SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

PARENT COMPANY ONLY STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

AND

INDEPENDENT AUDITORS' REPORT

CONTENTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunonwealth Electric Machine Industry Co., Ltd.

Opinion

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

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

Basis for Opinion

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

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Key Audit Matters

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

Key audit matters of the Company's parent company only financial statements for the year ended December 31, 2025 are stated as follows:

Valuation of inventory

Please refer to Note 4(7) to the parent company only financial statements for the accounting policy of inventories, Note 5(2)G for critical accounting judgments, estimates and key sources of assumption uncertainty of inventories, and Note 6(4) for inventory valuation.

Description of key audit matter:

As of December 31, 2025, inventory was $1,027,612 thousand and accounted for 7.0% of the total assets. Due to rapid changes in technology may lead to write-downs of slow-moving inventories to their net realizable values. As uncertainty exists in management's judgment when the determining the loss on inventory, the valuation of inventory has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included the understanding of the feature of the product and the inventory aging to confirm the appropriateness of the inventory evaluation method；testing the book value of the inventory to assess the rationality of the change in the impairment loss of the inventory, obtaining the inventory status of the Company and compare the actual write-offs of the past to assess the appropriateness of the valuation for obsolescent and damaged inventories.

Revenue recognition

Please refer to Note 4(19) to the parent company only financial statements for the accounting policy of revenue recognition, Note 5(1)B and Note 5(2)A for critical accounting judgements, estimates and key sources of assumption uncertainty of revenue recognition, and Note 6(22) for the description of revenue recognition.

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Description of key audit matter:

The Company's sales revenue is easily influenced by various factors such as the industry boom and market environment, and has a significant impact on the utilization rate of the Company (the levy of idle capacity loss), inventory risk and cash flow. Consequently, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Company's controls surrounding revenue recognition; inspecting customer orders and performing a test of revenue transactions which incurred within a certain period before or after the balance sheet date.

Other Matters

We did not audit the financial statements of associates accounted for using the equity method that are included in the parent company only financial statements. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the parent company only financial statements is based solely on the audit reports of other independent accountants. The balances of these associates accounted for under the equity method amounted to $213,482 thousand and $230,582 thousand, representing 1.46% and 1.83% of total assets as of December 31, 2025 and 2024, respectively, and share of profits from associates and joint ventures amounted to ($18,061) thousand and ($27,376) thousand, representing (0.69%) and (1. 17%) of the income before income tax for the years ended December 31, 2025 and 2024, respectively, and shares of other comprehensive income from associates and joint ventures amounted to $1,408 thousand and $12,846 thousand, representing (1.29%) and 7.72% of the other comprehensive income for the year ended December 31, 2025 and 2024, respectively.

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

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

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

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

6. Obtain sufficient 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 review of the work performed by the group engagement team members , and for forming the Company audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo Ming Li and Ling Wen Huang.

Crowe (TW) CPAs

Crowe (TW) CPAs
Kaohsiung, Taiwan (Republic of China)
March 5, 2026

<u>*Notice to Readers*</u>

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

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2025 Amount	%	December 31, 2024 Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	$1,915,394	13.1	$1,857,657	14.7
Notes receivable, net	6(2)	797	-	5,749	-
Accounts receivable, net	6(3)	3,227,358	22.1	2,590,425	20.6
Accounts receivable - related parties, net	6(3), 7	1,147,957	7.9	928,882	7.4
Other receivables		78,825	0.5	59,257	0.5
Other receivables - related parties	7	74,374	0.5	100,707	0.8
Inventories	6(4)	1,027,612	7.0	984,038	7.8
Prepayments		12,249	0.1	21,434	0.2
Total current assets		7,484,566	51.2	6,548,149	52.0
NONCURRENT ASSETS					
Financial assets at fair value through profit or loss- noncurrent	6(5)	-	-	$173,170	1.4
Financial assets at fair value through other comprehensive income or loss - noncurrent	6(6)	26,755	0.2	27,707	0.2
Investments accounted for using equity method	6(7),7	5,768,656	39.5	4,633,660	36.8
Property, plant and equipment	6(8)	1,080,671	7.4	1,008,912	8.0
Right-of-use assets	6(9)	69,069	0.5	62,850	0.5
Investment properties, net	6(10)	84,004	0.6	84,371	0.7
Intangible assets	6(11)	47,484	0.3	39,545	0.3
Deferred income tax assets	6(28)	42,416	0.3	13,528	0.1
Refundable deposits		6,459	-	6,280	-
Total noncurrent assets		7,125,514	48.8	6,050,023	48.0
TOTAL ASSESTS		$14,610,080	100.0	$12,598,172	100.0

Liabilities and Equity	Note	December 31, 2025 Amount	%	December 31, 2024 Amount	%
CURRENT LIABILITIES					
Short-term loans	6(12)	-	-	$20,000	0.1
Contract liabilities - current	6(22)	156,754	1.1	90,266	0.7
Accounts payable		1,110,723	7.6	902,665	7.2
Accounts payable - related parties	7	2,408,230	16.4	2,073,697	16.4
Other payables	6(13)	722,668	4.9	525,513	4.2
Other payables - related parties	6(13), 7	22,378	0.2	22,102	0.2
Current tax liabilities	6(28)	187,320	1.3	125,963	1.0
Provisions - current	6(14)	22,734	0.2	21,384	0.2
Lease liabilities - current	6(9)	22,260	0.2	15,445	0.1
Current portion of long-term loans	6(15)	87,500	0.6	88,889	0.7
Total current liabilities		4,740,567	32.5	3,885,924	30.8

Liabilities and Equity	Note	December 31, 2025 Amount	%	December 31, 2024 Amount	%
NONCURRENT LIABILITIES					
Long-term loans	6(15)	$612,500	4.2	$474,889	3.8
Deferred income tax liabilities	6(28)	307,312	2.1	250,906	2.0
Lease liabilities - noncurrent	6(9)	48,486	0.3	47,594	0.4
Net defined benefit liabilities - noncurrent	6(16)	13,679	0.1	18,148	0.1
Guarantee deposits		449	-	449	-
Total noncurrent liabilities		982,426	6.7	791,986	6.3
Total Liabilities		5,722,993	39.2	4,677,910	37.1
Share capital	6(17)				
Ordinary shares		2,734,437	18.7	2,734,437	21.7
Capital surplus	6(18)	1,518,788	10.4	1,518,788	12.1
Retained earnings	6(19)				
Legal reserve		1,278,634	8.8	1,129,127	9.0
Special reserve		136,662	0.9	300,185	2.4
Unappropriated earnings		3,540,830	24.2	2,374,387	18.8
Other equity	6(20)	(244,321)	(1.7)	(136,662)	(1.1)
Treasury stock	6(21)	(77,943)	(0.5)	-	-
Total Equity		8,887,087	60.8	7,920,262	62.9
TOTAL LIABILITIES AND EQUITY		$14,610,080	100.0	$12,598,172	100.0

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
PANENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Year Ended December 31			
		2025		2024	
	Note	Amount	%	Amount	%
OPERATING REVENUES	6(22)	$13,692,636	100.0	$10,865,384	100.0
OPERATING COSTS	6(4)	(10,762,467)	(78.6)	(8,816,889)	(81.1)
GROSS PROFIT		2,930,169	21.4	2,048,495	18.9
UNREALIZED GROSS PROFIT ON SALES TO SUBSIDIARIS AND ASSOCIATES		(70,180)	(0.5)	(63,158)	(0.6)
REALIZED GROSS PROFIT ON SALES TO SUBSIDIARIS AND ASSOCIATES		63,158	0.5	72,864	0.7
OPERATING EXPENSES					
Sales and marketing		(723,709)	(5.3)	(547,914)	(5.0)
General and administrative		(429,874)	(3.1)	(375,806)	(3.5)
Research and development		(745,121)	(5.5)	(579,688)	(5.4)
Expected credit gain (loss)	6(3)	(4,115)	-	(3,488)	-
Total operating expenses		(1,902,819)	(13.9)	(1,506,896)	(13.9)
INCOME FROM OPERATIONS		1,020,328	7.5	551,305	5.1
NON-OPERATING INCOME AND EXPENSES					
Interest revenue	6(24)	49,957	0.4	76,593	0.7
Other income	6(25)	486,362	3.5	374,424	3.4
Other gains and losses	6(26)	(195,757)	(1.4)	59,808	0.6
Finance costs	6(27)	(13,541)	(0.1)	(9,606)	(0.1)
Share of profits of subsidiaries, associates and joint ventures		1,275,125	9.3	825,434	7.6
Total non-operating income and expenses		1,602,146	11.7	1,326,653	12.2
INCOME BEFORE INCOME TAX		2,622,474	19.2	1,877,958	17.3
INCOME TAX EXPENSE	6(28)	(456,775)	(3.4)	(385,865)	(3.6)
NET INCOME		2,165,699	15.8	1,492,093	13.7
OTHER COMPREHENSIVE INCOME (LOSS)	6(29)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		(1,913)	-	3,714	0.1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		(300)	-	3,032	-
Share of other comprehensive loss of subsidiaries, associates and joint ventures		(458)	-	1,174	-
Income tax benefit related to items that will not be reclassified subsequently		383	-	(743)	-
Total items that will not be reclassified subsequently to profit or loss		(2,288)	-	7,177	0.1
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive loss of subsidiaries, associates and joint ventures		(133,626)	(1.0)	199,146	1.8
Income tax benefit related to items that may be reclassified subsequently to profit or loss		26,725	0.2	(39,829)	(0.4)
Total items that may be reclassified subsequently to profit or loss		(106,901)	(0.8)	159,317	1.4
Total other comprehensive loss, net of income tax		(109,189)	(0.8)	166,494	1.5
TOTAL COMPREHENSIVE INCOME		2,056,510	15.0	1,658,587	15.2
EARNINGS PER SHARE					
Basic	6(30)	$7.94		$5.46	
Diluted	6(30)	$7.93		$5.45	

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Capital Stock			Retained Earnings			Others Equity			
	Ordinary Shares	Certificate of Bond Exchange Rights	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive income	Treasury stock	Total Equity
BALANCE AT DECEMBER 31, 2024	$ 2,725,243	$ 9,194	$ 1,518,788	$995,720	$257,757	$2,012,211	$ (305,248)	$ 5,063	$ -	$ 7,218,728
Appropriations and distributions of prior years' earnings:										
Legal reserve	-	-	-	133,407	-	(133,407)	-	-	-	-
Special reserve	-	-	-	-	42,428	(42,428)	-	-	-	
Cash dividends	-	-	-	-	-	(957,053)	-	-	-	(957,053)
Net income in 2024	-	-	-	-	-	1,492,093	-	-	-	1,492,093
Other comprehensive income (loss) in 2024, net of income tax	-	-	-	-	-	2,971	159,317	4,206	-	166,494
Total comprehensive income in 2024	-	-	-	-	-	1,495,064	159,317	4,206	-	1,658,587
Bond conversion entitlement certificate	9,194	(9,194)	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2025	2,734,437	-	1,518,788	1,129,127	300,185	2,374,387	(145,931)	9,269	-	7,920,262
Appropriations and distributions of prior years' earnings:										
Legal reserve	-	-	-	149,507	-	(149,507)	-	-	-	-
Cash dividends	-	-	-	-	-	(1,011,742)	-	-	-	(1,011,742)
Reversal of special surplus reserve	-	-	-	-	(163,523)	163,523	-	-	-	-
Net income in 2025	-	-	-	-	-	2,165,699	-	-	-	2,165,699
Other comprehensive income (loss) in 2025, net of income tax	-	-	-	-	-	(1,530)	(106,901)	(758)	-	(109,189)
Total comprehensive income in 2025	-		-	-	-	2,164,169	(106,901)	(758)		2,056,510
Bond conversion entitlement certificate	-	-	-	-	-	-	-	-	(77,943)	(77,943)
BALANCE AT DECEMBER 31, 2025	$ 2,734,437	$ -	$ 1,518,788	$ 1,278,634	$ 136,662	$ 3,540,830	$ (252,832)	$ 8,511	$ (77,943)	$ 8,887,087

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Year Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,622,474	$ 1,877,958
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	63,524	57,863
Amortization expense	31,184	25,684
Expected credit loss (gain)	4,115	3,488
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	173,170	(12,920)
Interest expense	13,541	9,606
Interest income	(49,957)	(76,593)
Dividend reven	(217)	-
Share of profits of subsidiaries, associates and joint ventures	(1,275,125)	(825,434)
Loss (gain) on disposal and retirement of property, plant and equipment	78	(2,496)
Unrealized gross profit on sales to subsidiaries and associates	70,180	63,158
Realized gross profit on sales to subsidiaries and associates	(63,158)	(72,864)
Other	(2,052)	4,171
Total adjustments to reconcile profit and loss	(1,034,717)	(826,337)
Net changes in operating assets and liabilities		
Decerase (increase) in notes receivable	4,952	12,583
Decrease (increase) in accounts receivable	(641,048)	(723,684)
Decrease (increase) in accounts receivable - related parties	(219,075)	(123,604)
Decrease (increase) in other receivables	(19,777)	(18,179)
Decrease (increase) in other receivables - related parties	26,333	(52,293)
Decrease (increase) in inventories	(43,574)	(139,560)
Decrease (increase) in prepayments	9,185	(12,981)
Total changes in operating assets	(883,004)	(1,057,718)
Net changes in operating liabilities		
Increase (decrease) in contract liabilities	66,488	(11,363)
Increase (decrease) in notes payable	-	(10)
Increase (decrease) in accounts payable	208,058	127,722
Increase (decrease) in accounts payable - related parties	334,533	407,486
Increase (decrease) in other payables	163,254	102,110
Increase (decrease) in other payables - related parties	276	5,158
Increase (decrease) in provisions	1,350	2,600
Increase (decrease) in advance receipts	-	(571)
Increase (decrease) in net defined benefit liabilities	(6,382)	(6,869)
Total changes in operating liabilities	767,577	626,263
Total net changes in operating assets and liabilities	(115,427)	(431,455)
Total adjustments	(1,150,144)	(1,257,792)

	Year Ended December 31	
	2025	2024
Cash generated from operations	$1,472,330	$620,166
Interest received	50,166	80,639
Dividends received	586,798	777,539
Interest paid	(13,470)	(9,414)
Income tax paid	(340,792)	(311,505)
Net cash generated from operating activities	1,755,032	1,157,425
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	-	(160,250)
Acquisition of investments accounted for using equity method	(584,922)	(646,850)
Proceeds from capital reduction of investments accounted for using equity method	-	81,269
Acquisition of property, plant and equipment	(101,127)	(48,059)
Proceeds from disposal of property, plant and equipment	149	7,980
Increase in refundable deposits	(179)	(1,934)
Acquisition of intangible assets	(19,114)	(50,510)
Other investment activities	652	-
Net cash used in investing activities	(704,541)	(818,354)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	20,000
Decrease in short-term loans	(20,000)	-
Proceeds from long-term borrowings	136,222	386,000
Repayment of long-term borrowings	-	(88,889)
Repayments of lease principal	(19,291)	(14,138)
Cash dividends paid	(1,011,742)	(957,053)
Cost of treasury stock repurchase	(77,943)	-
Net cash generated from (used in) financing activities	(992,754)	(654,080)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,737	(315,009)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,857,657	2,172,666
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,915,394	$ 1,857,657

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

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Stated Otherwise)

1. GENERAL INFORMATION

Sunonwealth Electric Machine Industry Co., Ltd. (collectively as the "Company") was incorporated in October 1980. The Company engages mainly in the manufacturing and selling of AC/DC brushless fans, electric fans, motors and related components, and micro cooling fans.

