

**MERRY ELECTRONICS CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2025 AND 2024**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Merry Electronics Co., Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Merry Electronics Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group 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. Based on our audits and the reports of other auditors, we believe that the

audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2025 consolidated financial statements are stated as follows:

#### **Cut-off on sales revenue from distribution warehouse**

##### Description

Refer to Note 4(31) for accounting policy on revenue recognition.

The Group recognizes revenue upon delivery or pick-up of goods (the transfer of control of ownership) by customers at warehouses. Warehouse sales revenue constitutes 22% of total operating revenue for the year ended December 31, 2025. The Group's revenue recognition is based on inventory movement records of warehouses based on the reports provided by warehouse custodians or bill of lading reports recorded on network platform. As the warehouses are located in various locations and there are numerous custodians, the frequency and contents of statements provided by custodians vary, the process of revenue recognition contains numerous manual procedures, which would potentially result in inaccurate timing of revenue recognition and the discrepancy between physical inventory quantities in the warehouses and quantities per accounting records. Thus, we determine the cut-off on sales revenue from distribution warehouses a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

- A. Understood, evaluated and verified the Group's procedures for warehouse sales revenue and internal control, including:
  - (a) Interviewing the staff of the sales revenue process from distribution warehouse, and confirming the consistency by comparing interview results with the process of warehouse sales revenue recognition obtained.
  - (b) Verifying the internal control of warehouse distribution (checked the terms of transaction / timing of ownership transfer and dates of supporting documents and verifying transactions recognized in the appropriate period by reconciling the quantities of supporting documents with invoices) to confirm the accuracy of the timing of revenue recognition.
- B. Performed cut-off procedures on sales revenue from distribution warehouses recognized during a specific period before and after the period-end, including verifying delivery schedule of distribution warehouses and ensuring the movements of inventories correctly contained in the statements.
- C. Performed physical inventory count observation or confirmed the inventory quantities with warehouse custodian and agreed the results to accounting records.

#### **Valuation of inventories**

##### Description

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(1) for significant accounting estimates and assumptions related to inventory valuation, and Note 6(5) for details of allowance for inventory valuation losses. As of December 31, 2025, the balances of inventories and allowance for inventory valuation losses were NT\$6,951,937 thousand and NT\$246,178 thousand, respectively.

The Group has a high risk of incurring inventory valuation loss or obsolescence due to fluctuations in market demand and rapidly evolving technology. Further, the measurement of net realizable value of inventories involves judgment resulting in a high degree of

estimation uncertainty. Thus, we determine the allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

- A. Understood and assessed the reasonableness of the subsequent inventory valuation and the provision for loss on obsolete and slow-moving inventory.
- B. Assessed the annual plan of the physical inventory count and attended the annual inventory count; evaluated the effectiveness of the procedures used to identify and control obsolete inventories.
- C. Obtained inventory aging report and verified dates of movements with supporting documents and ensured the accuracy of inventory aging classification and its consistency with the policies.
- D. Obtained the net realizable value of each kind of inventory and checked whether the applied calculation logic was in agreement with all inventories, tested the supporting documents related to the estimation basis for net realizable value of inventories including verifying the supporting documents of sales and purchase prices, as well as recalculating and assessing the reasonableness of allowance for inventory valuation losses.

***Other matter - audits of other independent auditors***

We did not audit the financial statements of certain investments accounted for under the equity method that are included in the consolidated financial statements and disclosures in Note 13. Those financial statements were audited by other independent auditors, and our opinion expressed herein is based solely on reports of the other independent auditors. The balance of these investments accounted for under equity method amounted to NT\$562,976 thousand and NT\$559,364 thousand, constituting 1.26% and 1.43% of total assets as of December 31, 2025 and 2024, respectively, and the comprehensive income or loss of associates accounted for using equity method was NT\$62,672 thousand and NT\$94,598 thousand, constituting 3.84% and 3.27% of total comprehensive income for

the years then ended.

***Other matter - parent company only financial reports***

We have audited and expressed an unmodified opinion on the parent company only financial statements of Merry Electronics Co., Ltd. as at and for the years ended December 31, 2025 and 2024.

***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’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 Group or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor's responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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:

- A. Identify and assess the risks of material misstatement of the consolidated 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.
- B. 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 Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

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Liu, Mei Lan

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Hsu, Chien-Yeh

For and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2026

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**MERRY ELECTRONICS CO., LTD AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2025 AND 2024**  
(Expressed in thousands of New Taiwan dollars)

| Assets             |                                                                               | Notes | December 31, 2025 |     | December 31, 2024 |     |
|--------------------|-------------------------------------------------------------------------------|-------|-------------------|-----|-------------------|-----|
|                    |                                                                               |       | AMOUNT            | %   | AMOUNT            | %   |
| Current assets     |                                                                               |       |                   |     |                   |     |
| 1100               | Cash and cash equivalents                                                     | 6(1)  | \$ 9,797,932      | 22  | \$ 8,586,894      | 22  |
| 1110               | Financial assets at fair value through profit or loss - current               | 6(2)  | 819,779           | 2   | 656,476           | 2   |
| 1120               | Current financial assets at fair value through other comprehensive income     |       | 107,541           | -   | 105,910           | -   |
| 1136               | Current financial assets at amortised cost                                    |       | 161,348           | -   | 169,820           | 1   |
| 1170               | Accounts receivable, net                                                      | 6(3)  | 11,421,033        | 26  | 11,234,447        | 29  |
| 1180               | Accounts receivable due from related parties, net                             | 7(2)  | 1,968,952         | 4   | 475,022           | 1   |
| 1200               | Other receivables                                                             | 6(2)  | 63,306            | -   | 75,718            | -   |
| 1210               | Other receivables - related parties                                           | 7(2)  | 68,104            | -   | 307,185           | 1   |
| 130X               | Inventories                                                                   | 6(5)  | 6,705,759         | 15  | 4,858,985         | 12  |
| 1470               | Other current assets                                                          |       | 434,398           | 1   | 435,201           | 1   |
| 11XX               | Current Assets                                                                |       | 31,548,152        | 70  | 26,905,658        | 69  |
| Non-current assets |                                                                               |       |                   |     |                   |     |
| 1510               | Financial assets at fair value through profit or loss - non-current           | 6(2)  | 46,282            | -   | 43,075            | -   |
| 1517               | Non-current financial assets at fair value through other comprehensive income |       | 223,254           | 1   | 232,210           | 1   |
| 1535               | Non-current financial assets at amortised cost                                |       | 576,235           | 1   | 469,589           | 1   |
| 1550               | Investments accounted for under equity method                                 | 6(6)  | 6,272,742         | 14  | 5,914,755         | 15  |
| 1600               | Property, plant and equipment                                                 | 6(7)  | 5,037,783         | 11  | 4,365,774         | 11  |
| 1780               | Intangible assets                                                             | 6(8)  | 733,882           | 2   | 778,132           | 2   |
| 1840               | Deferred income tax assets                                                    | 6(25) | 128,407           | -   | 154,583           | -   |
| 1900               | Other non-current assets                                                      |       | 227,832           | 1   | 256,145           | 1   |
| 15XX               | Non-current assets                                                            |       | 13,246,417        | 30  | 12,214,263        | 31  |
| 1XXX               | Total assets                                                                  |       | \$ 44,794,569     | 100 | \$ 39,119,921     | 100 |

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**MERRY ELECTRONICS CO., LTD AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2025 AND 2024**  
(Expressed in thousands of New Taiwan dollars)

|      | Liabilities and Equity                                                   | Notes          | December 31, 2025    |            | December 31, 2024    |            |
|------|--------------------------------------------------------------------------|----------------|----------------------|------------|----------------------|------------|
|      |                                                                          |                | AMOUNT               | %          | AMOUNT               | %          |
|      | <b>Current liabilities</b>                                               |                |                      |            |                      |            |
| 2100 | Short-term borrowings                                                    | 6(10)          | \$ 4,295,965         | 9          | \$ 366,659           | 1          |
| 2120 | Financial liabilities at fair value through profit or loss - current     | 6(2)           | 38,725               | -          | -                    | -          |
| 2130 | Current contract liabilities                                             | 6(20)          | 413,316              | 1          | 318,054              | 1          |
| 2170 | Accounts payable                                                         |                | 9,137,857            | 20         | 7,087,414            | 18         |
| 2180 | Accounts payable - related parties                                       | 7(2)           | 3,424,949            | 8          | 3,335,965            | 8          |
| 2200 | Other payables                                                           | 6(11) and 7(2) | 1,659,781            | 4          | 1,606,089            | 4          |
| 2220 | Other payables - related parties                                         | 7(2)           | 111,139              | -          | 112,380              | -          |
| 2230 | Current income tax liabilities                                           |                | 339,489              | 1          | 323,977              | 1          |
| 2320 | Current portion of long-term borrowings                                  | 6(13)          | 152,691              | -          | 282,505              | 1          |
| 2399 | Other current liabilities, others                                        |                | 757,409              | 2          | 667,888              | 2          |
| 21XX | <b>Current Liabilities</b>                                               |                | <u>20,331,321</u>    | <u>45</u>  | <u>14,100,931</u>    | <u>36</u>  |
|      | <b>Non-current liabilities</b>                                           |                |                      |            |                      |            |
| 2527 | Non-current contract liabilities                                         | 6(20)          | 334,381              | 1          | 462,049              | 1          |
| 2530 | Corporate bonds payable                                                  | 6(12)          | 2,912,269            | 6          | 2,856,278            | 7          |
| 2540 | Long-term borrowings                                                     | 6(13)          | 12,500               | -          | 242,897              | 1          |
| 2570 | Deferred income tax liabilities                                          | 6(25)          | 2,056,586            | 5          | 2,153,548            | 6          |
| 2640 | Accrued pension liabilities                                              | 6(14)          | 20,729               | -          | 23,888               | -          |
| 2670 | Other non-current liabilities, others                                    |                | 38,958               | -          | 86,963               | -          |
| 25XX | <b>Non-current liabilities</b>                                           |                | <u>5,375,423</u>     | <u>12</u>  | <u>5,825,623</u>     | <u>15</u>  |
| 2XXX | <b>Total Liabilities</b>                                                 |                | <u>25,706,744</u>    | <u>57</u>  | <u>19,926,554</u>    | <u>51</u>  |
|      | <b>Equity attributable to owners of parent</b>                           |                |                      |            |                      |            |
|      | Share capital                                                            | 6(16)          |                      |            |                      |            |
| 3110 | Share capital - common stock                                             |                | 2,538,269            | 6          | 2,534,914            | 6          |
|      | Capital reserve                                                          | 6(17)          |                      |            |                      |            |
| 3200 | Capital surplus                                                          |                | 8,480,217            | 19         | 8,422,431            | 21         |
|      | Retained earnings                                                        | 6(18)          |                      |            |                      |            |
| 3310 | Legal reserve                                                            |                | 2,759,561            | 6          | 2,549,941            | 7          |
| 3320 | Special reserve                                                          |                | 462,936              | 1          | 973,012              | 3          |
| 3350 | Unappropriated retained earnings                                         |                | 4,088,344            | 9          | 4,306,799            | 11         |
|      | Other equity interest                                                    | 6(19)          |                      |            |                      |            |
| 3400 | Other equity interest                                                    |                | ( 780,006 )          | ( 2 )      | ( 768,252 )          | ( 2 )      |
| 31XX | <b>Equity attributable to owners of the parent</b>                       |                | <u>17,549,321</u>    | <u>39</u>  | <u>18,018,845</u>    | <u>46</u>  |
| 36XX | Non-controlling interest                                                 | 4(3)           | <u>1,538,504</u>     | <u>4</u>   | <u>1,174,522</u>     | <u>3</u>   |
| 3XXX | <b>Total equity</b>                                                      |                | <u>19,087,825</u>    | <u>43</u>  | <u>19,193,367</u>    | <u>49</u>  |
|      | Significant contingent liabilities and unrecognized contract commitments | 9              |                      |            |                      |            |
|      | Significant events after the balance sheet date                          | 11             |                      |            |                      |            |
| 3X2X | <b>Total liabilities and equity</b>                                      |                | <u>\$ 44,794,569</u> | <u>100</u> | <u>\$ 39,119,921</u> | <u>100</u> |

The accompanying notes are an integral part of these consolidated financial statements.

MERRY ELECTRONICS CO., LTD AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

|       |                                                                                    | Notes          | Year ended December 31 |     |                     |     |
|-------|------------------------------------------------------------------------------------|----------------|------------------------|-----|---------------------|-----|
|       |                                                                                    |                | 2025                   |     | 2024                |     |
|       |                                                                                    |                | AMOUNT                 | %   | AMOUNT              | %   |
| Items |                                                                                    |                |                        |     |                     |     |
| 4000  | Sales revenue                                                                      | 6(20) and 7(2) | \$ 46,491,035          | 100 | \$ 43,855,354       | 100 |
| 5000  | Operating costs                                                                    | 6(5) and 7(2)  | ( 40,870,502) ( 88)    |     | ( 38,006,671) ( 87) |     |
| 5900  | Net operating margin                                                               |                | 5,620,533              | 12  | 5,848,683           | 13  |
|       | Operating expenses                                                                 | 6(24)          |                        |     |                     |     |
| 6100  | Selling expenses                                                                   |                | ( 523,655) ( 1)        |     | ( 494,968) ( 1)     |     |
| 6200  | General and administrative expenses                                                |                | ( 1,265,104) ( 3)      |     | ( 1,320,189) ( 3)   |     |
| 6300  | Research and development expenses                                                  |                | ( 2,353,120) ( 5)      |     | ( 2,142,960) ( 5)   |     |
| 6450  | Expected credit impairment loss                                                    | 12(2)          | ( 20,038) -            |     | ( 28,594) -         |     |
| 6000  | Total operating expenses                                                           |                | ( 4,161,917) ( 9)      |     | ( 3,986,711) ( 9)   |     |
| 6900  | Operating profit                                                                   |                | 1,458,616              | 3   | 1,861,972           | 4   |
|       | Non-operating income and expenses                                                  |                |                        |     |                     |     |
| 7100  | Interest income                                                                    |                | 247,424                | 1   | 239,466             | 1   |
| 7010  | Other income                                                                       | 6(21)          | 208,645                | -   | 234,874             | -   |
| 7020  | Other gains and losses                                                             | 6(22)          | ( 239,037) -           |     | 294,901             | 1   |
| 7050  | Finance costs                                                                      |                | ( 132,707) -           |     | ( 97,595) -         |     |
| 7060  | Share of profit of associates and joint ventures accounted for under equity method | 6(6)           | 586,938                | 1   | 616,994             | 1   |
| 7000  | Total non-operating income and expenses                                            |                | 671,263                | 2   | 1,288,640           | 3   |
| 7900  | <b>Profit before income tax</b>                                                    |                | 2,129,879              | 5   | 3,150,612           | 7   |
| 7950  | Income tax expense                                                                 | 6(25)          | ( 315,227) ( 1)        |     | ( 710,455) ( 1)     |     |
| 8200  | <b>Profit for the year</b>                                                         |                | \$ 1,814,652           | 4   | \$ 2,440,157        | 6   |

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MERRY ELECTRONICS CO., LTD AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

|      | Items                                                                                                                                                                                          | Notes    | Year ended December 31 |          |                     |          |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------------------|----------|---------------------|----------|
|      |                                                                                                                                                                                                |          | 2025                   |          | 2024                |          |
|      |                                                                                                                                                                                                |          | AMOUNT                 | %        | AMOUNT              | %        |
|      | <b>Other comprehensive income</b>                                                                                                                                                              |          |                        |          |                     |          |
|      | <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>                                                                                                |          |                        |          |                     |          |
| 8311 | Gain on remeasurements of defined benefit plans                                                                                                                                                | 6(14)    | \$ 538                 | -        | \$ 6,637            | -        |
| 8316 | Unrealized loss from investments in equity instruments measured at fair value through other comprehensive income                                                                               | 6(19)    | ( 3,121)               | -        | ( 6,346)            | -        |
| 8320 | Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | 6(6)(19) | ( 218)                 | -        | ( 2,597)            | -        |
| 8349 | Income tax related to components of other comprehensive loss that will not be reclassified to profit or loss                                                                                   | 6(25)    | ( 687)                 | -        | ( 5,565)            | -        |
| 8310 | Components of other comprehensive loss that will not be reclassified to profit or loss                                                                                                         |          | ( 3,488)               | -        | ( 7,871)            | -        |
|      | <b>Components of other comprehensive income that will be reclassified to profit or loss</b>                                                                                                    |          |                        |          |                     |          |
| 8361 | Exchange differences on translation                                                                                                                                                            | 6(19)    | ( 214,427)             | -        | 382,651             | 1        |
| 8370 | Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss   | 6(6)(19) |                        |          |                     |          |
| 8399 | Income tax relating to the components of other comprehensive income (loss)                                                                                                                     | 6(25)    | 13,936                 | -        | 191,851             | -        |
| 8360 | Components of other comprehensive (loss) income that will be reclassified to profit or loss                                                                                                    |          | 20,638                 | -        | ( 111,935)          | -        |
| 8300 | <b>Total other comprehensive (loss) income for the year</b>                                                                                                                                    |          | ( 179,853)             | -        | 462,567             | 1        |
| 8500 | <b>Total comprehensive income for the year</b>                                                                                                                                                 |          | <u>\$ 183,341</u>      | <u>-</u> | <u>\$ 454,696</u>   | <u>1</u> |
|      | Profit, attributable to:                                                                                                                                                                       |          | <u>\$ 1,631,311</u>    | <u>4</u> | <u>\$ 2,894,853</u> | <u>7</u> |
| 8610 | Owners of parent                                                                                                                                                                               |          | \$ 1,336,636           | 3        | \$ 2,143,258        | 5        |
| 8620 | Non-controlling interest                                                                                                                                                                       |          | 478,016                | 1        | 296,899             | 1        |
|      | Total Profit                                                                                                                                                                                   |          | <u>\$ 1,814,652</u>    | <u>4</u> | <u>\$ 2,440,157</u> | <u>6</u> |
|      | Comprehensive income, attributable to:                                                                                                                                                         |          |                        |          |                     |          |
| 8710 | Owners of parent                                                                                                                                                                               |          | \$ 1,249,601           | 3        | \$ 2,581,407        | 6        |
| 8720 | Non-controlling interest                                                                                                                                                                       |          | 381,710                | 1        | 313,446             | 1        |
|      | Total Comprehensive Income                                                                                                                                                                     |          | <u>\$ 1,631,311</u>    | <u>4</u> | <u>\$ 2,894,853</u> | <u>7</u> |
|      | Basic earnings per share                                                                                                                                                                       | 6(26)    |                        |          |                     |          |
| 9750 | Total basic earnings per share                                                                                                                                                                 |          | <u>\$ 5.36</u>         |          | <u>\$ 9.26</u>      |          |
|      | Diluted earnings per share                                                                                                                                                                     | 6(26)    |                        |          |                     |          |
| 9850 | Total diluted earnings per share                                                                                                                                                               |          | <u>\$ 5.02</u>         |          | <u>\$ 8.37</u>      |          |

The accompanying notes are an integral part of these consolidated financial statements.

MERRY ELECTRONICS CO., LTD AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| Equity attributable to owners of the parent                                                                                       |                              |                                             |               |                 |                                  |               |                                                                    |               |                          |               |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------------------------------------|---------------|-----------------|----------------------------------|---------------|--------------------------------------------------------------------|---------------|--------------------------|---------------|
|                                                                                                                                   |                              | Retained earnings                           |               |                 |                                  |               | Financial statements translation differences of foreign operations |               | Non-controlling interest | Total equity  |
| Notes                                                                                                                             | Share capital - common stock | Capital surplus, additional paid-in capital | Legal reserve | Special reserve | Unappropriated retained earnings | Total         |                                                                    |               |                          |               |
| Year 2024                                                                                                                         |                              |                                             |               |                 |                                  |               |                                                                    |               |                          |               |
| Balance at January 1, 2024                                                                                                        |                              | \$ 2,193,163                                | \$ 4,872,974  | \$ 2,412,390    | \$ 768,186                       | \$ 3,583,885  | (\$ 1,209,351 )                                                    | \$ 12,621,247 | \$ 861,076               | \$ 13,482,323 |
| Profit for the year                                                                                                               |                              | -                                           | -             | -               | -                                | 2,143,258     | -                                                                  | 2,143,258     | 296,899                  | 2,440,157     |
| Other comprehensive income for the year                                                                                           |                              | -                                           | -             | -               | -                                | 5,418         | 432,731                                                            | 438,149       | 16,547                   | 454,696       |
| Total comprehensive income                                                                                                        |                              | -                                           | -             | -               | -                                | 2,148,676     | 432,731                                                            | 2,581,407     | 313,446                  | 2,894,853     |
| Appropriation and distribution of 2023 retained earnings                                                                          | 6(18)                        |                                             |               |                 |                                  |               |                                                                    |               |                          |               |
| Legal reserve                                                                                                                     |                              | -                                           | -             | 137,551         | -                                | ( 137,551 )   | -                                                                  | -             | -                        | -             |
| Special reserve                                                                                                                   |                              | -                                           | -             | -               | 204,826                          | ( 204,826 )   | -                                                                  | -             | -                        | -             |
| Cash dividends                                                                                                                    |                              | -                                           | -             | -               | -                                | ( 1,030,914 ) | -                                                                  | ( 1,030,914 ) | -                        | ( 1,030,914 ) |
| Issuance of common stock                                                                                                          |                              | 50,000                                      | 445,241       | -               | -                                | -             | -                                                                  | 495,241       | -                        | 495,241       |
| Proceeds from issuance of convertible bonds                                                                                       | 6(12)(17)                    | -                                           | 280,733       | -               | -                                | -             | -                                                                  | 280,733       | -                        | 280,733       |
| Convertible bonds converted into common shares                                                                                    | 6(12)(16)(17)                | 285,593                                     | 2,707,409     | -               | -                                | -             | -                                                                  | 2,993,002     | -                        | 2,993,002     |
| Share-based payments                                                                                                              | 6(15)(17)                    | 6,158                                       | 104,701       | -               | -                                | -             | ( 68,977 )                                                         | 41,882        | -                        | 41,882        |
| Equity instruments at fair value through other comprehensive income reclassified to investments accounted for using equity method | 6(6)(19)                     | -                                           | -             | -               | -                                | ( 52,471 )    | 52,471                                                             | -             | -                        | -             |
| Recognition of change in equity of associates in proportion to the Group's ownership                                              | 6(6)(17)                     | -                                           | 13,679        | -               | -                                | -             | 2,816                                                              | 16,495        | -                        | 16,495        |
| Disposal of investments accounted for using equity                                                                                | 6(6)(17)                     | -                                           | ( 1,872 )     | -               | -                                | -             | 22,058                                                             | 20,186        | -                        | 20,186        |
| Changes in ownership of subsidiaries                                                                                              |                              | -                                           | ( 434 )       | -               | -                                | -             | -                                                                  | ( 434 )       | -                        | ( 434 )       |
| Balance at December 31, 2024                                                                                                      |                              | \$ 2,534,914                                | \$ 8,422,431  | \$ 2,549,941    | \$ 973,012                       | \$ 4,306,799  | (\$ 768,252 )                                                      | \$ 18,018,845 | \$ 1,174,522             | \$ 19,193,367 |
| Year 2025                                                                                                                         |                              |                                             |               |                 |                                  |               |                                                                    |               |                          |               |
| Balance at January 1, 2025                                                                                                        |                              | \$ 2,534,914                                | \$ 8,422,431  | \$ 2,549,941    | \$ 973,012                       | \$ 4,306,799  | (\$ 768,252 )                                                      | \$ 18,018,845 | \$ 1,174,522             | \$ 19,193,367 |
| Profit for the year                                                                                                               |                              | -                                           | -             | -               | -                                | 1,336,636     | -                                                                  | 1,336,636     | 478,016                  | 1,814,652     |
| Other comprehensive income(loss) for the year                                                                                     |                              | -                                           | -             | -               | -                                | 430           | ( 87,465 )                                                         | ( 87,035 )    | ( 96,306 )               | ( 183,341 )   |
| Total comprehensive income(loss)                                                                                                  |                              | -                                           | -             | -               | -                                | 1,337,066     | ( 87,465 )                                                         | 1,249,601     | 381,710                  | 1,631,311     |
| Appropriation and distribution of 2024 retained earnings                                                                          | 6(18)                        |                                             |               |                 |                                  |               |                                                                    |               |                          |               |
| Legal reserve                                                                                                                     |                              | -                                           | -             | 209,620         | -                                | ( 209,620 )   | -                                                                  | -             | -                        | -             |
| Special reserve                                                                                                                   |                              | -                                           | -             | -               | ( 510,076 )                      | 510,076       | -                                                                  | -             | -                        | -             |
| Cash dividends                                                                                                                    |                              | -                                           | -             | -               | -                                | ( 1,850,505 ) | -                                                                  | ( 1,850,505 ) | -                        | ( 1,850,505 ) |
| Share-based payments                                                                                                              | 6(15)(16)(17)                | 3,355                                       | 36,377        | -               | -                                | -             | 75,711                                                             | 115,443       | -                        | 115,443       |
| Recognition of change in equity of associates in proportion to the Group's ownership                                              | 6(6)(17)                     | -                                           | 21,801        | -               | -                                | -             | -                                                                  | 21,801        | -                        | 21,801        |
| Changes in non-controlling interests                                                                                              | 6(17)(27)                    | -                                           | ( 392 )       | -               | -                                | ( 5,472 )     | -                                                                  | ( 5,864 )     | ( 17,728 )               | ( 23,592 )    |
| Balance at December 31, 2025                                                                                                      |                              | \$ 2,538,269                                | \$ 8,480,217  | \$ 2,759,561    | \$ 462,936                       | \$ 4,088,344  | (\$ 780,006 )                                                      | \$ 17,549,321 | \$ 1,538,504             | \$ 19,087,825 |

The accompanying notes are an integral part of these consolidated financial statements.

