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UNIVERSAL MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
FOR THE YEARS ENDED
31 DECEMBER 2025 AND 2024

Address: 3, 27TH RD., Taichung Industrial Park, Taichung, Taiwan, R.O.C.
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Notice to readers:
The reader is advised that parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Independent Auditors' Report Translated from Chinese

To UNIVERSAL MICROELECTRONICS Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of UNIVERSAL MICROELECTRONICS Co., Ltd. (the "Company") as of 31 December 2025 and 2024, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2025 and 2024, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2025 and 2024, and its financial performance and cash flows for the years ended 31 December 2025 and 2024, in conformity with the requirements of 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the report(s) of the other auditors, 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 2025 parent company only financial statements. 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.

1. **Impairment of accounts receivable**

As of 31 December 2025, gross accounts receivable and loss allowance by the Company amounted to NT$861,885 thousand and NT$0 thousand, respectively. Net accounts receivable accounted for 22% of total assets, which was significant to the Company's financial statements. Since the loss allowance of accounts receivable is measured by the expected credit loss for the duration of the accounts receivable, it is necessary to divide accounts receivable into groups in the process of measurement and analyze the application of related assumptions, including appropriate aging intervals and their respective loss rates. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this to be a key audit matter.

Our audit procedures included, but were not limited to, evaluating the effectiveness of internal controls around accounts receivable management, including performing simple tests by sampling and understanding management's assessment for expected credit losses of accounts receivable, identifying risk groups and determining appropriate aging intervals and the expected loss rate of each group, selecting samples to perform the accounts receivable confirmation, analyzing trends of changes in account receivable of prior and subsequent periods and turnover rates, reviewing the collection in the subsequent period to assess their recoverability. We also assessed the adequacy of the disclosures related to accounts receivable in Notes 5 and 6.

2. **Valuation for inventories (Including inventories of the subsidiaries under the equity method)**

The amount of inventories of the Company and its subsidiaries was significant to the financial statements. Due to uncertainty arising from rapid changes in product technology, the provision for valuation loss, sluggish or obsolete inventories involves major judgments by the management. We therefore determined this to be a key audit matter.

Our audit procedures included, but were not limited to, evaluating the effectiveness of the internal control established by the management for inventory, including performing simple tests and understanding the appropriateness of the management's assessment of inventory evaluation policies and methods, evaluating the management's stocktaking plan and conducting inventory inspections on the spot, obtain the inventory aging table and test the correctness of the inventory age, re-calculating the unit cost of inventories, and evaluating and testing net realizable value adopted by management. We also assessed the adequacy of the disclosures related to inventories in Notes 5 and 6.

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 requirements of 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 ability to continue as a going concern of the Company, 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 financial reporting process of the Company.

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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 internal control of the Company.

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 ability to continue as a going concern of the Company. 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 operating as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the 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 group 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 2025 parent company only financial statements 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.

Lo, Wen Chen

Huang, Ching Ya

Ernst & Young, Taiwan

5 March 2026

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices 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 accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

UNIVERSAL MICROELECTRONICS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	31 December 2025	31 December 2024
Current assets			
Cash and cash equivalents	4,6(1)	$711,124	$515,812
Financial assets at fair value through profit or loss	4,6(2)	97,999	70,310
Financial assets at amortized cost	4,6(3)	94,290	62,785
Notes receivable, net	4	1,239	3,018
Accounts receivable, net	4,6(4)	564,401	600,087
Accounts receivable from related parties, net	4,6(4),7	297,484	418,344
Other receivables	4	11,240	5,912
Other receivables from related parties	4,7	2,108	4,732
Current tax assets	4	1,670	1,673
Inventories	4,6(5)	643,005	828,230
Prepayments	7	139,244	152,127
Other current assets	7,8	4,494	4,869
Total current assets		2,568,298	2,667,899
Non-current assets			
Financial assets at fair value through other comprehensive income	4,6(6)	147,345	187,497
Investments accounted for using the equity method	4,6(7)	542,101	540,336
Property, plant and equipment	4,6(8),8	471,050	526,765
Right-of-use assets	4,6(17)	3,154	5,720
Investment property	4,6(9),8	101,826	102,302
Intangible assets	4	6,215	6,947
Deferred tax assets	4,6(21)	40,813	34,295
Other non-current assets	7	11,991	15,076
Net defined benefit asset	4,6(13)	11,405	-
Total non-current assets		1,335,900	1,418,938
Total assets		$3,904,198	$4,086,837

(continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

UNIVERSAL MICROELECTRONICS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	31 December 2025	31 December 2024
Current liabilities			
Short-term borrowings	4,6(10)	$ -	$70,000
Contract liabilities	6(15),7	47,763	50,016
Accounts payable		398,451	262,658
Other payables	6(11),7	111,774	123,666
Current tax liabilities	4	7,975	-
Lease liabilities	4,6(17)	2,580	2,553
Current portion of long-term borrowings	4,6(12)	235,573	369,851
Other current liabilities		33,640	22,479
Total current liabilities		837,756	901,223
Non-current liabilities			
Long-term borrowings	4,6(12)	1,041,807	1,232,517
Deferred tax liabilities	4,6(21)	9,795	-
Lease liabilities	4,6(17)	633	3,213
Net defined benefit liability	4,6(13)	-	209
Other non-current liabilities		192	508
Total non-current liabilities		1,052,427	1,236,447
Total liabilities		1,890,183	2,137,670
Equity	4,6(14)		
Share capital			
Ordinary share		1,273,592	1,273,592
Capital surplus		420,995	373,069
Retained earnings			
Legal reserve		55,458	55,458
Special reserve		359,330	353,098
Unappropriated earnings		313,556	259,431
Total retained earnings		728,344	667,987
Other equity		(408,916)	(359,330)
Treasury shares		-	(6,151)
Total equity		2,014,015	1,949,167
Total liabilities and equity		$3,904,198	$4,086,837

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

UNIVERSAL MICROELECTRONICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December 2025	2024
Revenue	4,6(15),7	$3,755,407	$3,714,431
Cost of sales	4,6(18),7	(3,278,077)	(3,310,898)
Gross profit		477,330	403,533
Unrealized gross profit on sales		(105)	(177)
Realized gross profit on sales		176	140
Gross profit, net		477,401	403,496
Operating expenses	4,6(18),7		
Selling expenses		(67,237)	(69,559)
Administrative expenses		(122,181)	(149,699)
Research and development expenses		(169,369)	(214,435)
Expected credit loss	6(16)	-	50
Total operating expenses		(358,787)	(433,643)
Operating income (loss)		118,614	(30,147)
Non-operating income and expenses	4,6(19),7		
Interest income		17,148	7,271
Other income		25,238	19,931
Other gains and losses		(33,705)	74,047
Finance costs		(31,566)	(35,924)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	4,6(7)	(29,510)	(120,614)
Total non-operating income and expenses		(52,395)	(55,289)
Profit (loss) before tax		66,219	(85,436)
Income tax expense (benefit)	4,6(21)	(13,737)	29,948
Profit (loss) for the year		52,482	(55,488)
Other comprehensive income	4,6(20)		
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans		9,844	21,051
Unrealized gains or losses on equity instruments at fair value through other comprehensive income		(40,152)	(22,321)
Share of other comprehensive income of associates and joint ventures – items that will not be reclassified to profit or loss		(2,152)	(78)
Income tax related to items that will not be reclassified		(1,969)	(4,210)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(9,103)	21,944
Income tax related to items that may be reclassified		1,821	(4,389)
Other comprehensive income for the year, net of tax		(41,711)	11,997
Total comprehensive income for the year		$10,771	$(43,491)
Earnings per share (in NTD):			
Basic earnings (loss) per share	6(22)	$0.41	$(0.44)
Diluted earnings (loss) per share		$0.41	$(0.44)

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
UNIVERSAL MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Other equity			
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Foreign currency translation reserve	Fair value through other comprehensive income reserve	Treasury shares	Total equity
Balance at 1 January 2024	$1,273,592	$373,076	$48,839	$332,604	$349,167	$(31,176)	$(321,922)	$(6,151)	$2,018,029
Appropriation and distribution of earnings for 2023:									
Appropriation to legal reserve			6,619		(6,619)				-
Appropriation to special reserve				20,494	(20,494)				-
Cash dividends on ordinary shares					(25,364)				(25,364)
Changes in associates and joint ventures accounted for using the equity method		(7)							(7)
Loss for the year 2024					(55,488)				(55,488)
Other comprehensive income for the year 2024					16,841	17,555	(22,399)		11,997
Total comprehensive income for the year	-	-	-	-	(38,647)	17,555	(22,399)	-	(43,491)
Disposal of equity instruments at fair value through other comprehensive income					1,388		(1,388)		-
Balance at 31 December 2024	$1,273,592	$373,069	$55,458	$353,098	$259,431	$(13,621)	$(345,709)	$(6,151)	$1,949,167
Balance at 1 January 2025	$1,273,592	$373,069	$55,458	$353,098	$259,431	$(13,621)	$(345,709)	$(6,151)	$1,949,167
Appropriation and distribution of earnings for 2024:									
Appropriation to special reserve				6,232	(6,232)				-
Changes in associates and joint ventures accounted for using the equity method		47,940							47,940
Profit for the year 2025					52,482				52,482
Other comprehensive income for the year 2025					7,875	(7,282)	(42,304)		(41,711)
Total comprehensive income for the year	-	-	-	-	60,357	(7,282)	(42,304)	-	10,771
Changes in ownership interests in subsidiaries without loss of control		(24)							(24)
Other		10						6,151	6,161
Balance at 31 December 2025	$1,273,592	$420,995	$55,458	$359,330	$313,556	$(20,903)	$(388,013)	$ -	$2,014,015

(The accompanying notes are an integral part of the parent company only financial statements)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
UNIVERSAL MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2025	2024
Cash flows from operating activities:		
Profit (loss) before tax	$66,219	$(85,436)
Adjustments for:		
Non-cash items:		
Depreciation expense	69,981	70,902
Amortization expense	10,521	17,610
Expected credit loss	-	(50)
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	(13,399)	1,797
Interest expense	31,566	35,924
Interest income	(17,148)	(7,271)
Dividend income	(7,525)	(5,209)
Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	29,510	120,614
Loss on disposal and retirement of property, plant and equipment	288	-
Unrealized gross profit on sales	105	177
Realized gross profit on sales	(176)	(140)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	1,779	(2,564)
Decrease (increase) in accounts receivable	156,546	(33,509)
Increase (decrease) in other receivables	(4,649)	212,027
Decrease in inventories	185,225	426,779
Decrease (increase) in prepayments	12,883	(25,238)
Decrease (increase) in other current assets	375	(288)
Decrease in contract liabilities	(2,253)	(9,275)
Increase (decrease) in accounts payable	135,793	(291,793)
Decrease in other payables	(11,762)	(41,481)
Increase in other current liabilities	11,161	2,477
Decrease in net defined benefit liability	(1,770)	(28,174)
Cash generated from operations	653,270	357,879
Interest received	16,503	6,951
Dividends received	19,894	5,209
Interest paid	(31,696)	(36,181)
Income taxes paid	(2,630)	(8,769)
Net cash inflows from operating activities	655,341	325,089

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English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

UNIVERSAL MICROELECTRONICS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS(Continued)

For the years ended 31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2025	2024
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(10,000)
Disposal of financial assets at fair value through other comprehensive income	-	1,831
Acquisition of financial assets measured at amortized cost	(449,466)	(62,785)
Repayment of financial assets measured at amortized cost	417,961	-
Acquisition of financial assets at fair value through profit or loss	(14,290)	(72,173)
Disposal of financial assets at fair value through profit or loss	-	3,243
Acquisition of investments accounted for using the equity method	(4,322)	(233,744)
Acquisition of property, plant and equipment	(8,430)	(31,150)
Proceeds from disposal of property, plant and equipment	229	-
Acquisition of intangible assets	(8,306)	(9,669)
Decrease in other financial assets	-	31,012
Increase (decrease) in other non-current assets	(1,709)	220,382
Net cash outflows from investing activities	(68,333)	(163,053)
Cash flows from financing activities:		
Decrease in short-term borrowings	(70,000)	(158,000)
Decrease in short-term notes payable	-	(79,944)
Proceeds from long-term borrowings	750,403	1,049,078
Repayment of long-term borrowings	(1,075,391)	(872,452)
Repayment of lease liabilities	(2,553)	(2,627)
Decrease in other non-current liabilities	(316)	(507)
Cash dividends paid	-	(25,364)
Purchase of treasury shares by employees	6,161	-
Net cash outflows from financing activities	(391,696)	(89,816)
Net increase in cash and cash equivalents	195,312	72,220
Cash and cash equivalents at beginning of the year	515,812	443,592
Cash and cash equivalents at end of the year	$711,124	$515,812

(The accompanying notes are an integral part of the parent company only financial statements)

UNIVERSAL MICROELECTRONICS CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
For the Year Ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

UNIVERSAL MICROELECTRONICS Co., Ltd. (the Company) was incorporated in Republic of China (R.O.C) on 18 February 1984. The main activities of the Company include manufacturing and selling computer peripherals, connectors, wires and other parts. The shares of the Company commenced trading on Taiwan's Over-the-Counter Market on 28 October 1998 and were listed on the Taiwan Stock Exchange on 11 September 2000. Its registered location and main operational base were situated at No. 3, Industrial Road 27, Nantun District, Taichung City.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended 31 December 2025 and 2024 were authorized for issue by the Company's board of directors on 5 March 2026.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments.

