172)	-	(66,411)
Reclassification to investment properties	-	(51,238)	-	-	-	(51,238)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 77,764</u>	<u>\$ 649,297</u>	<u>\$ 247,155</u>	<u>\$ -</u>	<u>\$ 974,216</u>
Carrying amount at December 31, 2025	<u>\$ 144,685</u>	<u>\$ 711,588</u>	<u>\$ 304,513</u>	<u>\$ 462,731</u>	<u>\$ 13,490</u>	<u>\$ 1,637,007</u>

For the Year ended December 31, 2024

	Land	Buildings	Machinery and Equipment	Others and Leasehold Improvements	Construction in Progress and Equipment to be Inspected	Total
Cost						
Balance at January 1, 2024	\$ 144,685	\$ 210,271	\$ 843,396	\$ 222,278	\$ 1,120,898	\$ 2,541,528
Additions	-	614,185	74,019	472,860	(1,055,414)	105,650
Disposals	-	-	(5,634)	(730)	-	(6,364)
Balance at December 31, 2024	<u>\$ 144,685</u>	<u>\$ 824,456</u>	<u>\$ 911,781</u>	<u>\$ 694,408</u>	<u>\$ 65,484</u>	<u>\$ 2,640,814</u>
Accumulated depreciation						
Balance at January 1, 2024	\$ -	\$ 99,518	\$ 534,919	\$ 198,031	\$ -	\$ 832,468
Depreciation expenses	-	12,358	69,661	34,001	-	116,020
Disposals	-	-	(5,634)	(730)	-	(6,364)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 111,876</u>	<u>\$ 598,946</u>	<u>\$ 231,302</u>	<u>\$ -</u>	<u>\$ 942,124</u>
Carrying amount at December 31, 2024	<u>\$ 144,685</u>	<u>\$ 712,580</u>	<u>\$ 312,835</u>	<u>\$ 463,106</u>	<u>\$ 65,484</u>	<u>\$ 1,698,690</u>

A reconciliation of the above-mentioned increase in property, plant and equipment and the amount paid in the cash flow statement is as follows:

	For the Year Ended December 31	
	2025	2024
Investing activities that affected both cash and non-cash items		
Additions to property, plant, and equipment	\$ 96,310	\$ 105,650
Decrease (increase) in payables for equipment (in other payables)	(4,271)	32,125
Decrease (increase) in payables for equipment to related parties (in other payables to related parties)	143	(563)
Increase (decrease) in prepayments for equipment	(25,336)	20,913
Capitalization of depreciation	-	(258)
Payments of acquisition of property, plant, and equipment	<u>\$ 66,846</u>	<u>\$ 157,867</u>

b. Useful lives

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main plants	60 years
Improvement engineering	60 years
Machinery and equipment	8 years
Leasehold improvements	10 years
Others	5-10 years

c. As of December 31, 2025 and 2024, the Company has not provided property, plant and equipment as guarantee.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2025	2024
Carrying amount		
Land	\$ 39,387	\$ 41,477
Buildings	<u>484</u>	<u>900</u>
	<u>\$ 39,871</u>	<u>\$ 42,377</u>
	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 2,239</u>
Depreciation charge for right-of-use assets		
Land	\$ 1,520	\$ 1,760
Buildings	<u>416</u>	<u>346</u>
	<u>\$ 1,936</u>	<u>\$ 2,106</u>

The amounts disclosed above with respect to right-of-use assets did not include right-of-use assets classified as investment properties.

b. Lease liabilities

	December 31	
	2025	2024
Carrying amount		
Current	\$ 1,380	\$ 1,851
Non-current	<u>42,760</u>	<u>44,140</u>
	<u>\$ 44,140</u>	<u>\$ 45,991</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2025	2024
Land	0.75-1.38	0.75-1.38
Buildings	1.35	1.35

c. Material leasing activities and terms

The Company leases land and buildings for the use of plants and offices.

1) Land

The land is located in Nanzih Export Processing Zone for the use of plants with the remaining useful life of 1 to 10 years, and the leases are renewable upon expiration. The government reserves the right to adjust the rent according to the assessed land value.

2) Buildings

The buildings is located in Zuoying District, Kaohsiung City for the use of offices with the remaining useful life of 2 years, and the leases are renewable upon expiration.

In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Subleases

The Company subleases the land-use rights located in the Nanzih Export Processing Zone under operating lease arrangements. The lease terms are from 2025 to 2030, with options for the lessees to renew the leases upon expiration. Upon the exercise of the renewal options by the lessees, the rentals are adjusted based on market rental rates.

As of December 31, 2025, the future lease payments receivable under operating leases of investment properties were as follows:

	<u>Amount</u>
Year 1	\$ 22,200
Year 2	22,200
Year 3	22,200
Year 4	22,200
Year 5	<u>16,650</u>
	<u>\$ 105,450</u>

e. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Expenses relating to short-term leases	<u>\$ 521</u>	<u>\$ 527</u>
Expenses relating to low-value asset leases	<u>\$ 779</u>	<u>\$ 987</u>
Total cash outflow for leases	<u>\$ 3,729</u>	<u>\$ 3,771</u>

15. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Credit loans	<u>\$ 820,000</u>	<u>\$ 400,000</u>
The annual interest rate (%)		
Credit loans	1.82-1.95	1.77-2.005

b. Long-term borrowings

	December 31	
	2025	2024
Credit loans	\$ 612,180	\$ 861,902
Less: Government grants discount	-	3,260
Less: Current portion of long-term borrowings	<u>163,899</u>	<u>178,612</u>
	<u>\$ 448,281</u>	<u>\$ 680,030</u>
 The annual interest rate (%)	 1.225	 1.225

The Company obtained borrowings under the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan”, which have interest at prime rate and are used for capital expenditures and operating turnovers. Monthly installments start on the fourth year from the date of initial drawdown until October 2030. The borrowing interest rate is lower than the market rate due to government subsidy policies, as a result, a portion of the loan is classified as government grants, recognized as deferred revenue (other current liabilities) and long-term deferred revenue, and transferred to profit or loss over the useful lives of the related assets.

16. ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

The Company’s accounts payable were from operating activities and were not secured by collaterals.

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms; therefore, no interest was charged on the outstanding accounts payable.

17. OTHER PAYABLES

	December 31	
	2025	2024
Payables for salaries and bonuses	\$ 147,990	\$ 170,742
Payables for employees’ compensation	79,574	84,452
Payables for remuneration of directors	25,588	12,731
Payables for purchases of equipment	17,002	25,991
Others	<u>94,096</u>	<u>72,031</u>
	<u>\$ 364,250</u>	<u>\$ 365,947</u>

18. REFUND LIABILITIES

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 60,560	\$ 76,342
Additional provisions recognized	2,586	-
Usage	<u>(8,972)</u>	<u>(15,782)</u>
Balance at December 31	<u>\$ 54,174</u>	<u>\$ 60,560</u>

The discount on refund liabilities was based on historical experience, management’s judgments and other known reasons to estimate sales compensation and offset refund liability when compensation actually occurs.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute specific percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 60,502	\$ 60,922
Fair value of plan assets	<u>(109,490)</u>	<u>(103,401)</u>
Net defined benefit assets	<u>\$ (48,988)</u>	<u>\$ (42,479)</u>