MERRY ELECTRONICS CO., LTD AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars)

|                                                                                                    |          | Year ended December 31 |               |
|----------------------------------------------------------------------------------------------------|----------|------------------------|---------------|
|                                                                                                    | Notes    | 2025                   | 2024          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                        |          |                        |               |
| Profit before tax                                                                                  |          | \$ 2,129,879           | \$ 3,150,612  |
| Adjustments                                                                                        |          |                        |               |
| Adjustments to reconcile profit (loss)                                                             |          |                        |               |
| Depreciation expense-property, plant and equipment                                                 | 6(7)(23) | 597,334                | 600,039       |
| Depreciation expense - right-of-use assets                                                         | 6(23)    | 101,877                | 122,494       |
| Amortization                                                                                       | 6(8)(23) | 72,644                 | 93,824        |
| Expected credit impairment loss                                                                    | 12(2)    | 20,038                 | 28,594        |
| Impairment loss - non-financial assets                                                             | 6(9)(22) | -                      | 64,973        |
| Finance costs                                                                                      |          | 128,859                | 91,483        |
| Interest expense - lease liability                                                                 |          | 3,848                  | 6,112         |
| Gain on financial assets at fair value through profit or loss                                      | 6(22)    | ( 50,470 )             | ( 24,269 )    |
| Share of profit of associates and joint ventures accounted for using equity method                 | 6(6)     | ( 586,938 )            | ( 616,994 )   |
| Compensation cost of share-based payment                                                           | 6(15)    | 115,443                | 62,123        |
| Loss (gain) on disposal of property, plant and equipment                                           | 6(22)    | ( 8,605 )              | 12,446        |
| Loss on disposal of investments                                                                    | 6(22)    | -                      | 15,469        |
| Interest income                                                                                    |          | ( 247,424 )            | ( 239,466 )   |
| Dividend income                                                                                    | 6(21)    | ( 4,008 )              | ( 4,004 )     |
| Deferred income of government's compensation                                                       |          | -                      | ( 155 )       |
| Unrealized exchange gain                                                                           |          | ( 29,546 )             | ( 258,826 )   |
| Changes in operating assets and liabilities                                                        |          |                        |               |
| Changes in operating assets                                                                        |          |                        |               |
| Increase in financial assets/liabilities mandatorily measured at fair value through profit or loss |          | 78,197                 | 21,881        |
| Accounts receivable (including related parties)                                                    |          | ( 1,851,363 )          | ( 1,706,513 ) |
| Other receivables (including related parties)                                                      |          | 239,339                | ( 27,756 )    |
| Inventories                                                                                        |          | ( 1,839,261 )          | ( 930,605 )   |
| Other current assets                                                                               |          | 19,657                 | 62,423        |
| Changes in operating liabilities                                                                   |          |                        |               |
| Accounts payable                                                                                   |          | 2,198,832              | 1,263,351     |
| Accounts payable - related parties                                                                 |          | 100,950                | 154,937       |
| Other payables                                                                                     |          | 20,792                 | 203,705       |
| Other payables - related parties                                                                   |          | ( 2,564 )              | 46,471        |
| Contract liabilities                                                                               |          | 34,021                 | ( 112,462 )   |
| Other current liabilities                                                                          |          | 102,363                | 153,286       |
| Net defined benefit liability - non-current                                                        |          | ( 2,620 )              | ( 5,529 )     |
| Cash inflow generated from operations                                                              |          | 1,341,274              | 2,227,644     |
| Interest received                                                                                  |          | 232,000                | 226,033       |
| Dividend income                                                                                    |          | 4,008                  | 4,004         |
| Interest paid                                                                                      |          | ( 117,882 )            | ( 92,730 )    |
| Income taxes paid                                                                                  |          | ( 341,524 )            | ( 336,037 )   |
| Net cash flows from operating activities                                                           |          | 1,117,876              | 2,028,914     |

(Continued)

**MERRY ELECTRONICS CO., LTD AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**  
(Expressed in thousands of New Taiwan dollars)

|                                                                                        |                | Year ended December 31 |                     |
|----------------------------------------------------------------------------------------|----------------|------------------------|---------------------|
|                                                                                        | Notes          | 2025                   | 2024                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                            |                |                        |                     |
| Increase in financial assets mandatorily measured at fair value through profit or loss |                | ( \$ 780,000 )         | ( \$ 518,485 )      |
| Decrease in financial assets mandatorily measured at fair value through profit or loss |                | 624,488                | 423,502             |
| Increase in financial assets at amortised cost - current                               |                | ( 208,285 )            | ( 4,431 )           |
| Decrease in financial assets at amortised cost - current                               |                | 209,733                | 373,663             |
| Increase in financial assets at amortised cost - non - current                         |                | ( 265,008 )            | ( 362,564 )         |
| Decrease in financial assets at amortised cost - non - current                         |                | 173,774                | 330,476             |
| Acquisition of investments accounted for using equity method                           | 6(6)           | -                      | ( 26,200 )          |
| Earnings repatriated by investments accounted for using equity method                  | 6(6)           | 205,293                | 238,169             |
| Proceeds from capital reduction of investments accounted for using equity method       | 6(6)           | 59,169                 | -                   |
| Proceeds from liquidated amount of investments accounted for using equity method       | 6(6)           | -                      | 439,576             |
| Acquisition of property, plant and equipment                                           | 6(28)          | ( 1,388,576 )          | ( 803,835 )         |
| Proceeds from disposal of property, plant and equipment                                |                | 88,450                 | 15,094              |
| Acquisition of intangible assets                                                       |                | ( 15,814 )             | ( 20,644 )          |
| Decrease in other non-current financial assets                                         |                | 15,521                 | 12,972              |
| (Increase) decrease in guarantee deposits paid                                         |                | ( 1,748 )              | 2,930               |
| Net cash flows (used in) from investing activities                                     |                | ( 1,283,003 )          | 100,223             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                            |                |                        |                     |
| Increase in short-term borrowings                                                      | 6(29)          | 6,738,534              | 353,762             |
| Decrease in short-term borrowings                                                      | 6(29)          | ( 2,877,164 )          | ( 1,132,210 )       |
| Repayment of principal portion of lease liabilities                                    | 6(29)          | ( 107,645 )            | ( 126,845 )         |
| Decrease in long-term borrowings                                                       | 6(29)          | ( 350,678 )            | ( 931,774 )         |
| Proceeds from issuing corporate bonds                                                  | 6(29)          | -                      | 3,114,036           |
| Redemption of corporate bonds                                                          | 6(29)          | -                      | ( 4,000 )           |
| Increase (decrease) in other non-current liabilities                                   |                | ( 38,317 )             | 18,075              |
| Cash dividends paid                                                                    | 6(29)          | ( 1,850,505 )          | ( 1,030,914 )       |
| Change in non-controlling interests                                                    | 4(3) and 6(27) | ( 23,592 )             | -                   |
| Proceeds from issuance of shares                                                       | 6(16)          | -                      | 475,000             |
| Net cash flows from financing activities                                               |                | 1,490,633              | 735,130             |
| Effect of change in foreign currency exchange                                          |                | ( 114,468 )            | 195,905             |
| Net increase in cash and cash equivalents                                              |                | 1,211,038              | 3,060,172           |
| Cash and cash equivalents at beginning of year                                         |                | 8,586,894              | 5,526,722           |
| Cash and cash equivalents at end of year                                               |                | <u>\$ 9,797,932</u>    | <u>\$ 8,586,894</u> |

The accompanying notes are an integral part of these consolidated financial statements.



MERRY ELECTRONICS CO., LTD AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Merry Electronics Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on December 24, 1975. The Company is primarily engaged in manufacturing, processing, repairing, sales of electric appliance and audiovisual electric products, telecommunication equipment and apparatus, computers and computing peripheral equipment, restrained telecom radio frequency equipment, medical appliances, as well as electronic parts and components; planning, design as well as output of service items’ equipment; production as well as marketing management consultant of service items’ relevant business. The Company’ shares were listed on the Taipei Exchange since August 1998 and transferred to the Taiwan Stock Exchange starting September 2000 with approval. The Company merged with its subsidiaries, Huges Hi-Tech Inc. and Biotest Medical Corporation, on September 1, 2005 and October 29, 2021, respectively. The Company was the surviving company while Huges Hi-Tech Inc. and Biotest Medical Corporation were the dissolved companies.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported for issuance by the Board of Directors on February 25, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS<sup>®</sup>”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

| New Standards, Interpretations and Amendments   | Effective date by<br>International Accounting<br>Standards Board |
|-------------------------------------------------|------------------------------------------------------------------|
| Amendments to IAS 21, ‘Lack of exchangeability’ | January 1, 2025                                                  |

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

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

| New Standards, Interpretations and Amendments                                                                                       | Effective date by International Accounting Standards Board |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’ | January 1, 2026                                            |
| Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’                                               | January 1, 2026                                            |
| IFRS 17, ‘Insurance contracts’                                                                                                      | January 1, 2023                                            |
| Amendments to IFRS 17, ‘Insurance contracts’                                                                                        | January 1, 2023                                            |
| Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’                                         | January 1, 2023                                            |
| Annual Improvements to IFRS Accounting Standards—Volume 11                                                                          | January 1, 2026                                            |

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

| New Standards, Interpretations and Amendments                                                                             | Effective date by International Accounting Standards Board   |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| 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 International Accounting Standards Board |
| IFRS 18, ‘Presentation and disclosure in financial statements’                                                            | January 1, 2027(Note)                                        |
| IFRS 19, ‘Subsidiaries without public accountability: disclosures’                                                        | January 1, 2027                                              |
| Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’                                          | January 1, 2027                                              |

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes. The quantitative impact will be disclosed when the assessment is complete.

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

##### (2) Basis of preparation

A. Except for the following items, the consolidated 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 and liabilities at fair value through other comprehensive income measured at fair value.
- (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 conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-

controlling interests having a deficit balance.

- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

| Name of investor | Name of subsidiary                               | Main business activities                                                                             | Ownership(%)<br>December 31, 2025 | Ownership(%)<br>December 31, 2024 | Description |
|------------------|--------------------------------------------------|------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------|
| MEHO             | MERRY ELECTRONICS (HK) CO., LTD. ("MEST")        | Trade service for headphone, microphone, receiver, and speaker.                                      | 100.00%                           | 100.00%                           |             |
| MEHO             | MERRY ELECTRONICS (THAILAND) CO., LTD. ("METC")  | Manufacturing of electronic product such as headphone, audio equipment, amplifier, and microphone.   | 99.99%                            | 99.99%                            |             |
| MEHO             | MERRY ELECTRONICS (U.S.A.) CO., LTD. ("MECA")    | Providing technology and marketing after-sales services.                                             | 100.00%                           | 99.90%                            | Note 4      |
| MEHO             | DANNY DYNAMICS LIMITED ("DDBV")                  | Equity investments.                                                                                  | 100.00%                           | 100.00%                           |             |
| MEHO             | MERRY ELECTRONICS (SINGAPORE) PTE. LTD. ("MESG") | Sales and research and development of headphone, microphone, audio equipment, receiver, and speaker. | 100.00%                           | 100.00%                           |             |

| Name of investor | Name of subsidiary                                     | Main business activities                                                                            | Ownership(%)      | Ownership(%)      | Description |
|------------------|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------|
|                  |                                                        |                                                                                                     | December 31, 2025 | December 31, 2024 |             |
| MEHO             | MERRY HEALTHCARE CO., LTD. ("MHKY")                    | Equity investments.                                                                                 | 100.00%           | 100.00%           |             |
| MEHO             | ASIAN ELITE INTERNATIONAL LTD. ("MSCS")                | Manufacturing and sales of speaker and amplifier.                                                   | 100.00%           | 100.00%           |             |
| MEHO             | Indigo Enterprise Inc. ("INSA")                        | Equity investments.                                                                                 | 100.00%           | 100.00%           |             |
| MEHO             | MERRY & LUXSHARE (VIETNAM) CO., LTD. (MEVN)            | Manufacturing of sales of speaker, microphone and headphone products.                               | 51.00%            | 51.00%            |             |
| MEHO             | MUtek Electronics Co., Ltd. (MUTT)                     | Manufacturing and application service of electrical appliances and audiovisual electronic products. | 51.00%            | 51.00%            |             |
| MEHO             | Merry Capital Inc. (MCTT)                              | Equity investments.                                                                                 | 100.00%           | 100.00%           |             |
| MEST             | MERRY ELECTRONICS (SHENZHEN) CO., LTD. ("MECL")        | Manufacture of earphones, microphone, receiver, batteries, speaker and other electronic component.  | 100.00%           | 100.00%           |             |
| DDBV             | MERRYTECH (HK) CO.LIMITED ("MTHK")                     | Equity investments.                                                                                 | 100.00%           | 100.00%           |             |
| INSA             | Merry Electronics North America Inc. (MENA)            | Develop-to-order and appearance design of speaker and amplifier.                                    | 100.00%           | 100.00%           |             |
| MENA             | Seas Fabrikker ("SENM")                                | Manufacturing and sales of speaker monomer.                                                         | 100.00%           | 100.00%           |             |
| MHKY             | FULICARE CO., LTD. ("FUSA")                            | Equity investments.                                                                                 | 100.00%           | 96.01%            | Note 1      |
| FUSA             | Fulicare Medical Instruments (Suzhou) Co.,Ltd ("FUSZ") | General administration.                                                                             | 100.00%           | 100.00%           |             |

| Name of investor | Name of subsidiary                                                 | Main business activities                                                                                         | Ownership(%)<br>December 31, 2025 | Ownership(%)<br>December 31, 2024 | Description |
|------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------|
| FUSA             | Fulicare Medical Instruments (Xiamen) Co.,Ltd ("FUXM")             | General administration.                                                                                          | 100.00%                           | 100.00%                           |             |
| FUSA             | Xiamen Etimbre Hearing Technology Co. LTD ("ETCX")                 | Exclusive stores for selling hearing related products.                                                           | 100.00%                           | 100.00%                           |             |
| FUSZ and FUSA    | Austar Hearing Science And Technology ( Xiamen) Co. , Ltd ("ASCX") | Research and development, manufacturing as well as sales of hearing aid, hearing device and acoustics equipment. | 100.00%                           | 99.50%                            | Note 2      |
| MESG             | Merry Electronics Sdn Bhd ("MEMP")                                 | Research and development of microphone, receiver and speaker.                                                    | 100.00%                           | 100.00%                           |             |
| MESG and MCTT    | Merry Electronics Private Limited ("MEIN")                         | Research and development of microphone, receiver and speaker.                                                    | 100.00%                           | -                                 | Note 3      |

Note 1: In April 2025, the Group's subsidiary, MHKY, increased its capital in FUSA by cash amounting to USD 2,000 thousand (approximately NTD 65,000 thousand). Due to not participating in the cash capital increase proportionally, the percentage of shares held increased from 96.01% to 96.29%. Additionally, on April 24, 2025, the Group's subsidiary, FUSA, passed a board resolution to acquire and cancel the 3.71% of shares held by original shareholders (non-related parties). The equity transaction date was April 24, 2025. For information on transactions with non-controlling interests, please refer to Note 6 (27).

Note 2: On April 10, 2025, the Board of Directors of the Group resolved to acquire 0.5% equity interest held by the original shareholders of ASCX (non-related parties). The transaction date for the equity acquisition is April 24, 2025. For details regarding transactions with non-controlling interests, please refer to Note 6 (27).

Note 3: On August 27, 2025, the investment of Merry Electronics Private Limited was resolved. The investment is amounting to INR 90,000 thousand, with 100% ownership. The registration was completed.

Note 4 : On November 25, 2025, the Company acquired a 0.1% equity interest from an individual shareholder (non-related party) of the subsidiary, MERRYELECTRONICS (U.S.A.) CO., LTD. The transfer price was USD 1 thousand (approximately NTD 38 thousand).

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2025 and 2024, the non-controlling interest amounted to \$1,538,504 thousand and \$1,174,522 thousand, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

| Name of subsidiary | Principal place of business | Non-controlling interest |     |                   |     |
|--------------------|-----------------------------|--------------------------|-----|-------------------|-----|
|                    |                             | December 31, 2025        |     | December 31, 2024 |     |
|                    |                             | Ownership                |     | Ownership         |     |
|                    |                             | Amount                   | (%) | Amount            | (%) |
| MEVN               | Vietnam                     | \$ 1,505,178             | 49% | \$ 1,109,526      | 49% |

Summarised financial information of the subsidiaries:

Balance sheets

|                         | MEVN                |                     |
|-------------------------|---------------------|---------------------|
|                         | December 31, 2025   | December 31, 2024   |
| Current assets          | \$ 5,946,258        | \$ 3,910,754        |
| Non-current assets      | 1,258,145           | 1,013,238           |
| Current liabilities     | ( 4,085,367)        | ( 2,587,704)        |
| Non-current liabilities | ( 3,351)            | ( 23,148)           |
| Total net assets        | <u>\$ 3,115,685</u> | <u>\$ 2,313,140</u> |

Statements of comprehensive income

|                                                               | MEVN                     |                   |
|---------------------------------------------------------------|--------------------------|-------------------|
|                                                               | Years ended December 31, |                   |
|                                                               | 2025                     | 2024              |
| Revenue                                                       | \$ 11,269,058            | \$ 6,362,284      |
| Profit before income tax                                      | 1,134,077                | 693,629           |
| Income tax expense                                            | ( 161,665)               | ( 83,394)         |
| Profit for the period from continuing operations              | 972,412                  | 610,235           |
| Profit for the period                                         | 972,412                  | 610,235           |
| Total comprehensive income for the period                     | <u>\$ 972,412</u>        | <u>\$ 610,235</u> |
| Comprehensive income attributable to non-controlling interest | <u>\$ 476,482</u>        | <u>\$ 299,015</u> |

## Statements of cash flows

|                                                       | MEVN                     |                  |
|-------------------------------------------------------|--------------------------|------------------|
|                                                       | Years ended December 31, |                  |
|                                                       | 2025                     | 2024             |
| Net cash provided by operating activities             | \$ 528,902               | \$ 116,599       |
| Net cash used in investing activities                 | ( 465,737)               | ( 102,644)       |
| Net cash used in financing activities                 | ( 109,794)               | ( 100,135)       |
| Effect of exchange rates on cash and cash equivalents | ( 5,099)                 | 10,806           |
| Decrease in cash and cash equivalents                 | ( 51,728)                | ( 75,374)        |
| Cash and cash equivalents, beginning of period        | 66,811                   | 142,185          |
| Cash and cash equivalents, end of period              | <u>\$ 15,083</u>         | <u>\$ 66,811</u> |

### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

#### A. Foreign currency transactions and balances

- (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 re-translated 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 assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'Other gains and losses'.

#### B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:



- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) 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 Group 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.
- (c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) 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 that are expected to be realized, or are intended to be sold or consumed in the normal operating cycle;
  - (b) Assets that are held primarily for the purpose of trading;
  - (c) Assets that are expected to be realized within twelve months after the reporting period;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.
- 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 settled in the normal operating cycle;
  - (b) Liabilities that are held primarily for the purpose of trading;
  - (c) Liabilities that are due to be settled within twelve months after the reporting period;
  - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to 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. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:  
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortized cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortized cost at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, 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 realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- 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 Group 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. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. 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 estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

|                                     |              |
|-------------------------------------|--------------|
| Buildings, structures and equipment | 5 ~ 60 years |
| Machinery and equipment             | 2 ~ 12 years |
| Transportation equipment            | 5 ~ 12 years |
| Office equipment                    | 3 ~ 10 years |
| Others                              | 1 ~ 10 years |

(16) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low

value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognize the difference between remeasured lease liability in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(17) Intangible assets

- A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 10 years.

- B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

- C. Intangible assets, mainly patent rights, trademark rights and business rights, are amortized on a straight-line basis over their estimated useful lives of 3 ~ 10 years.

(18) Impairment of non-financial assets

- A. The Group 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. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal

should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:
  - (a) Hybrid (combined) contracts; or
  - (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
  - (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(22) Convertible bonds payable

- A. Convertible bonds issued by the Group contain conversion options (that is, the bondholders have

the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- (a) The embedded call options and put options are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- (b) The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- (c) The embedded conversion options which meet the definition of an equity instrument are initially recognized in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- (d) Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- (e) When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(23) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

(25) Provisions

A. Provisions (including warranties) are recognized when the Group 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.

- B. Under the Climate Change Response Act and its regulations in the ROC, carbon fees levied are not applicable under IFRIC 21, 'Levies' but are recognised and measured in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. If the estimated annual emissions are probable to exceed the threshold for levying, liabilities in relation to emission fees are estimated and accrued based on the proportion of emissions already incurred to the estimated annual emissions in the interim financial statements.

(26) 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 expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. 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 Group in current period or prior periods. 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. The net defined benefit 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 Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements 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. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved



amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(27) Employee share-based payment

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-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. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

- (a) Restricted stocks issued to employees 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.
- (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognizes the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
- (c) For restricted stocks where employees have to pay to acquire those stocks, if the employees resign during the vesting period, they must return the stocks to the Group and the Group must refund their payments on the stocks. For restricted stocks issued with consideration with the grant date set on or after October 11, 2024, the Group recognises the payments from the employees who had paid to acquire the stocks as liabilities at the grant date; For restricted stocks issued with consideration with the grant date set on or before October 10, 2024, the Group recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in ‘capital surplus – others’.

(28) 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.
- B. The current income tax expense 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 year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred 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 does not give rise to equal taxable and deductible temporary differences. Deferred 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 Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred 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 tax asset is realized or the deferred tax liability is settled.
- D. Deferred 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 utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(29) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(31) Revenue recognition

Sales of goods

- A. The Group manufactures and sells radio apparatus, communication devices, consumer electronics as well as electronic parts and components. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products

have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- B. The furniture is often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated sales discounts. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 30~120 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(32) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(33) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be

measured at the acquisition-date fair value.

- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group 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 realizable value. Such evaluation of inventories might have material changes.

As of December 31, 2025, the carrying amount of inventories was \$6,705,759 thousand.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

|                                       | December 31, 2025   | December 31, 2024   |
|---------------------------------------|---------------------|---------------------|
| Cash on hand and revolving funds      | \$ 1,258            | \$ 1,221            |
| Checking accounts and demand deposits | 9,716,237           | 6,986,072           |
| Time deposits                         | 80,437              | 1,599,601           |
|                                       | <u>\$ 9,797,932</u> | <u>\$ 8,586,894</u> |

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2025 and 2024, time deposits maturing in excess of three months were all classified as current financial assets at amortized cost.

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

| Items                                                                      | December 31, 2025 | December 31, 2024 |
|----------------------------------------------------------------------------|-------------------|-------------------|
| Current items:                                                             |                   |                   |
| Financial assets mandatorily measured at fair value through profit or loss |                   |                   |
| - Funds                                                                    | \$ 791,582        | \$ 611,639        |
| - Forward exchange contract                                                | 2,139             | 7,603             |
| - Call options of convertible bonds                                        | -                 | 600               |
| - Stocks                                                                   | 20,480            | 20,965            |
| Valuation adjustment                                                       | 5,578             | 15,669            |
|                                                                            | <u>\$ 819,779</u> | <u>\$ 656,476</u> |
| Non-current items:                                                         |                   |                   |
| - Funds                                                                    | \$ 26,220         | \$ 26,220         |
| - Stocks                                                                   | 20,000            | 20,000            |
| Valuation adjustment                                                       | 62                | (3,145)           |
|                                                                            | <u>\$ 46,282</u>  | <u>\$ 43,075</u>  |

| Items                                  | December 31, 2025 | December 31, 2024 |
|----------------------------------------|-------------------|-------------------|
| Current items:                         |                   |                   |
| Financial liabilities held for trading |                   |                   |
| - Forward exchange contract            | <u>\$ 38,725</u>  | <u>\$ -</u>       |

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

|                                                                    | Years ended December 31, |                  |
|--------------------------------------------------------------------|--------------------------|------------------|
|                                                                    | 2025                     | 2024             |
| Net gains on financial assets at fair value through profit or loss | <u>\$ 50,470</u>         | <u>\$ 24,269</u> |

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

|                                           | December 31, 2025                       |                           |                   |
|-------------------------------------------|-----------------------------------------|---------------------------|-------------------|
| Derivative instruments                    | Contract amount<br>(Notional principal) | Contract period           | Contract price    |
| Forward foreign exchange contract to sell | <u>USD 116,000 thousand</u>             | 2025/11/28~<br>2026/09/01 | NTD 30.730~31.690 |

| December 31, 2024                           |                                         |                           |                   |
|---------------------------------------------|-----------------------------------------|---------------------------|-------------------|
| Derivative instruments                      | Contract amount<br>(Notional principal) | Contract period           | Contract price    |
| Forward foreign exchange<br>contract to buy | USD 6,000 thousand                      | 2024/03/14~<br>2025/12/30 | NTD 30.253~31.712 |

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The amounts that have been transacted and yet received on December 31, 2025 and 2024 are \$62 thousand and \$0 thousand respectively. (shown as other receivables).

D. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

(3) Accounts receivable

|                                            | December 31, 2025    | December 31, 2024    |
|--------------------------------------------|----------------------|----------------------|
| Accounts receivable                        | \$ 11,485,703        | \$ 11,279,105        |
| Less: Allowance for uncollectible accounts | ( 64,670)            | ( 44,658)            |
|                                            | <u>\$ 11,421,033</u> | <u>\$ 11,234,447</u> |

A. The aging analysis of accounts receivable is as follows:

|                | December 31, 2025    | December 31, 2024    |
|----------------|----------------------|----------------------|
| Not past due   | \$ 11,282,383        | \$ 11,190,671        |
| Up to 30 days  | 139,185              | 45,293               |
| 31 to 90 days  | 5,624                | 3,134                |
| 91 to 180 days | 7,899                | 3,263                |
| Over 180 days  | 50,612               | 36,744               |
|                | <u>\$ 11,485,703</u> | <u>\$ 11,279,105</u> |

The above aging analysis was based on past due date.

B. As of December 31, 2025 and 2024, and January 1, 2024, the balances of receivables (including notes receivable) from contracts with customers amounted to \$11,421,033 thousand, \$11,234,447 thousand and \$9,224,475 thousand, respectively.

C. The Group took out a credit insurance on the accounts receivable. The insurance company audits the amount and pays 90% of the amount when the default occurred. As of December 31, 2025 and 2024, the insured accounts receivable amounted to \$7,191,488 thousand and \$7,107,257 thousand, respectively.

D. The Group does not hold any collateral as security.

E. The Group entered into a factoring agreement which has no right of recourse with ING BANK N.V., TAIPEI BRANCH on August 19, 2024 and July 19, 2021. As of December 31, 2025 and 2024, there were no accounts receivable that were outstanding and expected to be transferred (reclassified as financial assets at fair value through other comprehensive income). Please refer to Note 6(4) for information on transfer of financial assets.

F. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Transfer of financial assets

Transferred financial assets that are not entirely derecognized

A. On August 19, 2024 and July 19, 2021, the Group entered into a factoring agreement with ING BANK N.V., TAIPEI BRANCH to sell its accounts receivable. In accordance with the agreement, the Group transferred first 90% of accounts receivable and has obligated to provide partial guarantees for the default risk of the transferred accounts receivable. Therefore, the Group has not derecognized the accounts receivable in their entirety and may not pledge these accounts receivable to a third party.