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2025. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which have been endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 17 “Insurance Contracts”	1 January 2023
b	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
c	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
d	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026

(a) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(b) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

(i) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
(ii) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
(iii) Clarify the treatment of non-recourse assets and contractually linked instruments.
(iv) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(c) Annual Improvements to IFRS Accounting Standards – Volume 11

(i) Amendments to IFRS 1
(ii) Amendments to IFRS 7
(iii) Amendments to Guidance on implementing IFRS 7
(iv) Amendments to IFRS 9
(v) Amendments to IFRS 10
(vi) Amendments to IAS 7

(d) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

(i) Clarify the application of the ‘own-use’ requirements.
(ii) Permit hedge accounting if these contracts are used as hedging instruments.
(iii) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned amendments are applicable for annual periods beginning on or after 1 January 2026 and have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Company as at the date when the Company’s financial statements were authorized for issue, are listed below.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027 (Note)
c	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	1 January 2027
d	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	1 January 2027

Note: On 25 September 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028.

(a) IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and* IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

(i) Improved comparability in the statement of profit or loss (income statement)
IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

(ii) Enhanced transparency of management-defined performance measures
IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(iii) Useful grouping of information in the financial statements
IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(c) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This new standard and its amendments permit subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(d) Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)

The amendments include:

(i) Clarify that when the entity's functional currency is that of a non-hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.

(ii) In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.

(iii) When the entity's functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the new or amended standards and interpretations listed under (b), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended 31 December 2025 and 2024 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of Preparation

The Company prepared the parent company only financial statements in accordance with the Regulations. According to the Article 21 of the Regulation, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (NT$) unless otherwise stated.

(3) Foreign Currency Transactions

The Company's parent company only financial statements are presented in NT$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at the respective functional currency rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

Each foreign operation of the Company determines its functional currency independently and measures its financial statements using that functional currency. The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Company holds the asset primarily for the purpose of trading
(c) The Company expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle
(b) The Company holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(a) Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

a. the Company’s business model for managing the financial assets
b. the contractual cash flow characteristics of the financial asset

<u>Financial assets measured at amortized cost (AC)</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
b. 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

<u>Financial asset measured at fair value through other comprehensive income (FVOCI)</u>

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
b. 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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

   (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss (FVTPL)

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
c. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
d. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c) Derecognition of financial assets

A financial asset is derecognized when:

a. The rights to receive cash flows from the asset have expired

b. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred

c. The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

a. it is acquired or incurred principally for the purpose of selling it in the near term
b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

a. it eliminates or significantly reduces a measurement or recognition inconsistency; or
b. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include notes and accounts payable and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative instruments

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – At actual purchase cost using the weighted-average method
Finished goods and work in process – Comprising direct materials, direct labor, and manufacturing overhead. Fixed manufacturing overhead is allocated based on normal capacity. Borrowing costs are excluded. The weighted-average method is applied.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for under the equity method

According to Article 21 of the Regulation, the Company's investment in subsidiaries was presented as "Investments accounted for using equity method" and made necessary adjustments. The profit or loss during the period and other comprehensive income presented in the parent company only financial statements shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to shareholders of the parent presented in the financial statements prepared on a consolidated basis, and the shareholders' equity presented in the parent company only financial statements shall be the same as the equity attributable to shareholders of the parent presented in the financial statements prepared on a consolidated basis. The adjustment was considered the difference between investment in subsidiaries in consolidated financial statements according to IFRS 10 "Consolidated financial statements" and application of IFRS to different reporting entities, debit/credit "Investment accounted for using equity method", "Share of profit or loss of subsidiaries, associates and joint ventures" or "Share of other comprehensive profit or loss of subsidiaries, associates and joint ventures" etc.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	20～40 years
Machinery and equipment	6～10 years
Transportation equipment	5～10 years
Office equipment	3～10 years
Other Fixed Assets	2～13 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	20 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers properties to or from investment properties according to the actual use of the properties.

The Company transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

<u>Company as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Company's intangible assets is as follows:

	Patents	Computer software	Other intangible Assets
Useful lives	10 years	10 years	2～5 years
Amortization method used	Amortized on a straight-line basis over the period of the patent	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired

(16) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the assets or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

(18) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(19) Revenue recognition

The Company's revenue from contracts with customers mainly arises from the sale of goods. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. Revenue from the sale of goods is recognized based on the prices stipulated in the contracts.

The credit period of the Company's sale of goods is from 10 to 150 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(20) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(21) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(22) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company’s parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employee subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company recognizes restructuring-related costs or termination benefits

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(23) Income taxes

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense on the date when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant accounting judgments, estimates and assumptions

The preparation of the parent company only financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(c) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc. Please refer to Note 6 for more details.

(d) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(e) Accounts receivable – estimation of impairment loss

The Company estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(f) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of 31 December	
	2025	2024
Cash on hand	$605	$538
Cash equivalents	11	-
Demand deposits	710,508	515,274
Total	$711,124	$515,812

(2) Financial assets at fair value through profit or loss

	As of 31 December	
	2025	2024
Mandatorily measured at FVTPL:		
Stocks	$48,135	$33,325
Bonds	49,864	36,985
Total	$97,999	$70,310

Financial assets at fair value through profit or loss were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Financial assets at amortized cost

	As of 31 December	
	2025	2024
Time deposits	$94,290	$62,785

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 12 for more details on credit risk management.

Financial assets at amortized cost were not pledged.

(4) Accounts receivable and accounts receivable from related parties

	As of 31 December	
	2025	2024
Accounts receivable	$564,401	$600,087
Less: loss allowance	-	-
Subtotal	564,401	600,087
Accounts receivable from related parties	297,484	418,344
Total	$861,885	$1,018,431

Accounts receivables were not pledged.

The credit period extended to customers by the Company is typically between 10 and 150 days. The total carrying amount as of 31 December 2025 and 2024 were NT$861,885 thousand and NT$1,018,431 thousand, respectively. Please refer to Note 6(16) for more details on loss allowance of accounts receivable for the years ended 31 December 2025 and 2024. Please refer to Note 12 for more details on credit risk management.

(5) Inventories

	As of 31 December	
	2025	2024
Raw materials	$384,498	$547,864
Supplies & parts	21,668	24,787
Semi-finished goods	17,340	16,101
Work in process	92,096	72,868
Finished goods	127,403	166,610
Total	$643,005	$828,230

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The cost of inventories recognized as operating costs for the years ended 31 December 2025 and 2024 were NT$3,278,077 thousand and NT$3,310,898 thousand, respectively, including inventory write-downs of NT$7,053 thousand and NT$5,117 thousand, respectively.

No inventories were pledged.

(6) Financial assets at fair value through other comprehensive income

	As of 31 December	
	2025	2024
Investments in equity instruments at FVOCI – non-current:		
Listed companies' stocks	$80,983	$90,833
Emerging companies' stocks	13,372	41,935
Unlisted companies' stocks	52,990	54,729
Total	$147,345	$187,497

The Company's dividend income related to investments in equity instrument at fair value through other comprehensive income for the years ended 31 December 2025 and 2024 are as follows:

	For the years ended 31 December	
	2025	2024
Related to investments held at the end of the reporting period	$6,966	$3,624
Related to investments derecognized during the period	-	-
Dividends recognized during the period	$6,966	$3,624

Financial assets at fair value through other comprehensive income were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Company:

	As of 31 December			
	2025		2024	
Investees	Amount	%	Amount	%
Investments in subsidiaries:				
UMEC Investment Co., Ltd.	$189,186	100.00%	$242,853	100.00%
Tien Lung Investment Co., Ltd.	73,074	100.00%	60,996	100.00%
Advanced Radar Technology Co., Ltd.	7,264	84.95%	4,825	84.78%
UMEC JAPAN CO., LTD.	1,062	100.00%	1,152	100.00%
UMEC USA, Inc.	34,038	99.99%	39,400	99.99%
UMEC VIETNAM Co., Ltd.	88,466	100.00%	112,365	100.00%
PT UMEC Green Tech Indonesia	-	60.00%	-	60.00%
Subtotal	393,090		461,591	
Investments in associates:				
Lightel Corporation	149,011	20.51%	78,745	23.55%
Total	$542,101		$540,336	

(a) Details of share of profit or loss recognized by the Company from the above investees for the years ended 2025 and 2024 are as follows:

	For the years ended 31 December	
Investees	2025	2024
UMEC Investment Co., Ltd.	$(55,141)	$(108,532)
Tien Lung Investment Co., Ltd.	17,449	5,220
Advanced Radar Technology Co., Ltd.	(1,814)	(7,130)
UMEC JAPAN CO., LTD.	(39)	(37)
UMEC USA, Inc.	(3,827)	(6,555)
UMEC VIETNAM Co., Ltd.	(14,979)	(21,204)
PT UMEC Green Tech Indonesia	-	-
Lightel Corporation	28,841	17,624
Total	$(29,510)	$(120,614)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b)Details of exchange differences on translating foreign operations are as follows:

	For the years ended 31 December	
Investees	2025	2024
UMEC Investment Co., Ltd.	$1,474	$40,577
UMEC JAPAN CO., LTD.	(51)	(40)
UMEC USA, Inc.	(1,606)	2,775
UMEC VIETNAM Co., Ltd.	(8,920)	(21,368)
Total	$(9,103)	$21,944

(c)Investments in subsidiaries

Investing subsidiaries was expressed as “Investments accounted for using the equity method” in the parent company only financial statements and was made the adjustment which was necessary.

In the first quarter of the year ended 31 December 2024, the investment structure was adjusted, transferring 74.27% of the shares held by Global Development Co. Ltd to be directly held by the company.

(d)Investments in associates

Although the Company is the largest shareholder of Lightel Corporation, decisions regarding relevant activities must be approved by the majority voting rights at the relevant shareholders' meeting. In this situation, it shows that the Company does not have the actual ability to unilaterally dominate the relevant activities. Therefore, the Company has no control of Lightel Corporation and only has significant influence over Lightel Corporation.

During 2025, Lightel Corporation increased its share capital; however, the Company did not subscribe for the newly issued shares in proportion to its shareholding. As a result, the Company’s ownership interest decreased from 23.55% to 20.51%, and capital surplus of NT$47,940 thousand was recognized.