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at January 1, 2024	<u>\$ 64,398</u>	<u>\$ (97,364)</u>	<u>\$ (32,966)</u>
Service cost			
Current service cost	35	-	35
Net interest expense (income)	<u>790</u>	<u>(1,208)</u>	<u>(418)</u>
Recognized in profit or loss	<u>825</u>	<u>(1,208)</u>	<u>(383)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,953)	(8,953)
Actuarial (gain) loss			
Changes in financial assumptions	(725)	-	(725)
Experience adjustments	<u>1,497</u>	<u>-</u>	<u>1,497</u>
Recognized in other comprehensive income	<u>772</u>	<u>(8,953)</u>	<u>(8,181)</u>
Contributions from the employer	-	(949)	(949)
Benefits paid	<u>(5,073)</u>	<u>5,073</u>	<u>-</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at December 31, 2024	<u>\$ 60,922</u>	<u>\$ (103,401)</u>	<u>\$ (42,479)</u>
Service cost			
Net interest expense (income)	935	(1,622)	(687)
Recognized in profit or loss	<u>935</u>	<u>(1,622)</u>	<u>(687)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,289)	(7,289)
Actuarial (gain) loss			
Changes in financial assumptions	548	-	548
Experience adjustments	<u>1,744</u>	<u>-</u>	<u>1,744</u>
Recognized in other comprehensive income	<u>2,322</u>	<u>(7,289)</u>	<u>(4,967)</u>
Contributions from the employer	-	(855)	(855)
Benefits paid	<u>(3,677)</u>	<u>3,677</u>	<u>-</u>
Balance at December 31, 2025	<u>\$ 60,502</u>	<u>\$ (109,490)</u>	<u>\$ (48,988)</u> (Concluded)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2025	2024
Discount rate (%)	1.3	1.6
Expected rate of salary increase (%)	2	2

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2025	2024
Discount rate		
0.25% increase	\$ (457)	\$ (504)
0.25% decrease	\$ 468	\$ 515
Expected rate of salary increase		
1% increase	\$ 1,900	\$ 2,106
1% decrease	\$ (1,777)	\$ (1,959)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2025	2024
Expected contributions to the plans for the next year	\$ 840	\$ 950
Average duration of the defined benefit obligation	5.6 year	6.1 year

20. EQUITY

a. Ordinary shares

	December 31	
	2025	2024
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	\$ 2,000,000	\$ 2,000,000
Number of shares issued and fully paid (in thousands)	128,113	128,113
Shares issued	\$ 1,281,127	\$ 1,281,127

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2025	2024
May be used to offset a deficit, distributed as cash dividends, or transferred to ordinary shares (Note)		
Conversion of bonds	\$ 265,446	\$ 265,446
Issuance of ordinary shares	59,168	59,168
Treasury share transactions	23,649	23,649
The difference between consideration and the carrying amount of subsidiaries acquired	4,644	4,644
	\$ 352,907	\$ 352,907

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to ordinary shares (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Company's dividends policy is also designed to meet the current and future development plans and takes into consideration the investment environment, capital needs, domestic or international competitive conditions while simultaneously meeting shareholders' interests. The Company shall distribute the dividends at no less than 30% of the distributable earnings of the current year. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 20% of total dividends.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards" should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2024 and 2023 were approved in the shareholders' meeting on June 17, 2025 and June 18, 2024, respectively. The appropriations of earnings for 2024 and 2023 were as follows:

	For the Year Ended	
	2024	2023
Legal reserve	\$ 155,878	\$ 130,811
Special reserve (reversed)	(256,236)	115,609
Cash dividends	<u>781,488</u>	<u>666,186</u>
	<u>\$ 681,130</u>	<u>\$ 912,606</u>
 Dividends Per Share (NT\$)	 <u>\$ 6.1</u>	 <u>\$ 5.2</u>

The appropriation of earnings for 2025 had been proposed by the Company's board of directors on March 5, 2026. The appropriation and dividends per share were as follows:

	For the Year Ended	
	2025	
Legal reserve	\$ 151,007	
Special reserve	13,137	
Cash dividends	<u>755,865</u>	
	<u>\$ 920,009</u>	
 Dividends Per Share (NT\$)	 <u>\$ 5.9</u>	

The appropriation of earnings for 2025 is subject to the resolution of the shareholders in their meeting to be held on May 26, 2026.

d. Other equity items

1) Exchange differences on translation of foreign operations

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 137,375	\$ (249,976)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(372,604)	576,918
Share from subsidiaries accounted for using the equity method	181,661	(92,729)
Income tax relating to exchange differences arising on translation of foreign operations	74,521	(115,384)
Income tax relating to share from subsidiaries accounted for using the equity method	<u>(36,332)</u>	<u>18,546</u>
Balance at December 31	<u>\$ (15,379)</u>	<u>\$ 137,375</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ (6,039)	\$ (6,260)
Recognized for the year		
Unrealized gain (loss) on equity instruments	<u>8,281</u>	<u>221</u>
Balance at December 31	<u>\$ 2,242</u>	<u>\$ (6,039)</u>

21. OPERATING REVENUE

	For the Year Ended December 31	
	2025	2024
Revenue from contracts with customers		
Revenue from sale of goods	\$ 3,848,073	\$ 3,562,115
Service revenue	<u>74</u>	<u>121</u>
	<u>\$ 3,848,147</u>	<u>\$ 3,562,236</u>

a. Refer to Note 4 (1) for information related to contracts with customers.

b. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes and accounts receivable (Note 9)	<u>\$ 1,100,971</u>	<u>\$ 1,006,383</u>	<u>\$ 844,531</u>

c. Disaggregation of revenue

Type of revenue	For the Year Ended December 31	
	2025	2024
Passive components	\$ 3,848,073	\$ 3,562,115
Service revenue	<u>74</u>	<u>121</u>
	<u>\$ 3,848,147</u>	<u>\$ 3,562,236</u>

22. NET PROFIT

Net profit included following items:

a. Interest income

	For the Year Ended December 31	
	2025	2024
Bank deposits	\$ 24,656	\$ 37,210
Others	123	66
	<u>\$ 24,779</u>	<u>\$ 37,276</u>

b. Other income

	For the Year Ended December 31	
	2025	2024
Grants	\$ 4,333	\$ 2,503
Rental income	6,549	847
Dividend income	3,039	-
Others	757	2,414
	<u>\$ 14,678</u>	<u>\$ 5,764</u>

c. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Loss on financial assets at FVTPL	\$ (45,102)	\$ (51,322)
Foreign exchange gains (loss), net	(50,092)	80,057
Gain (loss) on disposal of property, plant and equipment	(289)	12
Others	(401)	(467)
	<u>\$ (95,884)</u>	<u>\$ 28,280</u>

d. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest expense of borrowings	\$ 20,245	\$ 24,209
Interest on lease liabilities	578	595
	20,823	24,804
Less: Amounts included in the cost of qualifying assets	-	4,519
	<u>\$ 20,823</u>	<u>\$ 20,285</u>

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2025	2024
Capitalized interest amount	\$ -	\$ 4,519
Capitalization rate (%)	-	1.1-1.23

e. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
Property, plant and equipment	\$ 149,741	\$ 116,020
Right-of-use-assets	1,936	2,106

(Continued)

	For the Year Ended December 31	
	2025	2024
Investment properties	\$ 387	\$ -
Computer software	<u>10,882</u>	<u>11,410</u>
	162,946	129,536
Less: Amounts included in the cost of qualifying assets	<u>-</u>	<u>258</u>
	<u>\$ 162,946</u>	<u>\$ 129,278</u>
An analysis of depreciation by function		
Operating costs	\$ 116,510	\$ 92,467
Operating expenses	35,167	25,401
Other gains and losses	<u>387</u>	<u>-</u>
	<u>\$ 152,064</u>	<u>\$ 117,868</u>
An analysis of amortization by function		
Operating costs	\$ 2,127	\$ 2,061
Operating expenses	<u>8,755</u>	<u>9,349</u>
	<u>\$ 10,882</u>	<u>\$ 11,410</u>

(Concluded)

f. Employee benefits expense

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits		
Salary	\$ 408,523	\$ 461,621
Others	<u>91,062</u>	<u>89,803</u>
	<u>499,585</u>	<u>551,424</u>
Retirement benefits		
Defined contribution plans	16,526	16,731
Defined benefit plans (Note 19)	<u>(687)</u>	<u>(383)</u>
	<u>15,839</u>	<u>16,348</u>
	<u>\$ 515,424</u>	<u>\$ 567,772</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 205,770	\$ 221,041
Operating expenses	<u>309,654</u>	<u>346,731</u>
	<u>\$ 515,424</u>	<u>\$ 567,772</u>

g. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors.