B. As of December 31, 2025 and 2024, the related information of the transferred accounts receivable sold that the Group continuously recognized to the extent of continuing involvement were as follows:

|                                                                  | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|------------------------------------------------------------------|--------------------------|--------------------------|
| Total carrying amount of the original assets before transferring | \$ 945,697               | \$ 657,263               |
| Carrying amount of the assets continuously recognized            | 94,570                   | 65,726                   |

(5) Inventories

|                  | <u>December 31, 2025</u> |                                 |                     |
|------------------|--------------------------|---------------------------------|---------------------|
|                  | Cost                     | Allowance for<br>valuation loss | Book value          |
| Raw materials    | \$ 3,147,153             | (\$ 102,823)                    | \$ 3,044,330        |
| Work in progress | 989,046                  | ( 5,941)                        | 983,105             |
| Finished goods   | 2,815,738                | ( 137,414)                      | 2,678,324           |
|                  | <u>\$ 6,951,937</u>      | <u>(\$ 246,178)</u>             | <u>\$ 6,705,759</u> |

  

|                  | <u>December 31, 2024</u> |                                 |                     |
|------------------|--------------------------|---------------------------------|---------------------|
|                  | Cost                     | Allowance for<br>valuation loss | Book value          |
| Raw materials    | \$ 2,018,432             | (\$ 117,885)                    | \$ 1,900,547        |
| Work in progress | 753,299                  | ( 10,151)                       | 743,148             |
| Finished goods   | 2,300,818                | ( 85,528)                       | 2,215,290           |
|                  | <u>\$ 5,072,549</u>      | <u>(\$ 213,564)</u>             | <u>\$ 4,858,985</u> |

The cost of inventories recognized as expense for the year :

|                                                                                | Years ended December 31, |                      |
|--------------------------------------------------------------------------------|--------------------------|----------------------|
|                                                                                | 2025                     | 2024                 |
| Cost of goods sold                                                             | \$ 40,643,015            | \$ 37,957,731        |
| Loss on scrapping inventory                                                    | 193,858                  | 79,219               |
| Loss (gain) on reversal of slow-moving inventories and decline in market value | 32,614 (                 | 30,398)              |
| Loss on physical inventory                                                     | 1,015                    | 119                  |
|                                                                                | <u>\$ 40,870,502</u>     | <u>\$ 38,006,671</u> |

The Group reversed a previous inventory write-down because inventories with decline in market value were partially sold by the Group during the year ended December 31, 2024.

(6) Investments accounted for using equity method

|                                                                                                                           | Years ended December 31, |                     |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------|
|                                                                                                                           | 2025                     | 2024                |
| At January 1                                                                                                              | \$ 5,914,755             | \$ 5,602,510        |
| Increase in investments accounted for using equity method                                                                 | -                        | 26,200              |
| Disposal of investments accounted for using equity method                                                                 | - (                      | 430,463)            |
| Proceeds from capital reduction of investments accounted for using equity method                                          | ( 59,169)                | -                   |
| Share of profit or loss of investments accounted for using the equity method                                              | 586,938                  | 616,994             |
| Earnings distribution of investments                                                                                      | ( 205,301) (             | 238,193)            |
| Changes in capital surplus                                                                                                | 21,801                   | 13,679              |
| Changes in other equity items                                                                                             | 13,718                   | 189,146             |
| Changes in retained earnings                                                                                              | -                        | 108                 |
| Reclassification of credit balance of investments accounted for using equity method/ reversal of non- current liabilities | - (                      | 1,095)              |
| Transferred from financial assets at fair value through other comprehensive income                                        | -                        | 135,869             |
| At December 31                                                                                                            | <u>\$ 6,272,742</u>      | <u>\$ 5,914,755</u> |

- A. On May 16, 2025, as resolved by the shareholders, the Group's associate, DONPON PRECISION INC, undertook a capital reduction and returned NTD 59,169 thousand.
- B. On April 18, 2025, the Group's investee company, Merry Electronics (Suzhou) Co., Ltd., repatriated earnings in the amount of RMB 49,000 thousand (approximately NTD 203,103 thousand) as resolved by the shareholders.
- C. For the year ended December 31, 2025, the Group received cash dividends of \$2,198 thousand from investments accounted for using equity method, \$8 thousand of which was the withholding tax distributed by the Group's investee company, CDIB-Mac Limited Partnership, on May 5, 2025, which is considered as the earnings appropriation and can be deducted from the tax payable in the



income tax returns.

- D. On July 28, 2022, the investment of CDIB-Mac Limited Partnership was resolved by the Board of Directors. The Group increased its capital in CDIB-Mac Limited Partnership in the amount of \$26,200 thousand on December 23, 2024.
- E. The Group's investee company, Guangdong Luxshare & Merry Electronics Co., Ltd., established the liquidation committee on April 20, 2022. The liquidation period was from May 1, 2022 to May 29, 2024. The date of dissolution was the end of the liquidation period. The liquidation was completed.
- F. On December 25, 2024, the Group's investee company, Merry Electronics (Huizhou) Co., Ltd., repatriated earnings in the amount of RMB 49,000 thousand (approximately NTD 218,540 thousand) as resolved by the shareholders.
- G. For the year ended December 31, 2024, the Group received cash dividends of \$19,653 thousand from investments accounted for using equity method, \$24 thousand of which was the withholding tax distributed by the Group's investee company, CDIB-Mac Limited Partnership, on May 6, 2024, which is considered as the earnings appropriation and can be deducted from the tax payable in the income tax returns.
- H. On May 30, 2024, the Company acquired 1 seat in the Board of Directors of SYNERGY SCIENTECH CORP. and further had significant influence over the company. The Group had reclassified the investment which was initially shown as (financial assets at fair value through other comprehensive income) amounting to \$135,869 thousand.
- I. Details are as follows :

|                                                                | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|----------------------------------------------------------------|--------------------------|--------------------------|
| Associates with significant influence                          |                          |                          |
| Merry Electronics(Suzhou) Co., Ltd.<br>(MECE)                  | \$ 3,816,947             | \$ 3,665,410             |
| Associates with insignificant influence                        |                          |                          |
| Merry Electronics (Huizhou)Co., Ltd.<br>(MECH)                 | 1,540,032                | 1,377,693                |
| DONPON PRECISION INC                                           | 453,347                  | 482,410                  |
| CDIB-Mac Limited Partnership<br>(MAC FUND)                     | 213,318                  | 159,861                  |
| Leohab Enterprise Co., Ltd. (LEOHAB)                           | 109,629                  | 76,954                   |
| DONG GUAN GET PINK ELECTRONICS<br>CO., LTD(DONG GUAN GET PINK) | 13,653                   | 16,278                   |
| SYNergy ScienTech Corp.                                        | 125,816                  | 136,149                  |
|                                                                | <u>\$ 6,272,742</u>      | <u>\$ 5,914,755</u>      |

- J. Share of profit (loss) of associates accounted for using the equity method :

| Investee                | Years ended December 31, |                   |
|-------------------------|--------------------------|-------------------|
|                         | 2025                     | 2024              |
| MECE                    | \$ 329,434               | \$ 251,048        |
| MECH                    | 150,981                  | 269,558           |
| MEDG                    | -                        | 2,682             |
| DONPON                  | 31,054                   | 39,291            |
| MAC FUND                | 53,465                   | 16,847            |
| LEOHAB                  | 31,867                   | 36,985            |
| DONG GUAN GET PINK      | ( 2,603)                 | ( 268)            |
| SYNergy ScienTech Corp. | ( 7,260)                 | 851               |
|                         | <u>\$ 586,938</u>        | <u>\$ 616,994</u> |

#### K. Associates

(a) The basic information of the associates that is material to the Group is as follows:

| Company name | Principal place of business | Shareholding ratio |                   | Nature of relationship                                | Methods of measurement |
|--------------|-----------------------------|--------------------|-------------------|-------------------------------------------------------|------------------------|
|              |                             | December 31, 2025  | December 31, 2024 |                                                       |                        |
| MECE         | Mainland China              | 49.00%             | 49.00%            | Holding more than 20% of voting right of stockholders | Equity method          |

(b) The summarised financial information of the associates that are material to the Group is as follows:

#### Balance sheet

|                                                                      | MERRY ELECTRONICS(SUZHOU)CO.,LTD |                     |
|----------------------------------------------------------------------|----------------------------------|---------------------|
|                                                                      | December 31, 2025                | December 31, 2024   |
| Current assets                                                       | \$ 8,525,559                     | \$ 7,811,276        |
| Non-current assets                                                   | 2,786,897                        | 3,151,317           |
| Current liabilities                                                  | ( 3,309,515)                     | ( 3,356,318)        |
| Non-current liabilities                                              | ( 123,652)                       | ( 61,559)           |
| Total net assets                                                     | <u>\$ 7,879,289</u>              | <u>\$ 7,544,716</u> |
| Share in associate's net assets                                      | \$ 3,860,852                     | \$ 3,696,911        |
| Realized (unrealized) loss from upstream and sidestream transactions | ( 43,905)                        | ( 31,501)           |
| Carrying amount of the associate                                     | <u>\$ 3,816,947</u>              | <u>\$ 3,665,410</u> |

Statement of comprehensive income

|                                                     | <u>MERRY ELECTRONICS(SUZHOU)CO.,LTD</u> |               |
|-----------------------------------------------------|-----------------------------------------|---------------|
|                                                     | <u>Years ended December 31,</u>         |               |
|                                                     | <u>2025</u>                             | <u>2024</u>   |
| Revenue                                             | \$ 10,731,054                           | \$ 10,616,315 |
| Profit for the period from<br>continuing operations | \$ 697,629                              | \$ 458,013    |
| Total comprehensive income                          | \$ 697,629                              | \$ 458,013    |
| Dividends received from associates                  | \$ 203,103                              | \$ -          |

- (c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

|                                                                                              | <u>Years ended December 31,</u> |             |
|----------------------------------------------------------------------------------------------|---------------------------------|-------------|
|                                                                                              | <u>2025</u>                     | <u>2024</u> |
| Share of profit of associates and joint<br>ventures accounted for using the<br>equity method | \$ 257,504                      | \$ 365,946  |
| Other comprehensive income,<br>net of tax                                                    | 6,519                           | 82,540      |
| Total comprehensive income                                                                   | \$ 264,023                      | \$ 448,486  |

(7) Property, plant and equipment

Year ended December 31, 2025

| Cost                            |                     |                     |                     |                    |                    | Effect of foreign<br>currency<br>exchange differences | Ending balance      |
|---------------------------------|---------------------|---------------------|---------------------|--------------------|--------------------|-------------------------------------------------------|---------------------|
|                                 | Opening balance     | Additions           | Reductions          | Transfers          |                    |                                                       |                     |
| Land                            | \$ 1,011,609        | \$ -                | \$ -                | \$ -               | \$ 10,371          | \$                                                    | 1,021,980           |
| Land improvements               | 645                 | -                   | -                   | -                  | 26                 |                                                       | 671                 |
| Buildings and structures        | 2,095,199           | 21,591 (            | 119) (              | 11,441) (          | 19,255)            |                                                       | 2,085,975           |
| Machinery                       | 3,604,018           | 748,590 (           | 346,831)            | 41,861 (           | 38,601)            |                                                       | 4,009,037           |
| Transportation equipment        | 19,169              | 6,063 (             | 3,252)              | -                  | 133                |                                                       | 22,113              |
| Office equipment                | 358,171             | 58,160 (            | 7,339)              | 908                | 3,724              |                                                       | 413,624             |
| Others                          | 408,678             | 69,943 (            | 29,260) (           | 20,868) (          | 7,139)             |                                                       | 421,354             |
| Unfinished construction         | 245,210             | 515,060             | -                   | ( 42,407)          | 30,649             |                                                       | 748,512             |
|                                 | <u>7,742,699</u>    | <u>\$ 1,419,407</u> | <u>(\$ 386,801)</u> | <u>(\$ 31,947)</u> | <u>(\$ 20,092)</u> |                                                       | <u>8,723,266</u>    |
| <u>Accumulated depreciation</u> |                     |                     |                     |                    |                    |                                                       |                     |
| Land improvements               | (\$ 634)            | (\$ 4)              | \$ -                | \$ -               | (\$ 26)            | (\$                                                   | 664)                |
| Buildings and structures        | ( 752,570)          | ( 82,756)           | 41                  | 12,075             | ( 2,264)           | (                                                     | 825,474)            |
| Machinery                       | ( 2,105,362)        | ( 422,639)          | 213,551             | -                  | 15,564             | (                                                     | 2,298,886)          |
| Transportation equipment        | ( 15,607)           | ( 1,633)            | 3,194               | -                  | ( 1)               | (                                                     | 14,047)             |
| Office equipment                | ( 258,704)          | ( 36,894)           | 6,946               | -                  | ( 1,722)           | (                                                     | 290,374)            |
| Others                          | ( 244,048)          | ( 53,408)           | 16,748              | 21,833             | 2,837              | (                                                     | 256,038)            |
|                                 | <u>( 3,376,925)</u> | <u>(\$ 597,334)</u> | <u>\$ 240,480</u>   | <u>\$ 33,908</u>   | <u>\$ 14,388</u>   |                                                       | <u>( 3,685,483)</u> |
|                                 | <u>\$ 4,365,774</u> |                     |                     |                    |                    |                                                       | <u>\$ 5,037,783</u> |

Year ended December 31, 2024

| Cost                            | Opening balance     | Additions           | Reductions          | Transfers        | Effect of foreign             | Ending balance      |
|---------------------------------|---------------------|---------------------|---------------------|------------------|-------------------------------|---------------------|
|                                 |                     |                     |                     |                  | currency exchange differences |                     |
| Land                            | \$ 792,956          | \$ 206,942          | \$ -                | \$ -             | \$ 11,711                     | \$ 1,011,609        |
| Land improvements               | 604                 | -                   | -                   | -                | 41                            | 645                 |
| Buildings and structures        | 2,027,767           | 12,753              | ( 829)              | 1,529            | 53,979                        | 2,095,199           |
| Machinery                       | 3,240,291           | 308,428             | ( 86,954)           | 30,219           | 112,034                       | 3,604,018           |
| Transportation equipment        | 16,896              | 1,756               | -                   | -                | 517                           | 19,169              |
| Office equipment                | 335,656             | 20,564              | ( 7,024)            | 39               | 8,936                         | 358,171             |
| Others                          | 358,070             | 41,726              | ( 6,717)            | 6,156            | 9,443                         | 408,678             |
| Unfinished construction         | 3,246               | 249,257             | -                   | ( 17,875)        | 10,582                        | 245,210             |
|                                 | <u>6,775,486</u>    | <u>\$ 841,426</u>   | <u>(\$ 101,524)</u> | <u>\$ 20,068</u> | <u>\$ 207,243</u>             | <u>7,742,699</u>    |
| <u>Accumulated depreciation</u> |                     |                     |                     |                  |                               |                     |
| Land improvements               | (\$ 590)            | (\$ 4)              | \$ -                | \$ -             | (\$ 40)                       | (\$ 634)            |
| Buildings and structures        | ( 644,251)          | ( 84,130)           | 571                 | -                | ( 24,760)                     | ( 752,570)          |
| Machinery                       | ( 1,684,403)        | ( 421,248)          | 60,092              | -                | ( 59,803)                     | ( 2,105,362)        |
| Transportation equipment        | ( 13,501)           | ( 1,728)            | -                   | -                | ( 378)                        | ( 15,607)           |
| Office equipment                | ( 224,257)          | ( 34,182)           | 6,873               | -                | ( 7,138)                      | ( 258,704)          |
| Others                          | ( 186,567)          | ( 58,747)           | 6,448               | -                | ( 5,182)                      | ( 244,048)          |
|                                 | <u>( 2,753,569)</u> | <u>(\$ 600,039)</u> | <u>\$ 73,984</u>    | <u>\$ -</u>      | <u>(\$ 97,301)</u>            | <u>( 3,376,925)</u> |
|                                 | <u>\$ 4,021,917</u> |                     |                     |                  |                               | <u>\$ 4,365,774</u> |

A. The Group had no borrowing costs capitalized as part of property, plant and equipment.

B. Information about the property, plant and equipment that were pledged by the Group to others as collateral is provided in Note 8.

(8) Intangible assets

Year ended December 31, 2025

| Cost                                   | Opening balance | Additions   | Reductions | Transfers | Effect of foreign<br>currency<br>exchange differences |      | Ending balance |
|----------------------------------------|-----------------|-------------|------------|-----------|-------------------------------------------------------|------|----------------|
|                                        |                 |             |            |           |                                                       |      |                |
| Goodwill                               | \$ 931,678      | \$ -        | \$ -       | \$ -      | \$ -                                                  | \$ - | \$ 931,678     |
| Computer software                      | 647,473         | 23,506      | ( 609)     | 411       | ( 1,400)                                              |      | 669,381        |
| Customer relationship                  | 326,550         | -           | -          | -         | -                                                     |      | 326,550        |
| Technical skills                       | 115,748         | -           | -          | -         | -                                                     |      | 115,748        |
| Trademarks                             | 61,481          | -           | -          | -         | -                                                     |      | 61,481         |
| Others                                 | 54,504          | 4,567       | -          | -         | ( 42)                                                 |      | 59,029         |
| Sub-total                              | 2,137,434       | \$ 28,073   | (\$ 609)   | \$ 411    | (\$ 1,442)                                            |      | 2,163,867      |
| <u>Accumulated amortization</u>        |                 |             |            |           |                                                       |      |                |
| Computer software                      | (\$ 597,420)    | (\$ 25,946) | \$ 609     | \$ -      | \$ 1,312                                              |      | (\$ 621,445)   |
| Customer relationship                  | ( 273,435)      | ( 35,410)   | -          | -         | -                                                     |      | ( 308,845)     |
| Technical skills                       | ( 115,748)      | -           | -          | -         | -                                                     |      | ( 115,748)     |
| Trademarks                             | ( 35,439)       | ( 5,518)    | -          | -         | -                                                     |      | ( 40,957)      |
| Others                                 | ( 45,011)       | ( 5,770)    | -          | -         | 40                                                    |      | ( 50,741)      |
| Sub-total                              | ( 1,067,053)    | (\$ 72,644) | \$ 609     | \$ -      | \$ 1,352                                              |      | ( 1,137,736)   |
| <u>Accumulated<br/>Impairment loss</u> |                 |             |            |           |                                                       |      |                |
| Goodwill                               | (\$ 292,249)    | \$ -        | \$ -       | \$ -      | \$ -                                                  |      | (\$ 292,249)   |
| Total                                  | \$ 778,132      |             |            |           |                                                       |      | \$ 733,882     |

Year ended December 31, 2024

| Cost                           | Opening balance | Additions   | Reductions | Effect of foreign<br>currency<br>exchange differences | Ending balance |
|--------------------------------|-----------------|-------------|------------|-------------------------------------------------------|----------------|
| Goodwill                       | \$ 931,678      | \$ -        | \$ -       | \$ -                                                  | \$ 931,678     |
| Computer software              | 629,757         | 19,973      | ( 3,907)   | 1,650                                                 | 647,473        |
| Customer relationship          | 326,550         | -           | -          | -                                                     | 326,550        |
| Technical skills               | 115,748         | -           | -          | -                                                     | 115,748        |
| Trademarks                     | 61,481          | -           | -          | -                                                     | 61,481         |
| Others                         | 49,203          | 5,301       | -          | -                                                     | 54,504         |
| Sub-total                      | 2,114,417       | \$ 25,274   | (\$ 3,907) | \$ 1,650                                              | 2,137,434      |
| Accumulated amortization       |                 |             |            |                                                       |                |
| Computer software              | (\$ 553,211)    | (\$ 46,916) | \$ 3,907   | (\$ 1,200)                                            | (\$ 597,420)   |
| Customer relationship          | ( 238,025)      | ( 35,410)   | -          | -                                                     | ( 273,435)     |
| Technical skills               | ( 115,748)      | -           | -          | -                                                     | ( 115,748)     |
| Trademarks                     | ( 29,921)       | ( 5,518)    | -          | -                                                     | ( 35,439)      |
| Others                         | ( 39,015)       | ( 5,980)    | -          | ( 16)                                                 | ( 45,011)      |
| Sub-total                      | ( 975,920)      | (\$ 93,824) | \$ 3,907   | (\$ 1,216)                                            | ( 1,067,053)   |
| Accumulated<br>Impairment loss |                 |             |            |                                                       |                |
| Goodwill                       | (\$ 227,276)    | (\$ 64,973) | \$ -       | \$ -                                                  | (\$ 292,249)   |
| Total                          | \$ 911,221      |             |            |                                                       | \$ 778,132     |

A. Details of amortization in intangible assets are as follows:

|                                   | Years ended December 31, |                  |
|-----------------------------------|--------------------------|------------------|
|                                   | 2025                     | 2024             |
| Operating costs                   | \$ 3,294                 | \$ 5,114         |
| Selling expenses                  | 6,792                    | 13,672           |
| Administrative expenses           | 31,020                   | 46,008           |
| Research and development expenses | 31,538                   | 29,030           |
|                                   | <u>\$ 72,644</u>         | <u>\$ 93,824</u> |

B. Goodwill allocated to the Group's cash-generating units is as follows:

|                         | December 31, 2025 |                        |                   |
|-------------------------|-------------------|------------------------|-------------------|
|                         | Cost              | Accumulated impairment | Book value        |
| Goodwill:               |                   |                        |                   |
| Asian Elite And Indigo  | \$ 581,644        | (\$ 292,249)           | \$ 289,395        |
| Austar Hearing (Xiamen) | 210,299           | -                      | 210,299           |
| Huges Hi-Tech           | 139,735           | -                      | 139,735           |
|                         | <u>\$ 931,678</u> | <u>(\$ 292,249)</u>    | <u>\$ 639,429</u> |
|                         | December 31, 2024 |                        |                   |
|                         | Cost              | Accumulated impairment | Book value        |
| Goodwill:               |                   |                        |                   |
| Asian Elite And Indigo  | \$ 581,644        | (\$ 292,249)           | \$ 289,395        |
| Austar Hearing (Xiamen) | 210,299           | -                      | 210,299           |
| Huges Hi-Tech           | 139,735           | -                      | 139,735           |
|                         | <u>\$ 931,678</u> | <u>(\$ 292,249)</u>    | <u>\$ 639,429</u> |

For the years ended December 31, 2025 and 2024, the recoverable amount which was calculated based on use in value was less than carrying amount, the Group recognised impairment loss of goodwill amounting to \$0 thousand and \$64,973 thousand, respectively, and the balance of goodwill after recognising impairment loss amounted to \$639,429 thousand and \$639,429 thousand, respectively. In addition, value in use adopts pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. The key assumptions used for value-in-use calculations are as follows:

| December 31, 2025 | Huges Hi-Tech | Asian Elite And Indigo | Austar Hearing (Xiamen) |
|-------------------|---------------|------------------------|-------------------------|
| Discount rate     | 7.48%         | 13.51%                 | 15.04%                  |
| Growth rate       | 10%           | 4.75%~16.92%           | 3%~18.75%               |
| December 31, 2024 | Huges Hi-Tech | Asian Elite And Indigo | Austar Hearing (Xiamen) |
| Discount rate     | 9.44%         | 14.17%                 | 13.47%                  |
| Growth rate       | 10%           | 4%~24.97%              | 3%~18.35%               |

C. The Group has no intangible assets pledged as collateral.



(9) Impairment of non-financial assets

A. The Group recognized impairment loss for the years ended December 31, 2025 and 2024. Details of such loss are as follows :

|                                 | Years ended December 31,             |                                      |
|---------------------------------|--------------------------------------|--------------------------------------|
|                                 | 2025                                 | 2024                                 |
|                                 | Recognized through<br>profit or loss | Recognized through<br>profit or loss |
| Accumulated impairment-Goodwill | \$ -                                 | \$ 64,973                            |

B. Please refer to Note 6 (8) for the impairment to intangible assets.

(10) Short-term borrowings

| Type of borrowings | December 31, 2025   | Interest rate range | Collateral     |
|--------------------|---------------------|---------------------|----------------|
| Bank borrowings    |                     |                     |                |
| Credit loan        | \$ 4,206,045        | 2.00%~4.61%         | None           |
| Secured borrowings | 44,960              | 2.55%               | Plant          |
| Secured borrowings | 44,960              | 2.70%               | Patents (Note) |
|                    | <u>\$ 4,295,965</u> |                     |                |
| Type of borrowings | December 31, 2024   | Interest rate range | Collateral     |
| Bank borrowings    |                     |                     |                |
| Credit loan        | \$ 277,099          | 2.00%~3.65%         | None           |
| Secured borrowings | 89,560              | 2.70%~3.40%         | Patents (Note) |
|                    | <u>\$ 366,659</u>   |                     |                |

Note: The patents has been fully amortized into profit and loss.

Interest expense recognized in profit or loss amounted to \$62,417 thousand and \$21,270 thousand for the years ended December 31, 2025 and 2024, respectively.

(11) Other payables

|                                 | December 31, 2025   | December 31, 2024   |
|---------------------------------|---------------------|---------------------|
| Payroll and bonus payable       | \$ 607,028          | \$ 575,601          |
| Employee compensation payable   | 172,717             | 306,792             |
| Payables on equipment           | 177,609             | 127,331             |
| Directors' remuneration payable | 31,579              | 59,771              |
| Others                          | 670,848             | 536,594             |
|                                 | <u>\$ 1,659,781</u> | <u>\$ 1,606,089</u> |

(12) Bonds payable

|                                 | December 31, 2025   | December 31, 2024   |
|---------------------------------|---------------------|---------------------|
| Bonds payable                   | \$ 3,000,000        | \$ 3,000,000        |
| Less: Discount on bonds payable | ( 87,731)           | ( 143,722)          |
| Total                           | <u>\$ 2,912,269</u> | <u>\$ 2,856,278</u> |

A. The details of the third domestic unsecured convertible bonds issued by the Company on August 11, 2021 are as follows:

- (a) The terms of the third domestic unsecured convertible bonds issued by the Company are as follows:
- i. The Company issued \$3,015,000 thousand, 0% third domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature three years from the issue date August 11, 2021 to August 11, 2024 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on August 11, 2021.
  - ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company at any time during the period from the date after three months of the bonds issued to the maturity date by notifying the Taiwan Depository & Clearing Corporation through the dealer to the Company, except for (i) the stop transfer period as specified in the terms of the bonds or the laws/regulations; (ii) the book closure date of the issuance of bonus shares, and of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date; (iii) the period between the record date of a capital reduction and the prior day before the commencement of stock trading after stocks are repurchased; (iv) the period between the start date of stopping conversion due to implementing changes of face value of stocks and the prior day before the trading date that new shares start to be exchanged to stocks, can not ask conversions. Other than the aforementioned period, the bonds can be converted into common shares at any time after applying request to Taiwan Depository & Clearing Corporation through securities firms. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
  - iii. The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price was \$104.9 (in dollars) per share.
  - iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount, the Company has the right to redeem the convertible bonds in accordance with the Article 18 of the terms of issuance and conversion during the period from the date after three months of the bonds issue to 40 days before the maturity date.
  - v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- (b) The bonds totaling \$2,996,000 thousand (face value) had been converted into 28,559 shares of common stock. The face value of the remaining unconverted bonds had been due for settlement on August 11, 2024. The forfeited 'capital surplus - share options' of \$129 thousand was all transferred to 'capital surplus-others'.

B. The details of the fourth domestic unsecured convertible bonds issued by the Company on July 10, 2024 are as follows:

- (a) The terms of the fourth domestic unsecured convertible bonds issued by the Company are as follows:
- i. The Company issued \$2,500,000 thousand, 0% fourth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature three years from the issue date July 10, 2024 to July 10, 2027 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 10, 2024.

- ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company at any time during the period from the date after three months of the bonds issued to the maturity date by notifying the Taiwan Depository & Clearing Corporation through the dealer to the Company, except for (i) the stop transfer period as specified in the terms of the bonds or the laws/regulations (excluding the stop transfer period of shareholders' annual meeting and shareholders' special meeting); (ii) the book closure date of the issuance of bonus shares, and of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date; (iii) the period between the record date of a capital reduction and the prior day before the commencement of stock trading after stocks are repurchased; (iv) the period between the start date of stopping conversion due to implementing changes of face value of stocks and the prior day before the trading date that new shares start to be exchanged to stocks, can not ask conversions. Other than the aforementioned period, the bonds can be converted into common shares at any time after applying request to Taiwan Depository & Clearing Corporation through securities firms. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
  - iii. The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. As of December 31, 2025, the conversion price was \$128.9 (in dollars) per share.
  - iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount, the Company has the right to redeem the convertible bonds in accordance with the Article 18 of the terms of issuance and conversion during the period from the date after three months of the bonds issue to 40 days before the maturity date.
  - v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- (b) As of December 31, 2025, the bonds had not yet been converted into common stock.
- C. The details of the fifth domestic unsecured convertible bonds issued by the Company on July 22, 2024 are as follows:
- (a) The terms of the fifth domestic unsecured convertible bonds issued by the Company are as follows:
    - i. The Company issued \$500,000 thousand, 0% fifth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature three years from the issue date July 22, 2024 to July 22, 2027 and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 22, 2024.
    - ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company at any time during the period from the date after three months of the bonds issued to the maturity date by notifying the Taiwan Depository & Clearing Corporation through the dealer to the Company, except for (i) the stop transfer period as specified in the terms of the bonds or the laws/regulations (excluding the stop transfer period of shareholders' annual meeting and shareholders' special meeting); (ii) the book closure date of the issuance of bonus shares, and of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date; (iii)

the period between the record date of a capital reduction and the prior day before the commencement of stock trading after stocks are repurchased; (iv) the period between the start date of stopping conversion due to implementing changes of face value of stocks and the prior day before the trading date that new shares start to be exchanged to stocks, can not ask conversions. Other than the aforementioned period, the bonds can be converted into common shares at any time after applying request to Taiwan Depository & Clearing Corporation through securities firms. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

- iii. The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. As of December 31, 2025, the conversion price was \$125.2 (in dollars) per share.
  - iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount, the Company has the right to redeem the convertible bonds in accordance with the Article 18 of the terms of issuance and conversion during the period from the date after three months of the bonds issue to 40 days before the maturity date.
  - v. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- (b) As of December 31, 2025, the bonds had not yet been converted into common stock.
- D. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$280,733 thousand were separated from the liability component and were recognized in 'capital surplus - share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

(13) Long-term borrowings

| <u>Type of borrowings</u>                             | <u>Borrowing period<br/>and repayment term</u>                                                                                      | <u>Interest rate<br/>range</u> | <u>Collateral</u> | <u>December 31,<br/>2025</u> |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------|------------------------------|
| Long-term bank borrowings                             |                                                                                                                                     |                                |                   |                              |
| Credit loan                                           | Borrowing period is from 2020/2/20 to 2027/2/19;<br>interest is repayable monthly,<br>principal is repayable starting<br>from 2023. | 1.79%~2.22%                    | None              | \$ 165,191                   |
| Less: Expiring within one year or one operating cycle |                                                                                                                                     |                                |                   | ( 152,691)                   |
|                                                       |                                                                                                                                     |                                |                   | <u>\$ 12,500</u>             |

| Type of borrowings                                    | Borrowing period<br>and repayment term                                                                                                        | Interest rate<br>range | Collateral | December 31,<br>2024 |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------|----------------------|
| Long-term bank borrowings                             |                                                                                                                                               |                        |            |                      |
| Credit loan                                           | Borrowing period is from 2020/2/20 to 2025/2/20; interest is repayable monthly, principal is repayable starting from 2022.<br>(Notes 1 and 2) | 0.93%~1.29%            | None       | \$ 20,556            |
| Credit loan                                           | Borrowing period is from 2020/2/20 to 2027/2/19; interest is repayable monthly, principal is repayable starting from 2022.                    | 1.23%~5.30%            | None       | 450,288              |
| Secured borrowings                                    | Borrowing period is from 2023/9/27 to 2033/9/27; interest is repayable monthly, principal is repayable starting from 2023.                    | 3.30%                  | Plant      | 54,558               |
|                                                       |                                                                                                                                               |                        |            | 525,402              |
| Less: Expiring within one year or one operating cycle |                                                                                                                                               |                        |            | ( 282,505)           |
|                                                       |                                                                                                                                               |                        |            | <u>\$ 242,897</u>    |

Note 1: In November 2019, the Company entered into a long-term loan contract with Taipei Fubon Bank. As of December 31, 2025, all available borrowing facilities was used.

Aforementioned contract conditions:

During the credit period, the following financial ratios shall be maintained and the audited/reviewed consolidated financial statements shall be checked semi-annually:

- (a) Current ratio shall not be lower than 100%;
- (b) Debt ratio (total liabilities/total equity) shall not be higher than 200%;
- (c) Interest coverage ratio shall not be lower than 10.
- (d) Net tangible assets shall not be less than 8 billion.

Note 2: In February 2020, the Company entered into a long-term loan contract with JIHSUN BANK. As of December 31, 2025, all available borrowing facilities was used.

Aforementioned contract conditions:

During the credit period, the following financial ratios shall be maintained and the audited/reviewed consolidated financial statements shall be checked semi-annually:

- (a) Current ratio shall not be lower than 100%;
- (b) Debt ratio (total liabilities/tangible assets) shall not be higher than 250%;
- (c) Tangible assets shall be maintained at least \$8 billion.

Interest expense recognized in profit or loss amounted to \$7,139 thousand and \$25,606 thousand for the years ended December 31, 2025 and 2024, respectively.

#### (14) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic

subsidiaries contribute monthly an amount equal to 5.1% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

|                                              | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|----------------------------------------------|--------------------------|--------------------------|
| Present value of defined benefit obligations | \$ 80,452                | \$ 77,886                |
| Fair value of plan assets                    | ( 59,723)                | ( 53,998)                |
| Net defined benefit liability                | <u>\$ 20,729</u>         | <u>\$ 23,888</u>         |

(c) Movements in net defined benefit liabilities are as follows:

|                                                               | <u>Present value of<br/>defined benefit<br/>obligations</u> | <u>Fair value of<br/>plan assets</u> | <u>Net defined<br/>benefit liability</u> |
|---------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------|------------------------------------------|
| <u>Year ended December 31, 2025</u>                           |                                                             |                                      |                                          |
| Balance at January 1                                          | \$ 77,886                                                   | (\$ 53,998)                          | \$ 23,888                                |
| Current service cost                                          | 299                                                         | -                                    | 299                                      |
| Interest (income) expense                                     | 1,159                                                       | ( 783)                               | 376                                      |
|                                                               | <u>79,344</u>                                               | <u>( 54,781)</u>                     | <u>24,563</u>                            |
| Remeasurements:                                               |                                                             |                                      |                                          |
| Return on plan assets                                         |                                                             |                                      |                                          |
| (excluding amounts included in interest<br>income or expense) | -                                                           | ( 2,927)                             | ( 2,927)                                 |
| Change in financial assumptions                               | 1,960                                                       | -                                    | 1,960                                    |
| Experience adjustments                                        | 429                                                         | -                                    | 429                                      |
|                                                               | <u>2,389</u>                                                | <u>( 2,927)</u>                      | <u>( 538)</u>                            |
| Pension fund contribution                                     | -                                                           | ( 3,296)                             | ( 3,296)                                 |
| Paid pension                                                  | ( 1,281)                                                    | 1,281                                | -                                        |
| Balance at December 31                                        | <u>\$ 80,452</u>                                            | <u>( \$ 59,723)</u>                  | <u>\$ 20,729</u>                         |

|                                                            | Present value of<br>defined benefit<br>obligations | Fair value of<br>plan assets | Net defined<br>benefit liability |
|------------------------------------------------------------|----------------------------------------------------|------------------------------|----------------------------------|
| <u>Year ended December 31, 2024</u>                        |                                                    |                              |                                  |
| Balance at January 1                                       | \$ 86,576                                          | (\$ 50,522)                  | \$ 36,054                        |
| Current service cost                                       | 307                                                | -                            | 307                              |
| Interest (income) expense                                  | 1,003                                              | ( 583)                       | 420                              |
|                                                            | <u>87,886</u>                                      | <u>( 51,105)</u>             | <u>36,781</u>                    |
| Remeasurements:                                            |                                                    |                              |                                  |
| Return on plan assets                                      |                                                    |                              |                                  |
| (excluding amounts included in interest income or expense) | -                                                  | ( 3,255)                     | ( 3,255)                         |
| Change in financial assumptions                            | ( 3,120)                                           | -                            | ( 3,120)                         |
| Experience adjustments                                     | ( 262)                                             | -                            | ( 262)                           |
|                                                            | <u>( 3,382)</u>                                    | <u>( 3,255)</u>              | <u>( 6,637)</u>                  |
| Pension fund contribution                                  | -                                                  | ( 6,256)                     | ( 6,256)                         |
| Paid pension                                               | ( 6,618)                                           | 6,618                        | -                                |
| Balance at December 31                                     | <u>\$ 77,886</u>                                   | <u>(\$ 53,998)</u>           | <u>\$ 23,888</u>                 |

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regarding to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

- (e) The principal actuarial assumptions used were as follows:

|                         | Years ended December 31, |       |
|-------------------------|--------------------------|-------|
|                         | 2025                     | 2024  |
| Discount rate           | 1.35%                    | 1.65% |
| Future salary increases | 3.00%                    | 3.00% |

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

|                                                       | Discount rate |          | Future salary increases |            |
|-------------------------------------------------------|---------------|----------|-------------------------|------------|
|                                                       | Increase      | Decrease | Increase                | Decrease   |
|                                                       | 0.25%         | 0.25%    | 0.25%                   | 0.25%      |
| <u>December 31, 2025</u>                              |               |          |                         |            |
| Effect on present value of defined benefit obligation | (\$ 1,638)    | \$ 1,694 | \$ 1,662                | (\$ 1,616) |
| <u>December 31, 2024</u>                              |               |          |                         |            |
| Effect on present value of defined benefit obligation | (\$ 1,651)    | \$ 1,709 | \$ 1,682                | (\$ 1,633) |

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) The Company expects to pay contribution for pension plan amounting to \$2,090 thousand in 2026.
- (g) As of December 31, 2025, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:
- |               |                  |
|---------------|------------------|
| Within 1 year | \$ 15,186        |
| 1-2 year(s)   | 2,096            |
| 2-5 years     | 12,899           |
| Over 5 years  | 59,703           |
|               | <u>\$ 89,884</u> |
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The subsidiaries and second-tier subsidiaries in mainland China have set up a defined contribution plan. Monthly contribution to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations.
- (d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2025 and 2024 were \$261,705 thousand and \$204,291 thousand, respectively.



(15) Share-based payment

A. For the years ended December 31, 2025 and 2024, the fair value of the Company's stocks granted on the grant date in accordance with the Company's share-based payment agreement is measured using the closing price. Related information is as follows:

| Type of arrangement                                            | Grant date | Quantity granted | Contract period    | Stock price | Exercise price | Fair value per unit | Vesting condition |
|----------------------------------------------------------------|------------|------------------|--------------------|-------------|----------------|---------------------|-------------------|
| The first restricted stocks to employees in 2020               | 2021.05.31 | 416 units        | 3 years            | 107.5       | 0              | 107.5               | Note 1            |
| The second restricted stocks to employees in 2020              | 2021.07.30 | 1,504 units      | 3 years            | 111.0       | 0              | 111.0               | Note 1            |
| The first restricted stocks to employees in 2021               | 2022.07.29 | 1,800 units      | 3 years            | 80.7        | 0              | 80.7                | Note 1            |
| The first restricted stocks to employees in 2022               | 2023.07.28 | 1,645 units      | 3 years            | 91.9        | 0              | 91.9                | Note 1            |
| The second restricted stocks to employees in 2022              | 2024.07.26 | 355 units        | 3 years            | 124.0       | 0              | 124.0               | Note 1            |
| The first restricted stocks to employees in 2023               | 2024.07.26 | 1,594 units      | 5 years            | 124.0       | 0              | 124.0               | Note 2            |
| Cash capital increase reserved for employee preemption in 2024 | 2024.08.28 | 750 units        | Vested immediately | 134.0       | 95.0           | 39.0                | -                 |
| The second restricted stocks to employees in 2023              | 2025.07.25 | 406 units        | 5 years            | 113.0       | 0              | 113.0               | Note 2            |

Note 1: Depending on the employee's tenure in the Company (1 to 3 years), the employees can vest stocks at the ratio of 30%, 30% and 40% in three years based on the number of stocks written on the notification. The conditions for vesting restricted stocks are as follows:

- For the employees who are currently working in the Company, whose services have reached 1 year and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of vested share ratio is 30%.
- For the employees who are currently working in the Company, whose services have reached 2 years and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of accumulated vested share ratio is 60%.
- For the employees who are currently working in the Company, whose services have reached 3 years and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of accumulated vested share ratio is 100%.
- The Company will repurchase and retire the stocks that do not meet the conditions of vesting for the employees who resign during the vesting period or do not meet the condition of vesting by the issuance price.

Note 2: The expired date of the vesting period is 5 years after the grant date. The Group will calculate the number of vesting stocks by reviewing the personal and company's performance and the vesting stocks for the employees will be vested cumulatively at once.

The aforementioned restricted stocks issued by the Company cannot be transferred during the vesting period and the commissioned trust custodians execute the shareholders' rights on behalf

of the employees.

B. Details of the share-based payment arrangements are as follows:

|                           | 2025                           |                                                        | 2024                           |                                                        |
|---------------------------|--------------------------------|--------------------------------------------------------|--------------------------------|--------------------------------------------------------|
|                           | No. of share<br>(in thousands) | Weighted-<br>average exercise<br>price<br>(in dollars) | No. of share<br>(in thousands) | Weighted-<br>average exercise<br>price<br>(in dollars) |
| At January 1              | 4,127                          | \$ -                                                   | 4,071                          | \$ -                                                   |
| Restricted stocks granted | 406                            | -                                                      | 1,949                          | -                                                      |
| Restricted shares retired | ( 1,155)                       | -                                                      | ( 560)                         | -                                                      |
| stocks retired            | ( 71)                          | -                                                      | ( 1,333)                       | -                                                      |
| At December 31            | <u>3,307</u>                   | <u>-</u>                                               | <u>4,127</u>                   | <u>-</u>                                               |

C. Expenses incurred on share-based payment transactions are shown below:

|                | Years ended December 31, |                  |
|----------------|--------------------------|------------------|
|                | 2025                     | 2024             |
| Equity-settled | <u>\$ 115,443</u>        | <u>\$ 62,123</u> |

(16) Share capital

A. As of December 31, 2025, the Company's authorized capital was \$4,000,000 thousand, consisting of 400,000 thousand shares of ordinary stock (including 5,000 thousand shares reserved for employee stock options), and the paid-in capital was \$2,538,396 thousand with a par value of \$10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands):

|                                    | Years ended December 31, |                |
|------------------------------------|--------------------------|----------------|
|                                    | 2025                     | 2024           |
| At January 1                       | 253,491                  | 219,316        |
| Employee restricted shares granted | 406                      | 1,949          |
| Employee restricted shares retired | ( 71)                    | ( 1,333)       |
| Cash capital increase              | -                        | 5,000          |
| Conversion of convertible bonds    | -                        | 28,559         |
| At December 31                     | <u>253,826</u>           | <u>253,491</u> |

(a) On April 27, 2023, the Board of Directors of the Company resolved to issue employee restricted shares. The issuance was approved by the Competent Authority on October 4, 2023. The effective date set on July 25, 2025. The subscription price is \$0 per share. The Company issued 406 thousand common shares. The registration was completed. The employee restricted shares issued are subject to certain transfer restrictions before their vesting conditions are qualified. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

- (b) The retirement of the employees' restricted stocks which had been resolved by the Company's Board of Directors was as follows:

| Number of restricted stocks to                |                                     |                           |
|-----------------------------------------------|-------------------------------------|---------------------------|
| Date of the Board of<br>Directors' Resolution | employees retired<br>(in thousands) | Date of Capital Reduction |
| February 25, 2026                             | 13                                  | February 26, 2026         |
| October 30, 2025                              | 56                                  | November 3, 2025          |
| April 24, 2025                                | 2                                   | April 28, 2025            |
| February 26, 2025                             | 2                                   | March 3, 2025             |
| October 24, 2024                              | 1,122                               | October 24, 2024          |
| July 25, 2024                                 | 182                                 | July 25, 2024             |
| April 25, 2024                                | 27                                  | April 25, 2024            |

The registration for the abovementioned retirement of the employees' restricted stocks was completed, excluding the capital reduction which was resolved on February 25, 2026.

- (c) The Company issued the third unsecured convertible bonds on August 11, 2021. As of December 31, 2025, the face value of the convertible bonds of \$2,996,000 thousand had been converted into common shares amounting to 28,559 thousand shares. The remaining unconverted face value of the corporate bonds was matured and settled on August 11, 2024. Among them, 11,316 shares, 16,154 thousand shares and 1,089 thousand shares of which had been set effective on October 25, 2024, July 26, 2024, April 26, 2024 as resolved by the Board of Directors during their meeting on October 24, 2024, July 25, 2024 and April 25, 2024, respectively. The registration for the abovementioned issuance of the new shares was completed.
- (d) The Company's Board of Directors has resolved to increase cash capital by issuing common stock of 5,000 thousand shares with the subscription price of \$95 per share on April 25, 2024. The total raised amount of \$475,000 thousand has been fully collected, with the record date of this cash capital increase dated on September 24, 2024. The registration process was completed.
- (e) On April 28, 2022 and April 27, 2023, the Board of Directors of the Company resolved to issue employee restricted shares. The issuance was approved by the Competent Authority on September 21, 2022 and October 4, 2023, respectively. The Company issued 1,949 thousand common shares with the effective date set on July 26, 2024. The subscription price is \$0 per share. The registration for the issuance of employee restricted shares was completed. The employee restricted shares issued are subject to certain transfer restrictions before their vesting conditions are qualified. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

|                                                                                                 | 2025                |                   |                                  |                   |                     |
|-------------------------------------------------------------------------------------------------|---------------------|-------------------|----------------------------------|-------------------|---------------------|
|                                                                                                 | Share<br>premium    | Share<br>option   | Employee<br>restricted<br>stocks | Others            | Total               |
| At January 1                                                                                    | \$ 7,449,826        | \$ 280,733        | \$ 390,287                       | \$ 301,585        | \$ 8,422,431        |
| Restricted stocks issued                                                                        | -                   | -                 | 41,818                           | -                 | 41,818              |
| Restricted stocks vested                                                                        | 88,692              | -                 | ( 88,692)                        | -                 | -                   |
| Restricted stocks retired                                                                       | -                   | -                 | ( 5,441)                         | -                 | ( 5,441)            |
| Recognition of change in<br>equity of associates in<br>proportion to the Company's<br>ownership | -                   | -                 | -                                | 21,801            | 21,801              |
| Changes in non-controlling<br>interests                                                         | -                   | -                 | -                                | ( 392)            | ( 392)              |
| At December 31                                                                                  | <u>\$ 7,538,518</u> | <u>\$ 280,733</u> | <u>\$ 337,972</u>                | <u>\$ 322,994</u> | <u>\$ 8,480,217</u> |
|                                                                                                 | 2024                |                   |                                  |                   |                     |
|                                                                                                 | Share<br>premium    | Share<br>option   | Employee<br>restricted<br>stocks | Others            | Total               |
| At January 1                                                                                    | \$ 4,147,542        | \$ 96,854         | \$ 338,495                       | \$ 290,083        | \$ 4,872,974        |
| Cash capital increase                                                                           | 445,241             | -                 | -                                | -                 | 445,241             |
| Convertible bonds converted<br>into common shares                                               | 2,804,134           | ( 96,725)         | -                                | -                 | 2,707,409           |
| Redeemed of convertible<br>bonds at maturity                                                    | -                   | ( 129)            | -                                | 129               | -                   |
| Restricted stocks issued                                                                        | -                   | -                 | 222,186                          | -                 | 222,186             |
| Restricted stocks vested                                                                        | 52,909              | -                 | ( 52,909)                        | -                 | -                   |
| Restricted stocks retired                                                                       | -                   | -                 | ( 117,485)                       | -                 | ( 117,485)          |
| Issuance of convertible<br>bond                                                                 | -                   | 280,733           | -                                | -                 | 280,733             |
| Recognition of change in<br>equity of associates in<br>proportion to the Company's<br>ownership | -                   | -                 | -                                | 13,679            | 13,679              |
| Changes in ownership<br>interests in subsidiaries                                               | -                   | -                 | -                                | ( 434)            | ( 434)              |
| Disposal of investments<br>accounted for using<br>equity method                                 | -                   | -                 | -                                | ( 1,872)          | ( 1,872)            |
| At December 31                                                                                  | <u>\$ 7,449,826</u> | <u>\$ 280,733</u> | <u>\$ 390,287</u>                | <u>\$ 301,585</u> | <u>\$ 8,422,431</u> |

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, after deduction of mandatory income tax, shall first be used to offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After the provision or reversal of special reserve, the appropriation of the remaining earnings along with the unappropriated earnings of prior year shall be proposed by the Board of Directors and approved by the shareholders. The Board of Directors may, based on financial, business and operating perspectives, propose a distribution of earnings within an amount at least 30% of the new distributable earnings and not more than 80% of the accumulated distributable earnings for the current period. The dividends shall be preferably distributed in the form of cash, and can be appropriated in the shares. The ratio of cash dividends shall account for at least 30% of the total dividends distributed. All or partial of dividend and bonus that are distributed in the form of cash will be resolved and reported to the shareholders if more than 2/3 of the directors attend the Board of Directors' meeting and more than 1/2 of the directors present at the meeting have agreed.
- B. The Company's dividend policy is summarized below: as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. As of December 31, 2025, the special reserve set aside based on the above regulation amounted to \$193,792 thousand. In Accordance with Ruling No.1010051600 issued by Securities and Futures Bureau of the FSC on November 21, 2012, "unearned employee compensation" under employee restricted stock is not an unrealized item, and therefore is not required to set aside the special reserve.  
(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land and reversed over the use period if the assets are investment property other than land. As of December 31, 2025, the balance of capital surplus as aforementioned was \$269,144 thousand.  
(c) As of December 31, 2025 and 2024, the balance of special reserve was \$462,936 thousand and \$973,012 thousand, respectively.

- E. The Company distributed earnings for the years ended December 31, 2024 and 2023 as resolved at the shareholders' meeting on May 26, 2025 and May 29, 2024, respectively, are as follows:

|                 | Years ended December 31, |                        |                     |                        |
|-----------------|--------------------------|------------------------|---------------------|------------------------|
|                 | 2024                     |                        | 2023                |                        |
|                 | Amount                   | Dividends<br>per share | Amount              | Dividends<br>per share |
| Legal reserve   | \$ 209,620               |                        | \$ 137,551          |                        |
| Special reserve | ( 510,076)               |                        | 204,826             |                        |
| Cash dividends  | 1,850,505                | \$ 7.3                 | 1,030,914           | \$ 4.7                 |
|                 | <u>\$ 1,550,049</u>      |                        | <u>\$ 1,373,291</u> |                        |

The abovementioned distribution of earnings for the years ended December 31, 2024 and 2023 was in agreement with those amounts proposed by the Board of Directors on February 26, 2025 and February 22, 2024, respectively.

