

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2025 and 2024

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.

ACTION ELECTRONICS CO., LTD.
DECEMBER 31, 2025 and 2024 PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS' REPORT
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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the year 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 Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Company's 2025 parent company only financial statements are stated as follows:

Intangible assets - impairment of trademark right

Description

Refer to Note 4(18) for accounting policy on impairment of non-financial assets, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to intangible assets - impairment of trademark right and Note 6(11) for details of intangible assets - trademark right.

The Company's intangible assets are mainly the Kolin trademark. For the Company, the impairment was tested based on the recoverable amount which was measured using the present value of expected future cash flows discounted at an appropriate discount rate. Since the expected future cash flow involves a financial forecast for the next 5 years, and the assumptions applied in the preparation of the forecast are dependent upon subjective judgements and contain a high degree of uncertainties, which have a significant impact on the measurement of recoverable amount, and further affect the estimates of impairment of trademark, we consider the impairment assessment of intangible assets a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Obtained an understanding and assessed the process in which the management estimated future cash flows of such cash-generating unit, and reconciled the future cash flows used with the future annual budget provided by operating segments.
- B. Obtained an understanding on the procedure and basis for determining assumptions used by the management to forecast future cash flows.
- C. Assessed the key assumptions used by the external appraiser engaged by management in the estimation of future cash flows, including assessing the reasonableness of expected operating revenue, gross profit and changes in expenses by comparing to historical results.
- D. Reviewed the parameters of discount rates, including the reasonableness of risk-free rate of cost of equity, market risk premium, securities risk premium and size risk premium.

Responsibilities of management and those charged with governance for the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with the generally accepted auditing standards in 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Wu, Jen-Chieh

Lin, Ya-Hui

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 12, 2026

The accompanying parent company only 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 parent company only 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.

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 414,492	11	\$ 135,636	3
1120	Current financial assets at fair value through other comprehensive income	6(2)	36,712	1	71,579	2
1136	Current financial assets at amortised cost	6(1)	131,430	3	-	-
1180	Accounts receivable, net	6(3) and 7	20,758	1	46,372	1
1200	Other receivables	6(4) and 7	18,072	-	218,022	6
130X	Current inventories	6(5) and 8	97,101	3	149,072	4
1470	Other current assets		27,963	1	29,690	1
11XX	Total current assets		<u>746,528</u>	<u>20</u>	<u>650,371</u>	<u>17</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	22,972	1	28,000	1
1550	Investments accounted for using equity method	6(6)	1,936,182	53	2,102,961	56
1600	Property, plant and equipment	6(7) and 8	189,055	5	169,782	5
1755	Right-of-use assets	6(8)	4,556	-	9,242	-
1760	Investment property, net	6(10) and 8	506,803	14	521,802	14
1780	Intangible assets	6(11)	198,083	5	203,603	6
1840	Deferred tax assets	6(26)	81,681	2	53,093	1
1900	Other non-current assets		4,178	-	6,578	-
15XX	Total non-current assets		<u>2,943,510</u>	<u>80</u>	<u>3,095,061</u>	<u>83</u>
1XXX	Total assets		<u>\$ 3,690,038</u>	<u>100</u>	<u>\$ 3,745,432</u>	<u>100</u>

(Continued)

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

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

Liabilities and Equity	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 360,000	10	\$ 340,000	9
2130	Current contract liabilities	6(20)	12,280	-	15,989	1
2180	Accounts payable	7	6,362	-	16,043	-
2200	Other payables	7	25,152	1	38,233	1
2230	Current tax liabilities		2,527	-	-	-
2250	Current provisions	6(14)	1,239	-	293	-
2280	Current lease liabilities		2,624	-	4,644	-
2320	Long-term liabilities, current portion	6(13)	200,000	6	-	-
2399	Other current liabilities, others		2,958	-	8,902	-
21XX	Total current liabilities		<u>613,142</u>	<u>17</u>	<u>424,104</u>	<u>11</u>
Non-current liabilities						
2540	Non-current portion of non-current borrowings	6(13)	-	-	200,000	5
2550	Non-current provisions	6(14)	16	-	156	-
2570	Deferred tax liabilities	6(26)	50,950	1	19,840	1
2580	Non-current lease liabilities	7	2,342	-	4,966	-
2600	Other non-current liabilities	6(6)(15)	36,496	1	57,918	2
25XX	Total non-current liabilities		<u>89,804</u>	<u>2</u>	<u>282,880</u>	<u>8</u>
2XXX	Total liabilities		<u>702,946</u>	<u>19</u>	<u>706,984</u>	<u>19</u>
Equity						
Share capital						
3110	Common stock	6(16)	2,771,575	75	2,771,575	74
Capital surplus						
3200	Capital surplus	6(17)	1,602	-	1,602	-
Retained earnings						
3310	Legal reserve	6(18)	84,743	2	66,221	2
3320	Special reserve		430,389	12	440,379	12
3350	Unappropriated retained earnings		146,384	4	189,060	5
Other equity interest						
3400	Other equity interest	6(19)	(447,601)	(12)	(430,389)	(12)
3XXX	Total equity		<u>2,987,092</u>	<u>81</u>	<u>3,038,448</u>	<u>81</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 3,690,038</u>	<u>100</u>	<u>\$ 3,745,432</u>	<u>100</u>

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

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	Year ended December 31			
			2025		2024	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(20) and 7	\$ 203,109	100	\$ 518,817	100
5000	Operating costs	6(5)(25) and 7	(166,920)	(82)	(423,571)	(82)
5900	Gross profit from operations		36,189	18	95,246	18
	Operating expenses	6(25) and 7				
6100	Selling expenses		(27,121)	(13)	(90,086)	(17)
6200	Administrative expenses		(84,052)	(42)	(73,343)	(14)
6000	Total operating expenses		(111,173)	(55)	(163,429)	(31)
6900	Net operating loss		(74,984)	(37)	(68,183)	(13)
	Non-operating income and expenses					
7100	Interest income	6(21) and 7	2,702	1	6,862	1
7010	Other income	6(22) and 7	11,185	6	39,914	8
7020	Other gains and losses	6(23)	(7,588)	(4)	499,389	96
7050	Finance costs	6(24) and 7	(9,597)	(5)	(12,098)	(2)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	6(6)				
			156,777	77	(271,913)	(53)
7000	Total non-operating income and expenses		153,479	75	262,154	50
7900	Profit before income tax		78,495	38	193,971	37
7950	Income tax expense (benefit)	6(26)	(2,265)	(1)	(10,245)	(2)
8200	Profit for the year		\$ 76,230	37	\$ 183,726	35
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	6(15)	\$ 220	-	\$ 639	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(2)(19)	(30,672)	(15)	(13,686)	(2)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		313	-	978	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	(44)	-	(128)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(30,183)	(15)	(12,197)	(2)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(19)	16,362	8	104,136	20
8367	Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6(2)(19)	370	-	(370)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(19)(26)	(3,272)	(1)	(20,827)	(4)
8360	Components of other comprehensive income that will be reclassified to profit or loss		13,460	7	82,939	16
8300	Other comprehensive income		(\$ 16,723)	(8)	\$ 70,742	14
8500	Total comprehensive income		\$ 59,507	29	\$ 254,468	49
	Earnings per share (in dollars)	6(27)				
9750	Basic earnings per share		\$ 0.28		\$ 0.66	
9850	Diluted earnings per share		\$ 0.27		\$ 0.66	