Pursuant to the amendment to the Securities and Exchange Act in August 2024, the Company approved an amendment to the Articles of Incorporation by resolution during the 2025 General Shareholders' Meeting. This amendment explicitly stipulates that a minimum of 35% of the annual employee compensation shall be allocated specifically to entry-level employees.

The appropriations of employees' compensation and remuneration of directors for the years ended December 31, 2025 and 2024, which were approved by the Company's board of directors on March 5, 2026 and February 20, 2025, respectively, were as follows:

	For the Year Ended December 31	
	2025	2024
Accrual rate		
Employees' compensation (%)	3.7	3.8
Remuneration of directors (%)	1.3	1.3
Amounts		
Employees' compensation	\$ 75,259	\$ 76,450
Remuneration of directors	25,588	25,991

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2024 and 2023.

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

23. INCOME TAX

- a. Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	\$ 247,421	\$ 217,362
Income tax on unappropriated earnings	43,883	19,775
Adjustments for prior years	<u>(6,455)</u>	<u>(18,727)</u>
	<u>284,849</u>	<u>218,410</u>
Deferred tax		
In respect of the current year	127,158	159,327
Adjustments for prior years	<u>-</u>	<u>152</u>
	<u>127,158</u>	<u>159,479</u>
Income tax expense recognized in profit or loss	<u>\$ 412,007</u>	<u>\$ 377,889</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2025	2024
Profit before income tax	<u>\$ 1,918,040</u>	<u>\$ 1,928,429</u>
Income tax expense calculated at the statutory rate	\$ 383,608	\$ 385,685
Nondeductible expenses and tax-exempt income	4,801	6,278
Income tax on unappropriated earnings	43,883	19,775
Usage of investment credits	(13,830)	(15,274)
Adjustments for prior years' tax	<u>(6,455)</u>	<u>(18,575)</u>
Income tax expense recognized in profit or loss	<u>\$ 412,007</u>	<u>\$ 377,889</u>

The applicable tax rate of the Company is 20%.

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
Deferred tax		
Remeasurement of defined benefit plans	\$ 993	\$ 1,636
Exchange differences on the translation of the financial statements of foreign operations	(74,521)	115,384
Share of other comprehensive loss of subsidiaries by using equity method	<u>36,332</u>	<u>(18,546)</u>
Income tax recognized in other comprehensive income	<u>\$ (37,196)</u>	<u>\$ 98,474</u>

c. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax assets		
Tax refund receivable	\$ -	\$ 3,075
Current tax liabilities		
Income tax payable	<u>\$ 219,780</u>	<u>\$ 125,061</u>

d. Deferred tax assets and liabilities

The movements of net of deferred tax assets and liabilities are as follows:

For the Year ended December 31, 2025

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred Tax Assets				
Temporary differences				
Unrealized loss on inventories	\$ 7,709	\$ 374	\$ -	\$ 8,083
Unrealized gross profits	6,105	2,309	-	8,414
Unrealized refund liabilities	12,112	(1,277)	-	10,835
Others	<u>5,110</u>	<u>(786)</u>	<u>3,845</u>	<u>8,169</u>
	<u>\$ 31,036</u>	<u>\$ 620</u>	<u>\$ 3,845</u>	<u>\$ 35,501</u>
Deferred Tax Liabilities				
Temporary differences				
Foreign investment income	\$ 1,638,003	\$ 125,629	\$ -	\$ 1,763,632
Exchange differences on translation of the financial statements of foreign operations	34,344	-	(34,344)	-
Others	<u>10,615</u>	<u>2,149</u>	<u>993</u>	<u>13,757</u>
	<u>\$ 1,682,962</u>	<u>\$ 127,778</u>	<u>\$ (33,351)</u>	<u>\$ 1,777,389</u>

For the Year ended December 31, 2024

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred Tax Assets				
Temporary differences				
Unrealized loss on inventories	\$ 16,361	\$ (8,652)	\$ -	\$ 7,709
Unrealized gross profits	5,665	440	-	6,105
Unrealized refund liabilities	15,268	(3,156)	-	12,112

(Continued)

	<u>Balance, Beginning of Year</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Balance, End of Year</u>
Exchange differences on translation of the financial statements of foreign operations	\$ 11,919	\$ -	\$ (11,919)	\$ -
Share of other comprehensive income (loss) of subsidiaries for using the equity method	50,575	-	(50,575)	-
Others	<u>4,674</u>	<u>1,619</u>	<u>(1,183)</u>	<u>5,110</u>
	<u>\$ 104,462</u>	<u>\$ (9,749)</u>	<u>\$ (63,677)</u>	<u>\$ 31,036</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Foreign investment income	\$ 1,489,641	\$ 148,362	\$ -	\$ 1,638,003
Exchange differences on translation of the financial statements of foreign operations	-	-	34,344	34,344
Others	<u>8,794</u>	<u>1,368</u>	<u>453</u>	<u>10,615</u>
	<u>\$ 1,498,435</u>	<u>\$ 149,730</u>	<u>\$ 34,797</u>	<u>\$ 1,682,962</u> (Concluded)

e. Income tax assessments

The tax returns of the Company through 2023 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of EPS are as follows:

Net profit for the year

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Net profit used in the computation of earnings per share	<u>\$ 1,506,033</u>	<u>\$ 1,550,540</u>

Weighted average number of ordinary shares outstanding (in thousands of shares)

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	128,113	128,113
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>493</u>	<u>567</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>128,606</u>	<u>128,680</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the last 2 years.

The Company is not subject to any externally imposed capital requirements.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Company's management considers that the carrying amounts of financial assets and financial liabilities which are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 388,223	-	-	\$ 388,223
Open-end mutual funds	137,698	-	-	137,698
Securities Investment Trust Funds	<u>59,015</u>	-	-	<u>59,015</u>
	<u>\$ 584,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 584,936</u>
<u>Financial assets at FVTOCI</u>				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,184</u>	<u>\$ 36,184</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 2,080</u>	<u>\$ -</u>	<u>\$ 2,080</u>

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTOCI</u>				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,903</u>	<u>\$ 27,903</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 4,212</u>	<u>\$ -</u>	<u>\$ 4,212</u>

There were no transfers between Level 1 and Level 2 in 2025 and 2024.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ 27,903	\$ 27,682
Recognized in other comprehensive income	<u>8,281</u>	<u>221</u>
Balanced at December 31	<u>\$ 36,184</u>	<u>\$ 27,903</u>

It refers to financial assets at FVTOCI - Investments in equity instruments.