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

2. THE AUTHORIZATION OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

The parent company only financial statements were approved and authorized for issue by the Board of Directors on March 5, 2026.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

(1) Effect of adoption of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

New standards, interpretations and amendments endorsed by the FSC and effective from 2025 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" - Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The Company has evaluated the aforementioned standards and interpretations, and there is no significant effect to the Comapany's financial position and performance.

(2) Effect of new issuances or amendments to IFRSs as endorsed by the FSC but not yet adopted:

New standards, interpretations and amendments endorsed by the FSC and effective from 2026 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” - Amendments to the Classification and Measurement of Financial Instruments Partial amendments to the Application Guidance on the Classification of Financial Assets	January 1, 2026
Annual Improvements to IFRS Accounting Standards－Volume 11	January 1, 2026

Except as described below, the Company considers that the above standards and interpretations have no material impact on its financial position or financial performance.

A. Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” - Amendments to the Classification and Measurement of Financial Instruments Partial amendments to the Application Guidance on the Classification of Financial Assets.

(A) Clarify and add to the application guidance on how to assess whether contractual cash flows of a financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding. The amendments further address the assessment on the contractual cash flow that could change subject to a contingent event, for example, interests linked to an ESG metric, as well as the treatment of non-recourse assets and contractually linked instruments.

(B) Require additional disclosures for financial instruments with contractual terms that that could change contractual cash flows of a contingent event (including those that are ESG-linked). Disclosures include a qualitative description of the nature of the contingent event, quantitative information about the possible changes to contractual cash flows as well as the gross carrying amount of financial assets and the amortized cost of financial liabilities subject to those contractual terms.

(C) Clarify that a financial liability is derecognized on the settlement date and describe the accounting treatment for a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if, and only if, the entity has initiated a payment instruction that has resulted in:

a. The entity having no practical ability to withdraw, stop or cancel the payment instruction.

b. The entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction.

c. The settlement risk associated with the electronic payment system being insignificant.

(D) Require additional disclosures for equity instruments classified at fair value through other comprehensive income (FVTOCI). It is required to disclose the fair value gain or loss presented in OCI during the reporting period, showing separately the fair value gain or loss that relates to investments derecognized in the reporting period and the fair value gain or loss that relates to investments held at the end of the reporting period. If an entity derecognizes investments in equity instruments measured at FVTOCI during the reporting period, it is now required, under the amendments, to disclose any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognized during that reporting period. Also, it is no longer required to disclose the fair value of each equity instruments designated at FVTOCI, this information can be provided by class of instruments.

The Group has evaluated the aforementioned standards and interpretations, and there is no significant effect to the Group's financial position and performance.

(3) Effect of the IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note)
IFRS 19 "Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note: In its press release on September 25, 2025, the Financial Supervisory Commission announced that publicly listed companies will be required to apply IFRS 18 starting in 2028; additionally, if companies wish to apply IFRS 18 early, they may choose to do so after IFRS 18 has been approved by the Financial Supervisory Commission.

Except as stated below, The Company has assessed that the above standards and interpretations have no significant impact on the Company's financial position and financial performance.

A. Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendment resolve the difference between IFRS10 and IAS28, Transactions in which investors sell (invest) assets to their affiliated companies or joint ventures. Recognition of the gain or loss from the sale or contribution of assets depends on whether the assets constitute a business.

(A) The gain or loss resulting from the sale or contribution of assets that constitute a business, between an investor and its associate or joint venture is recognized in full;

(B) The partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business.

B. IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS1 and update the structure of the consolidated income statement. Added new disclosures on management performance measurement, and strengthened the aggregation and segmentation principles applied to the main financial statements and notes.

C. IFRS 19 "Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures"

IFRS 19 permits eligible subsidiaries to apply reduced disclosure requirements instead of the disclosure requirements in other IFRS Accounting Standards.

D. Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency

The amendment adds a requirement that when translating amounts from the functional currency of a non-highly inflationary economy to the presentation currency of a highly inflationary economy, all amounts (including comparative amounts) must be translated using the closing rate at the most recent balance sheet date. The amendment also includes an exception for entities whose functional currency and presentation currency are both currencies of highly inflationary economies, and whose foreign operations have a functional currency of a non-highly inflationary economy, exempting them from restating comparative amounts. Additionally, it introduces disclosure of aggregated financial information that includes the translation method and the foreign operations to which that translation method is applied.

As of the date the accompany consolidated financial statements are authorized for issue, the Company is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A.Except for the following items, the accompany parent company only financial statements have been prepared under the historical cost convention:

a. Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

b. Financial assets at fair value through other comprehensive income or loss.

c. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B.The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

C.When preparing the parent company only financial statements, the Company accounts for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

(3) Foreign currency translation

A. Foreign currency transactions and balance

a.Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

b.Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

c.Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

B. Translation of foreign operations

a. The operating results and financial position of all the Company's subsidiaries, associates and joint ventures that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

b. When the foreign operation partially disposed of or sold is an associate or a joint venture, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate or joint venture after losing significant influence over the former foreign associate or joint venture, such transactions should be accounted for as disposal of all interest in these foreign operations.

c. When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

a. Assets arising from operating activities that are expected to be realized, or intended to be sold or consumed within the normal operating cycle;

b. Assets held mainly for trading purposes;

c. Assets that are expected to be realized within twelve months from the balance sheet date;

d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

a. Liabilities that are expected to be paid off within the normal operating cycle;

b. Liabilities held mainly for trading purposes;

c. Liabilities that are to be paid off within twelve months from the balance sheet date (Even if a long-term refinancing or re-arrangement of payment agreements is completed after the balance sheet date and before the issuance of the financial report is approved, it is classified as current liabilities).

d. The company does not have a substantial right to extend the repayment period to at least 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

(6) 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 are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

a. Category of financial assets

Financial assets are recognized on a trade date basis.

Financial assets are classified into the following categories: financial assets at FVTPL and financial assets at amortized cost.

(a) Financial asset at FVTPL

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

The Company, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an ‘accounting mismatch’) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at fair value through profit or loss are measured at fair value, dividends generated are recognized in other income, and interest income and gains or losses arising from remeasurement are recognized in other gains and losses. For the determination of fair value, please refer to Note 12.

(b) Financial assets at amortized cost

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

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

ii. The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Expect for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset:

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 shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

(c) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

(a) At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable and contract assets.

(b) The Company always recognize lifetime Expected Credit Loss (i.e. ECL) for accounts receivables. For other financial assets, the Company recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equaling to 12-month ECL.

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

(d) The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c. Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is meet:

(a) The contractual rights to receive cash flows from the financial asset expire.

(b) The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

(c) The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of financial assets at amortized cost in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of debt instrument measured at fair value through other comprehensive income, the difference between the financial asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of equity instruments at fair value through other comprehensive income in its entirety, the cumulative profit and loss will be transferred directly to retained earning without reclassified into profit and loss.

B. Equity instruments

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. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

C. Financial liabilities

a. Subsequent measurement

Except for the following conditions, all financial liabilities are measured at amortized cost in accordance with the effective interest method:

(a) Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or is designated as at fair value through profit or loss. Financial liabilities classified as held for trading are mainly for repurchasing in the short term when they occur, and derivatives other than financial guarantee contracts or designated and effective hedging instruments. Financial assets meet one of the following conditions, the Company designates them as measured at fair value through profit and loss at the time of initial recognition:

i. It is a mixed (combined) contracts containing at least an embedded derivaties and the host contract is an asset not within the scope of IFRS 9; or

ii. It can eliminate or significantly reduce measurement or recognition inconsistencies; or

iii. It is an instrument that manages and evaluates its performance on a fair value basis based on written risk management or investment strategies.

b. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

D. Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognizes a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortised over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Company applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

(7) Inventories

Inventories are stated at the lower of cost and net realisable value, accounted for on a perpetual basis. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

(8) Investments accounted for using the equity method / subsidiaries

A.Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B.Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

D. As long as the change in shareholding in the subsidiaries does not lead to loss of control, it is to be treated as equity transaction that is to be treated as transactions between the owners. The difference between non-controlling equity adjustment amount and the fair value of payment and receipt is to be recognized as equity.

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

F. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(9) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in accounting estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change.

Service lives estimated as follows:

Buildings:

Main building, 20 to 57 years;

Others, 2 to 39 years;

Machinery and equipment, 2 to 10 years;

Other equipment, 2 to 24 years;

Leasehold improvement, 2 to 22 years;

D. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10)Leases/The Company as a lessee

The Company assesses whether the contract is (or includes) a lease at the date of the contract. For a contract that includes a lease component and one or more additional lease or non-lease components, the Company will allocate the consideration to the lease component base on the individual price of each lease component and the aggregated individual price of the non-lease component.

Except for payments for low-value asset and short-term leases which will be recognized as expenses on a straight-line basis, the Company will recognize right-of-use assets and lease liabilities for all leases at the inception of lease.

<u>Right-of-use asset</u>

The right-of-use asset is initially measured at cost (including the initial measurement amount of the lease liability, the payments less incentives, initial direct costs and the estimated recover cost), the subsequent measurement is based on the cost less accumulated depreciation and accumulated impairment loss, and adjusting the amount of re-measures of lease liabilities.

The right-of-use asset recognized depreciation is using the straight-line basis from the date of the lease until the expiration of the useful life or the expiration of the lease term, the depreciation is provided that the title of the underlying asset will be acquired at the end of the lease period or, if the cost of the right-of-use asset reflects the execution of the purchase option.

Lease liability

The lease liability is initially measured by the present value of the lease payment (including fixed payment, substantive fixed payment, change in lease payment depending on the index or rate, etc.). If the implied interest rate on the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, the lessee’s increase borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If the lease period, the evaluation of the purchase choice, the amount of expected to be paid under the residual value guarantee or the change in the index or rate used to determine the lease payment result in a change in the future lease payment, the Company will measure the lease liability and adjust the right to use assets relatively. If the carrying amount has been reduced to Zero, the remaining amount will recognize in the profit and loss. Lease liabilities are presented in a single-line project on the parent company only balance sheet.

(11)Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Investment properties in the course of construction are stated at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

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

(12)Intangible assets

Intangible assets with finite useful lives that are acquired separately are measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: computer software - 1 to 15 years; trademarks are the economic benefit or contract period. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets are derecognized when disposed of or expected to have no future economic benefits generated through usage or disposal. On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(13)Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss.

(14)Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(15)Employee benefits

A.Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B.Pensions

a. Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b. Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

(b) Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(c) Past service costs are recognized immediately in profit or loss.

C. Employees' bonus and directors' remuneration

Employees' bonus and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

(16)Share capital and treasury shares

A.Share capital

Ordinary share is classified as equity. The classification of the preferred stock depends on the essence of the agreement. If the preferred stock matches the definition of the financial liability, it is classified as a liability. Otherwise, it is classified as equity. Incremental cost that can be attributed to the issuance of stocks or options is deducted from the capital issued.

B.Treasury Shares

When the Company acquires its outstanding shares, the repurchase considerations (including all directly accountable costs) are recognized under treasury shares and shown as a deduction in equity. Gains on disposal of treasury shares should be recognized under "capital surplus - treasury stock transactions"; losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there is insufficient capital surplus to offset the losses, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted-average method for the purpose of repurchased shares.

When the Company's treasury shares are retired, the treasury share account should be credited, and the capital surplus - premium on stock account and capital stock account should be debited proportionately according to the share ratio. The carrying value of treasury shares in excess of the sum of its par value and premium on stock should first be offset against capital surplus from similar types of treasury share transactions, and the remainder, if any, debited to retained earnings. The sum of the par value and premium on treasury shares in excess of its carrying value should be credited to capital surplus from similar types of treasury share transactions.

(17)Share-based payment transactions

A.For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B.Cash-settle share-based payment arrangements are the fair value of liabilities undertaken recognized in remuneration costs and liabilities in the vesting period and measured by the fair value of equity instruments offered at each balance sheet date and the settlement date. Any changes are recognized in profit or loss.

(18)Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity, respectively.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders resolve to distribute retain the earnings.

C. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and it does not give rise to equal deductible and taxable temporary differences at the time of transaction. And it does not give rise to equal deductible and taxable temporary differences at the time of transaction. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. Tax preference given for expenditures incurred on acquisitions of equipment or technology, research and development, employees' training and equity investments is recorded using the income tax credits accounting.

(19) Revenue Recognition

The Company recognizes revenues based on the following steps:

A. Identifying the contracts;

B. Identifying obligations in the contracts;

C. Determining prices;

D. Allocating prices into the obligations in the contracts;

E. Recognizing revenues while fulfilling the obligations.

The Company identify the contract with the customers, allocate the transaction price to the performance obligations, and recognize revenue when performance obligations are satisfied.

The Company does not adjust the promised amount of consideration for the effects of a significant financing component if the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

A. Goods sales

The Company sells fans and other relevant products. Sales revenues are recognized while the control of goods is transferred to the customers since the customers already have the rights to use, set price, take the major responsibility to resell the good and bear the risk of obsoleteness. The Company recognizes revenues and accounts receivable at the point and presents it in net term after deducting sales return, quantity discount and sales allowance.

The Company does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

B. Service revenue

Revenue from technical services is recognized when services are provided that in accordance with the relevant agreements.

(20) Borrowing costs

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

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

All borrowing costs other than those stated above are recognized in profit or loss in the period in which they are incurred.

(21)Government subsidy

Government subsidies are recognized at fair value when it is reasonably certain that the Company will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government subsidies are recognized in profit and loss on a systematic basis during the period when the relevant costs that they intend to compensate are recognized as expenses by the company. If government subsidy is used to compensate for expenses or losses that have occurred, or for the purpose of providing the Company with immediate financial support and there is no future related cost, it is recognized in the profit and loss during the period when it can be received. Government subsidies related to property, plant and equipment are recognized as non-current liabilities, and recognized as profits and losses on a straight-line basis based on the estimated useful life of the relevant assets.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of the Company's parent company only financial statements is adopting accounting policies based on the following significant judgements, significant accounting estimates and assumptions:

(1) Critical judgements in applying accounting policies

A. Judgment of financial asset classification

The Company assesses the business model of financial assets based on the hierarchy that reflects the Company of financial assets that are jointly managed for specific business purposes. This assessment requires consideration of all relevant evidence, including measures of asset performance, risks affecting performance, and the manner in which the relevant managers are determined, and judgments are required. The Company continues to assess the adequacy of its business model and monitors the financial assets measured by the amortized cost before the maturity date and the debt instrument investments measured at fair value through other comprehensive income. Evaluate whether the disciplinary action has the same goal of business model. If the business model has been changed, the Company delays the adjustment of the subsequent classification of financial assets. The Company reclassifies financial assets in accordance with IFRS 9, and the application will be postponed from the date of reclassification, if the business model has changed.

B. Revenue recognition

The Company follows IFRS 15 to determine if it controls the specified good or service before that good or service is transferred to the customer, and the Company is acting as a principal or an agent in that transaction. When the Company acts as an agent, revenue is recognized on a net basis.

The Company acts as a principal as that it meets one the of following situations:

a. The Company gains control over the goods from the other party before transferring goods to customers.
b. The Company controls the right of providing service by the other party in order to control the ability of the party to provide service to customers.
c. The Company gain control over goods or service from the other party in order to combine with other goods or services to provide specific goods or services to customers.