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

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

	Notes	Retained Earnings				Other equity interest		Total equity	
		Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements		Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income
<u>2024</u>									
Balance at January 1.		\$ 2,771,575	\$ 1,602	\$ 55,352	\$ 366,594	\$ 116,215	(\$ 511,741)	\$ 12,099	\$ 2,811,696
Profit for the year		-	-	-	-	183,726	-	-	183,726
Other comprehensive income		-	-	-	-	1,489	83,309	(14,056)	70,742
Total comprehensive income		-	-	-	-	185,215	83,309	(14,056)	254,468
Appropriation and distribution of 2023 retained earnings	6(18)								
Legal reserve appropriated		-	-	10,869	-	(10,869)	-	-	-
Special reserve appropriated		-	-	-	73,785	(73,785)	-	-	-
Cash dividends of ordinary share		-	-	-	-	(27,716)	-	-	(27,716)
Balance at December 31.		\$ 2,771,575	\$ 1,602	\$ 66,221	\$ 440,379	\$ 189,060	(\$ 428,432)	(\$ 1,957)	\$ 3,038,448
<u>2025</u>									
Balance at January 1.		\$ 2,771,575	\$ 1,602	\$ 66,221	\$ 440,379	\$ 189,060	(\$ 428,432)	(\$ 1,957)	\$ 3,038,448
Profit for the year		-	-	-	-	76,230	-	-	76,230
Other comprehensive income		-	-	-	-	489	13,090	(30,302)	(16,723)
Total comprehensive income		-	-	-	-	76,719	13,090	(30,302)	59,507
Appropriation and distribution of 2024 retained earnings	6(18)								
Legal reserve appropriated		-	-	18,522	-	(18,522)	-	-	-
Special reserve reversal		-	-	-	(9,990)	9,990	-	-	-
Cash dividends of ordinary share		-	-	-	-	(110,863)	-	-	(110,863)
Balance at December 31.		\$ 2,771,575	\$ 1,602	\$ 84,743	\$ 430,389	\$ 146,384	(\$ 415,342)	(\$ 32,259)	\$ 2,987,092

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

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 78,495	\$ 193,971
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	20,897	16,019
Amortisation	6(25)	7,058	9,019
Interest income	6(21)	(2,702)	(6,862)
Dividend income	6(22)	(570)	(304)
Realized loss on disposal of debt instruments at fair value through other comprehensive income	6(23)	998	-
Interest expense	6(24)	9,597	12,098
Share of profit of subsidiaries and associates accounted for using the equity method	6(6)	(156,777)	271,913
Loss on disposal of property, plant and equipment	6(23)	-	991
Gain from disposal of investment property	6(23)	-	(506,558)
Gain from lease modification	6(23)	-	(354)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		25,614	50,233
Other receivables		(753)	(1,261)
Inventories		51,971	110,318
Other current assets		1,725	(16,862)
Changes in operating liabilities			
Contract liabilities		(3,709)	531
Accounts payable		(9,681)	(49,534)
Other payables		(13,081)	(11,666)
Provisions		806	(224)
Net defined benefit liability		4	(4)
Other current liabilities		(5,944)	(6,703)
Cash inflow generated from operations		3,948	64,761
Interest received		2,702	6,862
Interest paid		(9,597)	(12,098)
Income taxes paid		(265)	(16,691)
Net cash flows (used in) from operating activities		(3,212)	42,834

(Continued)

ACTION ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income		\$ 8,659	\$ -
Acquisition of financial assets measured at fair value through other comprehensive income		-	(37,593)
Increase in financial assets at amortised cost	6(1)	(131,430)	-
Acquisition of property, plant and equipment	6(7)(28)	(20,485)	(1,093)
Disposal of property, plant and equipment	6(28)	-	905
Acquisition of intangible assets	6(11)	(828)	(290)
Acquisition of investment property	6(10)	-	(26,789)
Acquisition of investments accounted for using the equity method	6(6)	-	(200,000)
Proceeds from capital reduction of investments accounted for using equity method	6(6)	68,272	161,095
Increase in other receivables - related parties	7	200,374	(100,196)
Increase in other non-current assets		-	(865)
(Increase) Decrease in refundable deposits		1,690	(296)
Dividends received	6(6)	250,535	122,288
Net cash flows from (used in) investing activities		<u>376,787</u>	<u>(82,834)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in long-term borrowings	6(29)	-	(60,000)
Increase in short-term borrowings	6(29)	750,000	1,250,000
Decrease in short-term borrowings	6(29)	(730,000)	(1,100,000)
Increase in guarantee deposits received	6(29)	788	(46)
Payments of lease liabilities	6(29)	(4,644)	(11,213)
Cash dividends paid	6(18)	(110,863)	(27,716)
Net cash flows (used in) from financing activities		<u>(94,719)</u>	<u>51,025</u>
Net increase in cash and cash equivalents		278,856	11,025
Cash and cash equivalents at beginning of year		<u>135,636</u>	<u>124,611</u>
Cash and cash equivalents at end of year		<u>\$ 414,492</u>	<u>\$ 135,636</u>

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

ACTION ELECTRONICS CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

1. History and Organisation

Action Electronics Co., Ltd. (the “Company”) was incorporated on July 21, 1976 and transferred its listing from the Taipei Exchange to the Taiwan Stock Exchange in August 2000. The Company is primarily engaged in the trade of audio-visual electronic products, various home appliances and other related products, housing and building development and rental, etc.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 12, 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®”) 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 International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

New standards, interpretations and amendments endorsed by the 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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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

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

Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’.

The FSC has partially endorsed specific provisions of Amendments to IFRS 9 and IFRS 7. The amendments not yet endorsed by the FSC as listed below require an entity to:

Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

(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 Company's financial condition and financial performance based on the Company's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

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.

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

- (a) Financial assets and financial liabilities at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

A. Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

B. 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 recognised 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 recognised 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 recognised 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 recognised 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 foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

C. Translation of foreign operations

- (a) The operating results and financial position of all the Company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities presented in each balance sheet 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 recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation.
- (d) 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.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets that are expected to be realised, 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 realised 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 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.

(5) 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.

(6) 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 amortised 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 recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) 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 Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(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 fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

- (a) The changes in fair value of equity investments that were recognised 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 recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

- (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
- (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. The Company'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.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company 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.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises 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 Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company 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 Company 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 Company has not retained control of the financial asset.

(12) Inventories

The perpetual inventory system is adopted for inventory recognition. Inventories are initially recorded at cost. Borrowing costs incurred during the construction period (construction in progress) are capitalised. The cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Ending inventories are stated at the lower of cost and net realisable value. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' 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 Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.
- D. Associates are all entities over which the Company 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.

- E. The Company'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 Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. 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 Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.
- H. When the Company 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.
- I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss.
- J. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method 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 and structures	5 ~ 50 years
Machinery and equipment	5 ~ 9 years
Office equipment	3 ~ 6 years
Other equipment	3 ~ 5 years

(15) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised 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 Company. For short-term leases or leases of low-value assets, lease payments are recognised 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 fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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 amount of the initial measurement of lease liability. 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 recognised 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 and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Borrowing costs incurred during the construction period are capitalised. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 11 ~ 50 years.