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic unlisted shares are determined using the market approach where the inputs are categories of business, values of same type of company and operation of company.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Financial assets		
Mandatorily classified as at FVTPL	\$ 584,936	\$ -
Financial assets at amortized cost (Note 1)	2,182,558	2,111,687
Financial assets at FVTOCI – Equity instruments	36,184	27,903
Financial liabilities		
Mandatorily classified as at FVTPL	2,080	4,212
Amortized cost (Note 2)	2,298,252	2,049,331

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (exclude income tax refund receivable), other financial assets.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, accounts payable (including related parties) and other payables (including related parties), long-term borrowings (including current portion) and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include time deposits, equity instrument investments, notes receivable, accounts receivable, accounts payable, borrowings and lease liabilities. Financial risks associated with the management and operations of the Company included market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The treasury function reports monthly to the Company's management.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rate risks.

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which exposes the Company to foreign currency risk. The Company engaged in derivative financial instruments within the scope of the policy, including forward exchange contracts and swap contracts, to mitigate the risk exposures to exchange rates that may arise from non-functional currency denominated assets and liabilities and certain anticipated transactions, but the impact of foreign currency exchange rate changes cannot be completely ruled out.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities exposed to foreign currency risk at the end of the reporting year are set out in Note 30.

Sensitivity analysis

The Company is mainly exposed to the risk from the fluctuations of the USD, CNY and EUR, and the sensitivity rate used when reporting foreign currency risk internally to key management personnel in foreign exchange rates is 1%. The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency.

	For the Year Ended December 31	
	2025	2024
Impact of 1% change on profit and loss		
USD	\$ 8,328	\$ 8,665
CNY	\$ 2,677	\$ 4,826
EUR	\$ 3,083	\$ 2,806

b) Interest rate risk

The Company is exposed to interest rate risk because of borrowing funds at both fixed and variable interest rates. The risk is managed by maintaining an appropriate mix of fixed and variable rate borrowings.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2025	2024
Fair value interest rate risk		
Financial assets	\$ 302,781	\$ 8,181
Financial liabilities	344,140	145,991
Cash flow interest rate risk		
Financial assets	774,412	1,096,181
Financial liabilities	1,132,180	1,158,642

Sensitivity analysis

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2025 and 2024 would have been lower/higher by \$3,578 thousand and \$625 thousand, respectively, which was mainly a result of the changes in the floating interest rate financial instrument.

c) Other price risk

The Company was exposed to equity price risk through its investments in financial assets at FVTPL and financial assets at FVTOCI. If equity price was 1% higher or lower, profit before income tax for the years ended December 31, 2025 and 2024 would have increased or decreased by \$5,849 thousand and \$0 thousand, respectively, and other comprehensive income before income tax for the years ended December 31, 2025 and 2024 would have increased or decreased by \$362 thousand and \$279 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation provided due to the financial guarantees provided by the Company, could be the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company is continuously monitoring and spreading the aggregate transactions to each credit-qualified counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Bank loans are a major source of liquidity risk for the Company.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate estimated at the end of the year.

December 31, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 115,197	\$ 613,786	\$ 119,929	\$ -	\$ -
Lease liabilities	202	405	1,332	5,161	50,908
Variable interest rate liabilities	486,778	81,394	141,059	520,362	-
Fixed interest rate liabilities	301,387	-	-	-	-
	<u>\$ 903,564</u>	<u>\$ 695,585</u>	<u>\$ 262,320</u>	<u>\$ 525,523</u>	<u>\$ 50,908</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 1,939	\$ 5,161	\$ 6,362	\$ 6,362	\$ 6,362	\$ 31,822
Variable interest rate liabilities	709,231	520,362	-	-	-	-
	<u>\$ 711,170</u>	<u>\$ 525,523</u>	<u>\$ 6,362</u>	<u>\$ 6,362</u>	<u>\$ 6,362</u>	<u>\$ 31,822</u>

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 95,093	\$ 563,412	\$ 131,783	\$ -	\$ -
Lease liabilities	202	405	1,822	5,827	52,180
Variable interest rate liabilities	16,366	232,155	241,433	608,713	99,615
Fixed interest rate liabilities	100,147	-	-	-	-
	<u>\$ 211,808</u>	<u>\$ 795,972</u>	<u>\$ 375,038</u>	<u>\$ 614,540</u>	<u>\$ 151,795</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 2,429	\$ 5,827	\$ 6,362	\$ 6,362	\$ 6,362	\$ 33,094
Variable interest rate liabilities	489,954	608,713	99,615	-	-	-
	<u>\$ 492,383</u>	<u>\$ 614,540</u>	<u>\$ 105,977</u>	<u>\$ 6,362</u>	<u>\$ 6,362</u>	<u>\$ 33,094</u>

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year. Liquidity of derivative financial instruments is on demand or less than 1 month.

	December 31	
	2025	2024
Gross settled		
Forward exchange contracts		
Inflows	\$ 825,444	\$ 1,468,413
Outflows	(827,524)	(1,472,625)
	<u>\$ (2,080)</u>	<u>\$ (4,212)</u>

27. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and its relationship with the Company

<u>Related Party Name</u>	<u>Related Party Category</u>
Yenyo	Subsidiary
Thinking Changzhou	Subsidiary
Thinking Yichang	Subsidiary
Jiangxi Thinking	Subsidiary
Dongguan Welkin	Subsidiary
Zhongshan Welkin	Subsidiary
Thinking Viet Nam	Subsidiary
Welkin Electronic Industrial Co., Ltd. (Pingtung Welkin)	Related party in substance
Boh Chin Investment Co., Ltd. (Boh Chin Investment)	Related party in substance
Honungxin Technology Co., Ltd (Honungxin Technology)	Related party in substance
Thinking Education Foundation	Related party in substance

b. Operating revenue

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Sales of goods	Subsidiaries		
	Thinking Changzhou	\$ 191,977	\$ 200,626
	Dongguan Welkin	67,064	39,067
	Zhongshan Welkin	484,800	481,006
	Others	17,842	8,251
	Related party in substance		
	Pingtung Welkin	<u>1,625</u>	<u>1,751</u>
		<u>\$ 763,308</u>	<u>\$ 730,701</u>

The price of goods sold to related parties is calculated at cost plus gross profit. Additionally, the term of collection was 60 days from the end of the month, which was the same as those with non-related parties.

The amounts of unrealized gain on transactions with subsidiaries were \$15,646 thousand and \$5,165 thousand as of December 31, 2025 and 2024, respectively, which were recognized as the deduction of investments accounted for using the equity method.

c. Purchases of goods

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Purchases of goods	Subsidiaries		
	Dongguan Welkin	\$ 1,179,565	\$ 1,119,749
	Thinking Changzhou	964,790	865,687
	Others	96,542	105,339
	Related party in substance		
	Pingtung Welkin	<u>7,629</u>	<u>8,132</u>
		<u>\$ 2,248,526</u>	<u>\$ 2,098,907</u>

The purchase price with related parties was based on cost plus gross profit. The prices were not comparable as the Company has no other similar category of purchases with non-related parties. The term of collection was 60 days from the end of the month.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2025	2024
Accounts receivables from related parties	Subsidiaries		
	Thinking Changzhou	\$ 119,739	\$ 89,893
	Dongguan Welkin	16,808	16,666
	Zhongshan Welkin	105,626	112,203
	Others	11,971	3,024
	Related party in substance		
	Pingtung Welkin	175	271
		<u>\$ 254,319</u>	<u>\$ 222,057</u>