The indicators (not limited to) which assist making judgment on whether the Company controls the goods or services before transferring goods or services to customers:
a. The Company has primary responsibilities for the goods or services it provides;
b. The Company bears inventory risk before transferring the specific goods or services to customer, or after transferring the control to customer.
c. The Company has the discretion to set prices.

C. Lease term
In determining the lease term, the Company considers all the facts and circumstances that create an economic incentive to exercise (or not exercise) on option, including any expected change in facts and circumstances from the commencement date until the exercise date of the option Main. Factors considered include the contractual terms and conditions for the period covered by the option, the significant leasehold improvements made (or expected) during the contract period, and the importance of the underlying assets to the Company's operations, etc. The lease term is reassessed if a significant change in circumstance that are within the control of the Company occurs.

(2) Critical accounting estimates and assumptions

A. Revenue Recognition
The Company recognizes records a refund for estimated future returns and other allowances in the same period the related revenue is recorded. Refund for estimated sales returns and other allowances is generally made and adjusted at a specific percentage based on historical experience and any known factors that would significantly affect the allowance, and our management periodically reviews the adequacy of the percentage used.

B. Estimated impairment of financial assets
The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

C. Process of fair value measurement and evaluation

When the assets and liabilities at fair value with no active market, the Company determines whether to use outside appraisal and using proper evaluation techniques based on related regulation or its own judgment. If the Level 1 input value is not available while evaluating, the Company refers to the analysis of the investee's financial position and operating outcome, recent trading price, quotes on non-active market of same equity instrument, quotes on active market of similar equity instrument and evaluation multiples of comparable companies. If the future input value is different from expectation, the fair value might change. The Company updates input values quarterly according to the market status in order to monitor if the measurement of fair value is appropriate.

D. Impairment assessment of tangible and intangible assets

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

E. Impairment assessment on investment using equity method

The Company assesses the impairment of investments accounted for using the equity method whenever triggering events or changes in circumstances indicate that an investment may be impaired and carrying value is not be recoverable. The Company assesses the recoverable amount based on a projected future cash flow and receivable cash dividend of the investees, and disposal-generating future cash flow to ensure the reasonableness of such assumptions.

F. Realisability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, laws, and regulations might cause material adjustments to deferred income tax assets.

G. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value.

H. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company must apply judgments and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligations.

I. Lessees' incremental borrowing rates

At the time of the decision to increase the borrowing rate of the lessee used in the lease payment, the risk-free interest rate and the same currency is used as the reference rate, and the estimated lessee's credit risk sticker and lease specific adjustments (such as asset-specific and secured factors) are taken into account.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

Item	December 31	
	2025	2024
Cash on hand	$551	$809
Cash in banks	1,265,601	858,150
Cash equivalent		
Short term notes with original maturities within three months	649,242	998.698
Total	$1,915,394	$1,857,657

A. The financial institutions dealing with the Company are credit worthy, and the Company does transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

B. The Company had no cash and cash equivalents pledged to others.

(2) Notes receivable, net

Item	December 31	
	2025	2024
At amortized cost		
Notes receivable	$821	$5,773
Less: Loss allowance	(24)	(24)
Net	$797	$5,749

A. The Company had no notes receivable pledged to others.

B. Please refer to Note 6(3) for the relevant disclosure of loss allowance for notes receivable.

(3) Accounts receivable, net

Item	December 31 2025	December 31 2024
At amortized cost		
Accounts receivable	$4,388,421	$3,528,298
Less: Loss allowance	(13,106)	(8,991)
Net	$4,375,315	$3,519,307

A. The accounts receivable that were neither past due nor impaired was following the Company's credit policy determined by reference to the industry characteristics, operation scale and current financial position of the counterparties. The average credit period on sales of goods was 3-4 months.

B. The Company had no account receivable pledged to others.

C. To reduce major credit risk, the Company bought credit guarantee insurance.

D. Please refer to Note 7 for accounts receivable with related parties.

E. The Company applies the simplified approach to provisions for expected credit losses, which permits the use of a lifetime expected credit losses provision for trade receivables (including other receivables). The expected credit losses on trade receivables are estimated by reference to preparation matrix, past account aging records of the debtor,an analysis of the debtor's current financial position, and industrial trend. The company recognizes loss allowance based on the expected credit loss ratio of customers by different risk levels with consideration of factors of historical loss ratios and customer's financial conditions, competitiveness and business outlook.

F. The Company measures the loss allowance for notes receivable, accounts receivable and other receivables according to the preparation matrix (including related parties):

December 31, 2025	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0.05%-5%	$4,228,623	($11,937)	$4,216,686
Past due within 30 days	0.05%-5%	276,418	(745)	275,673
Past due 31-90 days	0.05%-5%	32,448	(242)	32,206
Past due over 91 days	0.05%-5%	4,952	(206)	4,746
Total		$4,542,441	($13,130)	$4,529,311

December 31, 2024	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0.05%-5%	$3,508,344	($8,351)	$3,499,993
Past due within 30 days	0.05%-5%	169,440	(428)	169,012
Past due 31-90 days	0.05%-5%	16,251	(236)	16,015
Past due over 91 days	0.05%-5%	-	-	-
Total		$3,694,035	($9,015)	$3,685,020

G. Movements of the loss allowance for notes receivable and accounts receivable (include related parties) were as follows:

	Year Ended December 31	
Item	2025	2024
Beginning balance	$9,015	$5,527
Add: Provision for impairment	4,115	3,488
Less: Reversal of impairment	-	-
Less: Write-offs	-	-
Ending balance	$13,130	$9,015

The above provision has already taken into consideration of collateral or other credit enhancement. The other credit enhancement possessed by above receivables were $760,313 thousand and $826,105 thousand as of December 31, 2025 and 2024, respectively.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss. The Company's trade receivables for offsetting the contract amount are both $0 thousand for the years ended December 31, 2025 and 2024, respectively.

H. Please refer to Note 12 for the relevant credit risk management and assessment method.

(4) Inventories and operating costs

Item	December 31	
	2025	2024
Raw materials	$204,385	$227,823
Supplies	719	948
Work in process	19,276	21,793
Finished goods	803,232	733,474
Net	$1,027,612	$984,038

A. The related inventory (gain) loss recognized as operating cost for the years ended December 31, 2025 and 2024 were as follows:

Item	Year Ended December 31	
	2025	2024
Cost of goods sold	$10,669,102	$8,719,141
Unallocated overheads and labor cost	98,248	88,272
Loss (Gain) on inventory valuation	(1,030)	(8,403)
Others	(3,853)	17,879
Total	$10,762,467	$8,816,889

B. In 2025 and 2024, the company due to the price increase of some products and the digestion of some inventory, the inventory price reduction and sluggish loss recovery benefit were recognized as $1,030 thousand and $8,403 thousand respectively.

C. The Company had no inventories pledged to others.

(5) Financial assets at fair value through profit or loss – noncurrent

Item	December 31	
	2025	2024
Non-derivative financial assets - noncurrent		
Convertible bonds	$ -	$ 173,170

A. In 2025 and 2024,The company recognized net gain (loss) of financial assets at fair value through profit or loss of ($173,170) thousand and $12,920 thousand respectively.

B. The company has no financial assets at fair value through profit or loss pledged to others.

(6) Financial assets at fair value through other comprehensive income or loss – noncurrent

Item	December 31 2025	December 31 2024
Equity instruments		
Unlisted stocks	$ 26,755	$ 27,707

A. The Company invests in domestic unlisted stocks in accordance with its medium/ long-term strategies and expects to make a profit through long-term investment. Management of the Company believes that it is not consistent with the afore-mentioned long-term investment planning if the short-term fair value changes of such investment are presented in profit or loss. Therefore, the Company elects to designate such investment as to be measured at FVTOCI.

B. Please refer to Note 12 for relevant credit risk management and assessment methods.

C. The financial assets at FVTOCI were not pledged as collateral.

(7) Investments accounted for using the equity method

Item	December 31 2025	December 31 2024
Subsidiaries:		
Successful Century Co., Ltd.	$2,060,670	$1,741,110
BVI Sunon International Limited	1,697,216	1,436,192
Sunon INC	125,036	140,844
Sunon SAS	88,446	89,738
Sunonwealth Electric Machine Ind. (H.K.) Ltd.	1,807	1,941
Sunon Corporation	1,402	1,524
Sunon Electronics India Private Limited	5,371	5,247
Sunon Electronics Philippines Corp.	451,621	338,742
Sunon Properties Philippines Corp.	1,304,067	878,322
Sunon Cooling Technology (Thailand) Co., Ltd.	1,851	-
Individual Non-meterial Associate Company	31,169	-
Total	$5,768,656	$4,633,660

A. Subsidiaries:

a. For more information regarding the subsidiaries of the Company, please refer to Note 4(3) to the Company’s consolidated financial statements of 2025.

b. The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2025 and 2024 were based on the subsidiaries’ financial statements audited by auditors for the same years, except for Sunonwealth Electric Machine Ind.(H.K.) Ltd., Sunon Corporation, Sunon Electronics India Private Limited. and Sunon Cooling Technology (Thailand) Co., Ltd. The Company considered no material adjustments had these subsidiaries' financial statements been audited.

B. Associate Company:

The equity-based investment and the Company's share of profit or loss and other comprehensive income are calculated based on unaudited financial reports. However, the management of the Company believes that if the financial reports of the above-mentioned affiliates are audited by a certified public accountant, there will be no material adjustments.

C. The Company had no investments accounted for using equity method pledged to others as of December 31, 2025 and 2024.

(8) Property, plant and equipment

Item	December 31 2025	December 31 2024
Land	$820,335	$820,335
Buildings	214,377	224,185
Machinery and equipment	204,747	175,387
Miscellaneous equipment	50,220	36,837
Leasehold improvements	50,542	42,466
Equipment to be inspected and construction in progress	37,409	11,334
Total cost	$1,377,630	$1,310,544
Less: Accumulated depreciation	(296,959)	(301,632)
Net	$1,080,671	$1,008,912

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Leasehold Improvement	Equipment to be Inspected and Construction in Progress	Total
Cost							
Balance at January 1, 2025	$820,335	$224,185	$175,387	$36,837	$42,466	$11,334	$1,310,544
Additions	-	1,900	12,168	12,344	3,086	85,450	114,948
Disposals	-	(12,112)	(32,483)	(1,648)	(1,619)	-	(47,862)
Reclassification	-	404	49,675	2,687	6,609	(59,375)	-
Balance at December 31, 2025	$820,335	$214,377	$204,747	$50,220	$50,542	$37,409	$1,377,630
Accumulated depreciation and impairment							
Balance at January 1, 2025	$ -	$117,476	$118,130	$25,001	$41,025	$ -	$301,632
Depreciation	-	8,622	23,788	8,822	1,1,46	-	42,378
Disposals	-	(12,112)	(32,341)	(1,648)	(950)	-	(47,051)
Balance at December 31, 2025	$ -	$113,986	$109,577	$32,175	$41,221	$ -	$296,959

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Leasehold Improvement	Equipment to be Inspected and Construction in Progress	Total
Cost							
Balance at January 1, 2024	$820,335	$218,607	$192,665	$44,807	$40,467	$7,157	$1,324,038
Additions	-	693	6,579	6,459	728	34,667	49,126
Disposals	-	(112)	(45,288)	(17,220)	-	-	(62,620)
Reclassification	-	4,997	21,431	2,791	1,271	(30,490)	-
Balance at December 31, 2024	$820,335	$224,185	$175,387	$36,837	$42,466	$11,334	$1,310,544
Accumulated depreciation and impairment							
Balance at January 1, 2024	$ -	$109,773	$128,506	$36,280	$39,577	$ -	$314,136
Depreciation	-	7,815	28,844	5,941	1,448	-	44,048
Disposals	-	(112)	(39,220)	(17,220)	-	-	(56,552)
Balance at December 31, 2024	$ -	$117,476	$118,130	$25,001	$41,025	$ -	$301,632

A. The details of interest capitalized: None.

B. The Company does not assess the impairment because there is no sign of impairment for the year ended December 31, 2025.

C. Property, plant and equipment pledged for the borrowings: Please refer to Note 8.

D. Reconciliations of current additions and the acquisition of property, plant and equipment in statement of cash flows were as follows:

Item	Year Ended December 31 2025	2024
Acquisition of property, plant and equipment	$114,948	$49,126
Decrease (increase) in equipment payable	(13,821)	(1,067)
Cash paid for acquisition of property, plant and equipment	$101,127	$48,059

(9) Lease agreement

A. Right-of-use assets

Item	December 31 2025	2024
Land and building	$107,089	$99,208
Other equipment	22,208	16,180
Total cost	$129,297	$115,388
Less: Accumulated depreciation and impairment	(60,228)	(52,538)
Net	$69,069	$62,850

Cost	Land and Buildings	Other Equipment	Total
Balance at January 1, 2025	$99,208	$16,180	$115,388
Additions	17,726	14,674	32,400
Disposals	(4,374)	(1,028)	(5,402)
Derecognition	(5,471)	(7,618)	(13,089)
Balance at December 31, 2025	$107,089	$22,208	$129,297
Accumulated Depreciation and Impairment			
Balance at January 1, 2025	$43,360	$9,178	$52,538
Depreciation	15,723	5,056	20,779
Derecognition	(5,471)	(7,618)	(13,089)
Balance at December 31, 2025	$53,612	$6,616	$60,228

Cost	Land and Buildings	Other Equipment	Total
Balance at January 1, 2024	$52,390	$11,344	$63,734
Additions	47,715	5,800	53,515
Derecognition	(897)	(964)	(1,861)
Balance at December 31, 2024	$99,208	$16,180	$115,388
Accumulated Depreciation and Impairment			
Balance at January 1, 2024	$34,508	$6,443	$40,951
Depreciation	9,749	3,699	13,448
Derecognition	(897)	(964)	(1,861)
Balance at December 31, 2024	$43,360	$9,178	$52,538

B. Lease liabilities

Item	December 31	
	2025	2024
Carrying amount of lease liabilities		
- current	$22,260	$15,445
- noncurrent	$48,486	$47,594

Ranges of discount rates for lease liabilities were as follows:

Item	December 31	
	2025	2024
Land and buildings	0.63%-1.83%	0.63%-1.82%
Other equipment	0.73%-1.83%	0.73%-1.77%

Please refer to Note 12(2) for lease liabilities with repayment periods.

C. Material lease-in activities and terms

The Company leased some land and buildings, etc. as factory, with the lease terms of 1 to 8 years. There is no sign of impairment of right-of-use assets as of December 31, 2025. Therefore, the Company didn’t assess the impairment.

D. Sublet: None.

E. Other lease information:

(1) Please refer to Note 6(8) for the agreements to lease investment properties under operating lease.

(2) The current lease relevant expense information was as follows:

	Year Ended December 31	
Item	2025	2024
Short-term lease expense	$58	$139
Low-value asset lease expense	$13	$13
Variable lease payments that excluded in the measurement of lease liabilities	$ -	$ -
Total cash outflow for leases (Note)	($19,362)	($14,290)

(Note): Including principle paid for current lease liabilities.