(17) Intangible assets

A. Trademarks and patents

Separately acquired trademarks and patents are stated at historical cost. Trademarks and patents acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and patents have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 2 to 50 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising 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 amortised historical cost would have been if the impairment had not been recognized.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised 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 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) Derecognition of financial liabilities

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

(22) Provisions

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

(23) 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 recognised as expense in that period when the employees render service.

B. Pension

(a) Defined contribution plan

For the 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 in current period or prior periods. The liability recognised 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 government bonds at the balance sheet date 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

ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past-service costs are recognised immediately in profit or loss.

C. Termination benefits

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

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised 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.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised 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 operates and generates 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 recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred 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 realised or the deferred tax liability is settled.

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

(25) 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.

(26) 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.

(27) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells audio-visual electronic products, a variety of home appliances and other related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer'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 customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from sales is recognised based on the price specified in the contract, net of the estimated sales returns, discounts and other allowances. Accumulated experience is used to estimate and provide for the sales returns, discounts and other allowances, and revenue is only recognised 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 (shown as other current liabilities) and an asset recognised as right to recover products from customers (shown as other current assets, others) are recognised for expected sales returns and allowances payable to customers in relation to sales made until the end of the reporting period. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- (c) The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised 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.

B. Rental revenue

The Company held investment properties to earn rentals, and rental revenue is recognised on a straight-line basis over the lease term.

C. Intellectual property licensing income

The Company entered into a contract with a customer to grant a licence of trademarks to the customer. Given the licence is distinct from other promised goods or services in the contract, the Company recognises the revenue from licencing when the licence transfer to a customer.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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 judgements in applying the Company's accounting policies

There were no critical judgements in applying the Company's accounting policies during the year.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of intangible assets(assessment of trademark impairment)

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

Details of the Company's intangible assets with trademark as of December 31, 2025 are provided in Note 6(11).

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

Details of the carrying amount of inventories as of December 31, 2025 are provided in Note 6(5).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 146	\$ 221
Checking accounts and demand deposits	182,916	102,630
Time deposits	<u>231,430</u>	<u>32,785</u>
	<u>\$ 414,492</u>	<u>\$ 135,636</u>

A. The Company associates 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, the Company's time deposits with maturity over 3 months amounted to \$131,430 and \$0, respectively, and were recorded under 'financial assets at amortised cost – current'.

C. The Company has no cash and cash equivalents pledged to others.

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

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items :		
Debt instruments		
Government bonds	\$ -	\$ 5,054
Corporate bonds	<u>-</u>	<u>4,539</u>
	-	9,593
Valuation adjustment	<u>-</u>	<u>(370)</u>
	<u>-</u>	<u>9,223</u>
Equity instruments		
Emerging stocks	63,943	63,943
Valuation adjustment	<u>(27,231)</u>	<u>(1,587)</u>
	<u>36,712</u>	<u>62,356</u>
	<u>\$ 36,712</u>	<u>\$ 71,579</u>
Non-current items :		
Equity instruments		
Emerging stocks	\$ 28,000	\$ -
Unlisted stocks	-	28,000
Valuation adjustment	<u>(5,028)</u>	<u>-</u>
	<u>\$ 22,972</u>	<u>\$ 28,000</u>

A. The Company has elected to classify strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$59,684 and \$99,579 as at December 31, 2025 and 2024, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2025	2024
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 30,672)	(\$ 13,686)
Dividend income recognised in profit or loss		
Held at end of period	\$ 570	\$ 304
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 370	(\$ 370)
Items reclassified due to derecognition	(\$ 998)	\$ -
Interest income recognised in profit or loss	\$ 276	\$ 194

C. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$59,684 and \$99,579, respectively.

D. As at December 31, 2025 and 2024, the Company has no pledge financial assets at fair value through other comprehensive income to others as collateral.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(3) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	\$ 8,028	\$ 3,154
Accounts receivable(including related parties)	17,421	47,909
Less: Loss allowance	(4,691)	(4,691)
	\$ 20,758	\$ 46,372

A. As of December 31, 2025 and 2024, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2024, the balance of receivables from contracts with customers amounted to \$101,296.

B. As of December 31, 2025 and 2024, the Company has no notes and accounts receivable pledged to others.

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

(4) Other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other receivables-related parties	\$ 96,912	\$ 297,218
Others	<u>529</u>	<u>173</u>
	\$ 97,441	\$ 297,391
Less: Loss allowance	<u>(79,369)</u>	<u>(79,369)</u>
	<u>\$ 18,072</u>	<u>\$ 218,022</u>

Other receivables-related parties are provided in Note 7.

(5) Inventories

	<u>December 31, 2025</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Merchandise	\$ 35,971	(\$ 6,482)	\$ 29,489
Construction in progress	<u>67,612</u>	<u>-</u>	<u>67,612</u>
	<u>\$ 103,583</u>	<u>(\$ 6,482)</u>	<u>\$ 97,101</u>
	<u>December 31, 2024</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Merchandise	\$ 81,480	(\$ 6,359)	\$ 75,121
Inventory in transit	6,339	-	6,339
Construction in progress	<u>67,612</u>	<u>-</u>	<u>67,612</u>
	<u>\$ 155,431</u>	<u>(\$ 6,359)</u>	<u>\$ 149,072</u>

The cost of inventories recognised as expense for the year:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Cost of goods sold	\$ 135,182	\$ 388,484
Losses on inventory valuation	123	422
Others	<u>31,615</u>	<u>34,665</u>
	<u>\$ 166,920</u>	<u>\$ 423,571</u>

Information on inventories-construction in progress pledged to others as collateral is provided Note 8.

(6) Investments accounted for using equity method

A. Details are as follows :

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
ACTION ASIA LTD.(AAL)	\$ 1,126,963	\$ 1,229,082
ALMOND GARDEN CORP.(AGC)	761,279	826,693
REALISE TECH-SERVICE CO., LTD.	<u>47,940</u>	<u>47,186</u>
	<u>\$ 1,936,182</u>	<u>\$ 2,102,961</u>

Credit balance of investments accounted for using equity method (shown as other non-current liabilities)

FAR YEAR CONSTRUCTION CO., LTD.	<u>\$ 31,805</u>	<u>\$ 53,799</u>
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B. For the years ended December 31, 2025 and 2024, the share of profit or loss of subsidiaries for using the equity method is as follows:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
ACTION ASIA LTD.(AAL)	\$ 40,526	\$ 83,169
ALMOND GARDEN CORP.(AGC)	23,816	50,571
FAR YEAR CONSTRUCTION CO., LTD. (AFY)	91,994	(411,290)
REALISE TECH-SERVICE CO., LTD.	<u>441</u>	<u>5,637</u>
	<u>\$ 156,777</u>	<u>(\$ 271,913)</u>

C. The Company's net investment income or loss accounted for using equity method are recognized based on the financial reports of the subsidiaries that have been audited by accountants during the same period.

D. The Company exchanged the lands and buildings with its subsidiary, AFY, due to the agreement of joint construction with house divided. The Company recognised share of profit or loss of subsidiaries accounted for using the equity method and gains on disposals of investment property. The related information is provided in Note 6(10) D.