The payment terms between the Company and the related parties were 60 days from the end of the month, and the outstanding payment receivables from related parties were unsecured. For the years ended December 31, 2025 and 2024, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2025	2024
Accounts payable to related parties	Subsidiaries		
	Dongguan Welkin	\$ 247,276	\$ 203,719
	Thinking Changzhou	186,045	171,571
	Others	23,984	13,242
	Related party in substance		
		Pingtung Welkin	1,511
		<u>\$ 458,816</u>	<u>\$ 390,047</u>
Other payables to related parties	Subsidiaries		
	Dongguan Welkin	\$ 1,317	\$ 1,419
	Others	483	74
	Related party in substance		
		Pingtung Welkin	38
		<u>\$ 1,838</u>	<u>\$ 2,238</u>

Other payables to related parties were classified under payables for equipment and processing. The payment terms between the Company and the related parties were 60 days from the end of the month, and the outstanding amounts due to related parties are not guaranteed.

f. Prepayments

Line Item	Related Party Category/Name	December 31	
		2025	2024
Prepayments for equipment	Related party in substance		
	Honungxin Technology	\$ 7,382	\$ 7,382
	Pingtung Welkin	-	596
		<u>\$ 7,382</u>	<u>\$ 7,978</u>

g. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31	
	2025	2024
Subsidiaries		
Dongguan Welkin	\$ 7,282	\$ 6,772
Others	351	-
Related party in substance - Pingtung Welkin	655	-
	<u>\$ 8,288</u>	<u>\$ 6,772</u>

h. Disposal of property, plant and equipment – For the Year Ended December 31, 2025

Related Party Category/Name	Disposal Price	Gain (Loss)
Subsidiaries - Yenyao	<u>\$ 1,000</u>	<u>\$ (328)</u>

i. Other transactions with related parties

1) Consigned processing

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
Related party in substance - Pingtung Welkin	<u>\$ 1,328</u>	<u>\$ 487</u>

The prices and payment terms with substantial related parties were not comparable because the Company did not have other consigned processing businesses with non-related parties. The payment term was 60 days from the end of the month.

2) Consigned purchases

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
Subsidiaries		
Thinking Changzhou	\$ -	\$ 85
Thinking Yichang	59	1,343
Dongguan Welkin	17	-
Others	20	399
	<u>\$ 96</u>	<u>\$ 1,827</u>

3) Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2025	2024
Lease expense	Related Party in Substance Boh Chin Investment	<u>\$ 480</u>	<u>\$ 480</u>

The lease contract between the Company and related parties in substance is based on the market rental agreement under general payment terms.

4) Donation

For the promotion of cultural and educational activities, the Company made donations to a related party in substance, which were recognized in profit or loss for the respective periods.

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Related party in substance - Hsing Ching Education Foundation	<u>\$ 3,000</u>	<u>\$ 1,000</u>

j. Remuneration of key management personnel

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 62,970	\$ 59,109
Post-employment benefits	<u>840</u>	<u>859</u>
	<u>\$ 63,810</u>	<u>\$ 59,968</u>

The remuneration of directors and other members of key management is determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

The Company provided the following assets as deposits for government grants contract and deposits of construction contract:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Other financial assets	<u>\$ 4,860</u>	<u>\$ 38,526</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Due to the construction of factory buildings and the acquisition of production equipment, the Company has the following unexecuted contractual commitments as of each balance sheet date:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Acquisition of property, plant, and equipment	<u>\$ 71,799</u>	<u>\$ 77,880</u>

The Company is involved in disputes with suppliers regarding the settlement of construction costs for plant construction, which have entered court proceedings. The Company has assessed that these matters will not have a material impact on its financial position or operations.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant assets and liabilities denominated in foreign currencies were as follows:

<u>December 31, 2025</u>	<u>Foreign Currency (In Thousand)</u>	<u>Exchange Rate</u>	<u>Carrying Amount (In Thousand)</u>
Financial assets			
Monetary items			
USD	\$ 28,534	31.375 (USD:NTD)	\$ 895,254
CNY	152,438	4.4599 (CNY:NTD)	679,858
EUR	8,887	36.94 (EUR:NTD)	328,286

(Continued)

	Foreign Currency (In Thousand)	Exchange Rate		Carrying Amount (In Thousand)
Non-monetary items				
Investments accounted for using the equity method				
USD	\$ 262,419	31.375	(USD:NTD)	\$ 8,233,857
CNY	456,284	4.4599	(CNY:NTD)	2,034,979
VND	117,205,085	0.00118	(VND:NTD)	138,302
Financial liabilities				
Monetary items				
USD	\$ 1,992	31.375	(USD:NTD)	\$ 62,499
CNY	92,411	4.4599	(CNY:NTD)	412,144
EUR	542	36.94	(EUR:NTD)	20,021
<u>December 31, 2024</u>				
Financial assets				
Monetary items				
USD	\$ 28,423	32.725	(USD:NTD)	\$ 930,143
CNY	179,890	4.5522	(CNY:NTD)	818,895
EUR	8,282	34.13	(EUR:NTD)	282,665
Non-monetary items				
Investments accounted for using the equity method				
USD	\$ 242,614	32.725	(USD:NTD)	\$ 7,939,558
CNY	410,516	4.5522	(CNY:NTD)	1,868,668
VND	112,821,260	0.00127	(VND:NTD)	143,283
Financial liabilities				
Monetary items				
USD	\$ 1,945	32.725	(USD:NTD)	63,650
CNY	73,877	4.5522	(CNY:NTD)	336,303
EUR	60	34.13	(EUR:NTD)	2,048
				(Concluded)

The significant unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	Exchange Rate		Net Foreign Exchange Gains (Losses)
<u>For the year ended December 31, 2025</u>			
USD	31.375	(USD:NTD)	\$ 16,194
CNY	4.4599	(CNY:NTD)	1,763
EUR	36.94	(EUR:NTD)	<u>8,047</u>
			<u>\$ 26,004</u>
<u>For the year ended December 31, 2024</u>			
USD	32.725	(USD:NTD)	\$ 14,683
CNY	4.5522	(CNY:NTD)	3,432
EUR	34.13	(EUR:NTD)	<u>(654)</u>
			<u>\$ 17,461</u>

31. ADDITIONAL DISCLOSURES

- a. Information on significant transactions and b. investees
 - 1) Financing provided to others: Table 1.
 - 2) Endorsement/guarantee provided: Table 2.
 - 3) Significant marketable securities held at the end of the period (excluding investments in subsidiaries) : Table 3.
 - 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
 - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
 - 6) Information on investees: Table 6.
- c. Information on investments in Mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China areas: Table 7.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 4.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 4.
 - c) The amount of property transactions and the amount of the resultant gains or losses: Refer to Note 27.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.
 - e) The highest balance, the end of year balance, the interest rates range, and total current year interest with respect to financing of funds: None.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None.

32. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements; the parent company only financial statements do not need to disclose segment information.

TABLE 1

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
1	Dongguan Welkin	Zhongshan Welkin	Other receivables	Yes	\$ 401,255 (CNYS 90,000 thousand)	\$ 401,255 (CNYS 90,000 thousand)	\$ 147,127 (CNYS 33,000 thousand)	2.7	Note 1	\$ -	For short-term working capital	\$ -	-	\$ -	\$ 1,102,713	\$ 1,470,284	

Note 1: For short-term financing necessities.

Note 2: The aggregate financing limit shall not exceed 40% of the net assets of the Company. The financing limit for the financing amount on each individual loan shall not exceed 30% of net assets. The financing amount on each individual loan shall not exceed 100% of the net asset of the Company for inter-company loans of funds between overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	The Company	Thinking Viet Nam	b	\$ 3,352,217	\$ 331,000 (US\$10,000 thousand)	\$ 313,750 (US\$10,000 thousand)	\$ -	\$ -	2.81	\$ 5,587,029	Y	N	N	

Note 1: Relationship information of endorser and endorsee should be noted.