(10) Investment properties, net

	December 31	
Item	2025	2024
Land	$77,109	$77,109
Buildings	40,062	40,062
Total cost	$117,171	$117,171
Less: Accumulated depreciation and impairment	(33,167)	(32,800)
Net	$84,004	$84,371

Cost	Land	Buildings	Total
Balance at January 1, 2025	$77,109	$40,062	$117,171
Additions	-	-	-
Balance at December 31, 2025	$77,109	$40,062	$117,171
Accumulated depreciation and impairment			
Balance at January 1, 2025	$ -	$32,800	$32,800

	Land	Buildings	Total
Depreciation	-	367	367
Balance at December 31, 2025	$ -	$33,167	$33,167

Cost	Land	Buildings	Total
Balance at January 1, 2024	$77,109	$40,062	$117,171
Additions	-	-	-
Balance at December 31, 2024	$77,109	$40,062	$117,171
Accumulated depreciation and impairment			
Balance at January 1, 2024	$ -	$32,433	$32,433
Depreciation	-	367	367
Balance at December 31, 2024	$ -	$32,800	$32,800

A. Rent income and direct operating expense of investment properties:

	Year Ended December 31	
Item	2025	2024
Rental income of investment properties	$1,921	$1,921
Direct operating expense incurred for the investment properties with current rental income	$633	$635

B. The maturity analysis of operating lease payments receivable for investment properties was as follows:

	December 31	
	2025	2024
Year 1	$1,921	$1,921
Year 2	1,921	1,750
Year 3	171	1,750
Year 4	171	-
Year 5	171	-
Over 5 years	171	-
Total	$4,526	$5,421

C. Investment properties are depreciated on a straight-line basis over their estimated useful life of 10 to 57 years.

D. The fair values of investment properties held by the Company were $167,356 and $168,677 thousand for the years ended December 31, 2025 and 2024, respectively.

The fair value determination was performed by independent qualified professional appraisers. The valuation was based on the comparison method, and the fair value was measured by using Level 3 inputs. Please refer to Note 12(3).

E. As there were no signs of impairment in 2024, the Company did not conduct an impairment assessment.

F. The Company had no investment properties pledged to others.

(11) Intangible assets

Item	December 31 2025	December 31 2024
Trademark	$3,126	$3,126
Computer software	80,860	65,199
Total cost	$83,986	$68,325
Less: Accumulated amortization	(36,502)	(28,780)
Net	$47,484	$39,545

	Trademark	Computer Software	Total
Cost			
Balance at January 1, 2025	$3,126	$65,199	$68,325
Additions	-	39,123	39,123
Derecognition	-	(23,462)	(23,462)
Balance at December 31, 2025	$3,126	$80,860	$83,986
Accumulated amortization and impairment			
Balance at January 1, 2025	$ -	$28,780	$28,780
Amortization	-	31,184	31,184
Derecognition	-	(23,462)	(23,462)
Balance at December 31, 2025	$ -	$36,502	$36,502

	Trademark	Computer Software	Total
Cost			
Balance at January 1, 2024	$3,126	$25,056	$28,182
Additions	-	51,334	51,334
Derecognition	-	(11,191)	(11,191)
Balance at December 31, 2024	$3,126	$65,199	$68,325
Accumulated amortization and impairment			
Balance at January 1, 2024	$ -	$14,287	$14,287

Amortization	-	25,684	25,684
Derecognition	-	(11,191)	(11,191)
Balance at December 31, 2024	$ -	$28,780	$28,780

(12) Short-term loans

December 31, 2025：None.

Borrowings Nature	December 31, 2024	
	Amount	Interest
Unsecured loan	$20,000	1.82%

(13) Other payables (including other payables - related parties)

Item	December 31	
	2025	2024
Accrued payroll	$367,561	$273,749
Commission payable	21,136	21,235
Service fee payable	10,537	9,649
R & D payable	44,428	38,018
Bonus to employees and remuneration to directors	94,000	55,000
Equipment payable	18,156	4,335
Others	189,228	145,629
Total	$745,046	$547,615

Please refer to Note 7 for other payables with related parties.

(14) Provisions - current

Item	December 31	
	2025	2024
Employee benefits	$22,734	$21,384

Item	Year Ended December 31	
	2025	2024
Beginning balance	$21,384	$18,784
Additional provisions recognized	1,350	2,600
Ending balance	$22,734	$21,384

Provision for employee benefits represents vested short-term service leave entitlements accrued.

(15)Long-term loans and current portion of long-term loans

Item	December 31 2025	December 31 2024
Unsecured loan	$700,000	$563,778
Less: portion due within one year	(87,500)	(88,889)
Long-term loans	$612,500	$474,889
Interest rate range	1.93%	1.93%-2.02%

A. Refer to Note 8 for assets pledged as collateral for long-term loans.

(16) Pension

A. Defined contribution plans

a. The plan under the Labor Pension Act (the “Act”) is deemed a defined contribution plan. Pursuant to the Company has made monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts.

b. The total expenses recognized in the statements of comprehensive income were $32,791 thousand and $28,990 thousand, representing the contributions payable to these plans by the Company at the rates specified in the plans for the years ended December 31, 2025 and 2024, respectively.

B. Defined benefit plans

a. The Company has defined benefit plans under the Labor Standards Law that provide benefits based on an employee’s length of service and average monthly salary for the six-month period prior to retirement. The aforementioned companies contribute an amount equal to 6% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government’s designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

b. The amounts arising from the defined benefit obligation of the Company in the balance sheets were as follows:

December 31

Item	2025	2024
Present value of defined benefit obligation	$72,108	$69,737
Fair value of plan assets	(58,429)	(51,589)
Net defined benefit liabilities	$13,679	$18,148

c. Movements of the net defined benefit liabilities were as follows:

	Year Ended December 31, 2025		
Item	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1	$69,737	($51,589)	$18,148
Service cost			
Current service cost	-	-	-
Interest expense (income)	1,046	(828)	218
Past service cost	-	-	-
Settlement loss (income)	-	-	-
Recognized in profit or loss	$1,046	($828)	$218
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	$ -	($3,376)	($3,376)
Actuarial loss (gain) -			
Changes in demographics assumptions	-	-	-
Changes in financial assumptions	1,770	-	1,770
Experience adjustments	3,519	-	3,519
Recognized in other comprehensive income	$5,289	($3,376)	$1,913
Contributions from the employer	$ -	($6,600)	($6,600)
Benefits paid from plan assets	(3,964)	3,964	-
Balance at December 31	$72,108	($58,429)	$13,679

Item	Year Ended December 31, 2024 Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1	$74,208	($45,477)	$28,731
Service cost			
Current service cost	-	-	-
Interest expense (income)	1,021	(675)	346
Past service cost	-	-	-
Settlement loss (income)	-	-	-
Recognized in profit or loss	$1,021	($675)	$346
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	$ -	($3,601)	($3,601)
Actuarial loss (gain) -			
Changes in demographics assumptions	-	-	-
Changes in financial assumptions	(924)	-	(924)
Experience adjustments	811	-	811
Recognized in other comprehensive income	($113)	($3,601)	($3,714)
Contributions from the employer	$ -	($7,200)	($7,200)
Benefits paid from plan assets	(5,379)	5,364	(15)
Balance at December 31	$69,737	($51,589)	$18,148

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

(a) Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

(b) Interest risk

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

(c) Salary risk

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

e. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	Measurement Date	
	December 31, 2025	December 31, 2024
Discount rate	1.250%	1.500%
Future salary increase rate	2%	2%
The weighted average duration of the defined benefit obligation	10 years	10.5 years

(a) Assumptions regarding future mortality experience are set based on actuarial valuation in accordance with the 6th version of Taiwan Standard Ordinary Experience Mortality Tables.

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

	December 31	
Item	2025	2024
Discount Rate		
0.25% higher	($1,770)	($1,799)
0.25% lower	$1,830	$1,864
Expected rates of salary increase		
0.25% higher	$1,784	$1,819
0.25% lower	($1,734)	($1,765)

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

E. The Company expects to make contributions of $6,000 thousand to the defined benefit plans for the year ended December 31, 2026.

(17) Share capital

A. Movements in the number of the Company's ordinary shares outstanding were as follows:

Item	Year Ended December 31, 2025	
	Shares (in thousands)	Amount
Balance at January 1	273,444	$2,734,437
Conversion of bonds payable	-	-
Balance at December 31	273,444	$2,734,437

Item	Year Ended December 31, 2024	
	Shares (in thousands)	Amount
Balance at January 1	272,525	$2,725,243
Conversion of bonds payable	919	9,194
Balance at December 31	273,444	$2,734,437

B. As of December 31, 2025, the authorized capital is $5,000,000 thousand, consisting of 500,000 thousand shares.

(18) Capital surplus

Item	December 31	
	2025	2024
From merger	$18,227	$18,227
From convertible bonds	1,477,900	1,477,900
Treasury share transactions	21,464	21,464
Reorganization	1,050	1,050
Differences between considerations and carrying amounts of subsidiaries acquired or disposed	147	147
Total	$1,518,788	$1,518,788

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and donations can be used to offset deficit or may be distributed as stock dividends or in cash. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's paid-in capital.

Capital surplus can’t be used to offset deficit unless legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

(19)Retained earnings and dividend policy

(1) In accordance with the dividend policy as set forth in the Company’s Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, and the remainder plus prior year’s unappropriated earnings will be recommended by the board of directors and approved through the shareholders’ meeting.

In consideration of its operation and capital expenditure demands, the Company stipulates appropriate dividend distribution ratio, and proposes for approval in the shareholders’ meeting. However, at least 20% of total dividends should be distributed in cash.

(2) Legal reserve may be used to offset a deficit, and be transferred to capital or distributed in cash. However, legal reserve can be transferred to capital or distributed in cash only when the legal reserve has exceeded 25% of the Company’s paid-in capital.

(3) Special reserve

Item	December 31 2025	December 31 2024
Reserve for the debit balance of other equities	$57,507	$221,030
Reserve for first-time adoption of IFRS	79,155	79,155
Total	$136,662	$300,185

A. While earning distribution, the earnings can be distributed after appropriation of the equivalent amount of the debit balance of the other equities of the balance sheet.

B. Under Rule No.1010012865 issued by the FSC for first-time adoption of IFRS, the special reserve can be reversed while usage, disposal and reclassification of related assets.

(4) The appropriation of 2024 and 2023 earnings had been resolved at the shareholders’ meeting in May 2025 and June 2024, respectively. Details were summarized below:

Item	Amount 2024	Amount 2023	Dividends Per Share 2024	Dividends Per Share 2023
Legal reserve	$149,507	$133,407		
Special reserve	(163,523)	42,428		
Cash dividends	1,011,742	957,053	3.7	3.5
Total	$997,726	$1,132,888		

(5) The appropriation of 2025 earnings had been proposed by the Board of Directors on March 5, 2026. Details were summarized below:

Item	Amount	Dividends Per Share
Legal reserve	$216,417	
Special reserve	107,659	
Cash dividends	1,498,968	5.5

A. The appropriations of earnings for 2025 are to be presented for approval in the shareholders' meeting to be held in May 2026.

B. In the event of repurchase of the Company's shares, transfer, conversion or annulment of treasury stocks, and exercise of employees' stock options, leading to a change in the number of outstanding shares and a consequent change in dividend yield, it is proposed that the chairman is authorized by the Board of Directors to duly adjust stocks and cash payout rates.

(6) Information on the earnings appropriation proposed by the Company's Board of Directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(20) Other equity

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Total
Balance, January 1, 2025	($145,931)	$9,269	($136,662)
Share of subsidiaries, associates and joint ventures accounted for using equity method	(106,901)	-	(106,901)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	(300)	(300)
Use the equity method to recognize shares of subsidiaries, affiliated enterprises and joint ventures	-	(458)	(458)
Balance, December 31, 2025	($252,832)	$8,511	($244,321)

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Total
Balance, January 1, 2024	($305,248)	$5,063	($300,185)
Share of subsidiaries, associates and joint ventures accounted for using equity method	159,317	-	159,317
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	3,032	3,032
Use the equity method to recognize shares of subsidiaries, affiliated enterprises and joint ventures	-	1,174	1,174
Balance, December 31, 2024	($145,931)	$9,269	($136,662)

(21) Treasury shares

A. Reasons for share redemption and changes in share quantity

(In thousands)

	Year Ended December 31	
Reason for repurchase	2025	2024
Transferring employees		
Balance, January 1	$ -	$ -
Increase in current period	904	-
Decrease in current period	-	-
Balance, September 30	$904	$ -

a. On April 10, 2025, the Board of Directors resolution to repurchase treasury shares and transfer them to employees, It is expected that 6,000 thousands treasury shares will be repurchased from April 11, 2025 to June 10, 2025. As of the expiration date of the repurchase period, the company has repurchased a total of 904 thousands shares, with a total amount of 77,943 thousands.

B. According to the Securities and Exchange Act, The amount of shares purchased shall not exceed 10% of the total number of shares issued by the company, and the total amount of shares purchased shall not exceed the retained earnings plus the premium on the issued shares and the amount of realized capital reserves.

C. The treasury shares held by the Company shall not be pledged in accordance with the Securities and Exchange Act nor shall enjoy shareholder rights before being transferred.

D. According to the Securities and Exchange Act, shares repurchased for transfer to employees must be transferred within five years from the date of repurchase. If they are not transferred within the time limit, they will be deemed as unissued shares by the company and the company must apply for change registration to cancel the shares.

(22) Operating revenues

Item	Year Ended December 31	
	2025	2024
Revenue from contracts with customer		
Total revenues	$13,789,961	$10,973,548
Sales returns	(10,596)	(6,417)
Sales discount	(86,729)	(101,747)
Net	$13,692,636	$10,865,384

A. Explain of contract revenue

Sales of fans and other related goods are mainly to system manufacturers and distributors. Please refer to Note 14 for the main sale areas.

B. The Company's timing of revenue recognition is transferred the goods at a certain point of time.

C. Contract balances

The Company recognizes the receivable, contract assets and contract liabilities related to contract revenue as follows:

Item	December 31, 2025	December 31, 2024	January 1, 2024
Receivables	$4,376,112	$3,525,056	$2,693,839
Contract assets	-	-	-
Total	$4,376,112	$3,525,056	$2,693,839
Contract liabilities - current	$156,754	$90,266	$101,629

a. Significant changes in contract assets and contract liabilities

The changes in the contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment, and there is no other significant changes.

b. Amount from previous period's satisfied performance obligations and beginning contract liabilities recognized in the current period as income were as follows:

Revenue in the current period	Year Ended December 31	
	2025	2024
From beginning contract liabilities	$90,266	$101,629
From previous period's satisfied performance obligations	$ -	$ -

(23) Labor cost, depreciation and amortization

Item	Year ended December 31, 2025		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	$62,414	$910,821	$973,235
Insurance	4,851	61,802	66,653
Pension	2,195	30,814	33,009
Remuneration to directors	-	16,000	16,000
Others	6,743	56,457	63,200
Depreciation	9,559	53,965	63,524
Amortization	1,531	29,653	31,184
Total	$87,293	$1,159,512	$1,246,805

Item	Year ended December 31, 2024		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	$52,250	$720,818	$773,068
Insurance	4,526	53,788	58,314
Pension	2,094	27,242	29,336
Remuneration to directors	-	11,000	11,000
Others	5,749	49,171	54,920
Depreciation	16,146	41,717	57,863
Amortization	1,356	24,328	25,684
Total	$82,121	$928,064	$1,010,185

1. Additional information of the number of employees and employee benefits expenses for the years ended December 31, 2025 and 2024 were as follows:

Item	December 31	
	2025	2024
The number of employees	664	628
The number of directors who were not adjunct employees	7	6
Average employee benefits expenses	$1,729	$1,472
Average employee salary	$1,481	$1,243

Changes in adjusting average employee salary	19.15%	13.41%

2. The Company's salary and remuneration policy, including that for directors, managers and employees, is as follows:
   (1) Directors' remuneration:
      A. The Company's Articles of Incorporation clearly stipulate that not higher than 5% of the annual profit shall be allocated as the director's remuneration.
      B. The remuneration to the directors shall be determined by the Board of Directors according to their degree of participation in the operation of the Company, the value of their contribution, and the usual standards of the industry.
   (2) Managers' remuneration:
   The remuneration to the managers is based on their duties, contributions, and the Company's annual operation performance and in consideration of the Company's future risks, and is reviewed by the remuneration committee and submitted to the Board of Directors for resolution.
   (3) Employees' compensation:
   The employees' compensation includes monthly salary and various bonuses, annual year-end and performance bonuses, as well as remuneration issued by the Company based on annual profitability.
      A. The Company's various salary awards are issued in accordance with the Company's various salary and bonus systems.
      B. In 2024,The Company's Articles of Incorporation clearly stipulate that not less than 2% of the annual profit is used as employees' compensation.In 2025, The Company's Articles of Incorporation clearly stipulate that not less than 2% and 3‰ of the annual profit is used as employees' compensation and junior employee.The distribution method is proposed by the remuneration committee to the Board of Directors and issued after the Board of Directors' approval.