E. For the year ended December 31, 2025, the Company received the dividends of \$70,000 from the subsidiary, AFY.

F. As of December 31, 2025 and 2024, the amounts of the oversea subsidiarys' dividends were \$179,965 and \$121,984, respectively.

G. The Company's subsidiaries, AAL and AGC, reduced their capital in March 2025, amounting to \$37,625 and \$30,647, respectively.

H. The Company's subsidiary, AAL, reduced its capital in January 2024 and September 2024, amounting to \$51,560 and \$37,625, respectively.

- I. The Company's subsidiary, AGC, reduced its capital in January 2024 and September 2024, amounting to \$41,263 and \$30,647, respectively.
- J. The Company participated in the capital increase of its subsidiary, AFY, in August 2024 and November 2024, both amounting to \$100,000.
- K. Please refer to Note 4(3) in the 2025 consolidated financial statements for the information regarding the Company's subsidiaries.

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
<u>January 1, 2025</u>						
Cost	\$ 9,890	\$ 160,307	\$ 5,047	\$ 2,836	\$ -	\$ 178,080
Accumulated depreciation	-	(2,215)	(3,862)	(2,221)	-	(8,298)
	<u>\$ 9,890</u>	<u>\$ 158,092</u>	<u>\$ 1,185</u>	<u>\$ 615</u>	<u>\$ -</u>	<u>\$ 169,782</u>
<u>Year ended December 31, 2025</u>						
Opening net book amount as at January 1	\$ 9,890	\$ 158,092	\$ 1,185	\$ 615	\$ -	\$ 169,782
Additions	-	-	981	-	19,504	20,485
Transfers	-	4,113	-	-	-	4,113
Depreciation charge	-	(3,979)	(779)	(567)	-	(5,325)
Closing net book amount as at December 31	<u>\$ 9,890</u>	<u>\$ 158,226</u>	<u>\$ 1,387</u>	<u>\$ 48</u>	<u>\$ 19,504</u>	<u>\$ 189,055</u>
<u>December 31, 2025</u>						
Cost	\$ 9,890	\$ 164,489	\$ 6,028	\$ 2,837	\$ 19,504	\$ 202,748
Accumulated depreciation	-	(6,263)	(4,641)	(2,789)	-	(13,693)
	<u>\$ 9,890</u>	<u>\$ 158,226</u>	<u>\$ 1,387</u>	<u>\$ 48</u>	<u>\$ 19,504</u>	<u>\$ 189,055</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>January 1, 2024</u>						
Cost	\$ 3,104	\$ 2,143	\$ 6,485	\$ 4,113	\$ 3,683	\$ 19,528
Accumulated depreciation	-	(1,660)	(6,385)	(3,451)	(1,685)	(13,181)
	<u>\$ 3,104</u>	<u>\$ 483</u>	<u>\$ 100</u>	<u>\$ 662</u>	<u>\$ 1,998</u>	<u>\$ 6,347</u>
<u>Year ended December 31, 2024</u>						
Opening net book amount as at January 1	\$ 3,104	\$ 483	\$ 100	\$ 662	\$ 1,998	\$ 6,347
Additions	-	158,506	-	1,093	-	159,599
Disposals	-	(135)	(94)	-	(423)	(652)
Transfers	6,786	-	-	-	(231)	6,555
Depreciation charge	-	(762)	(6)	(570)	(729)	(2,067)
Closing net book amount as at December 31	<u>\$ 9,890</u>	<u>\$ 158,092</u>	<u>\$ -</u>	<u>\$ 1,185</u>	<u>\$ 615</u>	<u>\$ 169,782</u>
<u>December 31, 2024</u>						
Cost	\$ 9,890	\$ 160,307	\$ -	\$ 5,047	\$ 2,836	\$ 178,080
Accumulated depreciation	-	(2,215)	-	(3,862)	(2,221)	(8,298)
	<u>\$ 9,890</u>	<u>\$ 158,092</u>	<u>\$ -</u>	<u>\$ 1,185</u>	<u>\$ 615</u>	<u>\$ 169,782</u>

For the years ended December 31, 2024, the additions mainly referred to the exchange of the lands and buildings of ‘Yisheng Zhihui Science and Technology Park’ in accordance with the agreement of joint construction with house divided. The related information is provided in Note 6(10) D. The transfers mainly referred to the lands and buildings of ‘Yisheng zhihui Science and Technology Park’ transferred based on the purpose of use.

(8) Leasing arrangements – lessee

- A. The Company leases various assets including buildings and structure and transportation equipment. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise photocopiers. Low-value assets comprise office equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings and structures	\$ 4,556	\$ 9,242
	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings and structures	\$ 4,686	\$ 11,539

- D. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$0 and \$7,289, respectively.
- E. The informaion on profit or loss in relation to lease contracts is as follows:

	<u>Year ended December 31</u>	
<u>Items affecting profit or loss</u>	<u>2025</u>	<u>2024</u>
Interest expense on lease liabilities	\$ 144	\$ 396
Expense on short-term lease contracts	402	1,106
Expense on leases of low-value assets	718	316
Gain on lease modification	-	354

- F. For the years ended December 31, 2025 and 2024, the Company's total cash outflow for leases were \$5,908 and \$13,031, respectively.

(9) Leasing arrangements – lessor

- A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 3 and 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be sublet, subleased and used as security, whether in whole or in part, by lessees.
- B. For the years ended December 31, 2025 and 2024, the Company recognised rent income in the amounts of \$7,315 and \$4,763, respectively, based on the operating lease agreement.

C. The maturity analysis of the lease payments under the operating leases is as follows :

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
1 st year	\$ 8,153	\$ 4,188
2 nd year	6,465	4,054
3 rd year	3,761	2,533
4 th year	753	2,171
After 5 th year	-	724
	<u>\$ 19,132</u>	<u>\$ 13,670</u>

(10) Investment property

	<u>2025</u>			
	<u>Land</u>	<u>Buildings and structures</u>	<u>property under construction</u>	<u>Total</u>
At January 1				
Cost	\$ 99,503	\$ 440,652	\$ 4,781	\$ 544,936
Accumulated depreciation	-	(23,134)	-	(23,134)
	<u>\$ 99,503</u>	<u>\$ 417,518</u>	<u>\$ 4,781</u>	<u>\$ 521,802</u>
Opening net book amount as at January 1	\$ 99,503	\$ 417,518	\$ 4,781	\$ 521,802
Transfers	-	(4,113)	-	(4,113)
Depreciation charge	-	(10,886)	-	(10,886)
Closing net book amount as at December 31	<u>\$ 99,503</u>	<u>\$ 402,519</u>	<u>\$ 4,781</u>	<u>\$ 506,803</u>
At December 31				
Cost	\$ 99,503	\$ 436,470	\$ 4,781	\$ 540,754
Accumulated depreciation	-	(33,951)	-	(33,951)
	<u>\$ 99,503</u>	<u>\$ 402,519</u>	<u>\$ 4,781</u>	<u>\$ 506,803</u>