- a. The companies with which it has business relations.
- b. Subsidiaries in which the company directly holds more than 50% of its total outstanding common stocks.
- c. Companies in which the total outstanding common stocks held by the parent company and its subsidiaries, calculated on a combined basis, exceed 50%.
- d. The parent company that directly or indirectly holds more than 50% of the total outstanding common stocks through its subsidiaries.
- e. Companies in same type of business and providing mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- f. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

Note 2: The total amount of guarantee that may be provided by the Company shall not exceed 50% of the Company's net asset; the total amount of guarantee provided by the Company to any single entity shall not exceed 30% of the Company's net asset stated.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	End of Period				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Thinking Yichang	Renminbi Wealth Management Products Bank of China - Corporate Structured Deposits	-	Financial assets at fair value through profit or loss - current	-	CNY 90,257 thousand	-	CNY 90,257 thousand	

Note: This includes the unrealized gains or losses of financial assets measured at fair value through profit or loss.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts (Receivable) Payable		Note	
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Term	Ending Balance		% of Total
The Company	Thinking Changzhou	Subsidiary	Sales	\$ (191,977)	(5)	60 days from the end of the month	\$ -	-	\$ (119,739)	(11)	
	Thinking Changzhou	Subsidiary	Purchases	964,790	40	60 days from the end of the month	-	-	186,045	39	
	Dongguan Welkin	Subsidiary	Purchases	1,179,565	49	60 days from the end of the month	-	-	247,276	51	
	Zhongshan Welkin	Subsidiary	Sales	(484,800)	(13)	60 days from the end of the month	-	-	(105,626)	(10)	
Thinking Changzhou	Thinking Yichang	Associate	Sales	(159,097)	(5)	60 days from the end of the month	-	-	(35,061)	(4)	
	Thinking Yichang	Associate	Purchases	387,118	20	60 days from the end of the month	-	-	79,337	16	
	Jiangxi Thinking	Associate	Purchases	238,277	12	60 days from the end of the month	-	-	46,628	10	
	Dongguan Welkin	Associate	Sales	(135,495)	(4)	60 days from the end of the month	-	-	(29,045)	(3)	
Thinking Yichang	Jiangxi Thinking	Associate	Purchases	322,648	33	60 days from the end of the month	-	-	62,229	29	
	Dongguan Welkin	Associate	Sales	(468,399)	(30)	60 days from the end of the month	-	-	(89,815)	(17)	
Jiangxi Thinking	Dongguan Welkin	Associate	Sales	(314,062)	(28)	60 days from the end of the month	-	-	(67,166)	(28)	
	Zhongshan Welkin	Associate	Sales	(223,347)	(20)	60 days from the end of the month	-	-	(46,329)	(20)	
Dongguan Welkin	Zhongshan Welkin	Subsidiary	Purchases	1,400,796	52	60 days from the end of the month	-	-	293,525	35	

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Actions Taken		
The Company	Thinking Changzhou	Subsidiaries	\$ 119,739	1.83	\$ -	-	\$ 113,725	\$ -
The Company	Zhongshan Welkin	Subsidiaries	105,626	4.45	-	-	85,768	-
Thinking Changzhou	The Company	Parent company	186,045	5.40	-	-	156,395	-
Dongguan Welkin	The Company	Parent company	247,276	5.23	-	-	230,414	-
Zhongshan Welkin	Dongguan Welkin	Parent company	293,525	5.26	-	-	293,525	-

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of shares	Percentage of ownership (%)	Carrying Amount			
The Company	Yenyo	Yilan	Processing, sales and manufacturing of diodes	\$ 304,410	\$ 304,410	25,732,508	63.76	\$ 183,449	\$ (40,139)	\$ (25,593)	Note 1
	Greenish	British Virgin Island	Investment holding and international trading	242,300 (US\$ 7,375 thousand)	242,300 (US\$ 7,375 thousand)	7,374,997	100	2,657,584	250,804	246,537	Note 1
	Thinking Holding	Cayman	Investment holding and international trading	792,506 (US\$25,476 thousand)	792,506 (US\$25,476 thousand)	25,476,302	100	5,575,273	846,595	831,857	Note 1
	Thinking USA	USA	Electronic product design and marketing	30,715 (US\$ 1,000 thousand)	30,715 (US\$ 1,000 thousand)	1,000,000	100	887	(164)	(164)	
	Thinking Viet Nam	Vietnam	Manufacturing and selling thermistors, varistors and sensors	155,513 (US\$ 5,000 thousand)	149,313 (US\$ 4,800 thousand)	-	100	138,302	(1,039)	(1,039)	
Thinking Holding	Thinking International	Mauritius	Investment holding and international trading	205,781 (US\$ 6,375 thousand)	205,781 (US\$ 6,375 thousand)	6,375,000	100	1,642,636	237,655	237,655	
	Thinking HK	Hong Kong	Investment holding and international trading	311,753 (US\$10,040 thousand)	311,753 (US\$10,040 thousand)	10,040,000	100	1,319,147	188,703	188,703	
	View Full Samoa	Samoa	Investment holding and international trading	155,108 (US\$5,055 thousand)	155,108 (US\$ 5,055 thousand)	5,055,000	100	2,389,222	370,504	370,504	
	Thinking Samoa	Samoa	Investment holding and international trading	112,518 (US\$ 3,864 thousand)	112,518 (US\$ 3,864 thousand)	3,864,354	100	322,522	49,952	49,952	

Note 1: The share of profits or losses of investee includes the effect of unrealized gross profit on intercompany transaction.

Note 2: Information of investees which located in mainland China, refer to Table 7.

THINKING ELECTRONIC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital (US\$ in Thousands) (CNYS in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 6)	Carrying Amount as of December 31, 2025 (Note 6)	Accumulated Repatriation of Investment Income as of December 31, 2025 (US\$ in Thousands)	Note
					Outward	Inward							
Thinking Changzhou	Manufacturing and selling thermistors, varistors and sensors	\$ 1,008,050 (US\$ 31,260)	Note 1	\$452,725	\$ -	\$ -	\$452,725	\$433,265	100	\$ 425,154	\$4,133,056	\$ 2,202,631 (US\$ 72,024)	Note 9
Thinking Yichang	Manufacturing and selling thermistors, varistors and sensors	203,439 (US\$ 6,300)	Note 2	203,439	-	-	203,439	237,788	100	237,788	1,641,628	-	-
Jiangxi Thinking	Manufacturing and selling thermistors and varistors	310,330 (US\$ 10,000)	Note 3	310,330	-	-	310,330	188,805	100	188,805	1,318,669	-	-
Dongguan Welkin	Manufacturing and selling thermistors, varistors, sensors and equipment	868,640 (CNYS 194,782)	Note 4	265,306	-	-	265,306	570,373	100	570,373	3,681,642	-	-
Zhongshan Welkin	Manufacturing and selling thermistors, varistors and sensors	658,145 (CNYS 150,000)	Note 5	-	-	-	-	147,084	100	147,084	988,014	-	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by the Investment Commission, MOEA (Note 7)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 8)
\$1,216,534 (US\$ 38,774 thousand)	\$167,135 (US\$ 5,327 thousand)	\$6,704,435

Note 1: Indirectly investment in mainland China through Greenish which was registered in the third area. The Company increased the amount of indirect investments in mainland China through Greenish since 2003.

Note 2: Indirectly investment in mainland China through companies registered in the third area (Thinking International).