3. The Company allocates employee remuneration, junior employee remuneration and director remuneration based on the pre-tax profit before deducting the distribution of employee and director remuneration in the current year.In 2024, the Company allocated no less than 2% and no more than 5% respectively to employee remuneration and director remuneration. In 2025, the Company allocated no less than 2%, 0.3‰ and no more than 5% respectively to employee remuneration, junior employee remuneration and director remuneration.

4. The employees' compensation and remuneration to directors for the years ended December 31, 2025 and 2024 had been approved by the Company's Board of Directors meeting held on March 5, 2026 and March 6, 2025 respectively, and the relevant amounts recognized in the parent company only financial statement were as follows:

	Year ended December 31			
	2025		2024	
	Employees' compensation	Remuneration to directors	Employees' compensation	Remuneration to directors
Resolution amount of allotment	$78,000	$16,000	$44,000	$11,000
Recognized in the annual financial statements	78,000	16,000	44,000	11,000
Difference	$ -	$ -	$ -	$ -

The above mentioned employees' compensation will be paid by cash.

5. Information about the appropriation of employees' compensation and directors' remuneration by the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Interest income

	Year Ended December 31	
Item	2025	2024
Interest on bank deposits	$46,263	$73,346
Others	3,694	3,247
Total	$49,957	$76,593

(25) Other income

	Year Ended December 31	
Item	2025	2024
Rental income	$1,998	$1,974
Dividend income	217	-
Others – Trademark & Patent income	281,184	171,533
Others – sample sales, etc.	82,767	62,058
Others	120,196	138,859
Total	$486,362	$374,424

(26) Other gains and losses

Item	Year Ended December 31	
	2025	2024
Gain on disposal of property, plant and equipment	($78)	$2,496
Net currency exchange loss	(16,662)	47,760
Gain of financial liability at fair value through profit or loss	(173,170)	12,920
Others	(5,847)	(3,368)
Total	($195,757)	$59,808

(27) Finance costs

Item	Year Ended December 31	
	2025	2024
Interest on loans	$12,436	$9,335
Interest on lease liabilities	1,098	260
Others Interest	7	11
Less: capitalized amount for qualified assets	-	-
Finance costs	$13,541	$9,606

(28) Income tax expense

A. The major components of tax expense were as follows:

Current income tax	Year Ended December 31	
	2025	2024
Current tax expense	$401,811	$343,011
Undistributed surplus for income tax	19,347	8,103
Adjustments in tax of prior periods	(19,009)	2,833
Total	$402,149	$353,947
Deferred income tax		
The origination and reversal of temporary differences	$54,626	$31,918
Total	$54,626	$31,918
lncome tax expense	$456,775	$385,865

B. Income tax expense recognized in other comprehensive income was as follows:

Item	Year Ended December 31 2025	Year Ended December 31 2024
Share of other comprehensive loss of subsidiaries, associates and joint ventures	($26,725)	$39,829
Remeasurement of defined benefit plans	(383)	743
Total	($27,108)	$40,572

C. Reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

Item	Year Ended December 31 2025	Year Ended December 31 2024
Income before income tax	$2,622,474	$1,877,958
Income tax expense at the statutory rate	$524,495	$375,592
Tax effect of adjusting items:		
Loss (Gain) on investment under equity method	(255,025)	(165,087)
Other adjustments	132,341	132,506
Undistributed surplus for income tax	19,347	8,103
Adjustments for prior year's tax adjustments	(19,009)	2,833
Deferred income tax expense		
Temporary differences	54,626	31,918
Income tax expense recognized in profit or loss	$456,775	$385,865

The applicable tax rate used by the Company is 20%. In addition, the tax rate applicable to unappropriated earning is 5%.

According to the amendments to the Statute for Industrial Innovation announced in July 2019, the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company has already deducted the amount of the unappropriated earnings that has been reinvested as capital expenditures. When calculating the tax on retained earnings, the Company has already deducted the amount of capital expenditures reinvested in retained earnings.

D. Deferred tax assets and liabilities from temporary differences

	Year Ended December 31, 2025			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets:				
Temporary differences				
Net defined benefit liability	$3,629	($1,276)	$383	$2,736
Unrealized loss on inventories	846	(206)	-	640
Unused compensated absences	4,277	270	-	4,547
Unrealized exchange gain	3,796	(1,353)	-	2,443
Unrealized expenses	980	(980)	-	-
Unrealized investment losses	-	32,050	-	32,050
Subtotal	$13,528	$28,505	$383	$42,416
Deferred income tax liabilities:				
Temporary differences				
Gain on foreign investment under equity method	$248,322	$85,715	($26,725)	$307,312
Unrealized gain (loss) on financial asset	2,584	(2,584)	-	-
Subtotal	$250,906	$83,131	($26,725)	$307,312
Total	($237,378)	($54,626)	$27,108	($264,896)

	Year Ended December 31, 2024			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets:				
Temporary differences				
Net defined benefit liability	$5,747	($1,375)	($743)	$3,629
Unrealized loss on inventories	2,526	(1,680)	-	846
Unused compensated absences	3,757	520	-	4,277
Unrealized exchange gain	18,638	(14,842)	-	3,796
Unrealized expenses	-	980	-	980
Subtotal	$30,668	($16,397)	($743)	$13,528

	Year Ended December 31, 2024			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax liabilities:				
Temporary differences				
Gain on foreign investment under equity method	$195,556	$12,937	$39,829	$248,322
Unrealized gain (loss) on financial asset	-	2,584	-	2,584
Subtotal	$195,556	$15,521	$39,829	$250,906
Total	($164,888)	($31,918)	($40,572)	($237,378)

E. Items with no deferred tax assets recognized:

Item	December 31 2025	December 31 2024
Deductible temporary differences	$31,092	$40,706

F. The tax authorities have ratified Company’s income tax returns through Year 2023.

(29) Other comprehensive income (loss)

Item	Year Ended December 31, 2025 Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	($1,913)	$383	($1,530)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(300)	-	(300)
Share of subsidiaries, associates and joint ventures accounted for using equity method：			
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(458)	-	(458)

Subtotal	($2,671)	$383	($2,288)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	($133,626)	$26,725	($106,901)
Subtotal	($133,626)	$26,725	($106,901)
Recognized in other comprehensive income (loss)	($136,297)	$27,108	($109,189)

	Year Ended December 31, 2024		
Item	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	$3,714	($743)	$2,971
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	3,032	-	3,032
Share of subsidiaries, associates and joint ventures accounted for using equity method：			
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	1,174	-	1,174
Subtotal	$7,920	($743)	$7,177
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	$199,146	($39,829)	$159,317
Subtotal	$199,146	($39,829)	$159,317
Recognized in other comprehensive income (loss)	$207,066	($40,572)	$166,494

(30) Other comprehensive income (loss)

Item	Year Ended December 31 2025	2024
A. Basic earnings per share:		
Net income	$2,165,699	$1,492,093
Weighted average shares outstanding (in thousands)	272,832	273,444
Basic earnings per share (after tax)	$7.94	$5.46
B. Diluted earnings per share:		
Net income attributable to owners of the parent	$2,165,699	$1,492,093
Interest of convertible bonds	-	-
Net income used in computation of diluted earnings per share	$2,165,699	$1,492,093
Weighted average shares outstanding (in thousands)	272,832	273,444
Impact on employees' compensation (Note)	486	451
Weighted average number of ordinary shares outstanding after dilution (in thousands)	273,318	273,895
Diluted earnings per share (after tax)	$7.93	$5.45

(Note) Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party:

The Company is the ultimate controlling party.

(2) Related party name and category:

Related Party Name	Related Party Category
Sunon SAS	Subsidiary
Sunon INC	Subsidiary
Sunon Electronic (Kunshan) Co., Ltd.	Subsidiary
Sunon Electronic (Foshan) Co., Ltd.	Subsidiary

Sunon Electronic (Bei Hai) Co., Ltd.	Subsidiary
Beihai Li Zhun Electronics Co., Ltd.	Subsidiary
Sunon Electronics India Private Limited	Subsidiary
Sunon Electronics Philippines Corp.	Subsidiary
Sunon Properties Philippines Corp.	Subsidiary
Sunon Cooling Technology (Thailand) Co., Ltd	Subsidiary
Tianmai Sunon Thermal Technology (Suzhou) Co., Ltd.	Associate company
Guang Sheng Investment Corporation	Other related parties
Shehng-Yuan Children Development and Adult Support Services Center	Other related parties
Yo Yuan Investment Corporation	Other related parties
Sunon Charitable Foundation	Other related parties

(3) Significant transactions with related parties:

A. Sales:

	Year Ended December 31	
Related Party Category	2025	2024
Subsidiaries	$1,635,981	$1,457,030
Other related parties	472	-
Total	$1,636,453	$1,457,030

Selling prices with the related parties are set by the Company and are equivalent to those with ordinary customers. Collection period was 2 to 4 months. Collection can be delayed when agreed on by both parties.

B. Purchase:

	Year Ended December 31	
Related Party Category	2025	2024
Subsidiaries:		
Sunon Electronic (Kunshan) Co., Ltd.	$2,173,412	$1,886,821
Sunon Electronic (Bei Hai) Co., Ltd.	4,829,262	4,237,650
Others	870,446	446,798
Total	$7,873,120	$6,571,269

The above transaction is the purchase price of the finished product which undertakes the transfer of the Company that the pricing is based on the Company's order taking prices, the purchase prices with the related parties are equivalent to those with ordinary suppliers. Payment terms were 2 to 4 months for other suppliers and related parties. In addition, both parties can agree to advance the payment.

C. Contract assets: None.

D. Contract liabilities: None.

E. Balance of receivables (excluding lending to related parties and contract assets):

Related Party Category	December 31 2025	December 31 2024
Accounts receivable:		
Subsidiaries		
Sunon Electronics (Bei Hai) Co., Ltd.	$971,338	$804,254
Others	176,619	124,628
Total	$1,147,957	$928,882
Other receivables:		
Subsidiaries		
Sunon Electronic (Kunshan) Co., Ltd.	$39,656	$50,361
Beihai Li Zhun Electronics Co., Ltd.	33,693	39,498
Others	1,025	10,848
Total	$74,374	$100,707

F. Balance of payables (excluding borrowing from related parties):

Related Party Category	December 31 2025	December 31 2024
Accounts payables:		
Subsidiaries		
Sunon Electronic (Kunshan) Co., Ltd.	$565,417	$457,786
Sunon Electronic (Bei Hai) Co., Ltd.	1,621,890	1,515,785
Others	220,923	100,126
Total	$2,408,230	$2,073,697
Other payables:		
Subsidiaries	$22,378	$22,102

G. Prepayments: None.

H. Property transactions:

a. Disposal of property, plant and equipment

Related Party Category	Disposal Price Year Ended December 31 2025	Disposal Price Year Ended December 31 2024
Subsidiaries	$149	$7,980

Related Party Category	Disposal Gain	
	Year Ended December 31	
	2025	2024
Subsidiaries	$7	$1,912

Above mentioned transaction prices were negotiated by both parties, and there were Fully received as of December 31, 2025 and 2024.

I. Lessee arrangements:

Item	Related Party Category	Year Ended December 31	
		2025	2024
Interest expense	Other related parties	$ -	$1

J. Rent arrangements: None.

K.Financing activities - lending to related parties: None.

L. Financing activities - borrowing from related parties: None.

M. Guarantee for related parties:

Related Party Category	December 31	
	2025	2024
Subsidiaries	USD 18,000	USD 21,000
Subsidiaries	RMB 130,000	RMB 70,000

N. Others:

a. Guarantee deposits:

Related Party Category	December 31	
	2025	2024
Shehng-Yuan Children Development and Audit Support Services Center	$45	$45
Other related parties	10	10
Total	$55	$55

b. Miscellaneous income:

Related Party Category	Year Ended December 31 2025	2024
Subsidiaries		
Sunon Electronic (Kunshan) Co., Ltd.	$157,533	$123,947
Beihai Li Zhun Electronics Co., Ltd.	143,182	108,404
Others	19,238	13,485
Other related parties	195	194
Total	$320,148	$246,030

Miscellaneous income is mainly samples, rent and patent income. Rent prices are according to the contract agreement and received monthly.

c. Miscellaneous expenses:

Related Party Category	Year Ended December 31 2025	2024
Subsidiaries		
Sunon SAS	$86,553	$60,600
Sunon INC	24,433	13,469
Others	20,569	20,636
Total	$131,555	$94,705

Miscellaneous expenses are mainly commission fees.

d. Subscription of related parties' capital increase

Year ended December 31, 2025:

Related Party	Investment Increase: Number of shares (thousand shares)	Amount	Shareholding Ratio: Before capital increase	After capital increase
Subsidiaries				
Sunon Electronics Philippines Corp.	1,763	$92,565	99.99%	99.99%
Sunon Properties Philippines Corp.	8,734	$459,225	99.99%	99.99%
Sunon Cooling Technology (Thailand) Co., Ltd.	200	$2,003	-	100%
Associate Company				
Tianmai Sunon Thermal	-	$31,129	-	30.00%

Technology (Suzhou) Co., Ltd.

Year ended December 31, 2024:

Related Party	Investment Increase: Number of shares (thousand shares)	Investment Increase: Amount	Shareholding Ratio: Before capital increase	Shareholding Ratio: After capital increase
Subsidiaries				
Sunon Electronics Philippines Corp.	2,843	$160,100	99.99%	99.99%
Sunon Properties Philippines Corp.	8,805	$486,750	99.99%	99.99%

(4) Key management compensation

Related Party Category	Year Ended December 31: 2025	Year Ended December 31: 2024
Salaries and other short-term employee benefits	$123,789	$83,774
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total	$123,789	$83,774

8. PLEDGED ASSETS

Related Party Category	December 31: 2025	December 31: 2024
Property, plant and equipment (net)	$496,858	$496,858

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2025 and 2024, the Company issued guarantee notes for bank loans amounting to $2,856,340 thousand and $2,619,430 thousand, respectively.

(2) The unused letters of credit issued by the Company were as follows:

(In thousands)

Item	December 31: 2025	December 31: 2024
L/C Amount	USD 2,120	USD 721

(3) The note endorsement for material purchase were as follows:

(In thousands)

Item	December 31 2025	December 31 2024
Bank acceptance	USD 2,985	USD 1,234

(4) The Company endorsed guarantees for others. Please refer to Note 13 for the information.