	2024			
	Land	Buildings and structures	property under construction	Total
At January 1				
Cost	\$ 79,890	\$ 34,809	\$ 10,262	\$ 124,961
Accumulated depreciation	-	(20,721)	-	(20,721)
	<u>\$ 79,890</u>	<u>\$ 14,088</u>	<u>\$ 10,262</u>	<u>\$ 104,240</u>
Opening net book amount as at January 1				
	\$ 79,890	\$ 14,088	\$ 10,262	\$ 104,240
Additions	10,867	405,843	-	416,710
Disposals	(41,869)	-	-	(41,869)
Transfers	50,615	-	(5,481)	45,134
Depreciation charge	-	(2,413)	-	(2,413)
Closing net book amount as at December 31	<u>\$ 99,503</u>	<u>\$ 417,518</u>	<u>\$ 4,781</u>	<u>\$ 521,802</u>
At December 31				
Cost	\$ 99,503	\$ 440,652	\$ 4,781	\$ 544,936
Accumulated depreciation	-	(23,134)	-	(23,134)
	<u>\$ 99,503</u>	<u>\$ 417,518</u>	<u>\$ 4,781</u>	<u>\$ 521,802</u>

- A. To active the assets, the Company used its land on No. 239 and 240-1, Zhonggong Sec., Zhongli Dist. and land on No. 241, Zhonggong Sec., Zhongli Dist. held by Youyuanlai Investment Co., Ltd. to jointly build and develop 'Yisheng Zhihui Science and Technology Park' and commissioned the subsidiary, FAR YEAR CONSTRUCTION CO., LTD., to develop and construct as approved by the Board of Directors on June 15, 2020. The Company has reclassified the properties to investment properties using the carrying amounts at the time of change in use.
- B. In the second quarter of 2021, the Company changed its plan regarding the future operating purpose of the 'Yisheng Zhihui Science and Technology Park' development project and decided to commission Haiju Development Co., Ltd. by the subsidiary, FAR YEAR CONSTRUCTION CO., LTD., to sell the properties of this project. In accordance with IAS 40, the Company shall transfer the assets from investment properties to construction in progress (shown as 'inventories') when there is a change in use of property.

C. The Company applied for a change of land planning to increase building bulk, and the application has been approved by the Ministry of Economic Affairs. According to the restrictions on property rights of increased building bulk under the agreement, 28.62% of area A and 21.29% of area B shall be retained and shall not be transferred to others without the consent of the Ministry of Economic Affairs within 5 years. The Company recorded the retained property as inventories and investment property, respectively, based on the purpose of use.

As of December 31, 2025, ‘Yisheng Zhihui Science and Technology Park-B zone’ had been completed and transferred and the registration of the property rights was completed. Based on the restrictions of the agreement, the transferred amount was \$388,761, of which \$6,786 was recorded as property, plant and equipment - land, \$112,089 was recorded as property, plant and equipment - buildings and structures, \$15,433 was recorded as investment property - land and \$254,453 was recorded as investment property - buildings and structures. The value of the retained property for ‘Yisheng zhihui Science and Technology Park-A zone’ calculated based on the retained ratio was recorded as investment property - land and investment property - buildings under construction amounting to \$22,326 and \$4,781, respectively, and the value of the unreserved property was recorded as inventories - construction in progress amounting to \$67,612.

D. The additions and the disposals for the years ended December 31, 2024 mainly referred to the exchange of the Company’s lands for the buildings of its subsidiary, FAR YEAR CONSTRUCTION CO., LTD. in accordance with the agreement of joint construction with house divided after ‘Yisheng zhihui Science and Technology Park-B zone’ was completed and transferred. The registration of the property rights in relation to the lands and buildings has been completed. The Company recognised gains on disposals of investment property amounting to \$506,558 since the exchange in accordance with the joint construction with house divided had commercial substance. In addition, the gains on disposals of investment property were shown as the additions of property, plant and equipment and investment property, respectively, based on the assets’ purpose of use. However, since the counterparty was the Company’s subsidiary, the Company eliminated the unrealised gains on disposals of investment property of \$506,558 arising from downstream transactions in accordance with the regulations. Accordingly, the Company recognised investment loss on subsidiaries accounted for using the equity method of \$506,558, which was shown as a deduction to the investments accounted for using equity method.

E. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2025	2024
Rental income from investment property	\$ 7,315	\$ 4,763
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 15,240	\$ 4,444

F. The fair value of the investment property held by the Company as at December 31, 2025 and 2024 was \$1,127,652 and \$884,297, respectively, which was valued based on quoted prices in the neighboring area by real estate agents and actual price registration information posted in the official search system which is categorised within Level 3 in the fair value hierarchy.

G. Information about the investment property that was pledged to others as collaterals is provided in Note 8.

(11) Intangible assets

	2025			
	<u>Kolin trademark</u>	<u>Patents</u>	<u>Software</u>	<u>Total</u>
<u>January 1, 2025</u>				
Cost	\$ 289,237	\$ 276	\$ 4,694	\$ 294,207
Accumulated amortisation	(86,833)	(276)	(3,495)	(90,604)
	<u>\$ 202,404</u>	<u>\$ -</u>	<u>\$ 1,199</u>	<u>\$ 203,603</u>
 <u>2025</u>				
Opening net book amount as at January 1	\$ 202,404	\$ -	\$ 1,199	\$ 203,603
Additions	668	-	160	828
Amortisation charge	(5,587)	-	(761)	(6,348)
Closing net book amount as at December 31	<u>\$ 197,485</u>	<u>\$ -</u>	<u>\$ 598</u>	<u>\$ 198,083</u>
 <u>December 31, 2025</u>				
Cost	\$ 289,906	\$ 276	\$ 3,625	\$ 293,807
Accumulated amortisation	(92,421)	(276)	(3,027)	(95,724)
	<u>\$ 197,485</u>	<u>\$ -</u>	<u>\$ 598</u>	<u>\$ 198,083</u>

	2024			
	<u>Kolin trademark</u>	<u>Patents</u>	<u>Software</u>	<u>Total</u>
<u>January 1, 2024</u>				
Cost	\$ 289,185	\$ 276	\$ 4,225	\$ 293,686
Accumulated amortisation	(81,290)	(276)	(2,864)	(84,430)
	<u>\$ 207,895</u>	<u>\$ -</u>	<u>\$ 1,361</u>	<u>\$ 209,256</u>
<u>2024</u>				
Opening net book amount as at January 1	\$ 207,895	\$ -	\$ 1,361	\$ 209,256
Additions	52	-	238	290
Transfers	-	-	231	231
Amortisation charge	(5,543)	-	(631)	(6,174)
Closing net book amount as at December 31	<u>\$ 202,404</u>	<u>\$ -</u>	<u>\$ 1,199</u>	<u>\$ 203,603</u>
<u>December 31, 2024</u>				
Cost	\$ 289,237	\$ 276	\$ 4,694	\$ 294,207
Accumulated amortisation	(86,833)	(276)	(3,495)	(90,604)
	<u>\$ 202,404</u>	<u>\$ -</u>	<u>\$ 1,199</u>	<u>\$ 203,603</u>

Details of amortisation on intangible assets are as follow:

	Year ended December 31	
	<u>2025</u>	<u>2024</u>
Administrative expenses	<u>\$ 6,348</u>	<u>\$ 6,174</u>