- F. The Company distributed earnings for the year ended December 31, 2025 as resolved by the Board of Directors on February 25, 2026 as follows:

|                 | Year ended December 31, 2025 |                     |
|-----------------|------------------------------|---------------------|
|                 | Amount                       | Dividends per share |
| Legal reserve   | \$ 133,159                   |                     |
| Special reserve | 87,465                       |                     |
| Cash dividends  | 1,015,358                    | \$ 4.0              |
|                 | <u>\$ 1,235,982</u>          |                     |

(19) Other equity items

|                                            | 2025               |                        |                     |                     |
|--------------------------------------------|--------------------|------------------------|---------------------|---------------------|
|                                            | Exchange           | Unrealized gains       |                     |                     |
|                                            | differences on     | (losses)               |                     |                     |
|                                            | translation of     | from investments in    | Cost of             |                     |
|                                            | foreign            | equity instruments     | unearned            |                     |
|                                            | financial          | measured at fair value | employee            |                     |
|                                            | statements         | through other          | compensation        | Total               |
|                                            |                    | comprehensive income   |                     |                     |
| At January 1                               | \$ 57,735          | (\$ 520,671)           | (\$ 305,316)        | (\$ 768,252)        |
| Issuance of restricted shares to employees | -                  | -                      | ( 45,878)           | ( 45,878)           |
| Amortisation of employee restricted stocks | -                  | -                      | 115,443             | 115,443             |
| Employee restricted shares retired         | -                  | -                      | 6,146               | 6,146               |
| Revaluation - gross                        | - ( 3,121)         | 3,121                  | -                   | ( 3,121)            |
| Revaluation - tax                          | - ( 579)           | 579                    | -                   | ( 579)              |
| Revaluation – associates                   | - ( 218)           | 218                    | -                   | ( 218)              |
| Currency translation differences:          |                    |                        |                     |                     |
| - Group                                    | ( 118,121)         | -                      | -                   | ( 118,121)          |
| - Tax on Group                             | 23,628             | -                      | -                   | 23,628              |
| - Associates                               | 13,936             | -                      | -                   | 13,936              |
| - Tax on associates                        | ( 2,990)           | -                      | -                   | ( 2,990)            |
| At December 31                             | <u>(\$ 25,812)</u> | <u>(\$ 524,589)</u>    | <u>(\$ 229,605)</u> | <u>(\$ 780,006)</u> |

|                                                                               | 2024                                                                               |                                                                                                                                              |                                                 |                     |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------|
|                                                                               | Exchange<br>differences on<br>translation of<br>foreign<br>financial<br>statements | Unrealized gains<br>(losses)<br>from investments in<br>equity instruments<br>measured at fair value<br>through other<br>comprehensive income | Cost of<br>unearned<br>employee<br>compensation | Total               |
| At January 1                                                                  | (\$ 413,159)                                                                       | (\$ 559,853)                                                                                                                                 | (\$ 236,339)                                    | (\$ 1,209,351)      |
| Issuance of restricted<br>shares to employees                                 | -                                                                                  | -                                                                                                                                            | ( 241,676)                                      | ( 241,676)          |
| Amortisation of employee<br>restricted stocks                                 | -                                                                                  | -                                                                                                                                            | 41,882                                          | 41,882              |
| Employee restricted<br>shares retired                                         | -                                                                                  | -                                                                                                                                            | 130,817                                         | 130,817             |
| Revaluation - gross                                                           | - (                                                                                | 6,346)                                                                                                                                       | - (                                             | 6,346)              |
| Revaluation - tax                                                             | - (                                                                                | 4,238)                                                                                                                                       | - (                                             | 4,238)              |
| Revaluation transferred to<br>profit or loss - gross                          | -                                                                                  | 52,471                                                                                                                                       | -                                               | 52,471              |
| Revaluation – associates                                                      | - (                                                                                | 2,705)                                                                                                                                       | - (                                             | 2,705)              |
| Currency translation<br>differences:                                          |                                                                                    |                                                                                                                                              |                                                 |                     |
| - Group                                                                       | 366,104                                                                            | -                                                                                                                                            | -                                               | 366,104             |
| - Tax on Group                                                                | ( 73,332)                                                                          | -                                                                                                                                            | - (                                             | 73,332)             |
| - Associates                                                                  | 191,851                                                                            | -                                                                                                                                            | -                                               | 191,851             |
| - Tax on associates                                                           | ( 38,603)                                                                          | -                                                                                                                                            | - (                                             | 38,603)             |
| - Adjustment on disposal<br>of associates<br>transferred to profit<br>or loss | 24,874                                                                             | -                                                                                                                                            | -                                               | 24,874              |
| At December 31                                                                | <u>\$ 57,735</u>                                                                   | <u>(\$ 520,671)</u>                                                                                                                          | <u>(\$ 305,316)</u>                             | <u>(\$ 768,252)</u> |
| (20) <u>Operating revenue</u>                                                 |                                                                                    |                                                                                                                                              |                                                 |                     |

|                                       | Years ended December 31, |                      |
|---------------------------------------|--------------------------|----------------------|
|                                       | 2025                     | 2024                 |
| Revenue from contracts with customers | <u>\$ 46,491,035</u>     | <u>\$ 43,855,354</u> |



#### A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

| Year ended December 31, 2025               |                      |                   |                     |                     |              |                     |                      |
|--------------------------------------------|----------------------|-------------------|---------------------|---------------------|--------------|---------------------|----------------------|
|                                            | Electronic devices   |                   |                     |                     |              |                     | Total                |
|                                            | Taiwan               | Shenzhen          | Singapore           | Vietnam             | Thailand     | Others              |                      |
| Total segment revenue                      | \$ 32,427,777        | \$ 10,934,824     | \$ 8,298,175        | \$ 11,269,058       | \$ 7,427,252 | \$ 1,756,070        | \$ 72,113,156        |
| Revenue from internal segment transactions | ( 12,483)            | ( 10,169,691)     | ( 3,747)            | ( 7,749,154)        | ( 7,427,252) | ( 259,794)          | ( 25,622,121)        |
| Revenue from external customer contracts   | 32,415,294           | 765,133           | 8,294,428           | 3,519,904           | -            | 1,496,276           | 46,491,035           |
| Main region                                |                      |                   |                     |                     |              |                     |                      |
| US                                         | 14,982,158           | -                 | 5,495,757           | -                   | -            | 904,856             | 21,382,771           |
| Europe                                     | 14,900,644           | 74,605            | 2,766,260           | -                   | -            | 146,445             | 17,887,954           |
| Singapore                                  | 190,239              | 6,887             | 11,410              | 2,841,958           | -            | 37                  | 3,050,531            |
| Mainland China                             | 166,738              | 293,327           | 11,363              | 10,263              | -            | 385,654             | 867,345              |
| Taiwan                                     | 1,134,979            | 355               | -                   | -                   | -            | ( 28)               | 1,135,306            |
| Others                                     | 1,040,536            | 389,959           | 9,638               | 667,683             | -            | 59,312              | 2,167,128            |
|                                            | <u>\$ 32,415,294</u> | <u>\$ 765,133</u> | <u>\$ 8,294,428</u> | <u>\$ 3,519,904</u> | <u>\$ -</u>  | <u>\$ 1,496,276</u> | <u>\$ 46,491,035</u> |
| Year ended December 31, 2024               |                      |                   |                     |                     |              |                     |                      |
|                                            | Electronic devices   |                   |                     |                     |              |                     | Total                |
|                                            | Taiwan               | Shenzhen          | Singapore           | Vietnam             | Thailand     | Others              |                      |
| Total segment revenue                      | \$ 33,063,291        | \$ 12,367,450     | \$ 8,055,590        | \$ 6,362,284        | \$ 6,073,966 | \$ 1,479,708        | \$ 67,402,289        |
| Revenue from internal segment transactions | ( 14,488)            | ( 12,018,253)     | ( 2,695)            | ( 5,092,687)        | ( 6,073,966) | ( 344,846)          | ( 23,546,935)        |
| Revenue from external customer contracts   | 33,048,803           | 349,197           | 8,052,895           | 1,269,597           | -            | 1,134,862           | 43,855,354           |
| Main region                                |                      |                   |                     |                     |              |                     |                      |
| US                                         | 17,734,481           | -                 | 4,036,704           | -                   | -            | 518,353             | 22,289,538           |
| Europe                                     | 14,150,488           | 99,801            | 3,989,979           | -                   | -            | 194,900             | 18,435,168           |
| Singapore                                  | 18,174               | -                 | 4,727               | 1,093,244           | -            | -                   | 1,116,145            |
| Mainland China                             | 147,898              | 248,064           | 21,485              | -                   | -            | 392,396             | 809,843              |
| Taiwan                                     | 506,367              | 1,332             | -                   | -                   | -            | 528                 | 508,227              |
| Others                                     | 491,395              | -                 | -                   | 176,353             | -            | 28,685              | 696,433              |
|                                            | <u>\$ 33,048,803</u> | <u>\$ 349,197</u> | <u>\$ 8,052,895</u> | <u>\$ 1,269,597</u> | <u>\$ -</u>  | <u>\$ 1,134,862</u> | <u>\$ 43,855,354</u> |

#### B. Contract liabilities :

(a) The Group has recognized the following revenue-related contract liabilities:

|                      | December 31, 2025 | December 31, 2024 | January 1, 2024   |
|----------------------|-------------------|-------------------|-------------------|
| Contract liabilities | <u>\$ 747,697</u> | <u>\$ 780,103</u> | <u>\$ 892,122</u> |

(b) Revenue recognized that was included in the contract liability balance at the beginning of the period :

|                                                                                                       |     | Years ended December 31, |              |
|-------------------------------------------------------------------------------------------------------|-----|--------------------------|--------------|
|                                                                                                       |     | 2025                     | 2024         |
| Revenue recognized that was included in the contract liability balance at the beginning of the period |     | \$ 228,582               | \$ 225,341   |
| (21) <u>Other income</u>                                                                              |     |                          |              |
|                                                                                                       |     | Years ended December 31, |              |
|                                                                                                       |     | 2025                     | 2024         |
| Government grants                                                                                     | \$  | 70,150                   | \$ 81,410    |
| Sample income                                                                                         |     | 41,242                   | 73,463       |
| Rent income                                                                                           |     | 16,047                   | 30,463       |
| Dividend income                                                                                       |     | 4,008                    | 4,004        |
| Compensation income                                                                                   |     | -                        | 4,217        |
| Other income                                                                                          |     | 77,198                   | 41,317       |
|                                                                                                       | \$  | 208,645                  | \$ 234,874   |
| (22) <u>Other gains and losses</u>                                                                    |     |                          |              |
|                                                                                                       |     | Years ended December 31, |              |
|                                                                                                       |     | 2025                     | 2024         |
| Foreign exchange (loss) gain                                                                          | (\$ | 280,758)                 | \$ 372,901   |
| Net gains on financial assets/liabilities at fair value through loss or profit                        |     | 50,470                   | 24,269       |
| Impairment loss on goodwill                                                                           | - ( |                          | 64,973)      |
| Gains (losses) on disposals of property, plant and equipment                                          |     | 8,605 (                  | 12,446)      |
| Losses on disposals of investments                                                                    | - ( |                          | 15,469)      |
| Other losses                                                                                          | (   | 17,354)                  | ( 9,381)     |
|                                                                                                       | (\$ | 239,037)                 | \$ 294,901   |
| (23) <u>Expenses by nature</u>                                                                        |     |                          |              |
|                                                                                                       |     | Years ended December 31, |              |
|                                                                                                       |     | 2025                     | 2024         |
| Employee benefit expense                                                                              | \$  | 4,926,276                | \$ 4,157,239 |
| Depreciation charge - property, plant and equipment                                                   |     | 597,334                  | 600,039      |
| Depreciation charge - right-of-use assets                                                             |     | 101,877                  | 122,494      |
| Amortization charge                                                                                   |     | 72,644                   | 93,824       |
|                                                                                                       | \$  | 5,698,131                | \$ 4,973,596 |

(24) Employee benefit expense

|                                 | Years ended December 31, |                     |
|---------------------------------|--------------------------|---------------------|
|                                 | 2025                     | 2024                |
| Wages and salaries              | \$ 4,175,226             | \$ 3,533,589        |
| Share-based payments            | 115,443                  | 62,123              |
| Labor and health insurance fees | 86,374                   | 73,276              |
| Pension costs                   | 262,380                  | 205,018             |
| Directors' remuneration         | 32,769                   | 60,941              |
| Other personnel expenses        | 254,084                  | 222,292             |
| Total                           | <u>\$ 4,926,276</u>      | <u>\$ 4,157,239</u> |

- A. To encourage the Company's employees and operation team, in accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be at least 5% for employees' compensation, of which at least 1% shall be set aside for rank-and-file employees, and shall not be higher than 2% for directors' remuneration. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by at least two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders at the shareholders' meeting. Employees' compensation can be distributed in cash or shares and shall be distributed to the employees of subsidiaries of the Company who meet certain specific requirements.
- B. The details of employees' compensation and directors' remuneration of the Company are as follows:

|                         | Years ended December 31, |                   |
|-------------------------|--------------------------|-------------------|
|                         | 2025                     | 2024              |
| Employees' compensation | \$ 157,894               | \$ 298,856        |
| Directors' remuneration | 31,579                   | 59,771            |
|                         | <u>\$ 189,473</u>        | <u>\$ 358,627</u> |

The abovementioned amounts were recognized in wages and salaries and were accrued at 10% and 10% for employees' compensation and 2% and 2% for directors' remuneration for the years ended December 31, 2025 and 2024, respectively, based on the distributable profit of the year. Employees' compensation and directors' remuneration of 2024 as resolved at the Board of Directors' meeting were in agreement with those amounts recognized in the profit or loss of 2024. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

|                                                   | Years ended December 31, |                   |
|---------------------------------------------------|--------------------------|-------------------|
|                                                   | 2025                     | 2024              |
| Current tax:                                      |                          |                   |
| Current tax on profits for the year               | \$ 377,220               | \$ 448,897        |
| Tax on undistributed surplus earnings             | 25,487                   | -                 |
| Prior year income tax overestimation              | ( 36,645)                | ( 12,328)         |
| Total current tax                                 | 366,062                  | 436,569           |
| Deferred tax:                                     |                          |                   |
| Origination and reversal of temporary differences | ( 50,835)                | 273,886           |
| Income tax expense                                | <u>\$ 315,227</u>        | <u>\$ 710,455</u> |

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

|                                                                                            | Years ended December 31, |                   |
|--------------------------------------------------------------------------------------------|--------------------------|-------------------|
|                                                                                            | 2025                     | 2024              |
| Exchange differences changes on translation of foreign financial statements - the Group    | (\$ 23,628)              | \$ 73,332         |
| Exchange differences changes on translation of foreign financial statements - associates   | 2,990                    | 38,603            |
| Changes in fair value of financial assets at fair value through other comprehensive income | 579                      | 4,238             |
| Remeasurement of defined benefit obligations                                               | 108                      | 1,327             |
|                                                                                            | <u>(\$ 19,951)</u>       | <u>\$ 117,500</u> |

B. Reconciliation between income tax expense and accounting profit

|                                                                  | Years ended December 31, |                   |
|------------------------------------------------------------------|--------------------------|-------------------|
|                                                                  | 2025                     | 2024              |
| Current tax:                                                     |                          |                   |
| Tax calculated based on profit before tax and statutory tax rate | \$ 452,575               | \$ 928,100        |
| Expenses disallowed by tax regulation                            | 13,141                   | 931               |
| Tax exempt income by tax regulation                              | ( 28,396)                | ( 193,042)        |
| Temporary differences not recognised as deferred tax             | ( 205,037)               | 79,599            |
| Effect from investment tax credits                               | ( 59,210)                | ( 48,546)         |
| Effect from Alternative Minimum Tax                              | 103,919                  | 83,139            |
| Tax on undistributed surplus earnings                            | 25,487                   | -                 |
| Prior year income tax overestimation                             | ( 36,645)                | ( 12,328)         |
| Others                                                           | 49,393                   | ( 127,398)        |
| Income tax expense                                               | <u>\$ 315,227</u>        | <u>\$ 710,455</u> |

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

|                                                                                                      | 2025                  |                                 |                                                   |                       |
|------------------------------------------------------------------------------------------------------|-----------------------|---------------------------------|---------------------------------------------------|-----------------------|
|                                                                                                      | January 1,<br>2025    | Recognized in<br>profit or loss | Recognized in<br>other<br>comprehensive<br>income | December 31,<br>2025  |
| Deferred tax assets:                                                                                 |                       |                                 |                                                   |                       |
| - Temporary differences:                                                                             |                       |                                 |                                                   |                       |
| Unrealized exchange loss                                                                             | \$ -                  | \$ 11,219                       | \$ -                                              | \$ 11,219             |
| Income tax expense                                                                                   | 8,846                 | ( 5,328)                        | -                                                 | 3,518                 |
| Remeasurement of defined<br>benefit obligations                                                      | 15,104                | -                               | ( 108)                                            | 14,996                |
| Allowance for bad debts                                                                              | 3,531                 | 691                             | -                                                 | 4,222                 |
| Accumulated unused<br>compensated absences                                                           | 9,081                 | 1,344                           | -                                                 | 10,425                |
| Allowance for inventory<br>valuation losses and loss<br>for obsolete and slow-<br>moving inventories | 26,826                | 2,623                           | -                                                 | 29,449                |
| Amortisation of discounts<br>on corporate bonds                                                      | 39,005                | ( 38,588)                       | -                                                 | 417                   |
| Others                                                                                               | 52,190                | 1,971                           | -                                                 | 54,161                |
| Total                                                                                                | <u>\$ 154,583</u>     | <u>(\$ 26,068)</u>              | <u>(\$ 108)</u>                                   | <u>\$ 128,407</u>     |
| - Deferred tax liabilities                                                                           |                       |                                 |                                                   |                       |
| Unrealized exchange gain                                                                             | (\$ 12,758)           | (\$ 200)                        | \$ -                                              | (\$ 12,958)           |
| Gain on overseas long-term<br>investment                                                             | ( 2,025,873)          | 74,342                          | -                                                 | ( 1,951,531)          |
| Cumulative translation<br>adjustment of long-term<br>equity investments                              | ( 84,488)             | -                               | 20,638                                            | ( 63,850)             |
| Adjustment of land value<br>increment tax                                                            | ( 800)                | -                               | -                                                 | ( 800)                |
| Unrealized gain on valuation<br>of financial instruments                                             | ( 22,072)             | 1,500                           | ( 579)                                            | ( 21,151)             |
| Others                                                                                               | ( 7,557)              | 1,261                           | -                                                 | ( 6,296)              |
| Total                                                                                                | <u>(\$ 2,153,548)</u> | <u>\$ 76,903</u>                | <u>\$ 20,059</u>                                  | <u>(\$ 2,056,586)</u> |

|                                                                                                      | 2024                  |                                 |                                                   |                       |
|------------------------------------------------------------------------------------------------------|-----------------------|---------------------------------|---------------------------------------------------|-----------------------|
|                                                                                                      | January 1,<br>2024    | Recognized in<br>profit or loss | Recognized in<br>other<br>comprehensive<br>income | December 31,<br>2024  |
| Deferred tax assets:                                                                                 |                       |                                 |                                                   |                       |
| - Temporary differences:                                                                             |                       |                                 |                                                   |                       |
| Unrealized exchange loss                                                                             | \$ 14,528             | (\$ 14,528)                     | \$ -                                              | \$ -                  |
| Income tax expense                                                                                   | 11,163                | ( 2,317)                        | -                                                 | 8,846                 |
| Remeasurement of defined<br>benefit obligations                                                      | 16,431                | -                               | ( 1,327)                                          | 15,104                |
| Allowance for bad debts                                                                              | 4,108                 | ( 577)                          | -                                                 | 3,531                 |
| Accumulated unused<br>compensated absences                                                           | 8,534                 | 547                             | -                                                 | 9,081                 |
| Allowance for inventory<br>valuation losses and loss<br>for obsolete and slow-<br>moving inventories | 24,256                | 2,570                           | -                                                 | 26,826                |
| Amortisation of discounts<br>on corporate bonds                                                      | 31,142                | 7,863                           | -                                                 | 39,005                |
| Cumulative translation<br>adjustment of long-term<br>equity investments                              | 27,447                | -                               | ( 27,447)                                         | -                     |
| Investment tax credits                                                                               |                       |                                 |                                                   |                       |
| Others                                                                                               | 51,367                | 823                             | -                                                 | 52,190                |
| Total                                                                                                | <u>\$ 188,976</u>     | <u>(\$ 5,619)</u>               | <u>(\$ 28,774)</u>                                | <u>\$ 154,583</u>     |
| - Deferred tax liabilities                                                                           |                       |                                 |                                                   |                       |
| Unrealized exchange gain                                                                             | (\$ 2,305)            | (\$ 10,453)                     | \$ -                                              | (\$ 12,758)           |
| Gain on overseas long-term<br>investment                                                             | ( 1,501,202)          | ( 524,671)                      | -                                                 | ( 2,025,873)          |
| Cumulative translation<br>adjustment of long-term<br>equity investments                              | -                     | -                               | ( 84,488)                                         | ( 84,488)             |
| Adjustment of land value<br>increment tax                                                            | ( 800)                | -                               | -                                                 | ( 800)                |
| Unrealized gain on valuation<br>of financial instruments                                             | ( 17,224)             | ( 610)                          | ( 4,238)                                          | ( 22,072)             |
| Others                                                                                               | ( 19,206)             | 11,649                          | -                                                 | ( 7,557)              |
| Total                                                                                                | <u>(\$ 1,540,737)</u> | <u>(\$ 524,085)</u>             | <u>(\$ 88,726)</u>                                | <u>(\$ 2,153,548)</u> |

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

| December 31, 2025 |                           |                     |                                     |                |
|-------------------|---------------------------|---------------------|-------------------------------------|----------------|
| Year incurred     | Amount filed/<br>assessed | Unused amount       | Unrecognized<br>deferred tax assets | Expiry year    |
| 2009              | \$ 14,188                 | \$ 14,188           | \$ 3,047                            | 2029           |
| 2015              | 2,627                     | 2,627               | 2,627                               | 2035           |
| 2016              | 1,172                     | 1,172               | 1,172                               | 2036           |
| 2018              | 60,867                    | 60,867              | 16,315                              | 2028~unlimited |
| 2019              | 42,231                    | 30,406              | 17,842                              | 2029~unlimited |
| 2020              | 158,943                   | 158,943             | 151,184                             | 2030~unlimited |
| 2021              | 177,484                   | 176,762             | 169,253                             | 2031~unlimited |
| 2022              | 509,319                   | 509,319             | 486,808                             | 2032~unlimited |
| 2023              | 386,577                   | 386,577             | 352,699                             | 2033~unlimited |
| 2024              | 207,636                   | 207,636             | 201,316                             | 2034~unlimited |
| 2025              | 325,466                   | 325,466             | 325,466                             | 2035~unlimited |
|                   |                           | <u>\$ 1,873,963</u> | <u>\$ 1,727,729</u>                 |                |
| December 31, 2024 |                           |                     |                                     |                |
| Year incurred     | Amount filed/<br>assessed | Unused amount       | Unrecognized<br>deferred tax assets | Expiry year    |
| 2009              | \$ 14,188                 | \$ 14,188           | \$ 3,047                            | 2029           |
| 2015              | 2,627                     | 2,627               | 2,627                               | 2035           |
| 2016              | 1,172                     | 1,172               | 1,172                               | 2036           |
| 2018              | 60,867                    | 60,867              | 16,315                              | 2028~unlimited |
| 2019              | 42,231                    | 30,406              | 17,842                              | 2029~unlimited |
| 2020              | 158,943                   | 158,943             | 151,184                             | 2030~unlimited |
| 2021              | 177,484                   | 176,762             | 169,253                             | 2031~unlimited |
| 2022              | 509,319                   | 509,319             | 486,808                             | 2032~unlimited |
| 2023              | 386,577                   | 386,577             | 352,699                             | 2033~unlimited |
| 2024              | 207,636                   | 207,636             | 201,316                             | 2034~unlimited |
|                   |                           | <u>\$ 1,548,497</u> | <u>\$ 1,402,263</u>                 |                |

E. The amounts of deductible temporary difference that are not recognized as deferred tax assets are as follows:

|                                  | December 31, 2025   | December 31, 2024   |
|----------------------------------|---------------------|---------------------|
| Deductible temporary differences | <u>\$ 1,328,145</u> | <u>\$ 1,329,939</u> |

F. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

G. Pursuant to the Pillar Two legislation, the Group is responsible for paying a Top-up Tax on the difference between the GloBE Effective Tax Rate (ETR) and the minimum tax rate of 15% in respect of each jurisdiction.

The Group's subsidiary, MEVN, calculated a Top-up Tax of 10% and 15% for the period in 2025 and 2024, respectively; subsidiary, METC, calculated a Top-up Tax of 5% for the period in 2025.

The recognition of the current income tax expense of the Group related to Pillar Two income tax issue amounted to \$103,919 thousand and \$83,139 thousand for the years ended December 31, 2025 and 2024, respectively.

H. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

I. MUtek Electronics Co., Ltd's income tax returns through 2023 have been assessed and approved by the Tax Authority.

(26) Earnings per share

|                                                                                                                                          | Year ended December 31, 2025 |                                                                                      |                                    |
|------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------------------------------------------------------------|------------------------------------|
|                                                                                                                                          | Amount after tax             | Weighted average<br>number of ordinary<br>shares outstanding<br>(share in thousands) | Earnings per<br>share (in dollars) |
| <u>Basic earnings per share</u>                                                                                                          |                              |                                                                                      |                                    |
| Profit attributable to ordinary<br>shareholders of the parent                                                                            | <u>\$ 1,336,636</u>          | <u>249,457</u>                                                                       | <u>\$ 5.36</u>                     |
| <u>Diluted earnings per share</u>                                                                                                        |                              |                                                                                      |                                    |
| Profit attributable to ordinary<br>shareholders of the parent                                                                            | \$ 1,336,636                 | 249,457                                                                              |                                    |
| Assumed conversion of<br>all dilutive potential<br>ordinary shares                                                                       |                              |                                                                                      |                                    |
| Employees' compensation                                                                                                                  | 45,274                       | 22,400                                                                               |                                    |
| Convertible bonds                                                                                                                        | -                            | 2,024                                                                                |                                    |
| Employee restricted shares                                                                                                               | <u>-</u>                     | <u>1,213</u>                                                                         |                                    |
| Profit attributable to ordinary<br>shareholders of the parent<br>plus assumed conversion<br>of all dilutive potential<br>ordinary shares | <u>\$ 1,381,910</u>          | <u>275,094</u>                                                                       | <u>\$ 5.02</u>                     |

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|                                                                                                                                          | Year ended December 31, 2024 |                                                                                      |                                    |
|------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------------------------------------------------------------|------------------------------------|
|                                                                                                                                          |                              | Weighted average<br>number of ordinary<br>shares outstanding<br>(share in thousands) | Earnings per<br>share (in dollars) |
|                                                                                                                                          | Amount after tax             |                                                                                      |                                    |
| <u>Basic earnings per share</u>                                                                                                          |                              |                                                                                      |                                    |
| Profit attributable to ordinary<br>shareholders of the parent                                                                            | <u>\$ 2,143,258</u>          | <u>231,541</u>                                                                       | <u>\$ 9.26</u>                     |
| <u>Diluted earnings per share</u>                                                                                                        |                              |                                                                                      |                                    |
| Profit attributable to ordinary<br>shareholders of the parent                                                                            | \$ 2,143,258                 | 231,541                                                                              |                                    |
| Assumed conversion of<br>all dilutive potential<br>ordinary shares                                                                       |                              |                                                                                      |                                    |
| Employees' compensation                                                                                                                  | -                            | 3,009                                                                                |                                    |
| Convertible bonds                                                                                                                        | 33,319                       | 23,966                                                                               |                                    |
| Employee restricted shares                                                                                                               | <u>-</u>                     | <u>1,498</u>                                                                         |                                    |
| Profit attributable to ordinary<br>shareholders of the parent<br>plus assumed conversion<br>of all dilutive potential<br>ordinary shares | <u>\$ 2,176,577</u>          | <u>260,014</u>                                                                       | <u>\$ 8.37</u>                     |

The Group assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive.

(27) Transactions with non-controlling interest

A. Acquisition of Additional Interest in a Subsidiary

- (a) On April 24, 2025, FUSZ, a subsidiary of the Group, acquired an additional 0.5% of the issued shares of ASCX from non-controlling interests for cash consideration of NTD 1,074 thousand. The carrying amount of ASCX's non-controlling interests on the acquisition date was NTD 513 thousand. This transaction decreased non-controlling interests by NTD 513 thousand and decreased equity attributable to the owners of the parent by NTD 561 thousand. The impact of the changes in ASCX's equity during the year 2025 on equity attributable to the owners of the parent is as follows:

|                                                                                                         | Year ended December 31, 2025 |
|---------------------------------------------------------------------------------------------------------|------------------------------|
| Carrying amount of purchased non-controlling<br>interests                                               | \$ 513                       |
| Consideration Paid to Non-controlling Interests                                                         | ( 1,074)                     |
|                                                                                                         | <u>(\$ 561)</u>              |
| Difference between the actual acquisition or disposal price and the book value of<br>subsidiary equity: |                              |
| Capital surplus                                                                                         | \$ -                         |
| Retained earnings                                                                                       | <u>(\$ 561)</u>              |

- (b) On April 24, 2025, FUSA, a subsidiary of the Group, repurchased treasury shares for cash consideration of NTD 22,518 thousand and subsequently canceled them. As a result of this

transaction, non-controlling interests decreased by NTD 17,896 thousand, and the equity attributable to the owners of the parent decreased by NTD 4,622 thousand.

- B. The subsidiary's cash capital increase was not subscribed by the Group in proportion to its shareholding.

On April 23, 2025, the Group's subsidiary, FUSA, issued new shares through a cash capital increase. The Group did not subscribe in proportion to its shareholding, resulting in an increase of 0.28% in its equity stake. This transaction increased non-controlling interests by NTD 681 thousand and decreased equity attributable to the owners of the parent company by NTD 681 thousand.