Fair value based on quoted market prices: Lightel Corporation was listed on the Taipei Exchange on 17 November 2025. The fair value of the Company’s investment in Lightel Corporation accounted for using the equity method amounted to NT$1,832,071 thousand as at 31 December 2025.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company's investments in the companies above are not individually material. The aggregate financial information of the Company's share of its associates is as follows:

	For the years ended 31 December	
	2025	2024
Profit from continuing operations	$28,841	$17,624
Other comprehensive loss (net of tax)	(1,433)	(130)
Total comprehensive income	$27,408	$17,494

The associates had no contingent liabilities or capital commitments, nor had they provided any guarantees as of 31 December 2025 and 2024.

(8) Property, plant and equipment

	Land and land Improvements	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Mold equipment	Other equipment	Construction in progress and equipment pending examination	Total
Cost:									
As of 1 January 2025	$149,380	$579,696	$577,761	$12,882	$56,966	$116,431	$171,457	$ -	$1,664,573
Additions	-	-	5,409	185	1,698	698	440	-	8,430
Transfers	-	-	3,151	-	-	160	-	-	3,311
Disposals	-	-	(21,173)	(2,347)	(3,637)	(96)	(108)	-	(27,361)
As of 31 December 2025	$149,380	$579,696	$565,148	$10,720	$55,027	$117,193	$171,789	$-	$1,648,953
Depreciation and impairment:									
As of 1 January 2025	$(449)	$(397,936)	$(461,316)	$(7,362)	$(44,829)	$(112,838)	$(113,078)	$ -	$(1,137,808)
Depreciation	-	(15,945)	(31,917)	(1,429)	(6,432)	(2,350)	(8,866)	-	(66,939)
Disposals	-	-	20,656	2,347	3,637	96	108	-	26,844
As of 31 December 2025	$(449)	$(413,881)	$(472,577)	$(6,444)	$(47,624)	$(115,092)	$(121,836)	$-	$(1,177,903)
Cost:									
As of 1 January 2024	$149,380	$506,099	$564,040	$8,933	$62,519	$114,462	$131,548	$70,932	$1,607,913
Additions	-	-	17,403	-	8,085	1,351	1,645	2,666	31,150
Transfers	-	73,597	6,285	3,949	-	618	38,643	(73,598)	49,494
Disposals	-	-	(9,967)	-	(13,638)	-	(379)	-	(23,984)
As of 31 December 2024	$149,380	$579,696	$577,761	$12,882	$56,966	$116,431	$171,457	$ -	$1,664,573

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land and land Improvements	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Mold equipment	Other equipment	Construction in progress and equipment pending examination	Total
Depreciation and impairment:									
As of 1 January 2024	$(449)	$(379,997)	$(438,992)	$(6,585)	$(52,537)	$(110,048)	$(105,417)	$ -	$(1,094,025)
Depreciation	-	(17,939)	(32,291)	(777)	(5,930)	(2,790)	(8,040)	-	(67,767)
Disposals	-	-	9,967	-	13,638	-	379	-	23,984
As of 31 December 2024	$(449)	$(397,936)	$(461,316)	$(7,362)	$(44,829)	$(112,838)	$(113,078)	$ -	$(1,137,808)
Net carrying amount as at:									
31 December 2025	$148,931	$165,815	$92,571	$4,276	$7,403	$2,101	$49,953	$ -	$471,050
31 December 2024	$148,931	$181,760	$116,445	$5,520	$12,137	$3,593	$58,379	$ -	$526,765

The major components of the Company’s buildings mainly comprise the main structures and plant works, which are depreciated separately over their respective useful lives of 20 to 40 years and 4 to 18 years, respectively.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

The Company has not required interest capitalization on the acquisition of property, plant and equipment.

(9) Investment property

	Land	Buildings	Total
Cost:			
As of 1 January 2025	$96,713	$9,514	$106,227
Additions from acquisitions	-	-	-
As of 31 December 2025	$96,713	$9,514	$106,227
As of 1 January 2024	$96,713	$9,514	$106,227
Additions from acquisitions	-	-	-
As of 31 December 2024	$96,713	$9,514	$106,227
Depreciation and impairment:			
As of 1 January 2025	$ -	$(3,925)	$(3,925)
Depreciation	-	(476)	(476)
As of 31 December 2025	$ -	$(4,401)	$(4,401)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Total
As of 1 January 2024	$ -	$(3,449)	$(3,449)
Depreciation	-	(476)	(476)
As of 31 December 2024	$ -	$(3,925)	$(3,925)
Net carrying amount as at:			
As of 31 December 2025	$96,713	$5,113	$101,826
As of 31 December 2024	$96,713	$5,589	$102,302

Please refer to Note 8 for more details on investment property under pledge.

The investment property held by the Company is not measured at fair value but the fair value thereof is disclosed. The fair value measurement is classified within Level 3 of the fair value hierarchy. The recoverable amount of the investment property is measured at fair value less costs of disposal.

The fair value of the investment properties held by the Company as of 31 December 2025 and 2024 amounted to NT$201,753 thousand and NT$231,797 thousand, respectively. The aforementioned fair values were determined by independent external valuation experts and evaluated based on recent transaction prices of comparable properties obtained from the Ministry of the Interior's real estate transaction actual price inquiry. The valuation method employed was the comparison approach, with the primary input being the price per ping.

(10) Short-term borrowings

	As of 31 December	
	2025	2024
Unsecured bank loans	$ -	$70,000

	As of 31 December	
Interest rates applied	2025	2024
Unsecured bank loans	- %	1.88%

The Company’s unused short-term lines of credits amounted to NT$1,919,276 thousand and NT$1,433,145 thousand as of 31 December 2025 and 2024, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11) Other payables

	As of 31 December	
	2025	2024
Wages and salaries payable	$58,478	$62,322
Insurance expense payable	7,092	8,514
Pension expense payable	4,398	15,960
Other payables to related parties	3,248	8,855
Employee bonus payable	4,319	-
Compensation due to directors	1,440	-
Others	32,799	28,015
Total	$111,774	$123,666

(12) Long-term borrowings

Details of long-term borrowings as of 31 December 2025 and 2024 are as follows:

		As of 31 December	
Lenders	Maturity date	2025	2024
Mega International Commercial Bank	2033/11/13	$799,352	$879,939
Chang Hwa Commercial Bank	2029/06/23	222,874	386,098
Bank of Taiwan	2029/07/22	89,583	135,417
Taiwan Cooperative Bank	2028/11/11	145,965	22,762
First Commercial Bank	2027/04/15	19,606	36,152
Taichung Commercial Bank	2027/06/17	-	42,000
Hua Nan Commercial Bank	2026/02/03	-	100,000
Subtotal		1,277,380	1,602,368
Less: current portion		(235,573)	(369,851)
Total		$1,041,807	$1,232,517

	As of 31 December	
	2025	2024
Interest rates applied	2.02%-2.19%	2.02%-2.52%

Please refer to Note 8 for more details on property, plant and equipment and investment property under pledge.

(13) Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts. The Company have made monthly contributions of 6% of each individual employee’s salaries or wages to employees’ pension accounts.

Pension expenses under the defined contribution plan for the years ended 31 December 2025 and 2024 were NT$15,532 thousand and NT$34,719 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees’ total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. As of 31 December 2025, the Company's defined benefit plan is not expected to make any contributions in the next fiscal year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The weighted average duration of the defined benefits obligation was 6 years as of 31 December 2025.

Pension costs recognized in profit or loss are as follows:

	For the years ended 31 December	
	2025	2024
Current service cost	$31	$32
Net interest on net defined benefit liability (asset)	3	436
Total	$34	$468

The reconciliation of the present value of the defined benefit obligations and the fair value of plan assets is as follows:

	As of		
	31 Dec. 2025	31 Dec. 2024	1 Jan.2024
Defined benefit obligations	$121,146	$153,873	$167,784
Fair value of plan assets	(132,551)	(153,664)	(118,350)
Other non-current assets - net defined benefit asset	$11,405	$ -	$ -
Other non-current liabilities - net defined benefit liability	$ -	$209	$49,434

Reconciliation of net defined benefit liability (asset):

	Defined benefit obligations	Fair value of plan assets	Net defined benefit liability (asset)
As of 1 January 2024	$167,784	$(118,350)	$49,434
Current period service costs	32	-	32
Interest expense (income)	1,678	(1,242)	436
Prior service costs and gains or losses on settlement	-	-	-
Subtotal	169,494	(119,592)	49,902

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Defined benefit obligations	Fair value of plan assets	Net defined benefit liability (asset)
Remeasurements of the defined benefit liability /asset:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(1,377)	-	(1,377)
Experience adjustments	(8,290)	-	(8,290)
Remeasurements of the defined benefit asset	-	(11,384)	(11,384)
Subtotal	(9,667)	(11,384)	(21,051)
Payments of benefit obligation	(5,954)	5,954	-
Contributions by employer	-	(28,642)	(28,642)
As of 31 December 2024	153,873	(153,664)	209
Current service costs	31	-	31
Interest expense (income)	1,923	(1,920)	3
Past service cost and gains or losses on settlement	-	-	-
Subtotal	155,827	(155,584)	243
Remeasurements of the defined benefit liability /asset:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(203)	-	(203)
Experience adjustments	1,268	-	1,268
Remeasurements of the defined benefit asset	-	(10,909)	(10,909)
Subtotal	1,065	(10,909)	(9,844)
Payments of benefit obligation	(35,746)	35,746	-
Contributions by employer	-	(1,804)	(1,804)
As of 31 December 2025	$121,146	$(132,551)	$(11,405)

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	As of 31 December	
	2025	2024
Discount rate	1.30%	1.25%
Expected rate of salary increases	2.00%	2.00%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Sensitivity analysis for significant assumption are shown below:

	For the years ended 31 December			
	2025		2024	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increased by 0.50%	$ -	$1,976	$ -	$2,664
Discount rate decreased by 0.50%	2,063	-	2,786	-
Future salary increased by 0.50%	2,064	-	2,790	-
Future salary decreased by 0.50%	-	1,997	-	2,696

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(14) Equity

(a) Share capital

The Company’s authorized capital and the issued capital was NT$2,207,460 thousand and NT$1,273,592 thousand in a total of 220,746 thousand shares and 127,359 thousand shares as of 31 December 2025 and 2024. Each share has one voting right and a right to receive dividends.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Capital surplus

	As of 31 December	
	2025	2024
Additional paid-in capital	$335,197	$335,197
Treasury share transactions	34,068	34,058
Changes in ownership interests in subsidiaries	(588)	(564)
Changes in equity of associates and joint ventures accounted for using the equity method	52,318	4,378
Total	$420,995	$373,069

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Treasury shares

Changes in treasury shares during the period from 1 January 2025 to 31 December 2025 were as follows:

Unit: thousand shares

	From 1 January 2025 to 31 December 2025			
Reason for repurchase	Beginning balance	Increase during the year	Decrease during the year	Ending balance
Transfer of shares to employees	538	-	(538)	-

No changes occurred during the period from 1 January 2024 to 31 December 2024.

(i) As of 31 December 2025 and 31 December 2024, the Company held treasury shares amounting to NT$0 thousand and NT$6,151 thousand, respectively, representing 0 thousand shares and 538 thousand shares, respectively.

(ii) On 25 March 2020, the Company's Board of Directors resolved to repurchase treasury shares for the purpose of transferring such shares to employees. From 26 March 2020 to 25 May 2020, the Company repurchased a total of 538 thousand shares at an average purchase price of NT$11.45 per share, with an aggregate purchase cost of NT$6,151 thousand. On 11 March 2025, the Board of Directors resolved to set 12 March 2025 as the record date for employee share subscription, and the 538 thousand treasury shares were transferred to employees.

(iii) According to the Securities and Exchange Act, the number of shares bought back under the preceding paragraphs may not exceed ten percent of the total number of issued and outstanding shares of the company. The total amount of the shares bought back may not exceed the amount of retained earnings plus premium on capital stock plus realized capital reserve.