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2025</u>	<u>Interest rate</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 75,200	2.027%~2.100%	None
Secured borrowings	284,800	2.095%~2.100%	Refer to Note 8
	<u>\$ 360,000</u>		
<u>Type of borrowings</u>	<u>December 31, 2024</u>	<u>Interest rate</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 166,200	2.100%~2.303%	None
Secured borrowings	173,800	2.095%~2.114%	Refer to Note 8
	<u>\$ 340,000</u>		

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2025</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from August 2023 to August 2026; interest is repayable monthly; principal is repayable at maturity.	2.335%	Refer to Note 8	\$ 100,000
Secured borrowings	Borrowing period is from December 2023 to December 2026; interest is repayable monthly; principal is repayable at maturity.	2.335%	Refer to Note 8	100,000
Less : Long-term borrowings due within one year or one operating cycle				(200,000)
				<u>\$ -</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2024</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from August 2023 to August 2026; interest is repayable monthly; principal is repayable at maturity.	2.335%	Refer to Note 8	\$ 100,000
Secured borrowings	Borrowing period is from December 2023 to December 2026; interest is repayable monthly; principal is repayable at maturity.	2.335%	Refer to Note 8	100,000
Less : Long-term borrowings due within one year or one operating cycle				-
				<u>\$ 200,000</u>

(14) Provisions

	Warranty	
	2025	2024
At January 1	\$ 449	\$ 673
Additional provisions	1,274	5,973
Used during the year	(468)	(6,197)
At December 31	<u>\$ 1,255</u>	<u>\$ 449</u>

Analysis of total provisions:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current	<u>\$ 1,239</u>	<u>\$ 293</u>
Non-current	<u>\$ 16</u>	<u>\$ 156</u>

The Company gives warranties on home appliances, LCD players and other applications. Provision for warranty is estimated based on historical warranty data of such products. It is expected that provision for warranty will be used during the next 1 ~ 3 years.

(15) Pension

A. Defined benefit plans

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 contributes monthly an amount equal to 3% 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 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 will make contributions for the deficit by next March.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	(\$ 6,632)	(\$ 6,528)
Fair value of plan assets	<u>3,579</u>	<u>3,259</u>
Net defined benefit liability (shown as other non-current liabilities)	<u>(\$ 3,053)</u>	<u>(\$ 3,269)</u>

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

	2025		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 6,528)	\$ 3,259	(\$ 3,269)
Interest income	-	52	52
Current service cost	(104)	-	(104)
	<u>(6,632)</u>	<u>3,311</u>	<u>(3,321)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	220	220
Change in financial assumptions	(99)	-	(99)
Experience adjustments	99	-	99
	<u>-</u>	<u>220</u>	<u>220</u>
Pension fund contribution	-	48	48
At December 31	<u><u>(\$ 6,632)</u></u>	<u><u>\$ 3,579</u></u>	<u><u>(\$ 3,053)</u></u>
	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 6,687)	\$ 2,775	(\$ 3,912)
Interest income	-	33	33
Current service cost	(80)	-	(80)
	<u>(6,767)</u>	<u>2,808</u>	<u>(3,959)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	400	400
Change in financial assumptions	149	-	149
Experience adjustments	90	-	90
	<u>239</u>	<u>400</u>	<u>639</u>
Pension fund contribution	-	51	51
At December 31	<u><u>(\$ 6,528)</u></u>	<u><u>\$ 3,259</u></u>	<u><u>(\$ 3,269)</u></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 utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation 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 securitisation products, etc.). With regard to the utilisation 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 is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that Fund and therefore, the Company is 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 Utilisation Report announced by the government.

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

	Year ended December 31	
	2025	2024
Discount rate	1.3%	1.6%
Future salary increases	1.5%	1.5%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2025				
Effect on present value of defined benefit obligation	(\$ 83)	\$ 85	\$ 68	(\$ 67)
December 31, 2024				
Effect on present value of defined benefit obligation	(\$ 91)	\$ 93	\$ 76	(\$ 75)

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 were consistent with previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2026 amount to \$52.

(g) As of December 31, 2025, the weighted average duration of the retirement plan is 5 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	709
1 ~ 2 year(s)		835
2 ~ 5 years		3,092
Over 5 years		2,289
	<u>\$</u>	<u>6,925</u>

B. Defined contribution plans

(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 contributes 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 pension costs under defined contribution pension plans of the Company for the years ended December 31, 2025 and 2024 were \$2,098 and \$2,656, respectively.

(16) Share capital

As of December 31, 2025, the Company’s authorised capital was \$4,500,000, and the paid-in capital was \$2,771,575, consisting of 277,158 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(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 capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2025		
	Overdue dividends	Changes in ownership interests in subsidiaries	Total
	\$	\$	\$
At January 1 (at December 31)	259	1,343	1,602

	2024		
	Overdue dividends	Changes in ownership interests in subsidiaries	Total
At January 1 (at December 31)	\$ 259	\$ 1,343	\$ 1,602

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and 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 setting aside or reversing a special reserve in accordance with the laws and requirements by competent authority, the appropriation of the remaining earnings, along with the unappropriated earnings, shall be proposed by the Board of Directors and resolved at the shareholders' meeting as dividends to shareholders.
- B. In accordance with the Company's dividend policy in the Articles of Incorporation, dividends are distributed by taking into consideration the Company's operational needs and shareholders' maximum interests, future capital expenditures and capital needs. Cash dividends shall account for at least 30% of the total dividends distributed.
- 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. 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.
- E. The appropriations of 2024 and 2023 earnings as resolved at the shareholders' meetings on June 20, 2025 and June 14, 2024, respectively, are as follows:

	<u>Year ended December 31, 2024</u>		<u>Year ended December 31, 2023</u>	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Legal reserve appropriated	\$ 18,522		\$ 10,869	
(Reversal of)Special reserve appropriated	(9,990)		73,785	
Cash dividends	<u>110,863</u>	\$ 0.40	<u>27,716</u>	0.10
	<u>\$ 119,395</u>		<u>\$ 112,370</u>	

The aforementioned resolutions were in agreement with those resolved by the Board of Directors on March 14, 2025 and March 12, 2024. Information will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Operating revenue

A. Disaggregation of revenue from contracts with customers

	Year ended December 31	
	2025	2024
Revenue from contracts with customers		
Sales of goods	\$ 163,159	\$ 485,979
Rental revenue	7,315	4,763
Other operating revenue	32,635	28,075
	<u>\$ 203,109</u>	<u>\$ 518,817</u>

B. Disaggregation of the Company derives revenue from the transfer of goods and services over time and at a point in time :

	Year ended December 31	
	2025	2024
Timing of revenue recognition		
Recognize revenue at a point in time	\$ 194,054	\$ 512,155
Recognize revenue from the transfer of goods and services over time	9,055	6,662
	<u>\$ 203,109</u>	<u>\$ 518,817</u>

C. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Contract liabilities:			
Advance sales receipts	\$ 999	\$ 4,064	\$ 2,906
Advance rent receipts	11,281	11,925	12,552
Total	<u>\$ 12,280</u>	<u>\$ 15,989</u>	<u>\$ 15,458</u>

	Year ended December 31	
	2025	2024
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Advance sales receipts	\$ 2,954	\$ 2,087
Advance rent receipts	644	627
	<u>\$ 3,598</u>	<u>\$ 2,714</u>