(28) Supplemental cash flow information

A. Investing activities with partial cash flow effects

|                                                | Years ended December 31 |                   |
|------------------------------------------------|-------------------------|-------------------|
|                                                | 2025                    | 2024              |
| Purchase of property, plant and equipment      | \$ 1,435,722            | \$ 861,494        |
| Add:                                           |                         |                   |
| Beginning balance of payable on equipment      | 127,331                 | 71,416            |
| Ending balance of prepayments for equipment    | 3,959                   | 827               |
| Less:                                          |                         |                   |
| Beginning balance of prepayments for equipment | ( 827)                  | ( 2,571)          |
| Ending balance of payable on equipment         | ( 177,609)              | ( 127,331)        |
| Cash paid during the year                      | <u>\$ 1,388,576</u>     | <u>\$ 803,835</u> |

B. Financing activities with no cash flow effects

|                                                    | Years ended December 31 |                     |
|----------------------------------------------------|-------------------------|---------------------|
|                                                    | 2025                    | 2024                |
| Convertible bonds being converted to common stocks | <u>\$ -</u>             | <u>\$ 2,993,002</u> |

(29) Changes in liabilities from financing activities

|                                                | Short-term<br>borrowings | Lease<br>liability | Convertible<br>bond | Long-term<br>borrowings<br>(including<br>those matured<br>within one<br>year) | Dividends<br>payable | Liabilities<br>from financing<br>activities-gross |
|------------------------------------------------|--------------------------|--------------------|---------------------|-------------------------------------------------------------------------------|----------------------|---------------------------------------------------|
| At January 1, 2025                             | \$ 366,659               | \$ 116,138         | \$ 2,856,278        | \$ 525,402                                                                    | \$ -                 | \$ 3,864,477                                      |
| Changes in cash flow from financing activities | 3,861,370                | ( 107,645)         | -                   | ( 350,678)                                                                    | ( 1,850,505)         | 1,552,542                                         |
| Additions                                      | -                        | 75,656             | -                   | -                                                                             | 1,850,505            | 1,926,161                                         |
| Amortisation of discounts on corporate bonds   | -                        | -                  | 55,991              | -                                                                             | -                    | 55,991                                            |
| Changes in other non-cash items                | -                        | 3,848              | -                   | -                                                                             | -                    | 3,848                                             |
| Impact of changes in foreign exchange rate     | 67,936                   | 2,497              | -                   | ( 9,533)                                                                      | -                    | 60,900                                            |
| At December 31, 2025                           | <u>\$ 4,295,965</u>      | <u>\$ 90,494</u>   | <u>\$ 2,912,269</u> | <u>\$ 165,191</u>                                                             | <u>\$ -</u>          | <u>\$ 7,463,919</u>                               |
|                                                | Short-term<br>borrowings | Lease<br>liability | Convertible<br>bond | Long-term<br>borrowings<br>(including<br>those matured<br>within one<br>year) | Dividends<br>payable | Liabilities<br>from financing<br>activities-gross |
| At January 1, 2024                             | \$ 1,133,099             | \$ 173,020         | \$ 2,982,261        | \$ 1,449,356                                                                  | \$ -                 | \$ 5,737,736                                      |
| Changes in cash flow from financing activities | ( 778,448)               | ( 126,845)         | 3,114,036           | ( 931,774)                                                                    | ( 1,030,914)         | 246,055                                           |
| Additions                                      | -                        | 65,186             | -                   | -                                                                             | 1,030,914            | 1,096,100                                         |
| Redemption of corporate bond                   | -                        | -                  | ( 4,000)            | -                                                                             | -                    | ( 4,000)                                          |
| Amortisation of discounts on corporate bonds   | -                        | -                  | 40,752              | -                                                                             | -                    | 40,752                                            |
| Changes in capital surplus                     | -                        | -                  | ( 280,733)          | -                                                                             | -                    | ( 280,733)                                        |
| Changes in other non-cash items                | -                        | 2,893              | ( 2,996,038)        | -                                                                             | -                    | ( 2,993,145)                                      |
| Impact of changes in foreign exchange rate     | 12,008                   | 1,884              | -                   | 7,820                                                                         | -                    | 21,712                                            |
| At December 31, 2024                           | <u>\$ 366,659</u>        | <u>\$ 116,138</u>  | <u>\$ 2,856,278</u> | <u>\$ 525,402</u>                                                             | <u>\$ -</u>          | <u>\$ 3,864,477</u>                               |

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

| Name                                                   | Relationship                 |
|--------------------------------------------------------|------------------------------|
| MERRY ELECTRONICS(SUZHOU)CO.,LTD<br>(MECE)             | Affiliated company           |
| MERRY ELECTRONICS (HUIZHOU)CO.,LTD.<br>(MECH)          | Affiliated company           |
| DONPON PRECISION INC.                                  | Affiliated company           |
| Donyun plastic Manufactory Co., Ltd.                   | Affiliated company           |
| DONPON PRECISION (THAILAND) CO., LTD.                  | Affiliated company           |
| SYNergy ScienTech Corp.                                | Affiliated company           |
| Merry Fuling Co., Ltd.                                 | Other related party          |
| Taiwab Branch (MHNCTW)                                 |                              |
| Luxshare Precision Limited                             | Other related party (Note 1) |
| Luxshare Precision Industry Co., Ltd                   | Other related party (Note 1) |
| Luxshare Electronic Technology (Kunshan) Co., Ltd.     | Other related party (Note 1) |
| Dongguan Luxshare Precision Industry Co., Ltd.         | Other related party (Note 1) |
| LUXSHARE PRECISION SINGAPORE PTE.LT                    | Other related party (Note 1) |
| Luxshare Precision (Ngee Ann) Company Limited.         | Other related party (Note 1) |
| GUANGZHOU LUXVISIONS INNOVATION<br>TECHNOLOGY LIMITED. | Other related party (Note 1) |
| Dongguan Leader Precision Industry Co., Ltd            | Other related party (Note 1) |
| LEADER TECH VIET NAM COMPANY LIMITED                   | Other related party (Note 1) |
| Asap Technology (Jiangxi) Co., Ltd.                    | Other related party (Note 1) |
| Luxshare - ICT (Nghe An) Limited                       | Other related party (Note 1) |
| Taiwan Reading Culture Foundation                      | Other related party (Note 2) |

Note 1: A corporate director of the Group's subsidiary, MEVN, and the entity both belong to Luxshare Group.

Note 2: The chairman of the Company and of the foundation is the same person.

### (2) Significant related party transactions

#### A. Operating revenue

|                            | Years ended December 31, |                     |
|----------------------------|--------------------------|---------------------|
|                            | 2025                     | 2024                |
| Sales of goods:            |                          |                     |
| LUXSHARE PRECISION         |                          |                     |
| SINGAPORE PTE.LT           | \$ 2,856,211             | \$ 1,093,244        |
| Luxshare Precision Limited | 665,010                  | 175,585             |
| Other related party        | 29,268                   | 34,894              |
| Affiliated company         | 15,695                   | 13,177              |
| Total                      | <u>\$ 3,566,184</u>      | <u>\$ 1,316,900</u> |

The prices of goods sold to related parties are based on the different product's profitability and adjusted annually as there is no comparable transaction for the goods sold to the third parties, and the prices of purchases on behalf of related parties are based on the cost plus mark-ups of 2

to 3%. The credit terms to related parties are 60 to 120 days end of month and 30 to 120 days end of month to the third parties. For transactions in which the Company sells raw materials to the aforementioned related party and subsequently repurchases finished goods made from the same raw materials from the same party, the initial sale of raw materials is eliminated due to economic substance.

**B. Purchases**

|                     | Years ended December 31, |                      |
|---------------------|--------------------------|----------------------|
|                     | 2025                     | 2024                 |
| Purchases of goods  |                          |                      |
| MECE                | \$ 10,133,676            | \$ 10,225,885        |
| MECH                | 3,080,293                | 4,785,774            |
| Affiliated company  | 1,617,794                | 1,349,117            |
| Other related party | 463,331                  | 612,433              |
| Total               | <u>\$ 15,295,094</u>     | <u>\$ 16,973,209</u> |

Associates and other related parties are the Group's manufacturers of products, and the price is made individually based on the profitability of different products. The price will be adjusted once a year. Because the Group does not purchase similar products from non-related parties, no similar transaction can be comparable. The credit terms to associates and other related parties is 60 days to 120 days after monthly billings; and the credit terms to non-related parties is 30 days to 120 days after monthly billings.

**C. Receivables from related parties**

|                            | December 31, 2025   | December 31, 2024 |
|----------------------------|---------------------|-------------------|
| Accounts receivable        |                     |                   |
| LUXSHARE PRECISION         |                     |                   |
| SINGAPORE PTE.LT           | \$ 1,635,885        | \$ 440,299        |
| Luxshare Precision Limited | 316,656             | 21,375            |
| Other related party        | 14,377              | 10,726            |
| Affiliated company         | 2,034               | 2,622             |
| Total                      | <u>\$ 1,968,952</u> | <u>\$ 475,022</u> |
| Other receivables          |                     |                   |
| MECH                       | \$ 64,518           | \$ 305,794        |
| Affiliated company         | 2,260               | 1,391             |
| Other related party        | 1,326               | -                 |
| Total                      | <u>\$ 68,104</u>    | <u>\$ 307,185</u> |

Other receivables mainly were the purchases of raw materials on behalf of affiliated companies. Details of transactions relating to the purchases of raw materials on behalf of affiliated companies are provided in Table 3.

D. Payables to related parties

|                     | December 31, 2025   | December 31, 2024   |
|---------------------|---------------------|---------------------|
| Accounts payable    |                     |                     |
| MECE                | \$ 2,072,198        | \$ 1,951,430        |
| MECH                | 468,235             | 616,296             |
| Affiliated company  | 686,954             | 557,845             |
| Other related party | 197,562             | 210,394             |
| Total               | <u>\$ 3,424,949</u> | <u>\$ 3,335,965</u> |
| Other payables      |                     |                     |
| Affiliated company  | \$ 74,095           | \$ 98,054           |
| Other related party | 37,044              | 14,326              |
| Total               | <u>\$ 111,139</u>   | <u>\$ 112,380</u>   |

Other payables were mainly mold developing expense that affiliated company paid on behalf of the parent company.

E. Equipment payables(shown as other payables)

|      | Years ended December 31, |          |
|------|--------------------------|----------|
|      | 2025                     | 2024     |
| MECH | \$ -                     | \$ 3,172 |

F. Property transactions

Acquisition of property, plant and equipment:

|                     | Years ended December 31, |                 |
|---------------------|--------------------------|-----------------|
|                     | 2025                     | 2024            |
| MECH                | \$ 3,242                 | \$ 2,913        |
| Other related party | 54                       | 387             |
| Total               | <u>\$ 3,296</u>          | <u>\$ 3,300</u> |

(3) Key management compensation

|                               | Years ended December 31, |                   |
|-------------------------------|--------------------------|-------------------|
|                               | 2025                     | 2024              |
| Salaries and other short-term |                          |                   |
| employee benefits             | \$ 107,179               | \$ 149,898        |
| Post-employment benefits      | 210                      | 204               |
| Share-based payments          | 43,872                   | 17,746            |
| Total                         | <u>\$ 151,261</u>        | <u>\$ 167,848</u> |

8. PLEGDED ASSETS

|                               | Book value        |                   |                       |
|-------------------------------|-------------------|-------------------|-----------------------|
| Pledged asset                 | December 31, 2025 | December 31, 2024 | Purpose               |
| Property, plant and equipment | <u>\$ 132,271</u> | <u>\$ 138,972</u> | Short-term borrowings |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Capital expenditures contracted for at the balance sheet date but not yet incurred is as follows:

|                               | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|-------------------------------|--------------------------|--------------------------|
| Property, plant and equipment | \$ 322,879               | \$ 456,503               |
| Intangible assets             | 128                      | 1,370                    |
|                               | <u>\$ 323,007</u>        | <u>\$ 457,873</u>        |

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. Refer to Note 6(18) F. for details of the appropriation of 2025 retained earnings.

B. The Group aims to enhance its market penetration in Northeast Asia, strengthen vertically integrated manufacturing capabilities, expand operational scale, and improve business performance. On March 17, 2025, as resolved by the Board of Directors, the Group plans to acquire 100% ownership in MWT HOLDINGS CO., LTD. (MWT Holdings) from non-related parties, including J-STAR Co., Ltd., with an investment amount of JPY 9,782 million (approximately NTD 1,950 million) and related transaction costs. The effective date of the merger was set on February 2, 2026, and the settlement was completed.

12. OTHERS

(1) Capital management

The Company's capital management is to ensure it has sufficient financial resource and operating plans to meet operational capital for future needs, capital expenditure, research and development expense, obligation repayment and dividend distribution within the next year.

The Company monitors capital by reassessing debt ratios periodically. The debt ratios as at December 31, 2025 and 2024 were as follows:

|              | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|--------------|--------------------------|--------------------------|
| Total debt   | \$ 25,706,744            | \$ 19,926,554            |
| Total assets | 44,794,569               | 39,119,921               |
| Debt ratio   | 57%                      | 51%                      |

(2) Financial instruments

A. Financial instruments by category

|                                                                            | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|----------------------------------------------------------------------------|--------------------------|--------------------------|
| <u>Financial assets</u>                                                    |                          |                          |
| Financial assets at fair value through profit or loss                      |                          |                          |
| Financial assets mandatorily measured at fair value through profit or loss | <u>\$ 866,061</u>        | <u>\$ 699,551</u>        |
| Financial assets at fair value through other comprehensive income          |                          |                          |
| Designation of equity instrument                                           | <u>\$ 330,795</u>        | <u>\$ 338,120</u>        |
| Financial assets at amortised cost/Loans and receivables                   |                          |                          |
| Cash and cash equivalents                                                  | \$ 9,797,932             | \$ 8,586,894             |
| Financial assets at amortised cost                                         | 737,583                  | 639,409                  |
| Accounts receivable (including due from related parties)                   | 13,389,985               | 11,709,469               |
| Other receivables (including due from related parties)                     | 131,410                  | 382,903                  |
| Guarantee deposits paid                                                    | <u>54,738</u>            | <u>52,989</u>            |
|                                                                            | <u>\$ 24,111,648</u>     | <u>\$ 21,371,664</u>     |
| <u>Financial liabilities</u>                                               |                          |                          |
| Financial liabilities at fair value through profit or loss                 |                          |                          |
| Financial liabilities held for trading                                     | \$ 38,725                | \$ -                     |
| Short-term borrowings                                                      | 4,295,965                | 366,659                  |
| Accounts payable (including payable to related parties)                    | 12,562,806               | 10,423,379               |
| Other accounts payable (including payable to related parties)              | 1,770,920                | 1,718,469                |
| Lease liabilities                                                          | 90,494                   | 116,138                  |
| Corporate bonds payable                                                    | 2,912,269                | 2,856,278                |
| Long-term borrowings (including those maturing within one year)            | 165,191                  | 525,402                  |
| Guarantee deposits received                                                | <u>1,168</u>             | <u>10,214</u>            |
|                                                                            | <u>\$ 21,837,538</u>     | <u>\$ 16,016,539</u>     |

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.



- (b) Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
  - (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).
- C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB and HKD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RMB, HKD, THB, CAD and MYR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

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| (Foreign currency: functional currency)              | December 31, 2025                         |                  |               | December 31, 2024                         |                  |              |
|------------------------------------------------------|-------------------------------------------|------------------|---------------|-------------------------------------------|------------------|--------------|
|                                                      | Book value                                |                  |               | Book value                                |                  |              |
|                                                      | Foreign currency<br>amount (In thousands) | Exchange<br>rate | (NTD)         | Foreign currency<br>amount (In thousands) | Exchange<br>rate | (NTD)        |
| <u>Financial assets</u>                              |                                           |                  |               |                                           |                  |              |
| <u>Monetary items</u>                                |                                           |                  |               |                                           |                  |              |
| <u>Cash in banks</u>                                 |                                           |                  |               |                                           |                  |              |
| USD : NTD                                            | \$ 81,893                                 | 31.43            | \$ 2,573,897  | \$ 83,092                                 | 32.79            | \$ 2,724,171 |
| RMB : NTD                                            | 69,330                                    | 4.50             | 311,708       | 120,375                                   | 4.48             | 539,039      |
| JPY : NTD                                            | 8,025,584                                 | 0.20             | 1,611,537     | -                                         | -                | -            |
| USD : HKD                                            | 1,556                                     | 7.78             | 48,905        | 2,212                                     | 7.77             | 72,520       |
| USD : RMB                                            | 42,228                                    | 6.99             | 1,327,226     | 25,231                                    | 7.32             | 827,198      |
| USD : THB                                            | 3,900                                     | 31.37            | 122,577       | 2,099                                     | 34.07            | 68,816       |
| <u>Receivables</u>                                   |                                           |                  |               |                                           |                  |              |
| USD : NTD                                            | \$ 428,986                                | 31.43            | \$ 13,483,041 | \$ 300,448                                | 32.79            | \$ 9,850,187 |
| USD : RMB                                            | 119,311                                   | 6.99             | 3,749,945     | 98,332                                    | 7.32             | 3,223,815    |
| USD : THB                                            | 85,719                                    | 31.37            | 2,694,148     | 45,321                                    | 34.07            | 1,485,849    |
| RMB : NTD                                            | -                                         | -                | -             | 44,100                                    | 4.48             | 197,480      |
| <u>Non-monetary items</u>                            |                                           |                  |               |                                           |                  |              |
| <u>Investments Accounted for Using Equity Method</u> |                                           |                  |               |                                           |                  |              |
| USD : NTD                                            | \$ 121,443                                | 31.43            | \$ 3,816,947  | \$ 111,801                                | 32.79            | \$ 3,665,410 |
| HKD : NTD                                            | 381,385                                   | 4.04             | 1,540,032     | 326,313                                   | 4.22             | 1,377,693    |
| <u>Financial liabilities</u>                         |                                           |                  |               |                                           |                  |              |
| <u>Non-monetary items</u>                            |                                           |                  |               |                                           |                  |              |
| <u>Bank loan</u>                                     |                                           |                  |               |                                           |                  |              |
| USD : NTD                                            | \$ 70,000                                 | 31.43            | \$ 2,200,100  | \$ -                                      | -                | \$ -         |
| USD : RMB                                            | 20,571                                    | 6.99             | 646,547       | -                                         | -                | -            |
| RMB : NTD                                            | 43,428                                    | 4.50             | 195,252       | 54,064                                    | 4.48             | 242,097      |
| <u>Payables</u>                                      |                                           |                  |               |                                           |                  |              |
| RMB : NTD                                            | \$ 223,710                                | 4.50             | \$ 1,005,800  | \$ 237,938                                | 4.48             | \$ 1,065,486 |
| USD : NTD                                            | 332,519                                   | 31.43            | 10,451,072    | 287,092                                   | 32.79            | 9,412,311    |
| USD : RMB                                            | 39,302                                    | 6.99             | 1,235,262     | 46,072                                    | 7.32             | 1,510,471    |

| (Foreign currency: functional currency)              | December 31, 2025    |                              |                                         | December 31, 2024    |                              |                                         |
|------------------------------------------------------|----------------------|------------------------------|-----------------------------------------|----------------------|------------------------------|-----------------------------------------|
|                                                      | Sensitivity analysis |                              |                                         | Sensitivity analysis |                              |                                         |
|                                                      | Degree of variation  | Effects on<br>profit or loss | Effect on other<br>comprehensive income | Degree of variation  | Effects on<br>profit or loss | Effect on other<br>comprehensive income |
| <u>Financial assets</u>                              |                      |                              |                                         |                      |                              |                                         |
| <u>Monetary items</u>                                |                      |                              |                                         |                      |                              |                                         |
| <u>Cash in banks</u>                                 |                      |                              |                                         |                      |                              |                                         |
| USD : NTD                                            | 3%                   | \$ 77,217                    | \$ -                                    | 3%                   | \$ 81,725                    | \$ -                                    |
| RMB : NTD                                            | 3%                   | 9,351                        | -                                       | 3%                   | 16,171                       | -                                       |
| JPY : NTD                                            | 3%                   | 48,346                       | -                                       | 3%                   | -                            | -                                       |
| USD : HKD                                            | 3%                   | 1,467                        | -                                       | 3%                   | 2,176                        | -                                       |
| USD : RMB                                            | 3%                   | 39,817                       | -                                       | 3%                   | 24,816                       | -                                       |
| USD : THB                                            | 3%                   | 3,677                        | -                                       | 3%                   | 2,064                        | -                                       |
| <u>Receivables</u>                                   |                      |                              |                                         |                      |                              |                                         |
| USD : NTD                                            | 3%                   | \$ 404,491                   | \$ -                                    | 3%                   | \$ 295,506                   | \$ -                                    |
| USD : RMB                                            | 3%                   | 112,498                      | -                                       | 3%                   | 96,714                       | -                                       |
| USD : THB                                            | 3%                   | 80,824                       | -                                       | 3%                   | 44,575                       | -                                       |
| RMB : NTD                                            | 3%                   | -                            | -                                       | 3%                   | 5,924                        | -                                       |
| <u>Non-monetary items</u>                            |                      |                              |                                         |                      |                              |                                         |
| <u>Investments Accounted for Using Equity Method</u> |                      |                              |                                         |                      |                              |                                         |
| USD : NTD                                            | 3%                   | \$ -                         | \$ 114,508                              | 3%                   | \$ -                         | \$ 109,962                              |
| HKD : NTD                                            | 3%                   | -                            | 46,201                                  | 3%                   | -                            | 41,331                                  |
| <u>Financial liabilities</u>                         |                      |                              |                                         |                      |                              |                                         |
| <u>Non-monetary items</u>                            |                      |                              |                                         |                      |                              |                                         |
| <u>Bank loan</u>                                     |                      |                              |                                         |                      |                              |                                         |
| USD : NTD                                            | 3%                   | \$ 66,003                    | \$ -                                    | 3%                   | \$ -                         | \$ -                                    |
| USD : RMB                                            | 3%                   | 19,396                       | -                                       | 3%                   | -                            | -                                       |
| RMB : NTD                                            | 3%                   | 5,858                        | -                                       | 3%                   | 7,263                        | -                                       |
| <u>Payables</u>                                      |                      |                              |                                         |                      |                              |                                         |
| RMB : NTD                                            | 3%                   | \$ 30,174                    | \$ -                                    | 3%                   | \$ 31,965                    | \$ -                                    |
| USD : NTD                                            | 3%                   | 313,532                      | -                                       | 3%                   | 282,369                      | -                                       |
| USD : RMB                                            | 3%                   | 37,058                       | -                                       | 3%                   | 45,314                       | -                                       |

Total exchange (loss) gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024, amounted to a loss of \$280,758 thousand and a gain of \$372,901 thousand, respectively.

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 3% with all other variables held constant, post-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$25,918 thousand and \$20,740 thousand, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$9,924 thousand and \$10,144 thousand, respectively.

#### Cash flow and fair value Interest rate risk

- i. The Group's borrowings and investment in debt instruments are measured at amortized cost, fair value through profit or loss and fair value through other comprehensive income. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- ii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit (loss), net of tax for the years ended December 31, 2025 and 2024 would have increased/decreased by \$8,922 thousand and \$1,784 thousand, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. In accordance with the internal and explicit credit policy, each operating entities within the Group shall conduct management and credit risk analysis for each new customer before setting the terms and conditions for payment and delivery. The internal risk control system assesses the credit quality of the customer by taking into account its financial position, past experience and other factors. The limits of individual risks are set by the Board of Directors

according to internal or external ratings, and the use of credit limits is regularly monitored. The main credit risk comes from cash and cash equivalents and deposits with banks and financial institutions. It also comes from customers' credit risks and includes outstanding receivables. For banks and financial institutions, only good credit rating agencies will be accepted as trading counterparts.

- iii. For banks and financial institutions, the Group transacts with a variety of banks and financial institutions, mainly domestic and overseas well-known financial institutions, to avoid concentration in any single counterparty and to minimize credit risk. The Group can only enter into the financial services and loan agreement provided by banks and financial institutions after being approved by the Board of Directors or authorized management according to the Company's delegation of authorization policy. To prevent legal risks, all the Group signs with banks and financial institutions after all documents are examined by counsel or legal advisor profession. The Group periodically checks the credit rating, conditions and quality of service as well as transactions. According to the Group's operating condition, the credit limits and utilization of credit limits are monitored on a regular basis and maintained within a reasonable range to ensure it meets the needs of the operation.
- iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
  - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - (ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Group classifies customers' accounts receivable, contract assets in accordance with credit rating of customer. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

- viii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- ix. The Group used the forecastability of adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2025 and 2024, the provision matrix is as follows:

| <u>December 31, 2025</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|--------------------------|---------------------------|-------------------------|-----------------------|
| Not past due             | 0.02%                     | \$ 11,282,383           | \$ 2,179              |
| Up to 30 days            | 1.36%                     | 139,185                 | 1,894                 |
| 31~90 days               | 37.09%                    | 5,624                   | 2,086                 |
| 91~180 days              | 100.00%                   | 7,899                   | 7,899                 |
| Over 180 days            | 100.00%                   | 50,612                  | 50,612                |
|                          |                           | <u>\$ 11,485,703</u>    | <u>\$ 64,670</u>      |
| <u>December 31, 2024</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
| Not past due             | 0.02%                     | \$ 11,190,671           | \$ 2,647              |
| Up to 30 days            | 2.01%                     | 45,293                  | 909                   |
| 31~90 days               | 34.94%                    | 3,134                   | 1,095                 |
| 91~180 days              | 100.00%                   | 3,263                   | 3,263                 |
| Over 180 days            | 100.00%                   | 36,744                  | 36,744                |
|                          |                           | <u>\$ 11,279,105</u>    | <u>\$ 44,658</u>      |

- x. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

|                            | <u>2025</u>                | <u>2024</u>                |
|----------------------------|----------------------------|----------------------------|
|                            | <u>Accounts receivable</u> | <u>Accounts receivable</u> |
| At January 1               | \$ 44,658                  | \$ 16,839                  |
| Provision for impairment   | 20,038                     | 28,594                     |
| Effect of foreign exchange | ( 26)                      | ( 775)                     |
| At December 31             | <u>\$ 64,670</u>           | <u>\$ 44,658</u>           |

xi. For financial assets measured at amortised cost, the credit rating levels are presented below:

| December 31, 2025                  |                   |                                     |                      |                   |
|------------------------------------|-------------------|-------------------------------------|----------------------|-------------------|
|                                    | 12 months         | Lifetime                            |                      | Total             |
|                                    |                   | Significant increase in credit risk | Impairment of credit |                   |
| Financial assets at amortised cost |                   |                                     |                      |                   |
| Group 1                            | \$ 627,583        | \$ -                                | \$ -                 | \$ 627,583        |
| Group 2                            | 110,000           | -                                   | -                    | 110,000           |
|                                    | <u>\$ 737,583</u> | <u>\$ -</u>                         | <u>\$ -</u>          | <u>\$ 737,583</u> |
| December 31, 2024                  |                   |                                     |                      |                   |
|                                    | 12 months         | Lifetime                            |                      | Total             |
|                                    |                   | Significant increase in credit risk | Impairment of credit |                   |
| Financial assets at amortised cost |                   |                                     |                      |                   |
| Group 1                            | \$ 589,409        | \$ -                                | \$ -                 | \$ 589,409        |
| Group 2                            | 50,000            | -                                   | -                    | 50,000            |
|                                    | <u>\$ 639,409</u> | <u>\$ -</u>                         | <u>\$ -</u>          | <u>\$ 639,409</u> |

Group 1: Time deposits designated as investment grade.