(d) Retained earnings and dividend policies

According to the Company's original Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues
b. Offset prior years' operation losses
c. Set aside 10% as legal reserve
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

As the Company is undergoing a growth stage, the policy of dividend distribution should reflect its long-term financial planning. Shareholder dividends may be distributed in the form of cash or stock, provided that cash dividends shall not be less than 10% of the total dividends distributed.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

When distributing distributable earnings, the Company shall, in accordance with applicable laws and regulations, appropriate a special reserve for the difference between the balance of the special reserve recognized upon the first-time adoption of IFRSs and the net amount of other equity reductions. Subsequently, when the net amount of other equity reductions is reversed, the Company may reverse the special reserve corresponding to such reversal and distribute the earnings accordingly.

On 31 March 2021, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it. Due to the adoption of IFRSs for the first time on the conversion date, the Company's retained earnings had become negative. Therefore, there was no need to allocate a special surplus reserve.

Details of the 2025 and 2024 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on 5 March 2026 and 19 June 2025, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	For the years ended 31 December		For the years ended 31 December	
	2025	2024	2025	2024
Appropriation to legal reserve	$6,036	$ -		
Appropriation to special reserve	49,586	6,232		
Cash dividends on ordinary share	63,680	-	$0.5	$ -

Please refer to Note 6(18) for details on employees' compensation and remuneration to directors.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(15) Revenue

	For the years ended 31 December	
	2025	2024
Revenue from contracts with customers		
Sales of goods	$3,740,877	$3,697,862
Other operating revenue	14,530	16,569
Total	$3,755,407	$3,714,431

Analysis of revenue from contracts with customers for the years ended 31 December 2025 and 2024 are as follows:

(a) Disaggregation of revenue

For the year ended 31 December 2025

	Magnetic Component & Power product department	Information and communication product department	Optical Communication Product Office	Others department	Total
Sale of goods	$2,262,183	$1,471,812	$6,882	$ -	$3,740,877
Other operating revenue	-	-	-	14,530	14,530
Total	$2,262,183	$1,471,812	$6,882	$14,530	$3,755,407

For the year ended 31 December 2024

	Magnetic Component & Power product department	Information and communication product department	Optical Communication Product Office	Others department	Total
Sale of goods	$2,237,831	$1,448,890	$11,141	$ -	$3,697,862
Other operating revenue	-	-	-	16,569	16,569
Total	$2,237,831	$1,448,890	$11,141	$16,569	$3,714,431

The Company recognizes sales revenue when control of goods has been transferred to the customer at a point in time.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Contract balances

a. Contract assets – current

As of 31 December 2025 and 2024, the company did not have any contract assets.

b. Contract liabilities - current

	2025.12.31	2024.12.31	2024.1.1
Sales of goods	$47,763	$50,016	$59,291

The significant changes in the Company's balances of contract liabilities for the years ended 31 December 2025 and 2024 are as follows:

	For the years ended 31 December	
	2025	2024
The opening balance transferred to revenue	$(29,820)	$(52,292)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	27,567	43,017

(c) Transaction price allocated to unsatisfied performance obligations

As of 31 December 2025, since the duration of all customer contracts for the sale of goods are shorter than one year, it is not required to disclose information related to unrecognized performance obligations.

(d) Assets recognized from costs to fulfil a contract

None.

(16) Expected credit loss

	For the years ended 31 December	
	2025	2024
Operating expenses – expected credit loss		
Accounts receivable	$ -	$50

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of 31 December 2025 and 2024 are as follows:

The historical credit loss experience of notes and accounts receivable indicates no significant difference in loss patterns among different customer groups. Therefore, the provision for expected credit losses is measured without distinguishing groups and based on the expected credit loss rates. Relevant information is as follows:

31 December 2025

	Not yet	Overdue					
	due (note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$829,532	$27,537	$2,772	$1,809	$717	$757	$863,124
Loss ratio	- %	- %	- %	- %	- %	- %	
Lifetime expected credit losses	-	-	-	-	-	-	-
Carrying amount	$829,532	$27,537	$2,772	$1,809	$717	$757	$863,124

31 December 2024

	Not yet	Overdue					
	due (note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$995,976	$22,090	$3,383	$ -	$ -	$ -	$1,021,449
Loss ratio	- %	- %	- %	- %	- %	- %	
Lifetime expected credit losses	-	-	-	-	-	-	-
Carrying amount	$995,976	$22,090	$3,383	$ -	$ -	$ -	$1,021,449

Note: The Company's notes receivable were not overdue.

The movement in the provision for impairment of note receivables and accounts receivable during the years ended 31 December 2025 and 2024 are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Notes receivable	Accounts receivable
As of 1 January 2025	$ -	$ -
Increase (reversal) in loss allowance	-	-
Write-offs due to uncollectible amounts	-	-
As of 31 December 2025	$ -	$ -
As of 1 January 2024	$ -	$1,910
Increase (reversal) in loss allowance	-	(50)
Write-offs due to uncollectible amounts	-	(1,860)
As of 31 December 2024	$ -	$ -

(17) Leases

(a) The Company is a lessee

The Company leased various properties, including real estate such as land, buildings, transportation equipment, and office equipment. The lease terms range from 2 to 3 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

I. Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As of 31 December	
	2025	2024
Buildings	$3,074	$5,533
Office equipment	80	187
Total	$3,154	$5,720

During the years ended 31 December 2025 and 2024, the Company's additions to right-of-use assets amounting to NT$0 thousand and NT$7,378 thousand, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(ii) Lease liabilities

	As of 31 December	
	2025	2024
Lease liabilities		
Current	$2,580	$2,553
Non-current	633	3,213
Total	$3,213	$5,766

Please refer to Note 6(19)(d) for the interest on lease liabilities recognized during the years ended 31 December 2025 and 2024 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

II. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2025	2024
Buildings	$2,459	$2,278
Transportation equipment	-	275
Office equipment	107	106
Total	$2,566	$2,659

III. Income and costs relating to leasing activities

	For the years ended 31 December	
	2025	2024
The expenses relating to short-term leases	$328	$352

IV. Cash outflow related to lessee and lease activity

During the years ended 31 December 2025 and 2024, the Company's total cash outflows for leases amounting to NT$2,978 thousand and NT$3,091 thousand, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(18) Summary statement of employee benefits, depreciation and amortization expenses by function are as follows:

Function / Nature	For the years ended 31 December					
	2025			2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits expense						
Salaries	$194,346	$180,831	$375,177	$192,910	$194,568	$387,478
Labor and health insurance	20,511	17,812	38,323	22,989	20,585	43,574
Pension	7,096	8,470	15,566	13,733	21,454	35,187
Remuneration to directors	-	3,960	3,960	-	2,678	2,678
Other employee benefits expense	7,091	3,587	10,678	8,903	4,509	13,412
Depreciation	49,647	20,334	69,981	47,045	23,857	70,902
Amortization	1,309	9,212	10,521	1,932	15,678	17,610

For the years ended 31 December 2025 and 2024, the average number of employees of the Company was 612 and 729, respectively; the number of directors not concurrently holding employee positions was 9 in both years.

For the years ended 31 December 2025 and 2024, the average employee benefit expenses of the Company were NT$729 thousand and NT$666 thousand, respectively; the average salary expenses per employee were NT$622 thousand and NT$538 thousand, respectively. The Company's average employee salary expense increased by 16% for the year ended 31 December 2025.

The Company had established an audit committee to replace the supervisor in accordance with the regulations, resulting in the non-recognition of the supervisor's remuneration.

The Company's remuneration policies for directors, management and employees are described as follows:

In accordance with the Articles of Incorporation and the remuneration payment policies for directors and functional committee members, the Company has established remuneration policies for employees, the President and Vice Presidents, and directors. Directors' remuneration is determined by the Board of Directors based on the extent of their participation in the Company's operations and the value of their contributions, with reference to prevailing industry practices in Taiwan.

As management’s leadership capability, strategic planning and execution are key drivers of the Company’s operating performance, the remuneration policy for management is designed to closely align individual objectives with the Company’s short-term and long-term business goals and the interests of shareholders. The policy aims to provide management with fixed salaries at a competitive market level, while variable compensation is determined based on the Company’s operating results and individual performance. In addition, the Company emphasizes long-term incentive-based compensation and incorporates considerations of future risks, with the objective of encouraging management to focus on the Company’s long-term development and to create value for the Company, employees and shareholders. Employee compensation and remuneration for management derived from profit distribution are handled in accordance with the Company’s Articles of Incorporation.

The Company formulates labor conditions and employee compensation and welfare measures in compliance with applicable labor laws and regulations. Compensation levels are determined with reference to employees’ job responsibilities, core competencies, educational background and professional experience, performance evaluations, market conditions and the Company’s future development, while balancing the retention of high-performing employees and the protection of shareholders’ interests, and are maintained at market-oriented levels.

Employees’ monthly remuneration consists of fixed monthly salaries, performance-based bonuses, year-end bonuses determined based on the Company’s operating results and individual performance, and employee compensation distributed in accordance with the Articles of Incorporation. The Company conducts regular performance evaluations for all employees each year to assess individual performance and to serve as a basis for promotion, compensation and bonus distribution, as well as talent development.

Pursuant to the Company’s Articles of Incorporation, if there are profits for the year, the Company shall appropriate no less than 4% of such profits as employee compensation, of which no less than 20% shall be allocated to grassroots employees, and no more than 3% as directors’ compensation. However, the company's accumulated losses shall have been covered. Employee compensation may be distributed in the form of stocks or cash, and the recipients may include employees of subsidiary companies who meet certain conditions. The conditions and distribution methods should be determined by the Board of Directors. The distribution of employee compensation and director remuneration shall be approved by a resolution of the Board of Directors with the attendance of two-thirds or more of the directors and the consent of a majority of the attending directors and shall be reported to the shareholders' meeting. Information on the Board of Directors’ resolution regarding the employees’ compensation and remuneration to directors can be obtained from the “Market Observation Post System” on the website of the TWSE.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended 31 December 2025, based on the Company's profitability, employee compensation and directors' compensation were accrued at 6% and 2%, respectively. Accordingly, employee compensation and directors' compensation amounted to NT$4,319 thousand and NT$1,440 thousand, respectively, and were recognized under salary expenses. As the Company incurred a loss for the year ended 31 December 2024, no employee compensation or directors' compensation was accrued.

On 5 March 2026, the Company's Board of Directors resolved to distribute the employee compensation and directors' compensation for the year ended 31 December 2025 in cash in the amounts of NT$4,319 thousand and NT$1,440 thousand, respectively. There was no material difference between the amounts approved for distribution and those recognized as expenses in the financial statements for the year ended 31 December 2025.