Note 3: Indirectly investment in mainland China through companies registered in the third area (Thinking HK).

Note 4: Indirectly investment in mainland China through companies registered in the third area, View Full Samoa and Thinking Samoa and the subsidiary, Thinking Changzhou.

Note 5: Indirectly investment in mainland China through subsidiary (Dongguan Welkin).

Note 6: Financial report had been audited by ultimate parent company's certified public accountant.

Note 7: The amount of US\$33,447 thousand was the difference between the MOEA approved investment amount of US\$38,774 thousand and the amount of accumulated outflow of investment from Taiwan amount of US\$5,327 thousand. Such difference was the result of deducting the capital increase of US\$32,024 thousand from the subsidiary in mainland China, deductions of US\$176 thousand for remittance of liquidation proceeds to third parties not yet approved. The added surplus of the subsidiary in mainland China, which was approximately US\$65,598 thousand, was repatriated, and the difference between the exchange rate of the remitted funds and US\$49 thousand. The balance as of December 31, 2025 was based on the exchange rate of US\$1=NT\$31.375.

Note 8: The upper limit on investment in mainland China is determined by 60% of the Company's consolidated net worth.

Note 9: The Company recognized share of profits of Thinking Changzhou was \$201,492 thousand, and Greenish recognized share of profits of Thinking Changzhou was \$223,662 thousand. Total amount of share of profits was \$425,154 thousand. The difference between total amount of share of profits and the net income of Thinking Changzhou resulted from unrealized gross profit on intercompany transactions.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

<u>ITEM</u>	<u>STATEMENT INDEX</u>
MAJOR ACCOUNTING ITEMS IN ASSETS, LIABILITIES AND EQUITY	
STATEMENT OF CASH AND CASH EQUIVALENTS	1
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT	Note 7
STATEMENT OF ACCOUNTS RECEIVABLE	2
STATEMENT OF INVENTORIES	3
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	4
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Note 13
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	Note 13
STATEMENT OF RIGHT-OF-USE ASSETS	5
STATEMENT OF DEFERRED INCOME TAX ASSETS	Note 23
STATEMENT OF SHORT-TERM BORROWINGS	6
STATEMENT OF LONG-TERM BORROWINGS	Note 15
STATEMENT OF ACCOUNTS PAYABLE	7
STATEMENT OF OTHER PAYABLES	Note 17
STATEMENT OF LEASE LIABILITIES	8
STATEMENT OF DEFERRED TAX LIABILITIES	Note 23
MAJOR ACCOUNTING ITEMS IN PROFIT OR LOSS	
STATEMENT OF OPERATING REVENUE	9
STATEMENT OF OPERATING COSTS	10
STATEMENT OF OPERATING EXPENSES	11
STATEMENT OF OTHER GAINS AND LOSSES	Note 22
STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION	12

STATEMENT 1

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

<u>Item</u>	<u>Maturity Date</u>	<u>Annual Interest Rate (%)</u>	<u>Amount</u>
Petty cash and cash on hand			\$ 903
Bank deposits			
Checking accounts			68
Demand deposits			57,899
Foreign currency demand deposits (Note)			
USD 5,002 thousand			156,932
CNY 25,158 thousand			112,202
EUR 5,733 thousand			211,787
JPY 639,763 thousand			128,784
HKD 26,490 thousand			106,808
Cash equivalents			
Time deposits with original maturities of 3 months or less			
Foreign currency deposits (Note)			
CNY 30,000 thousand	2026.01	1.1	133,797
CNY 36,800 thousand	2026.03	1.13	<u>164,124</u>
			<u>\$ 1,073,304</u>

Note: Foreign currency exchange rates of USD, CNY, EUR, JPY and HKD were as follows:

USD:NTD=1: 31.375

CNY:NTD=1: 4.4599

EUR:NTD=1: 36.94

JPY:NTD=1: 0.2013

HKD:NTD=1: 4.032

STATEMENT 2

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

<u>Client Name</u>	<u>Amount</u>	<u>Over a Year</u>	<u>Remark</u>
Related parties			
Thinking Changzhou	\$ 119,739	\$ -	Sale of goods
Dongguan Welkin	16,808	-	Sale of goods
Zhongshan Welkin	105,626	-	Sale of goods
Others (Note)	<u>12,146</u>	<u>-</u>	Sale of goods
	<u>254,319</u>	<u>-</u>	
Non-related parties			
Company A	43,409		
Others (Note)	806,915	860	Sale of goods
Less: Loss allowance	<u>(6,344)</u>	<u>(860)</u>	
	<u>843,980</u>	<u>-</u>	
	<u>\$ 1,098,299</u>	<u>\$ -</u>	

Note: The amount of individual clients that are included in others does not exceed 5% of the account balance.

STATEMENT 3

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Cost</u>	<u>Net Realizable Value (Note)</u>
Finished goods	\$ 207,929	\$ 253,833
Semi-finished	16,160	28,607
Work-in-process	65,045	94,889
Raw materials	35,924	36,975
Supplies	5,066	5,109
Inventory in transit	<u>6,681</u>	<u>6,681</u>
	<u>\$336,805</u>	<u>\$ 426,094</u>

Note: Refer to Note 4 for accounting policy of net realizable value.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2025		Additions in Investment		Decrease in Investment		Balance, December 31, 2025			Market Value or Net Assets Value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of Ownership	Amount	Unit Price	Total Amount		
Non-listed company													
Yenyo	25,732,508	\$ 208,674	-	\$ 368	-	\$ 25,593	25,732,508	63.76	\$ 183,449	\$ 7.32	\$ 188,251	None	
Greenish	7,374,997	3,112,322	-	247,562	-	702,300	7,374,997	100	2,657,584	363.32	2,679,457	None	
Thinking Changzhou	14,814,804	1,868,668	-	202,417	-	36,106	14,814,804	47.39	2,034,979	196.26	1,977,418	None	
Thinking Holding	25,476,302	4,826,241	-	835,072	-	86,040	25,476,302	100	5,575,273	222.80	5,676,042	None	
Thinking USA	1,000,000	995	-	56	-	164	1,000,000	100	887	0.89	887	None	
Thinking Viet Nam	-	<u>143,283</u>	-	<u>6,200</u>	-	<u>11,181</u>	-	100	<u>138,302</u>	-	<u>138,302</u>	None	
		<u>\$ 10,160,183</u>		<u>\$ 1,291,675</u> (Note)		<u>\$ 861,384</u> (Note)			<u>\$ 10,590,474</u>		<u>\$ 10,660,357</u>		

Note: The changes were mainly attributable to additional investments, the share of profit or loss of subsidiaries accounted for using the equity method, realized and unrealized gains on transactions between affiliated companies, remeasurements of defined benefit plans, exchange differences arising on translation of the financial statements of foreign operations, and repatriation of earnings.

STATEMENT 5**THINKING ELECTRONIC INDUSTRIAL CO., LTD.**
**STATEMENT OF RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (In Thousands of New Taiwan Dollars)**

	<u>Balance, January 1, 2025</u>	<u>Additions</u>	<u>Deductions (Note)</u>	<u>Balance, December 31, 2025</u>
Cost				
Land	\$ 52,854	\$ -	\$ (7,034)	\$ 45,820
Buildings	<u>1,246</u>	<u>-</u>	<u>-</u>	<u>1,246</u>
	<u>54,100</u>	<u>-</u>	<u>(7,034)</u>	<u>47,066</u>
Accumulated depreciation				
Land	(11,377)	(1,520)	6,464	(6,433)
Buildings	<u>(346)</u>	<u>(416)</u>	<u>-</u>	<u>(762)</u>
	<u>(11,723)</u>	<u>(1,936)</u>	<u>6,464</u>	<u>(7,195)</u>
	<u>\$ 42,377</u>	<u>\$ (1,936)</u>	<u>\$ (570)</u>	<u>\$ 39,871</u>

Note : Primarily reclassified to investment property.