Group 2: Debt instruments designated as investment grade

Based on assessment, the default possibility of the Group's financial assets at amortised cost is remote, and thus no loss allowances were provided as of December 31, 2025 and 2024.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.
- iv. The Group has \$13,336,488 thousand and \$16,200,084 thousand in undrawn borrowing

facilities as of December 31, 2025 and 2024, respectively.

| December 31, 2025                           | Less than 3 months | Between 3 months and 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total        |
|---------------------------------------------|--------------------|-----------------------------|-----------------------|-----------------------|--------------|--------------|
| <u>Non-derivative financial liabilities</u> |                    |                             |                       |                       |              |              |
| Short-term borrowings                       | \$ 3,132,615       | \$ 1,191,613                | \$ -                  | \$ -                  | \$ -         | \$ 4,324,228 |
| Accounts payable                            | 7,396,898          | 1,740,959                   | -                     | -                     | -            | 9,137,857    |
| Accounts payable -related parties           | 2,759,037          | 665,912                     | -                     | -                     | -            | 3,424,949    |
| Other payables (including related parties)  | 1,285,398          | 485,522                     | -                     | -                     | -            | 1,770,920    |
| Lease liabilities                           | 11,497             | 24,357                      | 25,621                | 35,023                | -            | 96,498       |
| Bonds payable                               | -                  | -                           | 3,000,000             | -                     | -            | 3,000,000    |
| Long-term borrowings                        | 19,544             | 135,356                     | 12,535                | -                     | -            | 167,435      |
| <u>Derivative financial liabilities</u>     |                    |                             |                       |                       |              |              |
| Forward exchange contracts                  | 8,845              | 29,880                      | -                     | -                     | -            | 38,725       |

| December 31, 2024                           | Less than 3 months | Between 3 months and 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total      |
|---------------------------------------------|--------------------|-----------------------------|-----------------------|-----------------------|--------------|------------|
| <u>Non-derivative financial liabilities</u> |                    |                             |                       |                       |              |            |
| Short-term borrowings                       | \$ 19,154          | \$ 351,284                  | \$ -                  | \$ -                  | \$ -         | \$ 370,438 |
| Accounts payable                            | 5,761,635          | 1,325,779                   | -                     | -                     | -            | 7,087,414  |
| Accounts payable -related parties           | 3,203,511          | 132,454                     | -                     | -                     | -            | 3,335,965  |
| Other payables (including related parties)  | 1,400,893          | 317,576                     | -                     | -                     | -            | 1,718,469  |
| Lease liabilities                           | 23,407             | 33,654                      | 26,956                | 37,236                | 7,071        | 128,324    |
| Bonds payable                               | -                  | -                           | -                     | 3,000,000             | -            | 3,000,000  |
| Long-term borrowings                        | 91,283             | 203,558                     | 177,578               | 18,494                | 62,253       | 553,166    |

### (3) Fair value information

A. 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 (unadjusted) 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 Group's investment in listed stocks, 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 Group's investment in certain derivative instruments and equity instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain derivative instruments, equity investment without active market and is



included in Level 3.

B. Financial instruments not measured at fair value

- (1) Except for those listed in the table below, financial instruments not measured at fair value include the carrying amounts of cash and cash equivalents, accounts receivable, other receivables, long-term and short-term bank borrowings, accounts payable and other payables are approximate to their fair values.

| December 31, 2025      |              |            |              |         |
|------------------------|--------------|------------|--------------|---------|
|                        | Book value   | Fair value |              |         |
|                        |              | Level 1    | Level 2      | Level 3 |
| Financial liabilities: |              |            |              |         |
| Bonds payable          | \$ 2,912,269 | \$ -       | \$ 2,926,261 | \$ -    |
| December 31, 2024      |              |            |              |         |
|                        | Book value   | Fair value |              |         |
|                        |              | Level 1    | Level 2      | Level 3 |
| Financial liabilities: |              |            |              |         |
| Bonds payable          | \$ 2,856,278 | \$ -       | \$ 2,760,265 | \$ -    |

- (2) Bonds payable: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as at December 31, 2025 and 2024 is as follows:

| December 31, 2025                                                 | Level 1    | Level 2  | Level 3    | Total        |
|-------------------------------------------------------------------|------------|----------|------------|--------------|
| Assets                                                            |            |          |            |              |
| <u>Recurring fair value measurements</u>                          |            |          |            |              |
| Financial assets at fair value through profit or loss             |            |          |            |              |
| -Equity securities                                                | \$ -       | \$ -     | \$ 46,282  | \$ 46,282    |
| -Forward exchange contracts                                       | -          | 2,139    | -          | 2,139        |
| -Fund                                                             | 800,400    | -        | -          | 800,400      |
| -Stock                                                            | 17,240     | -        | -          | 17,240       |
| Financial assets at fair value through other comprehensive income |            |          |            |              |
| -Equity securities                                                | 107,541    | -        | 223,254    | 330,795      |
| Total                                                             | \$ 925,181 | \$ 2,139 | \$ 269,536 | \$ 1,196,856 |

| <u>December 31, 2025</u>                                          | <u>Level 1</u>    | <u>Level 2</u>  | <u>Level 3</u>    | <u>Total</u>        |
|-------------------------------------------------------------------|-------------------|-----------------|-------------------|---------------------|
| Liabilities                                                       |                   |                 |                   |                     |
| <u>Recurring fair value measurements</u>                          |                   |                 |                   |                     |
| Financial liabilities at fair value through profit or loss        |                   |                 |                   |                     |
| -Forward exchange contracts                                       | \$ -              | \$ 38,725       | \$ -              | \$ 38,725           |
| <u>December 31, 2024</u>                                          | <u>Level 1</u>    | <u>Level 2</u>  | <u>Level 3</u>    | <u>Total</u>        |
| Assets                                                            |                   |                 |                   |                     |
| <u>Recurring fair value measurements</u>                          |                   |                 |                   |                     |
| Financial assets at fair value through profit or loss             |                   |                 |                   |                     |
| -Equity securities                                                | \$ -              | \$ -            | \$ 43,075         | \$ 43,075           |
| -Forward exchange contracts                                       | -                 | 7,603           | -                 | 7,603               |
| -Fund                                                             | 631,374           | -               | -                 | 631,374             |
| -Call options of convertible bonds                                | -                 | -               | 600               | 600                 |
| -Stock                                                            | 16,899            | -               | -                 | 16,899              |
| Financial assets at fair value through other comprehensive income |                   |                 |                   |                     |
| -Equity securities                                                | 105,910           | -               | 232,210           | 338,120             |
| Total                                                             | <u>\$ 754,183</u> | <u>\$ 7,603</u> | <u>\$ 275,885</u> | <u>\$ 1,037,671</u> |

D. The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

|                     | <u>Listed shares</u>             | <u>Open-end fund</u>               |
|---------------------|----------------------------------|------------------------------------|
| Market quoted price | Closing price at evaluation date | Net asset value at evaluation date |

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.
- iii. Forward exchange contracts are usually valued based on the current forward exchange rate.
- vi. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and

pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

E. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2025 and 2024:

|                                                                  | Years ended December 31, |                   |
|------------------------------------------------------------------|--------------------------|-------------------|
|                                                                  | 2025                     | 2024              |
| At January 1                                                     | \$ 275,885               | \$ 695,351        |
| Sold in the year                                                 | -                        | ( 280,000)        |
| Transferred to investments accounted for using the equity method | -                        | ( 124,604)        |
| Gains (losses) recognised in profit or loss                      | 2,607                    | ( 2,152)          |
| Losses recognised in other comprehensive income                  | ( 8,956)                 | ( 12,710)         |
| At December 31                                                   | <u>\$ 269,536</u>        | <u>\$ 275,885</u> |

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

|                                             | Fair value at<br>December 31,<br>2025 | Valuation technique         | Significant<br>unobservable<br>input | Range<br>(weighted<br>average) | Relationship of<br>inputs to fair value                             |
|---------------------------------------------|---------------------------------------|-----------------------------|--------------------------------------|--------------------------------|---------------------------------------------------------------------|
| Nonderivative equity instrument:            |                                       |                             |                                      |                                |                                                                     |
| Equity securities                           | \$ 157,053                            | Market comparable companies | Price to book ratio multiple         | 1                              | The higher the multiplier, the higher the fair value                |
| Private equity funds in venture capital     | 46,282                                | Net asset value             | N/A                                  | N/A                            | N/A                                                                 |
| Private placement shares (listed companies) | 66,201                                | Market price method         | Discount for lack of marketability   | 33.45%                         | The higher the discount for marketability, the lower the fair value |

|                                             | Fair value at<br>December 31,<br>2024 | Valuation technique                          | Significant<br>unobservable<br>input | Range<br>(weighted<br>average) | Relationship of<br>inputs to fair value                             |
|---------------------------------------------|---------------------------------------|----------------------------------------------|--------------------------------------|--------------------------------|---------------------------------------------------------------------|
| Nonderivative equity instrument:            |                                       |                                              |                                      |                                |                                                                     |
| Equity securities                           | \$ 158,009                            | Market comparable companies                  | Price to book ratio multiple         | 1                              | The higher the multiplier, the higher the fair value                |
| Private equity funds in venture capital     | 43,075                                | Net asset value                              | N/A                                  | N/A                            | N/A                                                                 |
| Private placement shares (listed companies) | 74,201                                | Market price method                          | Discount for lack of marketability   | 34.10%                         | The higher the discount for marketability, the lower the fair value |
| Call options of convertible bonds           | 600                                   | Binary tree convertible bond valuation model | Risk-free interest rate              | 1.4456%~<br>1.4472%            | The higher the risk-free interest rate, the lower the fair value    |
|                                             |                                       |                                              | Stock price                          | 108.0                          | The higher the stock price, the higher the fair value               |
|                                             |                                       |                                              | Volatility                           | 32.85%                         | The higher the stock price volatility, the higher the fair value    |

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

|                   |                              |        | December 31, 2025            |                     |                                          |                     |
|-------------------|------------------------------|--------|------------------------------|---------------------|------------------------------------------|---------------------|
|                   |                              |        | Recognised in profit or loss |                     | Recognised in other comprehensive income |                     |
|                   | Input                        | Change | Favourable change            | Unfavourable change | Favourable change                        | Unfavourable change |
| Financial assets  |                              |        |                              |                     |                                          |                     |
| Equity securities | Price to book ratio multiple | ±10%   | \$ -                         | \$ -                | \$ 15,705                                | (\$ 15,705)         |
|                   |                              |        | December 31, 2024            |                     |                                          |                     |
|                   |                              |        | Recognised in profit or loss |                     | Recognised in other comprehensive income |                     |
|                   | Input                        | Change | Favourable change            | Unfavourable change | Favourable change                        | Unfavourable change |
| Financial assets  |                              |        |                              |                     |                                          |                     |
| Equity securities | Price to book ratio multiple | ±10%   | \$ -                         | \$ -                | \$ 15,801                                | (\$ 15,801)         |

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of significant securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- F. Significant inter-company transactions during the reporting period: Please refer to table 5.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

#### (3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 1,3,4,5.

### 14. SEGMENT INFORMATION

#### (1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. Business organization is divided into Taiwan, Shenzhen, Singapore, Vietnam and other segments based on the operating regions. The Company's revenue is mainly from manufacturing and sales of microphones, receivers, speakers and other electronic components.

#### (2) Measurement of segment information

The Group evaluates the performance of the operating segments based on post-tax profit or loss.

(3) Information about segment profit or loss, assets and liabilities

A. The segment information provided to the chief operating decision-maker for the reportable segments for the year ended December 31, 2025 is as follows:

|                                 | Taiwan        | Shenzhen      | Singapore    | Vietnam       | Thailand     | Total         |
|---------------------------------|---------------|---------------|--------------|---------------|--------------|---------------|
| Revenue                         |               |               |              |               |              |               |
| Revenue from external customers | \$ 32,415,294 | \$ 765,133    | \$ 8,294,428 | \$ 3,519,904  | \$ -         | \$ 44,994,759 |
| Inter-segment revenue           | 12,483        | 10,169,691    | 3,747        | 7,749,154     | 7,427,252    | 25,362,327    |
| Revenue total                   | \$ 32,427,777 | \$ 10,934,824 | \$ 8,298,175 | \$ 11,269,058 | \$ 7,427,252 | \$ 70,357,086 |
| Segment profit before tax       | \$ 1,389,465  | \$ 60,687     | \$ 434,205   | \$ 1,134,078  | \$ 196,868   | \$ 3,215,303  |
| Segment profit contains :       |               |               |              |               |              |               |
| Interest revenue                | \$ 138,410    | \$ 43,564     | \$ 60,536    | \$ 5,607      | \$ 701       | \$ 248,818    |
| Interest expense                | ( 103,546)    | ( 12,425)     | ( 494)       | ( 1,142)      | ( 5,074)     | ( 122,681)    |
| Depreciation & amortization     | ( 68,158)     | ( 285,101)    | ( 8,000)     | ( 214,131)    | ( 78,402)    | ( 653,792)    |
| Income tax (expense) benefit    | ( 52,829)     | 7,114         | ( 73,688)    | ( 161,665)    | ( 32,871)    | ( 313,939)    |
| Recognized investment profit    |               |               |              |               |              |               |
| which is adopting equity method | 1,653,588     | ( 2,603)      | ( 82)        | -             | -            | 1,650,903     |

Note: The Group does not use segment information relating to assets and liabilities to evaluate segment performance. As a result, such assets and liabilities are not disclosed.

B. The segment information provided to the chief operating decision-maker for the reportable segments for the year ended December 31, 2024 is as follows:

|                                 | Taiwan        | Shenzhen      | Singapore    | Vietnam      | Thailand     | Total         |
|---------------------------------|---------------|---------------|--------------|--------------|--------------|---------------|
| Revenue                         |               |               |              |              |              |               |
| Revenue from external customers | \$ 33,048,803 | \$ 349,197    | \$ 8,052,895 | \$ 1,269,597 | \$ -         | \$ 42,720,492 |
| Inter-segment revenue           | 14,488        | 12,018,253    | 2,695        | 5,092,687    | 6,073,966    | 23,202,089    |
| Revenue total                   | \$ 33,063,291 | \$ 12,367,450 | \$ 8,055,590 | \$ 6,362,284 | \$ 6,073,966 | \$ 65,922,581 |
| Segment profit before tax       | \$ 2,629,932  | \$ 397,472    | \$ 771,781   | \$ 693,629   | \$ 267,412   | \$ 4,760,226  |
| Segment profit contains :       |               |               |              |              |              |               |
| Interest revenue                | \$ 129,009    | \$ 56,335     | \$ 54,449    | \$ 1,743     | \$ 918       | \$ 242,454    |
| Interest expense                | ( 65,745)     | ( 8,291)      | ( 395)       | ( 9,417)     | -            | ( 83,848)     |
| Depreciation & amortization     | ( 72,510)     | ( 372,514)    | ( 6,547)     | ( 170,228)   | ( 58,772)    | ( 680,571)    |
| Income tax (expense) benefit    | ( 486,674)    | 14,112        | ( 131,132)   | ( 83,394)    | ( 20,927)    | ( 708,015)    |
| Recognized investment profit    |               |               |              |              |              |               |
| which is adopting equity method | 2,079,348     | ( 268)        | 383          | -            | -            | 2,079,463     |

Note: The Group does not use segment information relating to assets and liabilities to evaluate segment performance. As a result, such assets and liabilities are not disclosed.

C. The Group's reportable operating segments are classified based on the operating regions.

D. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4. The Group's segment profit (loss) is measured with the current profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments.

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A. A reconciliation of revenue after adjustment and total segment revenue from continuing operations is provided as follows:

|                                                | Years ended December 31, |                      |
|------------------------------------------------|--------------------------|----------------------|
|                                                | 2025                     | 2024                 |
| Adjusted revenue from reportable segments      | \$ 70,357,086            | \$ 65,922,581        |
| Adjusted revenue from other operating segments | 1,756,070                | 1,479,708            |
| Total operating segments                       | 72,113,156               | 67,402,289           |
| Elimination of inter-segment revenue           | ( 25,622,121)            | ( 23,546,935)        |
| Total consolidated operating revenue           | <u>\$ 46,491,035</u>     | <u>\$ 43,855,354</u> |

B. A reconciliation of adjusted current income before tax and the income before tax from continuing operations is provided as follows:

|                                                                       | Years ended December 31, |                     |
|-----------------------------------------------------------------------|--------------------------|---------------------|
|                                                                       | 2025                     | 2024                |
| Adjusted income from reportable segments after income tax             | \$ 3,215,303             | \$ 4,760,226        |
| Adjusted (loss) income from other operating segments after income tax | 394,246                  | ( 38,960)           |
| Total operating segments                                              | 3,609,549                | 4,721,266           |
| Elimination of inter-segment income                                   | ( 1,479,670)             | ( 1,570,654)        |
| Income from continuing operations after income tax                    | <u>\$ 2,129,879</u>      | <u>\$ 3,150,612</u> |

(5) Information on products and services

Revenues from external customers are mainly manufacturing, processing, repairing and sales of radio apparatus, communication devices, consumer electronics, automatic control system, electronic security systems and fire protection system as well as electronic components; planning, design as well as output of service items' equipment; production as well as marketing management consultant of service items' relevant business. Details of revenue are as follows:

|                              | Years ended December 31, |                      |
|------------------------------|--------------------------|----------------------|
|                              | 2025                     | 2024                 |
| Finished goods sales revenue | \$ 46,457,923            | \$ 43,845,585        |
| Technical service revenue    | 33,112                   | 9,769                |
|                              | <u>\$ 46,491,035</u>     | <u>\$ 43,855,354</u> |

(6) Geographical information

Geographical information for the years ended December 31, 2025 and 2024 is as follows:

|             | <u>Year ended December 31, 2025</u> |                       | <u>Year ended December 31, 2024</u> |                       |
|-------------|-------------------------------------|-----------------------|-------------------------------------|-----------------------|
|             | Revenue                             | Non-current<br>assets | Revenue                             | Non-current<br>assets |
| US          | \$ 21,382,771                       | \$ 1,027              | \$ 22,289,538                       | \$ 872                |
| Netherlands | 9,604,479                           | -                     | 9,052,579                           | -                     |
| Switzerland | 4,901,556                           | -                     | 5,266,176                           | -                     |
| Singapore   | 3,050,531                           | 19,829                | 1,116,156                           | 12,795                |
| Poland      | 1,260,521                           | -                     | 1,211,013                           | -                     |
| Taiwan      | 1,135,306                           | 1,576,685             | 508,227                             | 1,562,521             |
| Denmark     | 477,728                             | -                     | 1,502,557                           | -                     |
| China       | 867,345                             | 861,701               | 809,843                             | 1,213,860             |
| Others      | 3,810,798                           | 3,540,256             | 2,099,265                           | 2,610,003             |
|             | <u>\$ 46,491,035</u>                | <u>\$ 5,999,498</u>   | <u>\$ 43,855,354</u>                | <u>\$ 5,400,051</u>   |

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2025 and 2024 is as follows:

| <u>Year ended December 31, 2025</u> |                      |    |         | <u>Year ended December 31, 2024</u> |                      |    |         |
|-------------------------------------|----------------------|----|---------|-------------------------------------|----------------------|----|---------|
|                                     | Revenue              | %  | Segment |                                     | Revenue              | %  | Segment |
| A                                   | \$ 15,794,969        | 34 | Taiwan  | A                                   | \$ 16,761,414        | 38 | Taiwan  |
| B                                   | 9,963,233            | 21 | Taiwan  | B                                   | 10,418,837           | 24 | Taiwan  |
| C                                   | 4,825,323            | 10 | Taiwan  | C                                   | 5,207,624            | 12 | Taiwan  |
|                                     | <u>\$ 30,583,525</u> |    |         |                                     | <u>\$ 32,387,875</u> |    |         |



MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2025

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

| No. | Creditor | Borrower | General ledger account | Is a related party | Maximum outstanding                          | Balance at December 31, 2025 | Actual amount drawn down | Interest rate | Nature of loan (Note 2) | Amount of transactions with the borrower | Reason for short-term financing | Allowance for doubtful accounts | Collateral |       | Limit on loans granted to a single party (Note 1) | Ceiling on total loans granted (Note 1) | Note |
|-----|----------|----------|------------------------|--------------------|----------------------------------------------|------------------------------|--------------------------|---------------|-------------------------|------------------------------------------|---------------------------------|---------------------------------|------------|-------|---------------------------------------------------|-----------------------------------------|------|
|     |          |          |                        |                    | balance for the year ended December 31, 2025 |                              |                          |               |                         |                                          |                                 |                                 | Item       | Value |                                                   |                                         |      |
| 0   | MEHO     | MESG     | Other receivables      | Y                  | \$ 1,571,500                                 | \$ 1,571,500                 | \$ -                     | -             | 2                       | \$ -                                     | Business operation              | \$ -                            | -          | \$ -  | \$ 7,019,728                                      | \$ 17,549,321                           |      |
| 1   | MESG     | MENA     | Other receivables      | Y                  | 62,860                                       | 62,860                       | 62,860                   | 4.31          | 2                       | -                                        | Business operation              | -                               | -          | -     | 375,083                                           | 375,083                                 |      |
| 1   | MESG     | MENA     | Other receivables      | Y                  | 125,720                                      | 125,720                      | 125,720                  | 3.73~4.83     | 2                       | -                                        | Business operation              | -                               | -          | -     | 375,083                                           | 375,083                                 |      |
| 1   | MESG     | SENM     | Other receivables      | Y                  | 31,430                                       | 31,430                       | 15,715                   | 4.64          | 2                       | -                                        | Business operation              | -                               | -          | -     | 375,083                                           | 375,083                                 |      |
| 1   | MESG     | SENM     | Other receivables      | Y                  | 31,430                                       | 31,430                       | 15,715                   | 3.55          | 2                       | -                                        | Business operation              | -                               | -          | -     | 375,083                                           | 375,083                                 |      |
| 1   | MESG     | MEMP     | Other receivables      | Y                  | 15,715                                       | 15,715                       | 4,715                    | 3.87          | 2                       | -                                        | Acquisition for asset           | -                               | -          | -     | 375,083                                           | 375,083                                 |      |
| 1   | MESG     | SENM     | Other receivables      | Y                  | 47,145                                       | -                            | -                        | -             | 2                       | -                                        | Business operation              | -                               | -          | -     | 375,083                                           | 375,083                                 |      |
| 2   | MECL     | FUXM     | Other receivables      | Y                  | 58,448                                       | 58,448                       | 58,448                   | 2.80          | 2                       | -                                        | Business operation              | -                               | -          | -     | 1,591,062                                         | 3,977,655                               |      |
| 2   | MECL     | FUXM     | Other receivables      | Y                  | 49,456                                       | 49,456                       | 4,496                    | 2.60          | 2                       | -                                        | Business operation              | -                               | -          | -     | 1,591,062                                         | 3,977,655                               |      |
| 2   | MECL     | FUXM     | Other receivables      | Y                  | 58,448                                       | -                            | -                        | -             | 2                       | -                                        | Business operation              | -                               | -          | -     | 1,591,062                                         | 3,977,655                               |      |
| 2   | MECL     | ASCX     | Other receivables      | Y                  | 35,968                                       | -                            | -                        | -             | 2                       | -                                        | Business operation              | -                               | -          | -     | 1,591,062                                         | 3,977,655                               |      |
| 2   | MECL     | ASCX     | Other receivables      | Y                  | 35,968                                       | 35,968                       | -                        | -             | 2                       | -                                        | Business operation              | -                               | -          | -     | 1,591,062                                         | 3,977,655                               |      |

Note 1: (1) The ceiling on MESG total loans to others is MESG's net assets; for short-term financing, the limit to a single party is 40% of MESG's net assets.

(2) The ceiling on MECL total loans to others is MECL's net assets; for short-term financing, the limit to a single party is 40% of MECL's net assets.

(3) For short-term financing between the Company's wholly-owned subsidiaries, limit on loans is not restricted. Limit on total loans granted to a single party is the net value of MESG.

(4) For the companies having business relationship with MESG and MECL, financial limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower.

(5) The ceiling on the Company's total loans to others is the Company's net assets; for short-term financing, the limit for MERRY ELECTRONICS (SINGAPORE) PTE. LTD. ('MESG') to a single party is 40% of the Company's net assets.

Note 2: (1) Having business relationship with the Company, MESG and MECL.