(19) Non-operating income and expenses

(a) Interest income

	For the years ended 31 December	
	2025	2024
Financial assets at FVTPL	$2,267	$266
Financial assets at AC	14,881	7,005
Total	$17,148	$7,271

(b) Other income

	For the years ended 31 December	
	2025	2024
Rental income	$660	$660
Dividend income	7,525	5,209
Others	17,053	14,062
Total	$25,238	$19,931

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Other gains and losses

	For the years ended 31 December	
	2025	2024
Gain (loss) on financial asset at FVTPL	$13,399	$(1,797)
Foreign exchange gain (loss), net	(46,674)	78,784
Loss on disposal of property, plant and equipment	(288)	-
Other expenses	(141)	(2,940)
Total	$(33,704)	$74,047

(d) Finance costs

	For the years ended 31 December	
	2025	2024
Interest on loans from bank	$31,469	$35,812
Interest on lease liabilities	97	112
Total	$31,566	$35,924

(20) Components of other comprehensive income

For the year ended 31 December 2025

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Amounts net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	$9,844	$ -	$9,844	$(1,969)	$7,875
Unrealized gains or losses on equity instruments at FVOCI	(40,152)	-	(40,152)	-	(40,152)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(2,152)	-	(2,152)	-	(2,152)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	(9,103)	-	(9,103)	1,821	(7,282)
Total	$(41,563)	$ -	$(41,563)	$(148)	$(41,711)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended 31 December 2024

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Amounts net of tax
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	$21,051	$ -	$21,051	$(4,210)	$16,841
Unrealized gains or losses on equity instruments at FVOCI	(22,321)	-	(22,321)	-	(22,321)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(78)	-	(78)	-	(78)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	21,944	-	21,944	(4,389)	17,555
Total	$20,596	$ -	$20,596	$(8,599)	$11,997

(21) Income tax

The main components of income tax expense (benefit) for the years ended 31 December 2025 and 2024 were as follows:

Income tax expense (benefit) recognized in profit or loss

	For the years ended 31 December	
	2025	2024
Current income tax expense (benefit):		
Current income tax charge	$10,608	$476
Adjustments in respect of current income tax of prior periods	-	(33,082)
Deferred tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	2,692	3,095
Deferred tax expense (benefit) relating to origination and reversal of tax loss and tax credit	437	(437)
Total income tax expense (benefit)	$13,737	$(29,948)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2025	2024
Deferred tax expense (benefit):		
Remeasurements of defined benefit plans	$1,969	$4,210
Unrealized gains or losses on equity instruments at FVOCI	-	-
Exchange differences on translating foreign operations	(1,821)	4,389
Income tax relating to components of other comprehensive income	$148	$8,599

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2025	2024
Accounting profit (loss) before tax from continuing operations	$66,219	$(85,436)
Tax at the domestic rates applicable to profits in the country concerned	$13,244	$(17,087)
Tax effect of revenues exempt from taxation	4,383	23,405
Tax effect of expenses not deductible for tax purposes	-	362
Tax effect of deferred tax assets/liabilities	(3,536)	724
Corporate income surtax on undistributed retained earnings	-	-
Adjustments in respect of current income tax of prior periods	-	(33,082)
Others	(354)	(4,270)
Total income tax expense (benefit) recognized in profit or loss	$13,737	$(29,948)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2025

	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	Balance as of 31 December
Temporary differences					
Unrealized foreign exchange gains or losses	$826	$(4,604)	$ -	$ -	$(3,778)
Allowance for inventory valuation losses	8,467	1,410	-	-	9,877
Unrealized impairment losses of prepayments to suppliers	1,826	-	-	-	1,826
Impairment on financial assets measured at amortized cost	10,249	-	-	-	10,249
Pension expense payable	8,895	(354)	-	-	8,541
Exchange differences on translating foreign operations	4,963	-	1,821	-	6,784
Revaluations of financial assets at FVTPL	380	(2,680)	-	-	(2,300)
Unused tax losses	437	(437)	-	-	-
Net defined benefit liability – non-current	(1,748)	-	(1,969)	-	(3,717)
Loss on liquidation of investments accounted for using the equity method	-	3,536	-	-	3,536
Deferred tax expense		$(3,129)	$(148)	$ -	
Deferred tax assets (liabilities), net	$34,295				$31,018
Reflected in balance sheet as follows:					
Deferred tax assets	$34,295				$40,813
Deferred tax liabilities	$ -				$9,795

For the year ended 31 December 2024

	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	Balance as of 31 December
Temporary differences					
Unrealized foreign exchange gains or losses	$5,016	$(4,190)	$ -	$ -	$826
Allowance for inventory valuation losses	7,444	1,023	-	-	8,467
Unrealized impairment losses of prepayments to suppliers	1,826	-	-	-	1,826
Impairment on financial assets measured at amortized cost	10,249	-	-	-	10,249
Pension expense payable	9,196	(301)	-	-	8,895
Exchange differences on translating foreign operations	9,352	-	(4,389)	-	4,963
Revaluations of financial assets at FVTPL	7	373	-	-	380
Unused tax losses	-	437	-	-	437
Net defined benefit liability – non-current	2,462	-	(4,210)	-	(1,748)
Deferred tax expense		$(2,658)	$(8,599)	$ -	
Deferred tax assets (liabilities), net	$45,552				$34,295
Reflected in balance sheet as follows:					
Deferred tax assets	$45,552				$34,295
Deferred tax liabilities	$ -				$ -

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Unrecognized deferred tax assets

As of 31 December 2025 and 2024, the total amounts of unrecognized deferred tax assets of the Company were NT$239,497 thousand and NT$230,468 thousand, respectively.

The assessment of income tax returns

As of 31 December 2025, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2023

(22) Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company for the period, after adjusting for interest on convertible bonds, by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued upon the conversion of all dilutive potential ordinary shares.

	For the years ended 31 December	
	2025	2024
(a) Basic earnings (loss) per share		
Profit (loss) (in thousand NT$)	$52,482	$(55,488)
Weighted average number of ordinary shares outstanding for basic earnings per share (thousand shares)	127,235	126,821
Basic earnings (loss) per share (NT$)	$0.41	$(0.44)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2025	2024
(b) Diluted earnings (loss) per share		
Profit (loss) (in thousand NT$)	$52,482	$(55,488)
Profit (loss) attributable to ordinary shareholders of the Company after dilution (in thousand NT$)	$52,482	$(55,488)
Weighted average number of ordinary shares outstanding for basic earnings per share (thousand shares)	127,235	126,821
Effect of dilution:		
Employee compensation - stock (thousand shares)	95	-
Weighted average number of ordinary shares outstanding after dilution (thousand shares)	127,330	126,821
Diluted earnings (loss) per share (NT$)	$0.41	$(0.44)

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the completion of the financial statements.

7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship
Tien Lung Investment Co., Ltd.	Subsidiary
Advanced Radar Technology Co., Ltd.	Subsidiary
PT UMEC Green Tech Indonesia	Subsidiary
UMEC Investment Co., Ltd	Subsidiary
UMEC JAPAN CO., LTD.	Subsidiary
UMEC USA, INC.	Subsidiary
UMEC VIETNAM Co., Ltd.	Subsidiary
UMEC Company Ltd.	Subsidiary
Global Development Co. Ltd	Subsidiary
JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	Subsidiary
UMEC Renlong Electronics Co., Ltd. (Meizhou)	Subsidiary

Name of the related parties	Nature of relationship
UMEC Fulong Electronics Co., Ltd. (Longyan)	Subsidiary
PORIS ELECTRONICS CO., LTD.	Associate
Lightel Corporation	Associate
Connection Technology Systems Inc.	Substantive related party
Lightel Technologics Inc.	Substantive related party

(1) Sales

	For the years ended 31 December	
	2025	2024
Subsidiaries		
JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	$497,033	$565,606
UMEC USA, INC.	5,790	3,802
Other related parties	1,253	1,576
Total	$504,076	$570,984

The selling prices charged by the Company to related parties were not significantly different from those charged to general customers. Accounts receivable are generally settled by foreign currency checks or via telegraphic transfer within three months commencing from the month following shipment; however, the collection terms may be adjusted from time to time depending on the financial condition of the related parties.

(2) Purchases

	For the years ended 31 December	
	2025	2024
JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	$1,405,206	$1,459,597

The purchase prices charged by related parties are determined through arm’s-length negotiations with reference to prevailing market conditions. The payment terms for purchases from related parties are comparable to those applied to general suppliers, with payment periods ranging from one to three months.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Accounts receivable

	As of 31 December	
	2025	2024
Subsidiaries		
JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	$295,210	$417,132
UMEC USA, INC.	1,816	769
Other related parties	458	442
Total	$297,484	$418,343

(4) Other receivables

	As of 31 December	
	2025	2024
JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	$976	$923
UMEC VIETNAM Co., Ltd.	1,132	1,220
Tien Lung Investment Co., Ltd.	-	2,589
Total	$2,108	$4,732

Other receivables represent amounts due from related parties for goods collected on their behalf, expenses advanced on their behalf, equipment and raw materials purchased on their behalf, and funds lent to them.

(5) Prepayments

	As of 31 December	
	2025	2024
UMEC VIETNAM Co., Ltd.	$125,100	$139,477

(6) Temporary payments

	As of 31 December	
	2025	2024
UMEC JAPAN CO., LTD.	$460	$611

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Unearned receipts

	As of 31 December	
	2025	2024
Others	$1,008	$580

(8) Other payables

	As of 31 December	
	2025	2024
Advanced Radar Technology Co., Ltd.	$2,541	$994
UMEC JAPAN CO., LTD.	707	699
UMEC Company Ltd.	-	5,929
JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	-	1,233
Total	$3,248	$8,855

Other payables represent payments due to related parties for the purchase of equipment, payment of processing fees, and outstanding loans.

(9) Processing fees

	For the years ended 31 December	
	2025	2024
UMEC VIETNAM Co., Ltd.	$167,923	$141,002

(10) Management service income

	For the years ended 31 December	
	2025	2024
JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	$693	$862
UMEC VIETNAM Co., Ltd.	595	547
Total	$1,288	$1,409

For the years ended 31 December 2025 and 2024, the Company recorded management service income provided to subsidiaries in deduction of expenses of NT$23,374 thousand and NT$25,627 thousand and recorded in other income of NT$1,288 thousand and NT$1,409 thousand, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11) Management expenses

	For the years ended 31 December	
	2025	2024
UMEC Company Ltd.	$5,165	$20,610

(12) Rental income

	For the years ended 31 December	
	2025	2024
Advanced Radar Technology Co., Ltd.	$660	$660

The determination and collection of rental fees for the lease agreement were based on general market conditions.

(13) Royalty expenses

	For the years ended 31 December	
	2025	2024
Advanced Radar Technology Co., Ltd.	$9,834	$2,504

(14) Commissioned research expenses

	For the years ended 31 December	
	2025	2024
Advanced Radar Technology Co., Ltd.	$8,571	$8,571

(15) Interest income

	For the years ended 31 December	
	2025	2024
JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	$ -	$1,156

(16) Other expenses

	For the years ended 31 December	
	2025	2024
UMEC JAPAN CO., LTD.	$6,365	$5,247

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17) Other income

	For the years ended 31 December	
	2025	2024
UMEC Company Ltd.	$3,044	$ -

(18) Key management personnel compensation

	For the years ended 31 December	
	2025	2024
Short-term employee benefits	$18,864	$19,159
Post-employment benefits	566	709
Total	$19,430	$19,868

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

	Carrying amount		
Items	31 Dec. 2025	31 Dec. 2024	Secured liabilities
Property, plant and equipment - land	$148,931	$148,931	Long-term borrowings
Property, plant and equipment - buildings	91,336	99,499	Long-term borrowings
Property, plant and equipment - machinery and equipment	31,198	40,700	Long-term borrowings
Investment property	60,000	60,000	Long-term borrowings
Other current assets - restricted deposit	4,000	4,000	Customs bond
Total	$335,465	$353,130	

9. Significant contingencies and unrecognized contract commitments

As of 31 December 2025, the Company had issued promissory notes as collateral for bank borrowing facilities, with an outstanding balance of NT$2,802,053 thousand.

10. Significant disaster loss

None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As of 31 December	
	2025	2024
Financial assets at FVTPL:		
Mandatorily measured at FVTPL	$97,999	$70,310
Financial assets at FVOCI	147,345	187,497
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand and cash equivalents)	710,508	515,274
Financial assets at AC	94,290	62,785
Notes receivable	1,239	3,018
Accounts receivable	861,885	1,018,431
Other receivables	13,348	10,644
Other current assets - restricted deposit	4,000	4,000
Guarantee deposits paid	436	1,619
Subtotal	1,685,706	1,615,771
Total	$1,931,050	$1,873,578

Financial liabilities

	As of 31 December	
	2025	2024
Financial liabilities measured at amortized cost:		
Short-term borrowings	$ -	$70,000
Notes and accounts payable	398,451	262,658
Other payables	111,774	123,666
Long-term borrowings (including current portion)	1,277,380	1,602,368
Lease liabilities	3,213	5,766
Total	$1,790,818	$2,064,458

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

<u>Foreign currency risk</u>

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2025 and 2024 is decreased/increased by NT$9,596 thousand and NT$11,013 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2025 and 2024 to decrease/increase by NT$1,277 thousand and NT$1,672 thousand, respectively.