10. SIGNIFICANT DISASTER LOSS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS

To repay bank borrowings and strengthen working capital, the Company's Board of Directors resolved on November 6, 2025 to conduct a cash capital increase through the issuance of 13,500 thousand new common shares. The capital increase was approved by the Financial Supervisory Commission on January 16, 2026. The Board of Directors further resolved that the capital increase record date shall be March 2, 2026. The tentative issue price is NT$110 per share. Upon completion of the capital increase, the Company's paid-in capital will amount to NT$2,869,437 thousand.

12. OTHERS

(1) Capital risk management

The Company should maintain an adequate capital structure to enable the expansion and enhancement of equipment. Therefore, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases and debt service requirements associated with its existing operations over the next 12 months.

(2) Financial instruments

A. Financial risk of financial instruments

Financial risk management policies

The Company's activities expose to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To lower down the related financial risk, the Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

The plans for material treasury activities are reviewed by board of directors in accordance with procedures required by relevant regulations or internal controls.

During the implementation of such plans, the Company Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

Significant financial risks and degrees of financial risks

a. Market risk

(a) Foreign exchange rate risk

The Company's functional currency is New Taiwan dollars. Many of the Company's operating activities are denominated in foreign currencies. Consequently, the Company is exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company raises loans denominated in foreign currency and derivative financial instruments to hedge the currency exposure. These instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements. The derivative financial instruments the Company held with maturities less than 3 months are not qualified for hedge accounting. The net investment in foreign operation is strategic investment. Therefore, the Company does no hedge for it.

(b) Foreign currency risk and sensitivity analysis

			December 31, 2025			
				Sensitivity Analysis		
	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Variation	Profit and Loss Impact	Equity Impact
Financial assets						
Monetary item						
USD:NTD	165,321	31.4300	5,196,053	increase 1%	51,961	-
EUR:NTD	6,686	36.9000	246,717	increase 1%	2,467	-
Investments accounted for using equity method						
USD:NTD	69,542	31.4300	2,185,706	increase 1%	-	21,857
EUR:NTD	2,397	36.9000	88,446	increase 1%	-	884
RMB:NTD	386,525	4.4716	1,728,385	increase 1%	-	17,284
PHP:NTD	3,284,732	0.5345	1,755,688	increase 1%	-	17,557
Financial liabilities						
Monetary item						
USD:NTD	115,501	31.4300	3,630,209	increase 1%	(36,302)	-

			December 31, 2024			
				Sensitivity Analysis		
	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Variation	Profit and Loss Impact	Equity Impact
Financial assets						
Monetary item						

USD:NTD	125,416	32.7850	4,111,755	increase 1%	41,118	-
EUR:NTD	5,350	34.1400	182,652	increase 1%	1,827	-
Investments accounted for using equity method						
USD:NTD	57,403	32.7850	1,881,954	increase 1%	-	18,820
EUR:NTD	2,629	34.1400	89,738	increase 1%	-	897
RMB:NTD	314,899	4.5608	1,436,192	increase 1%	-	14,362
PHP:NTD	2,153,714	0.5651	1,217,064	increase 1%	-	12,171
Financial liabilities						
Monetary item						
USD:NTD	93,171	32.7850	3,054,610	increase 1%	(30,546)	-

When New Taiwan dollar appreciates and other variation factors stay unchanged, there will be the same but opposite amount of influence as of December 31, 2025 and 2024.

The details of unrealized exchange gain (loss) for monetary items due to material exchange rate fluctuation were as follow:

	Year Ended December 31, 2025			Year Ended December 31, 2024		
	Foreign Exchange Gain (Loss)			Foreign Exchange Gain (Loss)		
	Foreign Currency (In thousands)	Exchange Rate	Carrying Value	Foreign Currency (In thousands)	Exchange Rate	Carrying Value
Financial Assets						
Monetary Item						
USD: NTD	-	31.1310	94,942	-	32.1250	67,124
EUR: NTD	-	35.1900	5,107	-	34.7500	(129)
JPY: NTD	-	0.2083	(337)	-	0.2122	(30)
RMB: NTD	-	4.3583	992	-	4.5109	467
Financial Liabilities						
Monetary Item						
USD: NTD	-	31.1310	(112,827)	-	32.1250	(86,499)
EUR: NTD	-	35.1900	(82)	-	34.7500	101

b. Price risk

The Company is exposed to equity instrument price risk because the investments held by the Company are classified on the consolidated balance sheet as at fair value through profit or loss.

The Company is exposed to beneficiary certificates. If the price of the Company's equity investments rises (or falls) 1%, the Profit after tax from equity instruments at fair value through profit or loss will increase (or decrease) 0 thousand and 1,732 thousand, and the other comprehensive income from equity instruments at fair value through other comprehensive income or loss will increase (or decrease) 268 thousand and 277 thousand for the years ended December 31, 2025 and 2024, respectively.

c. Interest rate risk

The carrying amount of the financial assets and liabilities that exposed to interest rate risk as reporting date was as follow:

Item	Carrying Value December 31, 2025	Carrying Value December 31, 2024
Fair value interest rate risk:		
Financial assets	$ -	$ -
Financial liabilities	(70,746)	(63,039)
Net	($70,746)	($63,039)
Cash flow interest rate risk:		
Financial assets	$1,914,752	$1,856,731
Financial liabilities	(700,000)	(583,778)
Net	$1,214,752	$1,272,953

(a) Sensitivity analysis of fair value interest rate risk tools

The Company does not classify any fixed-rate instruments as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. In addition, the Company does not designate derivatives (interest rate swap) as hedge instruments under hedge accounting. Therefore, the change of interest rate at reporting date does not have influence on net income and other comprehensive income.

(b) Sensitivity analysis of cash flow interest rate risk tools

The Company’s financial instruments with variable interest rate are those with floating-rate. If interest rate increases 1%, the net income will decrease $12,148 thousand and $12,730 thousand for the years ended December 31, 2025 and 2024, respectively.

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a contract leading to a financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily accounts receivables, and from investing activities, primarily deposit and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

a. Business related credit risk

In order to maintain the credit quality of accounts receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed in the consideration of the relevant factors which may affects the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions.

b. Financial credit risk

The Company's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Company Treasury function. The Company only deals with creditworthy counterparties, banks, and government so that no significant credit risk was identified. In addition, the Company has no financial assets at amortized and investments in debt instruments at fair value through other comprehensive income.

(a) Credit concentration risk

As of December 31, 2025 and 2024, the Company's ten largest customers accounted for 58.92% and 59.92% of accounts receivable, respectively. The Company believes the concentration of credit risk is insignificant for the remaining accounts receivable.

The Company continuously evaluated customers' financial situation. To reduce major credit risk, the Company bought credit guarantee insurance, and asked customers to make payment in advance.

(b) Expected credit loss measurement

i. Account receivables adopts a simplified approach, please prefer to Note 6(3).

ii. Identification basis for whether credit risk is significantly increased: None (the Company didn't hold debt instruments at amortized cost or at FVTOCI).

c. Collaterals and other credit enhancement held to avoid credit risks from financial assets.

Related information of the maximum exposure to credit risk regarding financial assets recognized in the parent company only balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Company as of December 31, 2025 and 2024:

		Decrease Amount of Credit Risk Maximum Exposure			
December 31, 2025	Carrying Value	Collateral	Net Settlement Agreement	Other Credit Strengthening	Total
Financial instruments subject to IFRS 9 impairment requirements and derogated from credit	$ -	$ -	$ -	$ -	$ -
Financial instruments not subject to IFRS 9 impairment requirements:					
Financial assets at fair value through other comprehensive income or loss	26,755	-	-	-	-
Total	$26,755	$ -	$ -	$ -	$ -

December 31, 2024	Carrying Value	Decrease Amount of Credit Risk Maximum Exposure			
		Collateral	Net Settlement Agreement	Other Credit Strengthening	Total
Financial instruments subject to IFRS 9 impairment requirements and derogated from credit	$ -	$ -	$ -	$ -	$ -
Financial instruments not subject to IFRS 9 impairment requirements:					
Financial assets at fair value through profit or loss	173,170	-	-	-	-
Financial assets at fair value through other comprehensive income or loss	27,707	-	-	-	-
Total	$200,877	$ -	$ -	$ -	$ -

C. Liquidity risk

a. Liquidity risk management:

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations.

b. Financial liabilities with repayment periods:

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

Non-derivative Financial Liabilities	December 31, 2025					
	Within 1 year	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
Accounts payable	1,110,723	-	-	-	1,110,723	1,110,723
Accounts payable - related parties	2,408,230	-	-	-	2,408,230	2,408,230
Other payables	722,668	-	-	-	722,668	722,668
Other payables - related parties	22,378	-	-	-	22,378	22,378
Long-term loans (Inclusive of current portion)	87,500	175,000	437,500	-	700,000	700,000
Lease liabilities	23,297	17,738	32,065	-	73,100	70,746
Guarantee deposits	449	-	-	-	449	449
Total	$4,375,245	$192,738	$469,565	$ -	$5,037,548	$5,035,194

Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments

Lease liabilities	$23,297	$49,803	$ -	$ -	$ -	$ -	$73,100

Non-derivative Financial Liabilities	December 31, 2024					
	Within 1 year	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
Short-term loans	$20,000	$ -	$ -	$ -	$20,000	$20,000
Accounts payable	902,665	-	-	-	902,665	902,665
Accounts payable - related parties	2,073,697	-	-	-	2,073,697	2,073,697
Other payables	525,513	-	-	-	525,513	525,513
Other payables - related parties	22,102	-	-	-	22,102	22,102
Long-term loans (Inclusive of current portion)	88,889	137,139	289,500	48,250	563,778	563,778
Lease liabilities	16,157	15,094	30,808	3,375	65,434	63,039
Guarantee deposits	449	-	-	-	449	449
Total	$3,649,472	$152,233	$320,308	$51,625	$4,173,638	$4,171,243

Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	$16,157	$45,902	$3,375	$ -	$ -	$ -	$65,434

The Company does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

2. Categories of financial instruments

The carrying values of financial assets and liabilities of the Company as of December 31, 2025 and 2024 were as follow:

Financial assets	December 31	
	2025	2024
Financial assets measured at amortized cost		
Cash and cash equivalents	$1,915,394	$1,857,657
Notes and accounts receivable (including related parties)	4,376,112	3,525,056
Other receivables (including related parties)	153,199	159,964
Refundable deposits	6,459	6,280
Financial assets at fair value through profit or loss	-	173,170
Financial asset at fair value through other Comprehensive income or loss noncurrent	26,755	27,707
Financial liabilities		
Financial liabilities measured at amortized cost		

Short-term loans	-	20,000
Notes and accounts payable (including related parties)	3,518,953	2,976,362
Other payables (including related parties)	745,046	547,615
Lease liabilities (including current and noncurrent)	70,746	63,039
Long-term loans	700,000	563,778
Guarantee deposits	449	449

(3) Fair value information

A. Details of the fair value of the Company’s financial assets and financial liabilities not measured at fair value are provided in Note 12(3)C. Details of the fair value of the Company's investment property measured at cost are provided in Note 6(10).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company’s investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company’s investments in government bonds, corporate bonds, financial debentures, convertible bonds, and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company’s investments in some derivative instruments and equity instruments without active market is included in Level 3.

C. Financial instruments that are not measured at fair value

The Company considers that the carrying amounts of financial instruments except those listed in the table below, including cash and cash equivalents, receivables, other financial assets, refundable deposits, short-term loans, payables, long-term loans and guarantee deposits that are not measured at fair value approximate their fair values.

D. The related information of fair value by level

The related information of financial instruments measured at fair value on a recurring basis by level is as follows:

December 31, 2025

Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income or loss				
Domestic unlisted stocks	-	-	26,755	26,755
Total	$ -	$ -	$26,755	$26,755

	December 31, 2024			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value profit or loss				
Foreign convertible bonds	$ -	$ -	$173,170	$173,170
Financial assets at fair value through other comprehensive income or loss				
Domestic unlisted stocks	-	-	27,707	27,707
Total	$ -	$ -	$200,877	$200,877

E. Valuation techniques of financial instruments valued at fair value

(a) The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Center Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid. A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive when the bid-ask spread is increasing; or the bid-ask spread varies significantly; or there has been a significant decline in trading volume.

(b) Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counterparty. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models, based on the information acquired from the market at the balance sheet date.

When the financial instrument of the Company is not traded in an active market, the fair value is determined based on the ratio of the quoted market price of the comparative company, its book value per share and its operating situation. Also, the fair value is discounted for its lack of liquidity in the market.

The assets measured by the fair value of the third level of the fair value hierarchy of the Company are used to measure the significant unobservable inputs of fair value.

December 31, 2025:

Item	Evaluation technology	Check the input value	interval	Input value and fair value relationship
Financial assets at fair value through other comprehensive income or loss	Market Approach	Lack of liquidity discount rate	16.21%	The higher the degree of lack of liquidity, the lower the fair value estimate

December 31, 2024:

Item	Evaluation technology	Check the input value	interval	Input value and fair value relationship
Financial assets at fair value through profit or loss	Income Approach	Discount rate	7.30%	The higher the degree of discount rate, the lower the fair value estimate
Financial assets at fair value through other comprehensive income or loss	Market Approach	Lack of liquidity discount rate	19.95%	The higher the degree of lack of liquidity, the lower the fair value estimate

F. Transfer between Level 1 and Level 2: None.

G. Changes in level 3 instruments as for the years ended December 31, 2025 and 2024:

Item	Investment in unquoted financial instruments Year Ended December 31 2025	2024
Beginning balance	$200,877	$24,675
Addition	-	160,250
Capital reserve dividendS	(652)	-
Recognized in income	(173,170)	12,920
Recognized in other comprehensive income	(300)	3,032

Item	Investment in unquoted financial instruments	
	Year Ended December 31	
	2025	2024
Ending balance	$26,755	$200,877

H. Valuation process for Level 3 fair value measurement:

Valuation process regarding fair value Level 3 is conducted by the Company finance department, by which the independence of fair value of financial instruments is verified though use of independent data source in order to make the valuation results close to market conditions. Such valuation results are regularly reviewed so as to ensure their reasonableness.

(4) Transfer of financial assets: None.

(5) Offset of financial assets and liabilities: None.

(6) other：

On August 29, 2024, the Ministry of Environment issued the Regulations Governing the Collection of Carbon Fees, the Management Regulations for Voluntary Greenhouse Gas Reduction Projects, and the Designated GHG Emissions Reduction Goals for Entities Subject to Carbon Fees. In October 2024, the Ministry further announced the implementation of carbon fee rates effective January 1, 2025. Based on the Company's actual greenhouse gas emissions for the year ended December 31, 2025, management has assessed that the Company does not fall within the scope of entities subject to carbon fees under the regulations issued by the Ministry of Environment. Furthermore. Accordingly, no liability related to carbon fees was recognized as of December 31, 2025.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans provided to other parties: Table 1

B. Endorsement/guarantee provided: Table 2

C. Material securities held at the end of the period: Table 3

D. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Table 4

E. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5

(2) Information on investees: Table 6

(3) Information on investments in Mainland China: Table 7

Table 1

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

LOANS PROVIDED TO OTHER PARTIES

DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance (Note 4)	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 3)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
1	Sunon Electronics Philippines Corp.	Brilliant Fast Properties Corp.	Other receivables	No	37,415 (PHP 70,000)	37,415 (PHP 70,000)	37,415 (PHP 70,000)	9%	1	53,813		-	-	-	53,813	185,883

Note 1: Financing limits for each borrowing company:

(1) For trading partner, the total amount of the loan shall not exceed 20% of the company's net worth；
The individual loan amount shall not exceed the purchase or sales amount or the contract amount as signed for the business operations between the two parties in the most recent year.