STATEMENT 6**THINKING ELECTRONIC INDUSTRIAL CO., LTD.****STATEMENT OF SHORT-TERM BORROWINGS****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Type of Borrowings and Bank Name	Contract Period	Interest Rates for the Year (%)	Balance, December 31, 2025
Credit Loans			
Yuanta Bank	2025/10/29~2026/01/27	1.82	\$ 300,000
Cathay United Bank	2025/12/19~2026/01/19	1.82	200,000
CTBC Bank	2025/09/26~2026/03/26	1.84	50,000
Taipei Fubon Bank	2025/12/29~2026/01/30	1.95	120,000
Taishin Bank	2025/12/26~2026/01/30	1.95	100,000
Taishin Bank	2025/12/30~2026/01/30	1.95	<u>50,000</u>
			<u>\$ 820,000</u>

Note: As of December 31, 2025, the unused short-term credit lines amounted to NT\$1,580,000 thousand.

STATEMENT 7

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

<u>Vendor Name</u>	<u>Amount</u>
Related parties	
Dongguan Welkin	\$ 247,276
Thinking Changzhou	186,045
Thinking Yichang	23,471
Others (Note)	<u>2,024</u>
	<u>458,816</u>
Non-related parties	
Company B	6,115
Company C	3,095
Company D	2,444
Company E	1,680
Others (Note)	<u>10,922</u>
	<u>24,256</u>
	<u>\$ 483,072</u>

Note: The amount of individual vendor that are included in others does not exceed 5% of the account balance.

STATEMENT 8**THINKING ELECTRONIC INDUSTRIAL CO., LTD.****STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

<u>Item</u>	<u>Lease Term</u>	<u>Discount Rate (%)</u>	<u>Balance, December 31, 2025</u>
Land	2016.06~2035.07	0.75-1.38	\$ 43,650
Buildings	2024.03~2027.02	1.35	<u>490</u>
			44,140
Less: Lease liabilities - current			<u>1,380</u>
Lease liabilities - non-current			<u>\$ 42,760</u>

STATEMENT 9

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Shipments (Thousand PCS)</u>	<u>Amount</u>
Revenue from sale of goods		
Passive components	6,720,378	\$ 3,848,073
Service revenue		<u>74</u>
		<u>\$ 3,848,147</u>

THINKING ELECTRONIC INDUSTRIAL CO., LTD.**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Production cost	
Raw material used	
Raw material, beginning of year	\$ 34,771
Raw material purchased	129,954
Raw material, end of year	(35,924)
Others	<u>(6,474)</u>
	122,327
Supplies used	23,906
Direct labor	150,818
Manufacturing expense	<u>306,969</u>
Manufacturing cost	604,020
Work-in-process and semi-finished goods, beginning of year	89,912
Work-in-process and semi-finished goods purchased	5,545
Work-in-process and semi-finished goods, end of year	(81,205)
Others	<u>9,357</u>
Cost of finish goods	627,629
Finish goods, beginning of year	201,613
Finish goods purchased	2,243,735
Finish goods, end of year	(207,929)
Others	<u>(333,870)</u>
Total of production cost	<u>2,531,178</u>
Other operating cost	
Write-down of inventories	1,507
Income from sale of scraps	(6,388)
Loss of inventory scrapped	13,425
Others	<u>(10,958)</u>
	<u>(2,364)</u>
	<u>\$ 2,528,814</u>

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salaries	\$ 48,474	\$ 111,582	\$ 81,316	\$ 241,372
Employee benefits (Note)	7,906	18,412	16,376	42,694
Depreciation and amortization expense	3,940	11,269	28,713	43,922
Remuneration of directors	-	25,588	-	25,588
Professional service fees	5,315	13,211	593	19,119
Export expense	16,504	93	45	16,642
Utilities expense	175	3,267	15,068	18,510
Shipping expense	14,644	877	197	15,718
Consumption supplies	1	64	17,301	17,366
Commission expense	6,280	-	-	6,280
Others	<u>60,631</u>	<u>34,847</u>	<u>21,929</u>	<u>117,407</u>
	<u>\$ 163,870</u>	<u>\$ 219,210</u>	<u>\$ 181,538</u>	564,618
Expected credit loss				<u>2,034</u>
				<u>\$ 566,652</u>

Note: The employee benefits includes labor and health insurance, pension, food stipend and others.

THINKING ELECTRONIC INDUSTRIAL CO., LTD.

**STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31						
	2025				2024		
	Operating Costs	Operating Expenses	Non-operating expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary	\$ 167,151	\$ 241,372	\$ -	\$ 408,523	\$ 183,088	\$ 278,533	\$ 461,621
Labor and health insurance	17,183	21,259	-	38,442	16,970	20,578	37,548
Pension	7,111	8,728	-	15,839	7,317	9,031	16,348
Remuneration of directors	-	25,588	-	25,588	-	25,991	25,991
Others	14,325	12,707	-	27,032	13,666	12,598	26,264
	<u>\$ 205,770</u>	<u>\$ 309,654</u>	<u>\$ -</u>	<u>\$ 515,424</u>	<u>\$ 221,041</u>	<u>\$ 346,731</u>	<u>\$ 567,772</u>
Depreciation	\$ 116,510	\$ 35,167	\$ 387	\$ 152,064	\$ 92,467	\$ 25,401	\$ 117,868
Amortization	\$ 2,127	\$ 8,755	\$ -	\$ 10,882	\$ 2,061	\$ 9,349	\$ 11,410

- Note: a. For the years ended December 31, 2025 and 2024, the average number of employees was 507 and 526, respectively. The number of non-employee directors was 6 in both periods.
- b. The average employee benefits expense for the years ended December 31, 2025 and 2024 was \$978 thousand and \$1,042 thousand, respectively.
- c. The average employee salary and bonuses for the years ended December 31, 2025 and 2024 were \$815 thousand and \$888 thousand, respectively.
- d. The decrease in average employee salary and bonuses was 8%.
- e. The Company has established an audit committee in accordance with the Securities and Exchange Act; therefore, no compensation was paid to supervisors.
- f. The Company's salary and remuneration policy (including directors, managers and employees).

1) Director

The Company's remuneration of directors are distributed in accordance with the Articles of Incorporation. Please refer to Note 22 (g) for related regulations. The remuneration will be adjusted based on the Company's operating conditions and the related regulations. In consideration of the Company's sustainable development, the remuneration of directors will be submitted to the compensation committee and the board of directors for approval.

2) Manager

Based on the "Rules for Distribution of Compensation to Managers", the Company's compensation committee will take the manager's services provided and standards of the industry into consideration.

(Continued)

Monthly salary: Depending on the manager's job tenure and the value of job title. Salary movement should not exceed 150% of the industry standards.

Variable salary: Depending on the Company's operating condition, including bonuses and employee remuneration.

3) Employee

The principle of the Company's employee salary system stands on fairness and competitiveness. Employee salary includes monthly salary and variable salary. For the total amount of remuneration of employees, please refer to Note 22 (g). Salary of employee is distributed according to the "Regulation of Salary" and according to the employee's duties and professional skills. Remuneration of employee is also distributed according to the "Regulation of Distribution of Cash and Shares Dividends" and according to the employee's performance and contribution to the Company.

(Concluded)