Equity price risk

The fair value of the Company's listed, emerging and unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed, emerging and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed and emerging companies' stocks classified as equity instruments investments measured at fair value through profit or loss could increase/decrease the Company's profit for the years ended 31 December 2025 and 2024 by NT$481 thousand and NT$333 thousand, respectively.

At the reporting date, a change of 1% in the price of the listed and emerging companies' stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT$944 thousand and NT$1,328 thousand on the equity attributable to the Company for the years ended 31 December 2025 and 2024, respectively.

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2025 and 2024, amounts receivables from top ten customers represented 73% and 76% of the total accounts receivable of the Company. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 31 December 2025					
Loans	$238,020	$701,341	$204,681	$213,996	$1,358,038
Notes and accounts payable	398,451	-	-	-	398,451
Other payables	111,774	-	-	-	111,774
Lease liabilities	2,623	635	-	-	3,258
As of 31 December 2024					
Loans	$444,507	$735,480	$300,743	$293,476	$1,774,206
Notes and accounts payable	262,658	-	-	-	262,658
Other payables	123,666	-	-	-	123,666
Lease liabilities	2,650	3,258	-	-	5,908

Derivative financial liabilities

None.

(6) Reconciliation of liabilities from financing activities

Reconciliation of liabilities for the year ended 31 December 2025:

	Short-term borrowings	Short-term notes payable	Long-term borrowings (including current portion)	Lease liabilities	Other non-current liabilities	Total liabilities from financing activities
As of 1 January 2025	$70,000	$ -	$1,602,368	$5,766	$508	$1,678,642
Cash flows	(70,000)	-	(324,988)	(2,553)	(316)	(397,857)
Non-cash changes	-	-	-	-	-	-
As of 31 December 2025	$ -	$ -	$1,277,380	$3,213	$192	$1,280,785

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liabilities for the year ended 31 December 2024:

	Short-term borrowings	Short-term notes payable	Long-term borrowings (including current portion)	Lease liabilities	Other non-current liabilities	Total liabilities from financing activities
As of 1 January 2024	$228,000	$79,944	$1,425,742	$1,015	$1,015	$1,735,716
Cash flows	(158,000)	(79,944)	176,626	(2,627)	(507)	(64,452)
Non-cash changes	-	-	-	7,378	-	7,378
As of 31 December 2024	$70,000	$ -	$1,602,368	$5,766	$508	$1,678,642

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

(i) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(ii) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

(iii) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(iv) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(v) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

(a) Definition of fair value hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 – Unobservable inputs for the asset or liability

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of 31 December 2025

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at FVTPL				
Stocks	$48,135	$ -	$ -	$48,135
Bonds	49,864	-	-	49,864
Financial assets at FVOCI				
Equity instruments	94,355	-	52,990	147,345

As of 31 December 2024

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at FVTPL				
Stocks	$33,325	$ -	$ -	$33,325
Bonds	36,985	-	-	36,985
Financial assets at FVOCI				
Equity instruments	132,768	-	54,729	187,497

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of Level 3 recurring fair value measurements

The reconciliation of the balances of assets and liabilities measured at fair value on a recurring basis and classified within Level 3 of the fair value hierarchy of the Company is presented as follows:

	Assets	
	At FVOCI	
	Stocks	
	Year ended 2025	Year ended 2024
Beginning balance	$54,729	$52,249
Total gains (losses) recognized:		
Amount recognized in OCI (presented in "unrealized gains or losses on equity instruments at FVOCI")	(1,739)	(7,520)
Acquisition	-	10,000
Ending balance	$52,990	$54,729

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of 31 December 2025

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at FVOCI					
Stocks	Market approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's equity by NT$530 thousand

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of 31 December 2024

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at FVOCI					
Stocks	Market approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's equity by NT$547 thousand

(c) Disclosure of Fair Value Hierarchy Information for Non-Fair Value Measurements

As of 31 December 2025

	Level 1	Level 2	Level 3	Total
Assets for which fair value is disclosed:				
Investment property (see Note 6(9))	$ -	$ -	$201,753	$201,753
Investments accounted for using the equity method (see Note 6(7))	1,832,071	-	-	1,832,071

As of 31 December 2024

	Level 1	Level 2	Level 3	Total
Assets for which fair value is disclosed:				
Investment property (see Note 6(9))	$ -	$ -	$231,797	$231,797

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of 31 December 2025			As of 31 December 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$40,677	31.430	$1,278,478	$40,081	32.785	$1,314,056
Financial liabilities						
Monetary items:						
USD	10,146	31.430	318,889	6,488	32.785	212,709

As the Company has various functional currencies, it is impracticable to disclose foreign exchange gains or losses arising from monetary financial assets and financial liabilities by each foreign currency with a significant impact. The foreign exchange gains (losses) of the Company for the years ended 2025 and 2024 amounted to NT$(46,674) thousand and NT$78,784 thousand, respectively.

(10) Capital management

The primary objective of the Company’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

13. <u>Other disclosure</u>

(1) Information at significant transactions and information on investees:

(a) Financing provided to others: Please refer to Attachment 1.

(b) Endorsement/Guarantee provided to others: Please refer to Attachment 2.

(c) Securities held as of 31 December 2025 (excluding the portion related to investments in subsidiaries, associates and joint ventures): Please refer to Attachment 3.

(d) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock: Please refer to Attachment 4.

(e) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock: Please refer to Attachment 5.

(f) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 6.

(2) Information on investees:

Names, locations, main businesses and products, original investment amount, investment as of 31 December 2025, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2025 (exclude the information on investments in mainland China): Please refer to Attachment 7.

(3) Information on investments in mainland China

(a) The Company's investments in mainland China through Global Development Company Ltd. included names, main businesses and products, total amount of paid-in capital, method of investment, Investment flow situation, percentage of ownership, investment income (loss) recognized, carrying value as of 31 December 2025, accumulated inward remittance of earnings as of 31 December 2025 and upper limit on investment in mainland China: Please refer to Attachment 8.

(b) Significant transactions through third regions with the investees in Mainland China: Please refer to Attachment 1,2,4,5 and 6.

Attachment 1: Financing provided to others

No.	Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
0	The Company	JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	Other receivables	Y	$377,160	$377,160	$ -	0.00%	1	$1,405,206	-	-	-	-	$805,606 (Note 1)	$805,606 (Note 1)
1	UMEC (B.V.I.)	JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	Other receivables	Y	94,290	94,290	-	0.00%	2	-	Need for operating	-	-	-	117,385 (Note 2)	117,385 (Note 2)
2	Global	JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	Other receivables	Y	62,860	62,860	-	0.00%	2	-	Need for operating	-	-	-	98,389 (Note 3)	98,389 (Note 3)

Note 1: JA-LONG TECHNOLOGY CO., LTD.(Shenzhen) had business transactions with the Company. The maximum loan amount extended to the Company was limited to 40% of the audited net worth of NT$2,014,015 thousand as of 31 December 2025.
Individual loan amounts were limited to the extent of the business transactions between the two parties.
The business transaction amount referred to was the higher of the purchase or sales amount between the two parties. This year, the business transaction amount was less than 40% of the Company's net worth as of 31 December 2025.
Therefore, the individual loan amounts were limited to 40% of the audited net worth of NT$2,014,015 thousand as of 31 December 2025.

Note 2: The loan amount was calculated based on 60% of the audited net worth of UMEC (B.V.I.) as of 31 December 2025, which amounted to NT$195,642 thousand.

Note 3: The loan amount was calculated based on 60% of the audited net worth of Global as of 31 December 2025, which amounted to NT$163,982 thousand.

Note 4: To fill in the nature of the loan, please follow the instructions below:
(1) If there is a business transaction, please fill in "1".
(2) If there is a need for short-term financing, please fill in "2".

Attachment 2: Endorsement/Guarantee provided to others

No. (Note 1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period	Ending balance	Actual amount provided	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries (Note 5)	Subsidiaries' guarantee/ endorsement amount to parent company (Note 5)	Guarantee/ endorsement amount to company in Mainland China (Note 5)
		Company name	Relationship (Note 2)										
0	The Company	JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	2	$402,803	$224,800	$224,800	$ -	$ -	11.16%	$805,606	Y	N	Y
1	UMEC (B.V.I.)	The Company	2	48,911	47,145	47,145	-	-	24.10%	58,693	N	Y	N
2	Global	The Company	2	49,195	47,145	47,145	-	-	28.75%	57,394	N	Y	N

Note 1: The Company and its subsidiaries are coded as follows:
(1) The Company is coded "0".
(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:
(1) A company with which it does business.
(2) A company in which the public company directly and indirectly holds more than 50% of the voting shares.
(3) A company that directly and indirectly holds more than 50% of the voting shares in the public company.
(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: 1. Limit of guarantee/endorsement amount for a single enterprise by the Company is limited to 20% of the Company's net worth of the financial report audited by the certified public accountants as of 31 December 2025, which amounts to NT$2,014,015 thousand.
2. Limit of guarantee/endorsement amount for a single enterprise by UMEC (B.V.I.) is limited to 25% of UMEC (B.V.I.)'s net worth of the financial report audited by the certified public accountants as of 31 December 2025, which amounts to NT$195,642 thousand.
3. Limit of guarantee/endorsement amount for a single enterprise by Global is limited to 30% of Global's net worth of the financial report audited by the certified public accountants as of 31 December 2025, which amounts to NT$163,982 thousand.

Note 4: 1. The total limit of guarantee/endorsement amount by the Company is limited to 40% of the Company's net worth of the financial report audited by the certified public accountants as of 31 December 2025, which amounts to NT$2,014,015 thousand.
2. The total limit of guarantee/endorsement amount by UMEC (B.V.I.) is limited to 30% of UMEC (B.V.I.)'s net worth of the financial report audited by the certified public accountants as of 31 December 2025, which amounts to NT$195,642 thousand.
3. The total limit of guarantee/endorsement amount by Global is limited to 35% of Global's net worth of the financial report audited by the certified public accountants as of 31 December 2025, which amounts to NT$163,982 thousand.

Note 5: "Y" for the listed (OTC) parent company guarantees/endorses for subsidiary, subsidiary guarantees/endorses for the listed (OTC) parent company or guarantee/endorse for companies in Mainland China.