(21) Interest income

	Year ended December 31	
	2025	2024
Interest income from bank deposits	\$ 1,557	\$ 2,578
Interest income from financial assets at fair value through other comprehensive income	276	194
Other interest income	869	4,090
	<u>\$ 2,702</u>	<u>\$ 6,862</u>

(22) Other income

	Year ended December 31	
	2025	2024
Dividend income	\$ 570	\$ 304
Income from managerial services	7,522	4,925
Income from endorsements and guarantees	1,510	6,340
Other income	1,583	28,345
	<u>\$ 11,185</u>	<u>\$ 39,914</u>

(23) Other gains and losses

	Year ended December 31	
	2025	2024
Losses on disposals of property, plant and equipment	\$ -	(\$ 991)
Realised gains (losses) on financial assets measured at fair value through other comprehensive income-	(998)	-
Gains on disposals of investment property	-	506,558
Gains arising from lease modifications	-	354
Loss on net currency exchange	(6,535)	(5,061)
Others	(55)	(1,471)
	<u>(\$ 7,588)</u>	<u>\$ 499,389</u>

The Company exchanged the lands and buildings with its subsidiary, AFY, due to the agreement of joint construction with house divided. The Company recognised share of profit or loss of subsidiaries accounted for using the equity method and gains on disposals of investment property. The related information is provided in Note 6(10) D.

(24) Finance costs

	Year ended December 31	
	2025	2024
Interest expense on bank borrowings	\$ 9,453	\$ 11,702
Interest expense on lease liabilities	144	396
	<u>\$ 9,597</u>	<u>\$ 12,098</u>

(25) Employee benefits, depreciation and amortisation expenses

	Year ended December 31	
	2025	2024
Employee benefit expense		
Wages and salaries	\$ 43,403	\$ 54,224
Labour and health insurance fees	4,025	5,181
Pension costs	2,150	2,703
Director's remuneration	3,602	4,941
Other employee benefit expense	1,994	3,276
Subtotal	<u>\$ 55,174</u>	<u>\$ 70,325</u>
Depreciation charge	<u>\$ 20,897</u>	<u>\$ 16,019</u>
Amortisation charge	<u>\$ 7,058</u>	<u>\$ 9,019</u>

A. 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 not be lower than 1% for employees' compensation and shall not be higher than 3% for directors' remuneration. Independent directors do not participate in the distribution. If the Company has accumulated deficit, earnings should be retained to cover losses. The employees' compensation will be distributed in the form of shares or cash. The recipients of aforementioned employees' compensation include the employees of the Company's subsidiaries who meet certain specific requirements set by the Board of Directors. The aforementioned distributable profit of the current year is profit of the current year before deducting taxes, employees' compensation and directors' remuneration.

B. For the years ended December 31, 2025 and 2024, employees' compensation was accrued at \$3,376 and \$4,041, respectively; while directors' and supervisors' remuneration was accrued at \$2,532 and \$4,041, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2025, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on distributable profit of current year in accordance with the proportion stipulated in the Articles of Incorporation of the Company. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$2,532 and \$2,532, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2024 amounting to \$4,041 and \$4,041, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2024 financial statements.

Information about employees' compensation and directors' and supervisors' 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.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2025	2024
Current tax:		
Current tax on profits for the year 2025	\$ 268	\$ 16,057
Tax on undistributed surplus earnings	2,791	192
Deferred tax:		
Origination and reversal of temporary differences	(794)	(6,004)
Income tax expense	<u>\$ 2,265</u>	<u>\$ 10,245</u>

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

	Year ended December 31	
	2025	2024
Currency translation differences	\$ 3,272	\$ 20,827
Remeasurements of defined benefit obligations	44	128
	<u>\$ 3,316</u>	<u>\$ 20,955</u>

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate	\$ 15,699	\$ 38,794
Expenses disallowed by tax regulation	1,314	670
Tax exempt income by tax regulation	(18,731)	(24,779)
Temporary differences not recognised as deferred tax assets	23,747	(324)
Change in assessment of realisation of deferred tax assets	(22,823)	(20,364)
Tax on undistributed surplus earnings	2,791	192
Land value increment tax	-	16,056
Other	268	-
Income tax expense	<u>\$ 2,265</u>	<u>\$ 10,245</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	Recognised in profit or loss	Recognised in other comprehensive	December 31
Deferred tax assets:				
-Temporary differences:				
Remeasurements of defined benefit plans	\$ 156	\$ -	(\$ 44)	\$ 112
Currency translation differences	52,847	-	(3,272)	49,575
Loss carryforward	-	31,743	-	31,743
Uunrealized after-sales service	90	161	-	251
Subtotal	<u>\$ 53,093</u>	<u>\$ 31,904</u>	<u>(\$ 3,316)</u>	<u>\$ 81,681</u>
Deferred tax liabilities:				
Unrealized exchange gains	(\$ 824)	\$ 633	\$ -	(\$ 191)
Reserve for land value increment tax	(19,016)	-	-	(19,016)
Gain on long-term equity investments	-	(31,743)	-	(31,743)
Subtotal	<u>(\$ 19,840)</u>	<u>(\$ 31,110)</u>	<u>\$ -</u>	<u>(\$ 50,950)</u>
Total	<u>\$ 33,253</u>	<u>\$ 794</u>	<u>(\$ 3,316)</u>	<u>\$ 30,731</u>
2024				
	January 1	Recognised in profit or loss	Recognised in other comprehensive	December 31
Deferred tax assets:				
-Temporary differences:				
Remeasurements of defined benefit plans	\$ 284	\$ -	(\$ 128)	\$ 156
Currency translation differences	73,674	-	(20,827)	52,847
Loss carryforward	1,256	(1,256)	-	-
Uunrealized after-sales service	135	(45)	-	90
Subtotal	<u>\$ 75,349</u>	<u>(\$ 1,301)</u>	<u>(\$ 20,955)</u>	<u>\$ 53,093</u>
Deferred tax liabilities:				
Unrealized exchange gains	(\$ 372)	(\$ 452)	\$ -	(\$ 824)
Reserve for land value increment tax	(25,517)	6,501	-	(19,016)
Gain on long-term equity investments	(1,256)	1,256	-	-
Subtotal	<u>(\$ 27,145)</u>	<u>\$ 7,305</u>	<u>\$ -</u>	<u>(\$ 19,840)</u>
Total	<u>\$ 48,204</u>	<u>\$ 6,004</u>	<u>(\$ 20,955)</u>	<u>\$ 33,253</u>

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

December 31, 2025					
<u>Year incurred</u>	<u>Amount filed/assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Expiry date</u>	
2017	\$ 120,090	\$ 17,925	\$ -	2027	
2018	38,029	38,029	-	2028	
2019	82,518	82,518	-	2029	
2021	20,246	20,246	-	2031	
	<u>\$ 260,883</u>	<u>\$ 158,718</u>	<u>\$ -</u>		

December 31, 2024					
<u>Year incurred</u>	<u>Amount filed/assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Expiry date</u>	
2015	\$ 11,952	\$ 1,505	\$ 1,505	2025	
2017	120,090	120,090	120,090	2027	
2018	38,029	38,029	38,029	2028	
2019	82,518	82,518	82,518	2029	
2021	20,426	20,246	20,246	2031	
	<u>\$ 273,015</u>	<u>\$ 262,388</u>	<u>\$ 262,388</u>		