(2) For short-term financing, the total amount of the loan shall not exceed 20% of the company's net worth；
The individual loan amount shall not exceed 10% of the Company's net worth.

Note 2: The maximum balance of financing activitives:

(1) The total amount of the loan shall not exceed 40% of the net worth of the loan enterprise.

(2) The policy for loans granted mutually between overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows:
The maximum amount for total loan for individual enterprise shall not exceed 50% of its net worth.。

Note 3: The code represents the nature of financing activities as follows:

(1) Related to trading partner is "1".

(2) Short-term financing is "2".

Note 4: The maximum amount was approved by the Board of Directors' meeting.

Table 2

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED

DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Endorser	Endorsee		Endorsement Limit for a Single Entity (Note 3)	Highest Balance During the Period	Ending Balance	Actual Amount Drawn	Balance Secured by Collaterals	Ratio of Accumulated Amount to Net Worth of the Company	Maximum Amount of Endorsement (Note 4)	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Party in Mainland China
		Company Name	Relationship (Note 2)										
0	Sunonwealth Electric Machine Industry Co., Ltd.	Sunon Electronic (Kunshan) Co., Ltd.	2	2,666,126	NTD 89,432 (RMB 20,000)	NTD 89,432 (RMB 20,000)	-	-	1.01%	4,443,543	Y	N	Y
0	Sunonwealth Electric Machine Industry Co., Ltd.	Sunon Electronic (Bei Hai) Co., Ltd.	2	2,666,126	NTD 645,456 (USD 12,000; RMB 60,000)	NTD 645,456 (USD 12,000; RMB 60,000)	-	-	7.26%	4,443,543	Y	N	Y
0	Sunonwealth Electric Machine Industry Co., Ltd.	Bei hai Li Zhun Electronic Co., Ltd.	2	2,666,126	NTD 501,592 (USD 6,000; RMB 70,000)	NTD 501,592 (USD 6,000; RMB 70,000)	NTD 124,722 (USD 3,968)	-	5.64%	4,443,543	Y	N	Y
1	Sunon Electronic (Bei Hai) Co., Ltd.	Bei hai Li Zhun Electronic Co., Ltd.	1	231,553	NTD 44,716 (RMB 10,000)	NTD 44,716 (RMB 10,000)	NTD 44,716 (RMB 10,000)	-	3.86%	578,884	N	N	Y
2	Sunon Electronic (Kunshan) Co., Ltd.	Sunon Electronic (Bei Hai) Co., Ltd.	1	428,126	NTD 111,790 (RMB 25,000)	-	-	-	-	1,070,315	N	N	Y
2	Sunon Electronic (Kunshan) Co., Ltd.	Bei hai Li Zhun Electronic Co., Ltd.	1	428,126	NTD 223,580 (RMB 50,000)	-	-	-	-	1,070,315	N	N	Y

Note 1: The description of the number column is as follows:

(1) The issuer is represented in 0.

(2) The investee company is numbered sequentially from Arabic numeral 1.

Note 2: The following code represents the relationship with the Company :

1. Trading partner.
2. Majority owned subsidiary
3. The Company direct and indirect owns over 50% ownership of the investee company.
4. A subsidiary jointly owned over 90% by the Company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
7. Joint and several guaranteed by the Company according to the pre-construction contract under Consumer protection Act.

Note 3: Endorsements/guarantees provided by the Company to a single enterprise and a single foreign affiliate shall not exceed 20% and 30% of the Company’s net worth, respectively.

Note 4: The maximum amount of the endorsements/guarantees provided by the Company shall not exceed 50% of the Company’s net worth.

Note 5: Sunonwealth Electric Machine Industry Co., Ltd. endorsed Sunon Electronic (Kunshan) Co., Ltd. and Bei hai Li Zhun Electronic Co., Ltd. to guarantee a shared quota of NTD89,432 thousand (RMB20,000 thousand).

Table3

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

MATERIAL SECURITIES HELD AT THE END OF THE PERIOD

DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Note
				Number of Shares (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	
Sunonwealth Electric Machine Industry Co., Ltd.	Stock – Technology on Prototyping Ultimate Co., Ltd.	The Company is the legal director of that company	Financial assets at fair value through other comprehensive income or loss-noncurrent	870	26,755	15.68%	26,755	
Sunon Electronic (Kunshan) Co., Ltd.	Stock – ACP HEAT TRANSFER TECH WUXI CO LTD	None	Financial assets at fair value through other comprehensive income or loss-noncurrent	-	3,340	10.00%	3,340	

Table 4

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST

NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		(Notes/Accounts Payable) Or Receivable		Remarks
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Sunonwealth Electric Machine Industry Co., Ltd.	Sunon Electronic (Bei Hai) Co., Ltd.	Subsidiary	Sales	1,0,19,862	7.45%	3 to 4 months	-	-	971,338	22.13%	
	Sunon SAS	Subsidiary	Sales	182,456	1.33%	2 to 3 months	-	-	43,127	0.98%	
	Sunon INC	Subsidiary	Sales	256,233	1.87%	2 to 3 months	-	-	62,530	1.42%	
Sunon Electronic (Kunshan) Co., Ltd.	Sunonwealth Electric Machine Industry Co., Ltd.	Parent	Sales	2,174,970	39.70%	3 to 4 months	-	-	565,495	31.71%	
Sunon Electronics (Bei Hai) Co., Ltd.	Sunonwealth Electric Machine Industry Co., Ltd.	Parent	Sales	6,367,359	96.77%	3 to 4 months	-	-	1,621,889	95.90%	
	Sunon Electronics Philippines Corp.	The ultimate parent company	Sales	131,007	1.99%	3 to 4 months	-	-	36,518	2.16%	
Beihai Li Zhun Electronics Co., Ltd.	Sunon Electronic (Kunshan) Co., Ltd.	The ultimate parent company	Sales	735,194	18.39%	3 to 4 months	-	-	345,014	27.98%	
	Sunon Electronic (Bei Hai) Co., Ltd.	The ultimate parent company	Sales	116,527	2.92%	3 to 4 months	-	-	34,917	2.83%	
	Sunon Electronics Philippines Corp.	Subsidiary	Sales	437,694	10.95%	3 to 4 months	-	-	189,623	15.38%	

SUNON ELECTRONICS PHILIPPINES CORP.	Sunonwealth Electric Machine Industry Co., Ltd.	Parent	Sales	828,789	99.91%	2 to 3 months	-	-	212,990	100.00%	

Table 5

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

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

DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollar and Foreign Currencies)

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover	Overdue		Amounts Received in Subsequent Period (Note)	Allowance for Bad Debts
					Amount	Action Taken		
Sunonwealth Electric Machine Industry Co., Ltd.	Sunson Electronic (Bei Hai) Co., Ltd.	Subsidiary	NTD 971,338	2.95	-	-	NTD 408,335	-
Sunon Electronic (Kunshan) Co., Ltd.	Sunonwealth Electric Machine Industry Co., Ltd.	Parent	NTD 565,495 (RMB 126,464)	4.24	-	-	NTD 346,910 (RMB 77,581)	-
Sunon Electronic (Bei Hai) Co., Ltd.	Sunonwealth Electric Machine Industry Co., Ltd.	Parent	NTD 1,621,889 (RMB 362,709)	4.06	-	-	NTD 958,929 (RMB 214,449)	-
Beihai Li Zhun Electronics Co., Ltd.	Sunon Electronic (Kunshan) Co., Ltd.	The ultimate parent company	NTD 345,014 (RMB 77,157)	2.55	-	-	NTD 187,942 (RMB 42,030)	-
Bei Hai Li Zhan Electronics Co., Ltd.	SUNON ELECTRONICS PHILIPPINES CORP.	The ultimate parent company	NTD 189,623 (RMB 42,406)	3.10			NTD 68,911 (RMB 15,411)	
SUNON ELECTRONICS PHILIPPINES CORP.	Sunonwealth Electric Machine Industry Co., Ltd.	Parent	NTD 212,990 (PHP 398,484)	5.69			NTD 212,990 (PHP 398,484)	

Note: Amounts collected as of March 5, 2026.

Table 6

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

NAMES, LOCATIONS AND OTHER INFORMATION OF INVESTEE COMPANIES (EXCLUDING INVESTEE IN MAINLAND)

DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Remark
				As of December 31, 2025	As of December 31, 2024	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
Sunonwealth Electric Machine Industry Co., Ltd.	Successful Century Co., Ltd.	British Virgin Islands	Investments	1,136,933	1,136,933	33,880	100.00%	2,060,670	427,403	421,847	-
	BVI Sunon International Limited	British Virgin Islands	Investments	510,928	510,928	-	100.00%	1,697,216	840,661	824,773	-
	Sunon INC	USA	Manufacturing and sales of fans	49,140	49,140	150	100.00%	125,036	(6,971)	(5,842)	-
	Sunon SAS	France	Manufacturing and sales of fans	16,127	16,127	50	100.00%	88,446	(11,107)	(12,219)	-
	Sunonwealth Electric Machine Ind.(H.K.) Ltd.	Hong Kong	Manufacturing and sales of fans	3,428	3,428	800	99.99%	1,807	(49)	(49)	-
	Sunon Corporation	Japan	Manufacturing and sales of fans	4,470	4,470	4	100.00%	1,402	(59)	(59)	-
	Sunon Electronics India Private Limited	India	Manufacturing and sales of fans	4,880	4,880	1,100	99.99%	5,371	597	597	-
	Sunon Electronics Philippines Corp.	Philippines	Manufacturing and sales of fans	577,773	485,208	10,378	99.99%	451,621	48,390	39,794	-
	Sunon Properties Philippines Corp.	Philippines	Real estate development and investment	1,407,420	948,195	25,169	99.99%	1,304,067	6,545	6,545	-
	Tianmai Sunon Thermal Technology (Suzhou) Co., Ltd.	China	Production and sales of new electronic components	31,129	-	-	35.00%	31,169	(367)	(129)	-

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount: As of December 31, 2025	Original Investment Amount: As of December 31, 2024	Balance as of December 31, 2025: Shares (In Thousands)	Balance as of December 31, 2025: Percentage of Ownership	Balance as of December 31, 2025: Carrying Value	Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Remark
Sunonwealth Electric Machine Industry Co., Ltd.	Sunon Cooling Technology (Thailand) Co., Lt	Thailand	Manufacture and sales of heat dissipation modules and import and wholesale of various eletronic and motor components	2,003	-	200	100.00%	1,851	(133)	(133)	-
			Total					5,768,656	1,304,910	1,275,125	
Successful Century Co., Ltd.	Sunon Electronic (Kunshan) Co., Ltd.	China	Manufacturing and selling of fans	USD 34,431	USD 34,431	-	100.00%	USD 68,108	USD 13,733	USD 13,733	-
Sunon Electronic (Kunshan) Co., Ltd.	Suzhou Shengyixing Heat Transfer Technology Co., Ltd.	China	Manufacturing and selling of cooling equipment	RMB 6,188	RMB 6,188	-	49.00%	RMB 2,548	RMB (1,788)	RMB (876)	-
	Beihai Li Zhun Electronics Co., Ltd.	China	Manufacturing and selling of fans	RMB 20,000	RMB 20,000	-	33.33%	RMB 74,806	RMB 119,031	RMB 39,677	-
	Kunshan Fengxinrui Electronic Technology Co., Ltd.	China	Manufacturing and selling of fans and type electronic parts	-	RMB 500		-	-	RMB (124)	RMB (31)	-
	Sunon Cooling Technology (Huizhou)Co., Ltd	China	Manufacturing and selling of liquid cooling heat dissipation related products	RMB 40,000	-		100.00%	RMB 33,190	RMB (6,810)	RMB (6,810)	-
BVI Sunon International Limited	Sunon Electronic (Foshan) Co., Ltd.	China	General investment and trade	RMB 390	RMB 390	-	100.00%	RMB 153,110	RMB 79,162	RMB 79,162	-

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Remark
				As of December 31, 2025	As of December 31, 2024	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
BVI Sunon International Limited	Sunon Electronic (Bei Hai) Co., Ltd.	China	Manufacturing and selling of new type electronic parts	RMB 63,732	RMB 63,732	-	100.00%	RMB 258,916	RMB 113,751	RMB 113,751	-
SunonElectronic (Foshan) Co., Ltd.	Beihai Li Zhun Electronics Co., Ltd.	China	Manufacturing and selling of fans	RMB 40,000	RMB 40,000	-	66.67%	RMB 149,613	RMB 119,031	RMB 79,354	-
Sunon SAS	Sunon Deutschland GmbH	Germany	Sales of fans	EUR 25	EUR 25	-	100.00%	EUR (84)	EUR (270)	EUR (270)	-

Table 7

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA

DECEMBER 31, 2025

（1）Mainland Investment Information:

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2025	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profit/Loss (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31, 2025
					Outflow	Inflow						
Sunon Electronic (Kunshan) Co., Ltd.	Manufacturing and selling of fans	NTD 1,148,456 (USD 34,431) (Note 6)	(2)	NTD 1,136,673 (USD 33,880)	-	-	NTD 1,136,673 (USD 33,880)	NTD 427,519 (USD 13,733)	100%	NTD 427,519 (USD 13,733) (2).B	NTD 2,140,631 (USD 68,108)	NTD 1,234,662 (USD 40,630)
Sunon Electronic (Foshan) Co., Ltd.	General investment and trade	NTD 1,617 (USD 50) (註 7)	(2)	NTD 155,809 (USD 4,630)	-	-	NTD 155,809 (USD 4,630)	NTD 345,013 (RMB 79,162)	100%	NTD 345,013 (RMB 79,162) (2).C	NTD 684,647 (RMB 153,110)	NTD 910,805 (USD 30,414)
Sunon Electronic (Bei Hai) Co., Ltd.	Manufacturing and selling of new type electronic parts	NTD 293,115 (USD 10,000)	(2)	NTD 293,115 (USD 10,000)	-	-	NTD 293,115 (USD 10,000)	NTD 495,762 (RMB 113,751)	100%	NTD 495,762 (RMB 113,751) (2).B	NTD 1,157,767 (RMB 258,916)	NTD 1,732,623 (USD 56,751)
Tianmai Sunon Thermal Technology (Suzhou) Co., Ltd.	Tianmai Sunon Thermal Technology (Suzhou) Co., Ltd.	NTD 31,129 (RMB 7,000)	(1)	-		NTD 31,129 (RMB 7,000)	NTD 31,129 (RMB 7,000)	NTD -367 (RMB -84)	35%	NTD -129 (RMB -20) (2).C	NTD 31,169 (RMB 6,971)	
Suzhou Shengyixing Heat Transfer Technology Co., Ltd.	Manufacturing and selling of cooling equipment	NTD 51,983 (RMB 12,000)	(3)	- (Note 5)	-	-	- (Note 5)	NTD -7,794 (RMB -1,788)	49%	NTD -3,819 (RMB -876) (2).C	NTD 11,392 (RMB 2,548)	-
Beihai Li Zhun Electronics Co., Ltd.	Manufacturing and selling of fans	NTD 265,311 (RMB 60,000)	(3)	- (Note 8)	-	-	- (Note 8)	NTD 518,772 (RMB 119,031)	100%	NTD 518,772 (RMB 119,031) (2).C	NTD 1,003,514 (RMB 224,419)	-
Kunshan Fengxinrui Electronic Technology Co., Ltd.	Manufacturing and selling of fans and type electronic parts	-	(3)	- (Note 5)	-	-	- (Note 5)	NTD -541 (RMB -124)	0% (Note 5)	NTD -135 (RMB -31) (2).C	-	-
Sunon Cooling Technology (Huizhou)Co., Ltd.	Manufacturing and selling of liquid cooling heat dissipation related products	NTD 175,242 (RMB 40,000)	(3)	- (Note 9)			- (Note 9)	NTD -29,681 (RMB -6,810)	100%	NTD -29,681 (RMB -6,810) (2).B	NTD 148,412 (RMB 33,190)	

(Note): Liquidation has been completed.