Attachment 3: Securities held (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type of securities	Name of securities	Relationship (Note 1)	Financial statement account	As of 31 December 2025				Note
					Shares	Carrying amount	Percentage of ownership (%)	Fair value	
Tien Lung Investment Co., Ltd.	Stocks	LELON ELECTRONICS CORP.	-	Financial assets at FVTPL - current	484,153 shares	$51,804	0.29%	$51,804	-
				Subtotal		$51,804		$51,804	
The Company	Stocks	Taiwan Semiconductor Manufacturing Company Ltd.	-	Financial assets at FVTPL - current	31,000 shares	$48,050	0.00%	$48,050	-
The Company	Stocks	Taiwan Business Bank Co., Ltd.	-	Financial assets at FVTPL - current	5,300 shares	85	0.00%	85	-
The Company	Bonds	E.SUN FHC (ISIN: XS2327851874)	-	Financial assets at FVTPL - current		22,674	0.00%	22,674	-
The Company	Bonds	Berkshire Hathaway (ISIN: XS210101)	-	Financial assets at FVTPL - current		19,667	0.00%	19,667	-
The Company	Bonds	U.S. Treasury (ISIN: XS240102)	-	Financial assets at FVTPL - current		7,523	0.00%	7,523	-
				Subtotal		$97,999		$97,999	
Tien Lung Investment Co., Ltd.	Stocks	GOODWAY MACHINE CORP.	-	Financial assets at FVOCI - non-current	34,327 shares	$1,516	0.03%	$1,516	-
Tien Lung Investment Co., Ltd.	Stocks	INTEGRATED DIGITAL TECHNOLOGIES, INC.	-	Financial assets at FVOCI - non-current	279,129 shares	-	0.97%	-	-
Tien Lung Investment Co., Ltd.	Stocks	Asia Pacific Microsystems, Inc.	-	Financial assets at FVOCI - non-current	62,044 shares	489	0.13%	489	-
Tien Lung Investment Co., Ltd.	Stocks	EVERMORE TECHNOLOGY, INC.	-	Financial assets at FVOCI - non-current	195,192 shares	-	2.22%	-	-
				Subtotal		$2,005		$2,005	
The Company	Stocks	GOODWAY MACHINE CORP.	-	Financial assets at FVOCI - non-current	50,567 shares	$2,232	0.05%	$2,232	-
The Company	Stocks	Partner Tech Corp.	-	Financial assets at FVOCI - non-current	574,151 shares	13,372	0.76%	13,372	-
The Company	Stocks	Connection Technology Systems Inc.	-	Financial assets at FVOCI - non-current	4,481,726 shares	58,263	10.99%	58,263	-
The Company	Stocks	Asia Pacific Microsystems, Inc.	-	Financial assets at FVOCI - non-current	1,208,872 shares	9,659	2.57%	9,659	-
The Company	Stocks	EVERMORE TECHNOLOGY, INC.	-	Financial assets at FVOCI - non-current	457,921 shares	-	5.20%	-	-
The Company	Stocks	SysJust Co., Ltd.	-	Financial assets at FVOCI - non-current	221,015 shares	20,488	0.73%	20,488	-
The Company	Stocks	AESOPOWER, INC.	-	Financial assets at FVOCI - non-current	2,505,643 shares	2,838	9.28%	2,838	-
The Company	Stocks	Hannlync Technologies Inc.	-	Financial assets at FVOCI - non-current	700,000 shares	-	0.39%	-	-
The Company	Stocks	Silver PAC Inc.	-	Financial assets at FVOCI - non-current	1,809,609 shares	-	-	-	-
The Company	Stocks	Terasilic Co., Ltd.	-	Financial assets at FVOCI - non-current	304,297 shares	548	1.38%	548	-
The Company	Stocks	Phoenix 3 Venture Capital Co., Ltd.	-	Financial assets at FVOCI - non-current	2,000,000 shares	21,521	8.70%	21,521	-
The Company	Stocks	LIEN SHEN ELECTRONICS CORP.	-	Financial assets at FVOCI - non-current	500,000 shares	5,714	14.29%	5,714	-
The Company	Stocks	GaN Power Technology Co., Ltd.	-	Financial assets at FVOCI - non-current	3,000,000 shares	10,218	6.20%	10,218	-
The Company	Stocks	AMIT System Service Ltd.	-	Financial assets at FVOCI - non-current	301,036 shares	-	11.00%	-	-
The Company	Stocks	UEC System Solutions Corporation	-	Financial assets at FVOCI - non-current	1,640,000 shares	1,771	11.08%	1,771	-
The Company	Stocks	Millilab Co., Ltd.	-	Financial assets at FVOCI - non-current	1,000,000 shares	720	13.87%	720	-
				Subtotal		$147,344		$147,344	

Note 1: Not required if the issuer of securities is not a related party.

Attachment 4: Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock

Related-party	Counter-party	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Credit period	Unit price	Credit period	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	Subsidiary	Purchases	$1,405,206	54.21%	Collected over a specific period	$ -	-	$ -	-%	
The Company	JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	Subsidiary	Sales	497,033	13.24%	Collected over a specific period	-	-	295,210	34.20%	
JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	The Company	Subsidiary	Sales	1,405,206	95.14%	Collected over a specific period	-	-	-	-%	
JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	The Company	Subsidiary	Purchases	497,033	48.43%	Collected over a specific period	-	-	(295,210)	(60.77)%	

Attachment 5: Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of the capital stock

Related-party	Counter-party	Relationship	Amount	Average collection turnover	Overdue account receivable-related parties		Collection in subsequent period	Allowance for doubtful debts
					Amount	Processing method		
The Company	JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	Subsidiary	Accounts receivable $295,210	1.40	$ -	-	$ -	$ -

Attachment 6: The business relationship, significant transactions and amounts between parent company and subsidiaries

No. (Note 1)	Related-party	Counterparty	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Terms	Percentage of revenues or total assets (Note 3)
0	The Company	UMEC VIETNAM Co., Ltd.	1	Processing fees	$167,923	(Note 4)	4.47%
0	The Company	UMEC VIETNAM Co., Ltd.	1	Other prepayments	125,100	(Note 4)	3.20%
0	The Company	JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	1	Sales	497,033	(Note 4)	13.24%
0	The Company	JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	1	Accounts receivable	295,210	(Note 4)	7.56%
0	The Company	JA-LONG TECHNOLOGY CO., LTD.(Shenzhen)	1	Purchases	1,405,206	(Note 4)	37.42%

Note 1: The Company is coded "0".The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1. The holding company to subsidiary.
2. Subsidiary to holding company.
3. Subsidiary to subsidiary.

Note 3: The percentage with respect to the Company asset/liability for transactions of balance sheet items are based on each item's balance at period-end.
For profit or loss items, interim cumulative balances are used as basis.

Note 4: The transaction terms include collecting payments over a specified period.

Attachment 7: Names, locations, main businesses and products, original investment amount, net income (loss) of investee company and investment income (loss) recognized (excluding investment in Mainland China):

Investor	Investee company	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2025			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousand shares)	Percentage of Ownership (%)	Book value			
The Company	UMEC (B.V.I.)	Vistra Corporate Services Centre, Wickhams Cay II, Road Town Tortola ,VG1110 ,BRITISH VIRGIN ISLANDS	Professional investment and holding company	$753,401	$753,401	22,961,020	100.00%	$189,186	$(56,523)	$(55,141)	(Note 1)
The Company	Tien Lung Investment Co., Ltd.	1F., No. 37, Sec. 2, Meicun Rd., South Dist., Taichung City, Taiwan (R.O.C.)	Investment company	88,000	88,000	8,800,000	100.00%	73,074	17,449	17,449	
The Company	ARadTek	8F-1, No.487, Dayou Rd., Taoyuan Dist., Taoyuan City, Taiwan (R.O.C.)	Manufacturing and trading of electronic components	42,643	42,559	4,264,244	84.95%	7,264	(2,141)	(1,814)	
The Company	PT UMEC Green Tech Indonesia	Ketapang Business Centre,Jl. Kh. Zainul Arifin No 20 Blok A16 Jakarta Barat, Indonesia 11140	Trading of electronic components	3,602 USD 114,600	3,602 USD 114,600	-	60.00%	-	-	-	
The Company	UMEC (JAPAN)	No. 5-3, Osaki 3-chome, Shinagawa-ku, Tokyo	Promotion and sales of switching power supplies, transformers, and PCB assemblies	1,368	1,368	-	100.00%	1,062	(39)	(39)	
The Company	UMEC (USA)	1921 Ellen St #7 Sturgis,SD 57785,USA	Research, development, and sales of electromagnetic components	43,013	43,013	499,999	99.99%	34,038	(3,827)	(3,827)	
The Company	UMEC VIETNAM Co., Ltd.	B(B1)lot, Quang Chau Industrial Park, Bac Giang Province, Vietnam	Manufacturing and trading of switching power supplies, transformers, and PCB assemblies	329,574	329,574	-	100.00%	88,466	(14,979)	(14,979)	
The Company	Lightel Corporation	Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Professional investment and holding company	57,306	57,306	5,082,027	20.51%	149,011	137,659	28,841	
UMEC (B.V.I.)	UMEC (H.K.)	Unit B, 6/F, Levy Building, 61-63 Jingye Street, Kwun Tong, Kowloon, Hong Kong	Handling export shipping and logistics operations related to Mainland China	7,196 HKD 1,782,000	7,196 HKD 1,782,000	1,782,000	100.00%	8,018	(5,834)	(5,834)	
UMEC (B.V.I.)	Global	P.O.Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.	Professional investment and holding company	729,646 USD 23,214,961	729,646 USD 23,214,961	23,214,961	100.00%	163,982	(49,722)	(49,722)	
Tien Lung Investment Co., Ltd.	ARadTek	8F-2, No.487, Dayou Rd., Taoyuan Dist., Taoyuan City, Taiwan (R.O.C.)	Manufacturing and trading of electronic components	5,366	5,420	536,547	10.69%	914	(2,141)	(232)	
Tien Lung Investment Co., Ltd.	PORIS ELECTRONICS CO., LTD.	11 F., No. 866-7, Zhongzheng Rd., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)	Electronic information supply services industry	10,400	10,400	1,201,637	33.55%	9,948	11,026	3,699	

Note 1: The investment income recognized in the current period includes the investment gains or losses generated by the investee company due to favorable or unfavorable market conditions.

Attachment 8: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2025	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of 31 December 2025	Accumulated Inward Remittance of Earnings as of 31 December 2025
					Outflow	Inflow						
JA-LONG TECHNOLOGY CO., LTD. (Shenzhen)	Manufacturing and trading of switching power supplies, transformers, and PCB assemblies	$554,740 USD 17,650,000	Establishing a company through investment in a third jurisdiction and subsequently reinvesting in a company in mainland China.	$550,025 USD 17,500,000	$ -	$ -	$550,025 USD 17,500,000	$(80,444)	100.00%	$(80,444)	$136,629	$ -
UMEC Anhui Company Limited	Manufacturing and trading of switching power supplies, transformers, and PCB assemblies	188,580 USD 6,000,000	Establishing a company through investment in a third jurisdiction and subsequently reinvesting in a company in mainland China.	188,580 USD 6,000,000	-	-	188,580 USD 6,000,000	-	-%	-	(Note 4)	-
UMEC Renlong Electronics Co., Ltd. (Meizhou)	Manufacturing and trading of switching power supplies and transformers	18,858 USD 600,000	Establishing a company through investment in a third jurisdiction and subsequently reinvesting in a company in mainland China.	18,858 USD 600,000	-	-	18,858 USD 600,000	57,883	100.00%	57,883	(Note 5)	-
UMEC Fulong Electronics Co., Ltd. (Longyan)	Manufacturing and trading of switching power supplies and transformers	94,290 USD 3,000,000	Establishing a company through investment in a third jurisdiction and subsequently reinvesting in a company in mainland China.	94,290 USD 3,000,000	-	-	94,290 USD 3,000,000	(23,129)	100.00%	(23,129)	9,310	-

Accumulated Investment in Mainland China as of 31 December 2025	Investment Amounts Authorized by Investment Commission, MOEA (Note1)	Upper Limit on Investment (Note2)
$851,753	$949,217	$1,208,409

Note 1: The Investment Commission of the Ministry of Economic Affairs has approved an investment amount of USD 30,201 thousand.

Note 2: According to Ministry of Economic Affairs, R.O.C., the Company's investment in Mainland China is limited to 60% of its net worth.

Note 3: The aforementioned amount in foreign currency will be converted into New Taiwan Dollars using the exchange rate on the balance sheet date.

Note 4: The company obtained approval for deregistration from the Administration for Industry and Commerce of Ma'anshan City on 16 November 2018.
The liquidation process was completed on 17 January 2019, and the company received the notification letter of filing for deregistration from the Investment Commission of the Ministry of Economic Affairs on 9 June 2022.

Note 5: The Company obtained approval for deregistration from the Meizhou Municipal Administration for Market Regulation on 21 April 2025.

UNIVERSAL MICROELECTRONICS CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

FOR THE YEAR ENDED 31 DECEMBER 2025

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UNIVERSAL MICROELECTRONICS CO., LTD.