(2) The needs for short-term financing.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2025

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Securities held by | Marketable securities (Note 1)                        | Relationship with the securities issuer | General ledger account                                                                     | As of December 31, 2025 |                           |               |                           |  | Note |
|--------------------|-------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------|-------------------------|---------------------------|---------------|---------------------------|--|------|
|                    |                                                       |                                         |                                                                                            | Number of shares        | Book value (in thousands) | Ownership (%) | Fair value (in thousands) |  |      |
| The Company        | Stock - Foxtron Vehicle Technologies                  | -                                       | Financial assets mandatorily measured at fair value through profit or loss - current       | 400                     | \$ 20,480                 | -             | \$ 17,240                 |  |      |
| The Company        | Fund -Taishin Ta-Chong Money Market Fund              | -                                       | Financial assets mandatorily measured at fair value through profit or loss - current       | 16,139                  | 240,000                   | -             | 242,825                   |  |      |
| The Company        | Fund - CTBC Hua Win Money Market Fund                 | -                                       | Financial assets mandatorily measured at fair value through profit or loss - current       | 22,577                  | 260,000                   | -             | 262,996                   |  |      |
| The Company        | Fund - UPAMC JAMES BOND MONEY MARKET Fund             | -                                       | Financial assets mandatorily measured at fair value through profit or loss - current       | 16,001                  | 280,000                   | -             | 282,616                   |  |      |
| MUTT               | Fund - Taishin 1699 Money Market Fund                 | -                                       | Financial assets mandatorily measured at fair value through profit or loss - current       | 833                     | 11,582                    | -             | 11,963                    |  |      |
|                    |                                                       |                                         |                                                                                            |                         | 812,062                   |               | \$ 817,640                |  |      |
|                    |                                                       |                                         | Valuation adjustment                                                                       |                         | 5,578                     |               |                           |  |      |
|                    |                                                       |                                         |                                                                                            |                         | \$ 817,640                |               |                           |  |      |
| The Company        | Fund - JAFCO                                          | -                                       | Non-current financial assets mandatorily measured at fair value through profit or loss     | 870                     | \$ 26,220                 | 0.71%         | \$ 25,141                 |  |      |
| The Company        | Stock -WK Technology                                  | -                                       | Non-current financial assets mandatorily measured at fair value through profit or loss     | 2,000                   | 20,000                    | 1.78%         | 21,141                    |  |      |
|                    |                                                       |                                         |                                                                                            |                         | 46,220                    |               | \$ 46,282                 |  |      |
|                    |                                                       |                                         | Valuation adjustment                                                                       |                         | 62                        |               |                           |  |      |
|                    |                                                       |                                         |                                                                                            |                         | \$ 46,282                 |               |                           |  |      |
| The Company        | Stock - 2881B.TW                                      | -                                       | Equity instruments measured at fair value through other comprehensive income - current     | 683                     | \$ 40,980                 | -             | \$ 42,141                 |  |      |
| The Company        | Stock - 2882B.TW                                      | -                                       | Equity instruments measured at fair value through other comprehensive income - current     | 585                     | 35,100                    | -             | 35,100                    |  |      |
| The Company        | Stock - 5871A                                         | -                                       | Equity instruments measured at fair value through other comprehensive income - current     | 300                     | 30,000                    | -             | 30,300                    |  |      |
|                    |                                                       |                                         |                                                                                            |                         | 106,080                   |               | \$ 107,541                |  |      |
|                    |                                                       |                                         | Valuation adjustment                                                                       |                         | 1,461                     |               |                           |  |      |
|                    |                                                       |                                         |                                                                                            |                         | \$ 107,541                |               |                           |  |      |
| The Company        | Stock - 4943.TW                                       | -                                       | Equity instruments measured at fair value through other comprehensive income - non-current | 7,712                   | \$ 648,164                | 6.09%         | \$ 66,201                 |  |      |
| The Company        | Stock - FUJITER Semiconductor CO.,LTD.                | -                                       | Equity instruments measured at fair value through other comprehensive income - non-current | 2,126                   | 27,811                    | 9.79%         | 14,795                    |  |      |
| The Company        | Stock - NETVOX TECHNOLOGY CO., LTD                    | -                                       | Equity instruments measured at fair value through other comprehensive income - non-current | 324                     | 2,976                     | 1.32%         | -                         |  |      |
| The Company        | Stock - EVER THAI AGRI-PRODUCT CO.,LTD.               | -                                       | Equity instruments measured at fair value through other comprehensive income - non-current | 683                     | 6,425                     | 4.64%         | 2,326                     |  |      |
| The Company        | Stock - SUNSINO SME Development Co., Ltd.             | -                                       | Equity instruments measured at fair value through other comprehensive income - non-current | 178                     | 2,123                     | 0.36%         | 2,209                     |  |      |
| The Company        | Stock - LINSATION Intelligent Technology Limited      | -                                       | Equity instruments measured at fair value through other comprehensive income - non-current | 75                      | 8,772                     | 6.19%         | 2,905                     |  |      |
| The Company        | Stock - MERRY FULING CO., LTD., TAIWAN BRANCH (SAMOA) | -                                       | Equity instruments measured at fair value through other comprehensive income - non-current | 356                     | 10,437                    | 19.00%        | 11,023                    |  |      |
|                    |                                                       |                                         |                                                                                            |                         | 706,708                   |               | \$ 99,459                 |  |      |
|                    |                                                       |                                         | Valuation adjustment                                                                       |                         | ( 607,249)                |               |                           |  |      |
|                    |                                                       |                                         |                                                                                            |                         | \$ 99,459                 |               |                           |  |      |
| MEST               | Stock - Perfect Fortune Inc.                          | -                                       | Measured at fair value through other comprehensive income - non-current                    | 2,126                   | \$ 8,586                  | 18.33%        | \$ 95,201                 |  |      |
| MEST               | Stock - LOYAL WIRE& CABLE COMPANY LTD.                | -                                       | Measured at fair value through other comprehensive income - non-current                    | 1,159                   | 8,277                     | 18.33%        | 23,648                    |  |      |
| ASCX               | Stock - Beijing Wanling Hearing Aids                  | -                                       | Measured at fair value through other comprehensive income - non-current                    | -                       | 4,946                     | 19.64%        | 4,946                     |  |      |
|                    |                                                       |                                         |                                                                                            |                         | 21,809                    |               | \$ 123,795                |  |      |
|                    |                                                       |                                         | Valuation adjustment                                                                       |                         | 101,986                   |               |                           |  |      |
|                    |                                                       |                                         |                                                                                            |                         | \$ 123,795                |               |                           |  |      |
| The Company        | Bond - P13 Fubon Life Insurance 1A                    | -                                       | Financial assets at amortized cost – non-current                                           | -                       | \$ 50,000                 | -             | \$ 50,000                 |  |      |
| The Company        | Bond - P14 Taiwan Life Insurance 1A                   | -                                       | Financial assets at amortized cost – non-current                                           | -                       | 50,000                    | -             | 50,000                    |  |      |
| The Company        | Bond - P14 E. Sun Bank 3                              | -                                       | Financial assets at amortized cost – non-current                                           | -                       | 10,000                    | -             | 10,000                    |  |      |
|                    |                                                       |                                         |                                                                                            |                         | \$ 110,000                |               | \$ 110,000                |  |      |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2025

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 3

|                  |                                     |                                                  | Transaction       |              |                                       |                                                                    | Differences in transaction terms compared to third party transactions (Note 1) |                                                | Notes/accounts receivable (payable) |                                                         |              |
|------------------|-------------------------------------|--------------------------------------------------|-------------------|--------------|---------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------|-------------------------------------|---------------------------------------------------------|--------------|
|                  |                                     |                                                  | Purchases (sales) | Amount       | Percentage of total purchases (sales) | Credit term                                                        | Unit price                                                                     | Credit term                                    | Balance (Note 2)                    | Percentage of total notes/accounts receivable (payable) | Note         |
| Purchaser/seller | Counterparty                        | Relationship with the counterparty               |                   |              |                                       |                                                                    |                                                                                |                                                |                                     |                                                         |              |
| The Company      | MECL                                | A subsidiary of the Company                      | Purchases         | \$ 9,470,262 | 20%                                   | 60~65 days end of month after offsetting with accounts receivable  | (Note 1)                                                                       | 30~120 days end of month for the third parties | (\$ 3,864,005)                      | 31%                                                     | (Note 3)     |
| The Company      | MEVN                                | A subsidiary of the Company                      | Purchases         | 7,674,554    | 16%                                   | 60~65 days end of month after offsetting with accounts receivable  | (Note 1)                                                                       | 30~120 days end of month for the third parties | ( 1,876,286)                        | 15%                                                     | (Note 3)     |
| The Company      | MECH                                | Investment accounted for using the equity method | Purchases         | 3,030,754    | 7%                                    | 60~65 days end of month after offsetting with accounts receivable  | (Note 1)                                                                       | 30~120 days end of month for the third parties | ( 441,209)                          | 4%                                                      |              |
| The Company      | MECE                                | Investment accounted for using the equity method | Purchases         | 10,133,676   | 22%                                   | 60~65 days end of month after offsetting with accounts receivable  | (Note 1)                                                                       | 30~120 days end of month for the third parties | ( 2,072,198)                        | 16%                                                     |              |
| The Company      | METC                                | A subsidiary of the Company                      | Purchases         | 440,740      | 1%                                    | 60~120 days end of month after offsetting with accounts receivable | (Note 1)                                                                       | 30~120 days end of month for the third parties | -                                   | 0%                                                      | (Note 3)     |
| METC             | The Company                         | Parent Company                                   | Purchases         | 5,519,094    | 12%                                   | 60~120 days end of month after offsetting with accounts receivable | (Note 1)                                                                       | 30~120 days end of month for the third parties | ( 3,181,069)                        | 27%                                                     | (Note 3 、 4) |
| MESG             | MECL                                | Parent Company                                   | Purchases         | 684,030      | 1%                                    | 60~65 days end of month after offsetting with accounts receivable  | (Note 1)                                                                       | 30~120 days end of month for the third parties | ( 299,783)                          | 2%                                                      | (Note 3)     |
| MESG             | METC                                | Parent Company                                   | Purchases         | 7,003,010    | 15%                                   | 60~120 days end of month after offsetting with accounts receivable | (Note 1)                                                                       | 30~120 days end of month for the third parties | ( 2,473,697)                        | 20%                                                     | (Note 3)     |
| METC             | DONPON                              | Associates                                       | Purchases         | 760,909      | 2%                                    | 120 days end of month after offsetting with accounts receivable    | (Note 1)                                                                       | 30~120 days end of month for the third parties | ( 278,933)                          | 2%                                                      |              |
| METC             | SYNergy ScienTech Corp              | Associates                                       | Purchases         | 173,794      | 0%                                    | 120 days end of month after offsetting with accounts receivable    | (Note 1)                                                                       | 30~120 days end of month for the third parties | ( 52,908)                           | 0%                                                      |              |
| MECL             | DONPON                              | Associates                                       | Purchases         | 475,995      | 1%                                    | 120 days end of month after offsetting with accounts receivable    | (Note 1)                                                                       | 30~120 days end of month for the third parties | ( 200,576)                          | 2%                                                      |              |
| MEVN             | LUXSHARE PRECISION SINGAPORE PTE.LT | Associates                                       | (Sales)           | 2,841,958    | 6%                                    | 60~120 days end of month after offsetting with accounts payable    | (Note 1)                                                                       | 30~120 days end of month for the third parties | 1,627,080                           | 13%                                                     |              |
| MEVN             | Luxshare Precision Limited          | Associates                                       | (Sales)           | 665,010      | 1%                                    | 60~120 days end of month after offsetting with accounts payable    | (Note 1)                                                                       | 30~120 days end of month for the third parties | 316,656                             | 3%                                                      |              |
| MEVN             | Luxshare Precision Limited          | Associates                                       | Purchases         | 272,140      | 1%                                    | 60~120 days end of month after offsetting with accounts payable    | (Note 1)                                                                       | 30~120 days end of month for the third parties | ( 98,897)                           | 1%                                                      |              |
| MEVN             | The Company                         | Parent Company                                   | Purchases         | 689,169      | 1%                                    | 60~65 days end of month after offsetting with accounts payable     | (Note 1)                                                                       | 30~120 days end of month for the third parties | -                                   | 2%                                                      | (Note 3 、 4) |

Note 1: For purchase transactions with related parties, the price is based on the profitability of the product and will be adjusted annually.  
Note 2: The balance is the net amount after offsetting accounts receivable and payable due from/ to related parties.  
Note 3: Inter-company transactions between companies within the Group are eliminated.  
Note 4: For transactions in which the Company sells raw materials to the aforementioned related party and subsequently repurchases finished goods made from the same raw materials from the same party, the initial sale of raw materials is eliminated due to economic substance.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
December 31, 2025

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Creditor    | Counterparty                              | Relationship with the counterparty | Balance of accounts receivable due from related party |              | Turnover rate | Overdue receivables |              | Amount collected subsequent to the balance sheet date<br>(Note 2) | Allowance for doubtful accounts | Note             |
|-------------|-------------------------------------------|------------------------------------|-------------------------------------------------------|--------------|---------------|---------------------|--------------|-------------------------------------------------------------------|---------------------------------|------------------|
|             |                                           |                                    | General ledger account                                | Amount       |               | Amount              | Action taken |                                                                   |                                 |                  |
| The Company | METC                                      | A subsidiary of the Company        | Other Receivable                                      | \$ 3,181,069 | -             | \$ -                | -            | \$ 408,291                                                        | \$ -                            | (Note 1 、 3 、 4) |
| MECL        | The Company                               | Parent Company                     | Accounts Receivable                                   | 3,864,005    | 2.49          | -                   | -            | 1,950,337                                                         | -                               | (Note 1)         |
| MECL        | MESG                                      | A subsidiary of the Company        | Accounts Receivable                                   | 299,783      | 2.66          | -                   | -            | 118,884                                                           | -                               | (Note 1)         |
| METC        | MESG                                      | A subsidiary of the Company        | Accounts Receivable                                   | 2,473,697    | 3.62          | -                   | -            | 1,005,174                                                         | -                               | (Note 1)         |
| MEVN        | The Company                               | Parent Company                     | Accounts Receivable                                   | 1,876,286    | 4.01          | -                   | -            | 459,836                                                           | -                               | (Note 1)         |
| MEVN        | LUXSHARE<br>PRECISION<br>SINGAPORE PTE.LT | A other related party of the Group | Accounts Receivable                                   | 1,627,080    | 1.37          | -                   | -            | 762,416                                                           | -                               |                  |
| MEVN        | Luxshare Precision<br>Limited             | A other related party of the Group | Accounts Receivable                                   | 316,656      | 1.97          | -                   | -            | -                                                                 | -                               |                  |
| MESG        | MENA                                      | A subsidiary of the Company        | Other Receivable                                      | 188,580      | -             | -                   | -            | -                                                                 | -                               | (Note 1 、 3)     |

Note 1: Inter-company transactions between companies within the Group are eliminated.

Note 2: The balance was as at February 25, 2026.

Note 3: The amount comprises other receivables and thus, the turnover rate is not calculated.

Note 4: Other receivables mainly were the purchases of raw materials on behalf of affiliated companies.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2025

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Number<br>(Note 1) | Company name | Counterparty | Relationship<br>(Note 2) | General ledger account | Amount       | Transaction                                                                              | Percentage of consolidated<br>total operating<br>revenues or total assets<br>(Note 3) |
|--------------------|--------------|--------------|--------------------------|------------------------|--------------|------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|                    |              |              |                          |                        |              | Transaction<br>terms                                                                     |                                                                                       |
| 0                  | MEHO         | MECL         | 1                        | Purchases              | \$ 9,470,262 | The price is based on the profitability of the product<br>60~65 days end of month after  | 20%                                                                                   |
| 0                  | MEHO         | MECL         | 1                        | Accounts payable       | 3,864,005    | offsetting with accounts receivable                                                      | 9%                                                                                    |
| 0                  | MEHO         | MEVN         | 1                        | Purchases              | 7,674,554    | The price is based on the profitability of the product<br>60~65 days end of month after  | 17%                                                                                   |
| 0                  | MEHO         | MEVN         | 1                        | Accounts payable       | 1,876,286    | offsetting with accounts receivable                                                      | 4%                                                                                    |
| 0                  | MEHO         | METC         | 1                        | Purchases              | 440,740      | The price is based on the profitability of the product<br>60~65 days end of month after  | 1%                                                                                    |
|                    |              |              |                          |                        |              | offsetting with accounts receivable                                                      |                                                                                       |
| 1                  | METC         | MEHO         | 2                        | Purchases              | 5,519,094    | The price is based on the profitability of the product<br>60~120 days end of month after | 12%                                                                                   |
| 1                  | METC         | MEHO         | 2                        | Accounts payable       | 3,181,069    | offsetting with accounts receivable                                                      | 7%                                                                                    |
| 2                  | MEVN         | MEHO         | 2                        | Purchases              | 689,169      | The price is based on the profitability of the product<br>60~65 days end of month after  | 1%                                                                                    |
|                    |              |              |                          |                        |              | offsetting with accounts receivable                                                      |                                                                                       |
| 3                  | MESG         | MECL         | 3                        | Purchases              | 684,030      | The price is based on the profitability of the product<br>60~65 days end of month after  | 1%                                                                                    |
| 3                  | MESG         | MECL         | 3                        | Accounts payable       | 299,783      | offsetting with accounts receivable                                                      | 1%                                                                                    |
| 3                  | MESG         | METC         | 3                        | Purchases              | 7,003,010    | The price is based on the profitability of the product<br>60~65 days end of month after  | 15%                                                                                   |
| 3                  | MESG         | METC         | 3                        | Accounts payable       | 2,473,697    | offsetting with accounts receivable                                                      | 6%                                                                                    |

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is '0'.
2. The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counter party is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

## MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Information on investees  
Year ended December 31, 2025

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Investor    | Investee                   | Location           | Main business activities                                                                           | Initial investment amount       |                                 | Shares held as at December 31, 2025   |               |              | Net profit (loss) of the investee for the year ended December 31, 2025 | Investment income (loss) recognised by the Company for the year ended December 31, 2025 | Note     |
|-------------|----------------------------|--------------------|----------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------------|---------------|--------------|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|----------|
|             |                            |                    |                                                                                                    | Balance as at December 31, 2025 | Balance as at December 31, 2024 | Number of shares (in thousand shares) | Ownership (%) | Book value   |                                                                        |                                                                                         |          |
| The Company | MEST                       | HONG KONG          | Trade service for headphone, microphone, receiver, and speaker                                     | \$ 733,733                      | \$ 733,733                      | 19,658                                | 100.00%       | \$ 5,663,277 | \$ 192,089                                                             | \$ 208,804                                                                              | (Note 1) |
| The Company | DDBV                       | British Virgin IS. | General investment business                                                                        | 1,479,925                       | 1,479,925                       | 48,005                                | 100.00%       | 3,818,290    | 342,972                                                                | 330,568                                                                                 | (Note 1) |
| The Company | LEOHAB ENTERPRISE CO.,LTD. | Taichung City      | Plastic injection molding and metal stamping                                                       | 79,689                          | 79,689                          | 5,529                                 | 13.81%        | 109,629      | 230,754                                                                | 31,867                                                                                  |          |
| The Company | DONPON PRECISION INC.      | Taoyuan City       | Various plastic products, mold manufacturing and processing and trading business                   | 386,010                         | 386,010                         | 13,806                                | 15.30%        | 453,347      | 221,111                                                                | 31,054                                                                                  | (Note 1) |
| The Company | SYNergy ScienTech Corp     | Hsinchu City       | Research, development, manufacture and sale of secondary lithium batteries                         | 135,869                         | 135,869                         | 7,300                                 | 7.78%         | 125,816 (    | 95,450) (                                                              | 7,260)                                                                                  | (Note 1) |
| The Company | MECA                       | U.S.A              | Technique, marketing and after service                                                             | 28,887                          | 28,887                          | 1,000                                 | 100.00%       | 36,371       | 159                                                                    | 158                                                                                     |          |
| The Company | MESG                       | SINGAPORE          | Sales and research of earphones, microphone, audio equipment, receiver and speaker                 | 92,132                          | 92,132                          | 800                                   | 100.00%       | 375,083      | 360,517                                                                | 360,517                                                                                 |          |
| The Company | METC                       | THAILAND           | Manufacturing of electronic product such as headphone, audio equipment, amplifier, and microphone  | 484,358                         | 484,358                         | 5,060                                 | 99.99%        | 1,398,728    | 163,998                                                                | 158,469                                                                                 | (Note 1) |
| The Company | MHKY                       | CAYMAN             | General investment business                                                                        | 922,946                         | 857,946                         | 29,992                                | 100.00%       | 493,180      | 104,540                                                                | 104,540                                                                                 |          |
| The Company | INSA                       | SAMOA              | General investment business                                                                        | 1,293,008                       | 1,293,008                       | 302                                   | 100.00%       | 210,525 (    | 102,747) (                                                             | 102,747)                                                                                |          |
| The Company | MEVN                       | VIETNAM            | Manufacture of microphone and speaker                                                              | 366,710                         | 366,710                         | -                                     | 51.00%        | 1,566,614    | 972,412                                                                | 498,434                                                                                 | (Note 1) |
| The Company | MUTT                       | New Taipei City    | Manufacturing and application service of electrical appliances and audiovisual electronic products | 30,600                          | 30,600                          | 3,060                                 | 51.00%        | 12,552 (     | 606) (                                                                 | 309)                                                                                    |          |
| The Company | MCTT                       | Taichung City      | General investment business                                                                        | 8,000                           | 8,000                           | 800                                   | 100.00%       | 11,721       | 3,071                                                                  | 3,071                                                                                   |          |
| The Company | MAC FUND                   | Taipei City        | General investment business                                                                        | 149,333                         | 149,333                         | -                                     | 42.67%        | 208,432      | 122,429                                                                | 52,241                                                                                  |          |
| MESG        | MEMP                       | Malaysia           | Research and development of microphone, receiver and speaker                                       | 15,969                          | 15,969                          | 2,400                                 | 100.00%       | 11,854       | 1,682                                                                  | -                                                                                       | (Note 2) |
| MCTT        | MAC FUND                   | Taipei City        | General investment business                                                                        | 3,500                           | 3,500                           | -                                     | 1.00%         | 4,886        | 122,429                                                                | 1,224                                                                                   |          |
| DDBV        | MTHK                       | HONG KONG          | General investment business                                                                        | 1,392,956                       | 1,392,956                       | 45,000                                | 100.00%       | 3,816,946    | 342,972                                                                | -                                                                                       | (Note 2) |
| MHKY        | FUSA                       | SAMOA              | General investment business                                                                        | 860,943                         | 795,943                         | 28,078                                | 100.00%       | 484,810      | 104,821                                                                | -                                                                                       | (Note 2) |
| INSA        | MENA                       | CANADA             | Sale and development of speaker and power amplifier                                                | 103,557                         | 103,557                         | 56,954                                | 100.00% (     | 155,291) (   | 76,497)                                                                | -                                                                                       | (Note 2) |
| MENA        | SENM                       | NORWAY             | Manufacture and sales of speaker monomer                                                           | 7,491                           | 7,491                           | -                                     | 100.00%       | 42,507 (     | 8,781)                                                                 | -                                                                                       | (Note 2) |
| MESG        | MEIN                       | India              | Research and development of microphone, receiver and speaker                                       | 31,379                          | -                               | 8,910                                 | 99.00%        | 29,505 (     | 1,782)                                                                 | -                                                                                       | (Note 2) |
| MCTT        | MEIN                       | India              | Research and development of microphone, receiver and speaker                                       | 317                             | -                               | 90                                    | 1.00%         | 298 (        | 1,782)                                                                 | -                                                                                       | (Note 2) |

Note 1: The investment income included unrealised gains or losses and realised gains arising from upstream transactions.

Note 2: The investee is second subsidiary and investment income (loss) is not shown.

Note 3: Please refer to Note 4 (3).

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Information on investees in Mainland China

Year ended December 31, 2025

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Investee in<br>Mainland China | Main business<br>activities                                                                                | Paid-in<br>capital | Investment<br>method | Accumulated amount<br>of remittance<br>from Taiwan<br>to Mainland<br>China as of<br>January 1, 2025 | Amount remitted from Taiwan<br>to Mainland China / Amount<br>remitted back to Taiwan for the<br>year ended December 31, 2025 |                            | Accumulated amount<br>of remittance<br>from Taiwan<br>to Mainland<br>China as of<br>December 31, 2025 | Net income of<br>investee for the year<br>ended<br>December 31, 2025 | Ownership<br>held by the<br>Company<br>(direct or<br>indirect) | Investment income<br>(loss) recognised by<br>the Company for<br>the year ended<br>December 31, 2025 | Book value of<br>investments in<br>Mainland China<br>as of<br>December 31, 2025<br>(Note 4) | Accumulated amount<br>of investment income<br>remitted back to<br>Taiwan as of<br>December 31, 2025 |          |
|-------------------------------|------------------------------------------------------------------------------------------------------------|--------------------|----------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|----------|
|                               |                                                                                                            |                    |                      |                                                                                                     | Remitted to<br>Mainland China                                                                                                | Remitted back<br>to Taiwan |                                                                                                       |                                                                      |                                                                |                                                                                                     |                                                                                             | Note                                                                                                |          |
|                               |                                                                                                            |                    |                      |                                                                                                     |                                                                                                                              |                            |                                                                                                       |                                                                      |                                                                |                                                                                                     |                                                                                             |                                                                                                     |          |
| MSCS                          | Manufacture of speaker and<br>amplifier                                                                    | \$ 155,438         | (Note 1)             | \$ 110,497                                                                                          | \$ -                                                                                                                         | \$ -                       | \$ 110,497                                                                                            | (\$ 15,819)                                                          | 100.00%                                                        | (\$ 15,819)                                                                                         | \$ 132,993                                                                                  | \$ -                                                                                                | (Note 3) |
| MECL                          | Manufacture of earphones,<br>microphone, receiver, batteries,<br>speaker and other electronic<br>component | 428,667            | (Note 2)             | 453,191                                                                                             | -                                                                                                                            | -                          | 453,191                                                                                               | 67,802                                                               | 100.00%                                                        | 67,802                                                                                              | 3,977,655                                                                                   | 2,282,120                                                                                           | (Note 3) |
| MECE                          | Manufacture and sales of<br>microphone, receiver and speaker                                               | 2,813,322          | (Note 2)             | 1,369,285                                                                                           | -                                                                                                                            | -                          | 1,369,285                                                                                             | 697,629                                                              | 49.00%                                                         | 329,434                                                                                             | 3,816,947                                                                                   | 498,288                                                                                             | (Note 3) |
| MECH                          | Manufacture and sales of<br>microphone, receiver, speaker and<br>mobile phone                              | 457,062            | (Note 2)             | 426,742                                                                                             | -                                                                                                                            | -                          | 426,742                                                                                               | 275,061                                                              | 49.00%                                                         | 150,981                                                                                             | 1,540,032                                                                                   | 431,543                                                                                             | (Note 3) |
| FUSZ                          | General administration                                                                                     | 288,568            | (Note 2)             | 310,763                                                                                             | -                                                                                                                            | -                          | 310,763                                                                                               | ( 2,081)                                                             | 100.00%                                                        | ( 2,066)                                                                                            | 251,745                                                                                     | -                                                                                                   | (Note 3) |
| ETCX                          | Retail sales of hearing products                                                                           | 20,232             | (Note 2)             | 19,009                                                                                              | -                                                                                                                            | -                          | 19,009                                                                                                | ( 1,864)                                                             | 100.00%                                                        | ( 1,846)                                                                                            | ( 40,496)                                                                                   | -                                                                                                   | (Note 3) |
| ASCX                          | Manufacture and sales of hearing<br>aid, hearing device and acoustics<br>equipment                         | 117,962            | (Note 2)             | 315,461                                                                                             | -                                                                                                                            | -                          | 315,461                                                                                               | 119,437                                                              | 100.00%                                                        | 117,590                                                                                             | 184,263                                                                                     | -                                                                                                   | (Note 3) |
| FUXM                          | General administration                                                                                     | 313,070            | (Note 2)             | 302,995                                                                                             | -                                                                                                                            | -                          | 302,995                                                                                               | ( 2,063)                                                             | 100.00%                                                        | ( 2,028)                                                                                            | 26,452                                                                                      | -                                                                                                   | (Note 3) |
| DONG GUAN GET PINK            | Manufacture and sales of<br>earphones and speaker                                                          | 70,812             | (Note 2)             | -                                                                                                   | -                                                                                                                            | -                          | -                                                                                                     | ( 5,934)                                                             | 33.00%                                                         | ( 2,603)                                                                                            | 13,653                                                                                      | -                                                                                                   | (Note 3) |

Note 1: Reinvesting in the investee in Mainland China through the parent company.  
Note 2: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.  
Note 3: The financial statements that are audited and attested by R.O.C. parent company's CPA.  
Note 4: The amount in the table is translated into New Taiwan dollars at the closing exchange rates prevailing at the balance sheet date.

| Company name                | Accumulated amount of remittance<br>from Taiwan to Mainland China<br>as of December 31, 2025 | Investment amount approved<br>by the Investment<br>Commission of the Ministry<br>of Economic Affairs (MOEA) | Ceiling on investments<br>in Mainland China<br>imposed by the<br>Investment Commission<br>of MOEA |
|-----------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|                             |                                                                                              |                                                                                                             |                                                                                                   |
| Merry Electronics Co., Ltd. | \$ 3,307,943                                                                                 | \$ 3,748,971                                                                                                | \$ 11,452,695                                                                                     |

Note 1: (2001) Tai-Cai-Zheng (1) Letter No. 006130 of Securities and Futures Commission, Ministry of Finance, R.O.C