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 1,136,673 (USD 33,880) NTD 155,809(USD 4,630) NTD 293,115 (USD 10,000) NTD 31,129(RMB 7,000)	USD 34,000 USD 5,450 USD 10,000 RMB 7,000	(Note 4)

Note： Gain and loss on investment are translated using average exchange rates for the year ended December 31, 2025 (USD:NTD 1: 31.131; CYN:NTD 1: 4.3583). Additions and ending balance are translated using the exchange rates as at December 31, 2025 (USD:NTD 1: 31.430 ; CYN:NTD 1: 4.4716)

Note 1: The investment methods are divided into the following three types:

(1) Investing directly to the Mainland China;

(2) Reinvesting in the Mainland China through third-region companies (please refer to Table 6);

(3) Others.

Note 2: In the current period, the investment profit and loss column is recognized:

(1) If during incorporation with no investment income or loss, it should be indicated;

(2) The basis for recognition of investment gains and losses divided into the following three types, which should be indicated:

A. Audited financial statements by international accounting firms with cooperation relationship with accounting firms in the Republic of China.

B. Audited financial statements by parent company’s auditors.

C. Others.

Note 3: The relevant figures in this form should be listed in New Taiwan Dollars.

(2)The Company’s major transactions during year 2025 directly or indirectly through the third place and the mainland invested company are listed as follows:

1. Financing between the Company and investees in China: None.
2. Endorsements / guarantees with mainland investment company: refer to Table 2 attached in Note 13.
3. Significant transactions between the Company and investees in China: Table 4 attached and Table 5 attached in Note 13.

Note 4: Enterprises approved by the Ministry of Economic Affairs as the operational headquarters are not subject to the amount or proportion.

Note 5: The investment, funded by Sunon Electronic (Kunshan) Co., Ltd., was resolved to be liquidated by the shareholders in July 2025, and the remaining funds were returned to the investors in proportion to their respective shareholdings as of December 31, 2025.

Note 6: The Board of Directors of Sunon Electronic (Kunshan) Co., Ltd., resolved on March 15, 2021 to increase capital out of retained earnings for USD 431 thousand, and completed registration on March 25, 2021.

Note 7: The Board’s of directors of Sunon Electronic (Foshan) Co., Ltd. approved in January 2021 to reduce capital by cash return for USD 13,660 thousand. Issued capital after capital reduction was USD 10,000 thousand. Company registration was completed. The Board of directors of Sunon Electronic (Foshan) Co., Ltd. approved in March 9, 2022 to reduce capital to offset accumulated deficits for USD 5,400 thousand. Issued capital after capital reduction was USD 4,600 thousand. Company registration was completed. The Board’s of directors of Sunon Electronic (Foshan) Co.,LTD. Approved in June 2023 to reduce capital by cash return for USD 2,000 thousand. Issued capital after redaction was USD 2,600 thousand. Company registration was completed. The Board’s of directors of Sunon Electronic (Foshan) Co., Ltd. approved in May 2024 to reduce capital by cash return for USD 2,550 thousand. Issued capital after capital redaction was USD 50 thousand.Company registration was completed.

Note 8: It is invested by Sunon Electronic (Foshan) Co., Ltd. and Sunon Electronic (Kunshan) Co., Ltd.

Note 9: It is invested by Sunon Electronic (Kunshan) Co., Ltd.

14. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements.

STATEMENTS OF MAJOR ACCOUNTING ITEMS

CONTENTS

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2025

(In Thousand of New Taiwan Dollars and Foreign Currencies)

Item	Description	Amount	Remark
Cash	Petty cash	$551	NTD 80
			RMB 28
			USD 5
			EUR 2
			PHP 197
Subtotal		$551	
Cash in banks	Checking accounts	$91	
	Demand deposits	182,399	
	Foreign deposits	925,961	USD 27,482
			JPY 47,026
			HKD 12
			EUR 1,352
			RMB 635
	Fixed term deposits maturing within three months	157,150	USD 5,000
Subtotal		$1,265,601	
Cash equivalent	Short term notes with original maturities within three months	$649,242	
Total		$1,915,394	

USD:NTD	1:31.430
JPY:NTD	1:0.2008
HKD:NTD	1:4.038
EUR:NTD	1:36.90
CNY:NTD	1:4.4716
PHP:NTD	1:0.5345

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

STATEMENT OF NOTES RECEIVABLE

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Remark
Company A	Note of trade receivable	$712	
Company B	Note of trade receivable	67	
Company C	Note of trade receivable	42	
Total		$821	
Less: Allowance for doubtful accounts		(24)	
Net		$797	

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Remark
Company A	Trade receivable	$536,892	
Company B	Trade receivable	322,310	
Company C	Trade receivable	284,904	
Company D	Trade receivable	166,593	
Others	Under 5%	1,929,765	
Total		$3,240,464	
Less: Allowance for doubtful accounts		(13,106)	
Net		$3,227,358	

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE - RELATED PARTIES
DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Remark
Sunon Electronic (Bei Hai) Co., Ltd.	Trade receivable	$971,338	
Sunon SAS	Trade receivable	62,530	
Subsidiary	Under 5%	114,089	
Total		$1,147,957	
Less: Allowance for doubtful accounts		-	
Net		$1,147,957	

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

STATEMENT OF OTHER RECEIVABLES

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Remark
Receivables	Sample and consumable sale, etc.	$69,634	
Tax refund receivable	Business tax receivable	7,293	
Interest receivable	Interest receivable	1,898	
Subtotal		$78,825	
Other receivables - related parties	Patent revenue and sample fee and mold fee, etc.	$74,374	
Total		$153,199	

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Amount Cost	Amount Fair Value	Remark
Raw materials	Copper tube/slug, ICR, etc.	$204,385	$205,989	
Supplies	Solder wire, Bar tin, Lubricant, etc.	719	722	
Work in process	Plastic frame, PCB, Bobbins, etc.	19,276	19,305	
Finished goods	Fans, etc.	803,232	1,050,333	
Total		$1,027,612	$1,276,349	

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

STATEMENT OF PREPAYMENTS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Remark
Prepayment for purchases	Prepayment for purchases, etc.	$493	
Prepaid expenses	Prepaid insurance, etc.	9,397	
Payment on behalf of	Payment on behalf of	530	
Other prepaid expenses	Overpaid sales tax, etc.	1,829	
Total		$12,249	

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2025		Increase in Investment		Decrease in Investment		Balance, December 31, 2025				
Names	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Collateral	Remark
Righ-Convertible bonds	-	$173,170	-	$ -	-	$173,170	-	-	-	Nil	
Total		$173,170		$ -		$173,170			$ -		

Note: 1.Current decrease of $173,170 thousand, and $173,170 thousand of Net Gain or loss on financial assets at fair value through profit or loss.

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME OR LOSS - NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2025		Increase in Investment		Decrease in Investment		Balance, December 31, 2025				
Names	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Collateral	Remark
Technology on Prototyping Ultimate Co., Ltd	870	$27,707	-	$ -	-	$952	870	15.70	26,755	Nil	
Total		$27,707		$ -		$952			$26,755		

Note: 1.Current decrease of $952 thousand includes $652 thousand of additional paid-in capital, and $300 thousand of unrealized gain on financial assets at FVTOCI.

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2025		Increase in Investment		Decrease in Investment		Balance, December 31, 2025			Market Value or Net Assets Value			
Names	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit Price	Total Amount	Collateral	Remark
Successful Century Co., Ltd.	33,880	$1,741,110	-	$ 421,847	- -	$102,287	33,880	100.00	$ 2,060,670	63.19	$ 2,140,837	Nil	
BVI Sunon International Limited	-	1,436,192	-	824,773	-	563,749	-	100.00	1,697,216	-	1,842,726	Nil	
Sunon INC	150	140,844	-	-	-	15,808	150	100.00	125,036	898.93	134,840	Nil	
Sunon SAS	50	89,738	-	10,927	-	12,219	50	100.00	88,446	1,941.40	97,070	Nil	
Sunonwealth Electric Machine Ind. (H.K.) Ltd.	800	1,941	-	-	-	134	800	99.99	1,807	2.26	1,807	Nil	
Sunon Corporation	4	1,524	-	-	-	122	4	100.00	1,402	350.5	1,402	Nil	
Sunon Electronics India Private Limited	1,100	5,247	-	597	-	473	1,100	99.99	5,371	4.88	5,371	Nil	
Sunon Electronics Philippines Corp.	8,616	338,742	1,762	132,359	-	19,480	10,378	99.99	451,621	44.78	464,707	Nil	
Sunon Properties Philippines Corp.	16,435	878,322	8,734	465,770	-	40,025	25,169	99.99	1,304,067	51.81	1,304,067	Nil	
Sunon Cooling Technology (Thailand) Co., Ltd.	-	-	200	2,003	-	152	200	100.00	1,851	9.26	1,851	Nil	
Tianmai Sunon Thermal Technology (Suzhou) Co., Ltd.	-	-	-	31,298	-	129	-	35.00	31,169	-	31,169	Nil	
Total		$4,633,660		$1,889,574		$754,578			$5,768,656		$6,025,847		

Note: 1.It is calculated based on the audited financial statements for the same period, except the financial statements of Sunonwealth Electric Machine Ind. (H.K.)Ltd., Sunon Corporation, Sunon Electronics India Private Limited, Sunon Cooling Technology (Thailand) Co., Ltd., and Tianmai Sunon Thermal Technology (Suzhou) Co., Ltd.

2.Current increase of $1,889,574 thousand includes $584,922 thousand of acquisition, $1,293,555 thousand of share of profits of subsidiaries, associates and joint ventures, $7,761 thousand of exchange difference arising on translation of foreign operations, and $3,336 thousand of changes in unrealized inter-company gross profit.

3.Current decrease of $754,578 thousand includes $18,430 thousand of share of loss of subsidiaries, associates and joint ventures, $586,581 thousand of cash dividends received, $141,387 thousand of exchange difference arising on translation of foreign operations, $7,722 thousand of changes in unrealized inter-company gross profit, and $458 thousand of changes in equity of associates and joint ventures accounted for using the equity method.

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

STATEMENT OF REFUNDABLE DEPOSITS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Remark
Refundable deposits	Building and company car rental deposits, etc.	$6,459	
Total		$6,459	

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

STATEMENT OF CONTRACT LIABILITIES - CURRENT

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Remark
Company A	Unearned sales revenue	$24,235	
Company B	Unearned sales revenue	22,604	
Company C	Unearned sales revenue	18,152	
Company D	Unearned sales revenue	10,471	
Company E	Unearned sales revenue	7,987	
Others	Under 5%	73,305	
Total		$156,754	

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

STATEMENT OF ACCOUNTS PAYABLES

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount	Remark
Company A	Trade payable	$217,337	
Company B	Trade payable	87,130	
Company C	Trade payable	71,415	
Company D	Trade payable	70,925	
Company E	Trade payable	62,748	
Others	Under 5%	601,168	
Total		$1,110,723	

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
STATEMENT OF ACCOUNTS PAYABLES - RELATED PARTIES
DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount	Remark
Sunon Electronic (Kushan) Co., Ltd.	Trade payable	$565,417	
Sunon Electronic (Bei Hai) Co., Ltd.	Trade payable	1,621,890	
Sunon Electronic Philippines Corp.	Trade payable	212,981	
Others	Under 5%	7,942	
Total		$2,408,230	

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
STATEMENT OF LONG-TERM LOANS AND CURRENT PORTION OF LONG-TERM LOANS
DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Creditor	Description	Amount	Contract Period	Range of interest rate	Collateral
The Export - Import Bank of the	Unsecured Loans	$700,000	2020.09.23-2030.06.13	1.93%	Nil
Current portion of long-term loans		(87,500)			
Balance, End of Year		$612,500			

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

STATEMENT OF GUARANTEE DEPOSITS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Remark
Guarantee Deposits	Building lease deposits, etc.	$449	
Total		$449	

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

STATEMENT OF NET REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Quantity (in thousands)	Amount	Remark
DC fan	79,277	$10,648,106	
AC fan	1,964	325,610	
Sales of raw materials, etc.		2,816,245	
Total revenue		$13,789,961	
Less：Sales return	53	(10,596)	
Sales discount		(86,729)	
Net revenue		$13,692,636	

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
STATEMENT OF COST OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials at January 1, 2025	$230,446
Add: Raw materials purchased	2,482,960
Less: Raw materials at December 31, 2025	(207,204)
Raw materials sold	(571,226)
Loss on physical count	(20)
Transfer to operating expenses	(1,620)
Scrapped raw materials	(12,206)
Raw materials used	$1,921,130
Supplies at January 1, 2025	$973
Add: Supplies purchased	6,230
Less: Supplies at December 31, 2025	(719)
Supplies sold	(376)
Transfer to operating expenses	(1,659)
Scrapped supplies	(48)
Supplies used	$4,401
Direct labor	12,577
Factory overhead	15,716
Manufacturing cost	$1,953,824
Add: Work in process at January 1 2025	21,793
Work in process purchased	57,173
Outsource processing	397,932
Less: Work in process at December 31, 2025	(19,309)
Work in process sold	(2,298,451)
Transfer to operating expenses	(2,193)
Scrapped work in process	(56)
Cost of finished goods	$110,713
Add: Finished goods at January 1 2025	735,056
Finished goods purchased	9,355,887
Cost transfer	251
Less: Finished goods at December 31, 2025	(803,580)
Transfer to operating expenses	(615)
Scrapped finished goods	(2,892)
Cost of finished goods sold	$9,394,820
Revenue from selling scraps	(19,075)

Item	Amount
Adjustment items of cost	
Impairment loss on inventories	(1,030)
Loss on physical count	20
Others	(1,580,569)
Unallocated factory overhead and direct labor	98,248
Cost of product	$7,892,414
Work in process sold	2,298,451
Raw material sold	571,226
Supplies sold	376
Total cost of revenue	$10,762,467

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.

STATEMENT OF FACTORY OVERHEAD

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount
Indirect labor	$56,448
Processing	$8,814
Depreciation	9,559
Comsumables	10,384
Others (Note)	28,623
Unallocated manufacturing expenses	(98,112)
Total	$15,716

Note: The amount of each item does not exceed 5% of the account balance.

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
STATEMENT OF SALES AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount
Salary and wages	$186,894
Freight	$37,795
Commission	119,789
Export	39,118
Others (Note)	340,113
Total	$723,709

Note: The amount of each item does not exceed 5% of the account balance.

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
STATEMENT OF GERNERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount
Salary and wages	$290,266
Professional service fees	29,853
Others (Note)	109,755
Total	$429,874

Note: The amount of each item does not exceed 5% of the account balance.

SUNONWEALTH ELECTRIC MACHINE INDUSTRY CO., LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount
Salary and wages	$449,661
Research and development	82,411
Others (Note)	213,049
Total	$745,121

Note: The amount of each item does not exceed 5% of the account balance.