1. STATEMENT OF CASH AND CASH EQUIVALENTS

31 DECEMBER 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Subtotal	Total	
Cash on hand			$605	
Cash equivalents			11	
Cash in banks				
	Demand deposits－NTD		74,225	
	Demand deposits－foreign currency	Mainly includes:	221,783	
		USD 6,972 thousand		
		CNY 287 thousand		
		EUR 31 thousand		
	Checking account deposits		465	
	Time deposits		414,035	
Total			$711,124	

UNIVERSAL MICROELECTRONICS CO., LTD.

2. STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST

31 DECEMBER 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cash in banks	Time deposits	$94,290	

UNIVERSAL MICROELECTRONICS CO., LTD.

3. STATEMENT OF ACCOUNTS RECEIVABLE

31 DECEMBER 2025

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Third parties:			
Client A		$100,384	
Client B		71,392	
Client C		35,848	
Client D		33,530	
Client E		30,663	
Client F		30,540	
Others (Note)		262,044	
Subtotal		564,401	
Less: loss allowance		-	
Accounts receivable, net		$564,401	

Note: The amount of individual client in others does not exceed 5% of the account balance.

UNIVERSAL MICROELECTRONICS CO., LTD.

4. STATEMENT OF INVENTORIES

31 DECEMBER 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Cost	Net Realizable Value	Note
Raw materials		$384,498	$423,532	Please refer to Note 4 (10) for more details on net realizable value
Supplies & parts		21,668	22,808	
Semi-finished goods		17,340	18,388	
Work in process		92,096	99,546	
Finished goods		127,403	159,910	
Total		$643,005	$724,184	

UNIVERSAL MICROELECTRONICS CO., LTD.

5. STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

(In Thousands of New Taiwan Dollars)

Name of Securities	As of 1 January 2025		Additions		Decrease		Gains (losses) on valuation	As of 31 December 2025		Accumulated impairment	Collateral	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount		Shares	Fair Value			
Listed companies' stocks:												
GOODWAY MACHINE CORP.	50,567	$3,439	-	$ -	-	$ -	$(1,207)	50,567	$2,232	N/A	None	
Connection Technology Systems Inc.	4,481,726	87,394	-	-	-	-	(29,131)	4,481,726	58,263	N/A	None	
SysJust Co., Ltd.	221,015	28,018	-	-	-	-	(7,530)	221,015	20,488	N/A	None	Note 1
Subtotal		118,851					(37,868)		80,983			
Emerging companies' stocks:												
Partner Tech Corp.	574,151	13,917	-	-	-	-	(545)	574,151	13,372	N/A	None	
Subtotal		13,917					(545)		13,372			
Unlisted companies' stocks:												
Asia Pacific Microsystems, Inc.	1,208,872	7,670	-	-	-	-	1,990	1,208,872	9,660	N/A	None	
EVERMORE TECHNOLOGY, INC.	457,921	-	-	-	-	-	-	457,921	-	N/A	None	
AESOPOWER, INC.	2,505,643	4,172	-	-	-	-	(1,334)	2,505,643	2,838	N/A	None	
Hannlync Technologies Inc.	700,000	-	-	-	-	-	-	700,000	-	N/A	None	
Silver PAC Inc.	1,809,609	-	-	-	-	-	-	1,809,609	-	N/A	None	
Terasilic Co., Ltd.	535,523	794	-	-	(231,226)	-	(246)	304,297	548	N/A	None	Note 2
Phoenix 3 Venture Capital Co., Ltd.	2,000,000	18,939	-	-	-	-	2,582	2,000,000	21,521	N/A	None	
LIEN SHEN ELECTRONICS CORP.	500,000	5,040	-	-	-	-	674	500,000	5,714	N/A	None	
GaN Power Technology Co., Ltd.	3,000,000	12,414	-	-	-	-	(2,196)	3,000,000	10,218	N/A	None	
AMIT System Service Ltd.	301,036	-	-	-	-	-	-	301,036	-	N/A	None	
UEC System Solutions Corporation	1,640,000	3,209	-	-	-	-	(1,438)	1,640,000	1,771	N/A	None	
Millilab Co., Ltd.	1,000,000	2,491	-	-	-	-	(1,771)	1,000,000	720	N/A	None	
Subtotal		54,729		-		-	(1,739)		52,990			
Total		$187,497		$ -		$ -	$(40,152)		$147,345			

Note：
1. SysJust Co., Ltd. was transferred to OTC trading on 17 November 2025.
2. During the current period, Terasilic Co., Ltd. carried out a capital reduction to offset accumulated losses, which resulted in a decrease in the number of shares held by the Company.

UNIVERSAL MICROELECTRONICS CO., LTD.

6. STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

FOR THE YEAR ENDED 31 DECEMBER 2025

(In Thousands of New Taiwan Dollars)

Name	As of 1 January 2025		Additions		Decrease		Changes in transaction volume for inflows and outflows	Investment income (loss)	Unrealized gains/losses on financial assets.	Exchange differences	Changes in accordance with the percentage of shareholding	As of 31 December 2025			Collateral
	Shares	Amount	Shares	Amount	Shares	Amount						Shares	%	Amount	
UMEC Investment Co., Ltd.	22,961,020	$242,853	-	$ -	-	$ -	$1,382	$(56,523)	$ -	$1,474	$ -	22,961,020	100%	$189,186	None
PT UMEC Green Tech Indonesia	114,600	-	-	-	-	-	-	-	-	-	-	114,600	60%	-	None
Tien Lung Investment Co., Ltd.	8,800,000	60,996	-	-	-	(4,698) (Note 3)	-	17,449	(718)	-	45	8,800,000	100%	73,074	None
Advanced Radar Technology Co., Ltd.	4,255,894	4,825	8,350	4,322 (Note 1)	-	-	-	(1,814)	-	-	(69)	4,264,244	84.95%	7,264	None
UMEC JAPAN CO., LTD.	-	1,152	-	-	-	-	-	(39)	-	(51)	-	-	100%	1,062	None
UMEC USA, Inc.	499,999	39,400	-	-	-	-	71	(3,827)	-	(1,606)	-	499,999	99.99%	34,038	None
UMEC VIETNAM Co., Ltd.	-	112,365	-	-	-	-	-	(14,979)	-	(8,920)	-	-	100%	88,466	None
Lightel Corporation	5,082,027	78,745	-	-	-	(5,082) (Note 4)	-	28,841	(1,433)	-	47,940 (Note 2)	5,082,027	20.51%	149,011	None
Total		$540,336		$4,322		$(9,780)	$1,453	$(30,892)	$(2,151)	$(9,103)	$47,916			$542,101	

Note：

1. In 2025, Advanced Radar Technology Co., Ltd. carried out a capital reduction to offset accumulated losses and subsequently conducted a cash capital increase through the issuance of new shares. The Company subscribed to the new shares in proportion to its existing shareholding.
2. In 2025, Lightel Corporation conducted a capital increase. As the Company did not subscribe to the new shares in proportion to its shareholding, the Company’s ownership interest decreased from 23.55% to 20.51%.
3. During the current period, Tien Lung Investment Co., Ltd. remitted dividends of NT$4,698 thousand.
4. During the current period, Lightel Corporation remitted dividends of NT$5,082 thousand.

UNIVERSAL MICROELECTRONICS CO., LTD.

7. STATEMENT OF ACCOUNTS PAYABLE

31 DECEMBER 2025

(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount	Note
Vendor A		$39,729	
Vendor B		38,020	
Vendor C		18,705	
Others (Note)		301,997	
		$398,451	

Note: The amount of individual client in others does not exceed 5% of the account balance.

UNIVERSAL MICROELECTRONICS CO., LTD.

8. STATEMENT OF REVENUES

FOR THE YEAR ENDED 31 DECEMBER 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Magnetic Component & Power product	$2,262,183	
Assembly of circuit board	1,471,812	
Optical cables	6,882	
Others	14,530	
Revenues	$3,755,407	

UNIVERSAL MICROELECTRONICS CO., LTD.

9. STATEMENT OF COST OF SALES

FOR THE YEAR ENDED 31 DECEMBER 2025

(In Thousands of New Taiwan Dollars)

Item	Amount
Direct raw materials: Beginning of year	$579,633
Add: Raw materials purchased	1,216,078
Transferred from work in process	2,890
Inventory surplus	8
Less: Raw materials, end of year	(422,464)
Cost of raw materials sold	(539,710)
Standard cost adjustment	(9,027)
Transferred to expenses	(1,013)
Direct raw materials used	826,395
Supplies & parts: Beginning of year	25,362
Add: Supplies & parts purchased	70,411
Standard cost adjustment	1,455
Less: Supplies & parts, end of year	(22,807)
Cost of supplies & parts sold	(3,881)
Transferred to expenses	(28,719)
Supplies & parts used	41,821
Direct labor	81,700
Manufacturing overhead (Refer to 10)	279,909
Manufacturing costs	1,229,825
Add: Semi-finished goods, beginning of year	17,129
Semi-finished goods purchased	5,175
Transferred from work in process	238,144
Less: Semi-finished goods, end of year	(18,730)
Cost of semi-finished goods sold	(8,919)
Standard cost adjustment	(284)
Transferred to expenses	(266)
Inventory shortage	(1)
Semi-finished goods used	232,248
Add: Work in process, beginning of year	73,869
Transferred from finished goods	126,661
Rework costs	32,221
Less: Work in process, end of year	(93,703)
Transferred to semi-finished goods	(238,145)
Transferred to raw materials	(2,890)
Standard cost adjustment	(1,302)
Transferred to expenses	(3,121)

UNIVERSAL MICROELECTRONICS CO., LTD.

9. STATEMENT OF COST OF SALES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of finished goods	1,355,663
Add: Finished goods, beginning of year	174,574
Finished goods purchased	1,167,989
Less: Finished goods, end of year	(134,690)
Standard cost adjustment	(5,363)
Transferred to work in process	(126,661)
Transferred to expenses	(3,984)
Subtotal – Production and sales cost	2,427,528
Other operating costs	
Cost of raw materials sold	539,710
Cost of supplies & parts sold	3,881
Cost of semi-finished goods sold	8,919
Inventory write-down	7,053
Standard cost adjustment	14,522
Purchase price variance	132,574
Rework costs	(32,221)
Inventory surplus	(8)
Direct labor variance	41,360
Manufacturing overhead variance	135,963
Others	(1,204)
Subtotal – Other operating costs	850,549
Total cost of sales	$3,278,077

UNIVERSAL MICROELECTRONICS CO., LTD.

10. STATEMENT OF MANUFACTURING OVERHEAD

FOR THE YEAR ENDED 31 DECEMBER 2025

(In Thousands of New Taiwan Dollars)

Item	Amount
Indirect labor	$94,927
Processing fees	177,552
Depreciation	49,647
Consumption of materials and tools	32,280
Utilities Expenses	23,588
Other expenses	37,878
Subtotal	415,872
Manufacturing overhead variance	(135,963)
Total	$279,909

Note: The amount of individual client in others does not exceed 5% of the account balance.

UNIVERSAL MICROELECTRONICS CO., LTD.

11. STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2025

(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	Administrative Expenses	Research and Development Expenses	Expected credit loss	Total
Wages and salaries	$29,260	$58,508	$105,493	$ -	$193,261
Insurance expenses	5,018	6,006	9,761	-	20,785
Depreciation	795	8,334	11,205	-	20,334
Commissioned research expenses	-	-	8,571	-	8,571
Royalty expenses	-	-	9,835	-	9,835
Amortization expenses	6	6,521	2,685	-	9,212
Commissions expenses	13,473	-	-	-	13,473
Import and export expenses	6,922	4	12	-	6,938
Professional service fees	-	10,050	36	-	10,086
R&D material expenses	374	502	10,322	-	11,198
Other expenses	11,389	32,256	11,449	-	55,094
Total	$67,237	$122,181	$169,369	$ -	$358,787

Note: The amount of individual client in others does not exceed 5% of the account balance.