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Deductible temporary difference	<u>\$ 41,127</u>	<u>\$ 48,078</u>

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

(28) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31	
	2025	2024
Purchase of property, plant and equipment	\$ -	\$ 159,599
Less: Joint construction with house divided and property exchange	-	(158,506)
Cash paid during the year 2025	<u>\$ -</u>	<u>\$ 1,093</u>

	Year ended December 31	
	2025	2024
Purchase of investment property	\$ -	\$ 416,710
Less: Joint construction with house divided and property exchange	-	(389,921)
Cash paid during the year 2025	<u>\$ -</u>	<u>\$ 26,789</u>

	Year ended December 31	
	2025	2024
Disposal of investment property - land price	\$ -	\$ 548,427
Less: Joint construction with house divided and property exchange	-	(548,427)
Cash received during the year 2025	<u>\$ -</u>	<u>\$ -</u>

(29) Changes in liabilities from financing activities

	2025				
	Short-term borrowings	Long-term borrowings (including current portior)	Guarantee deposits received	Lease liabilities	Liabilities from financing activities -gross
At January 1	\$ 340,000	\$ 200,000	\$ 850	\$ 9,610	\$ 550,460
Changes in cash flow from financing activities	20,000	-	788	(4,644)	16,144
Changes in lease liabilities	-	-	-	-	-
At December 31	<u>\$ 360,000</u>	<u>\$ 200,000</u>	<u>\$ 1,638</u>	<u>\$ 4,966</u>	<u>\$ 566,604</u>

	2024				
	Short-term borrowings	Long-term borrowings (including current portior)	Guarantee deposits received	Lease liabilities	Liabilities from financing activities -gross
At January 1	\$ 190,000	\$ 260,000	\$ 896	\$ 31,378	\$ 482,274
Changes in cash flow from financing activities	150,000	(60,000)	(46)	(11,213)	78,741
Changes in lease liabilities	-	-	-	(10,555)	(10,555)
At December 31	<u>\$ 340,000</u>	<u>\$ 200,000</u>	<u>\$ 850</u>	<u>\$ 9,610</u>	<u>\$ 550,460</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
ALMOND GARDEN CORP.(AGC)	Subsidiaries
REALISE TECH-SERVICE CO., LTD.(RLS)	Subsidiaries
FAR YEAR CONSTRUCTION CO., LTD (AFY)	Subsidiaries
ACTION INDUSTRIES(M) SDN. BHD.(AMP)	Subsidiaries
ACTION ASIA (SHENZHEN) CO., LTD. (AAS)	Subsidiaries
YOU YUAN LAI INVESTMENT LTD. (YOU YUAN LAI)	Other related party
BEST DENKI LTD. (BEST)	Other related party (Note 1)

Note 1 : On December 7, 2017, the Board of Directors of BEST DENKI LTD. passed a dissolution resolution. On December 25, 2017, the shareholders at their extraordinary general meeting approved to set the date of dissolution on December 31, 2017. As of the report date, the liquidation was still in progress.

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2025	2024
Subsidiaries	<u>\$ 5,077</u>	<u>\$ 12,674</u>

There is no material difference between the transaction price and payment terms for the sale of goods and those of non-related parties.

B. Purchases

	Year ended December 31	
	2025	2024
Purchases of goods :		
Subsidiaries	\$ 18,330	\$ 2,788
Purchase of services		
Subsidiaries	8,062	14,385
	<u>\$ 26,392</u>	<u>\$ 17,173</u>

Goods and service are purchased from affiliates under normal commercial terms and conditions.

C. Income from managerial services (shown as other income)

	Year ended December 31	
	2025	2024
Subsidiaries		
-AFY	\$ 4,828	\$ 3,780
-Others	2,694	1,145
	<u>\$ 7,522</u>	<u>\$ 4,925</u>

The main department provides administrative resources and management services for related parties. The transaction price and payment conditions are negotiated by both parties.

D. Receivables from related parties

	December 31, 2025	December 31, 2024
Accounts receivable:		
Subsidiaries	\$ 19	\$ 176
Other related parties	4,691	4,691
	4,710	4,867
Less: Loss allowance	(4,691)	(4,691)
	<u>\$ 19</u>	<u>\$ 176</u>
Other receivables:		
Other related parties		
-BEST	\$ 93,325	\$ 93,325
Subsidiaries		
-AFY	2,060	1,913
-Others	1,527	1,606
	96,912	96,844
Less: Loss allowance	(79,369)	(79,369)
	<u>\$ 17,543</u>	<u>\$ 17,475</u>

The receivables from related parties are mainly due to advances and management service income.

E. Payables to related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable:		
Subsidiaries	\$ 6,054	\$ -
Other payables:		
Subsidiaries	<u>363</u>	<u>1,490</u>
	<u>\$ 6,417</u>	<u>\$ 1,490</u>

The amounts due to related parties are mainly due to after-sales service fees, payable on goods and advances.

F. Property transactions

Acquisition of financial assets (Year ended December 31, 2025: None)

			<u>Year ended December 31, 2024</u>
<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Consideration</u>
Investments accounted			
AFY for using equity method	20,000	Equity	<u>\$ 200,000</u>

G. Lease transactions – lessee

(a) The Company leases buildings from the Company's related parties. The lease term was 2~5 years, and rent was paid monthly. For the years ended December 31, 2025 and 2024, the acquisition of right-of-use assets from related parties both amounted to \$0.

(b) Rental expenses

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries	<u>\$ 1</u>	<u>\$ 314</u>

(c) Lease liabilities

Interest expense :

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries	<u>\$ -</u>	<u>\$ 15</u>

H. Loans to /from related parties:

Loans to related parties:

(a) Ending Balance (shown as other receivables) :

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries		
-AFY	<u>\$ -</u>	<u>\$ 200,374</u>

(b)Interest revenue

	Year ended December 31	
	2025	2024
Subsidiaries		
-AFY	\$ 868	\$ 4,089

Borrowings to subsidiaries are subject to repayment upon maturity, and interest in 2025 and 2024 will be charged at an annual interest rate of 2.2%~2.25% and 2.2%.

I. Endorsements and guarantees provided to related parties:

(a) Ending Balance :

	December 31, 2025	December 31, 2024
Subsidiaries		
-AFY	\$ 1,200,000	\$ 1,200,000

(b) Endorse and guarantees revenue(shown as other income) :

	December 31, 2025	December 31, 2024
Subsidiaries		
-AFY	\$ 1,510	\$ 6,340

The Company who was the guarantor for subsidiaries provides endorsement.

J. Other:

(a) On December 31, 2024, the Company issued guarantee notes of \$50,000 thousand to YOU YUAN LAI as the performance guarantee for a development project of ‘Yisheng Zhihui Science and Technology Park’. There was no such situation as of December 31, 2025. Refer to Note 6(10) for the details of the aforementioned development project.

(b) On June 20, 2020, the Company and its subsidiaries, AFY and YOU YUAN LAI, entered into the joint construction agreement. For ‘Yisheng zhihui Science and Technology Park-B zone’, the Company had obtained the use permit and had transferred the property rights of buildings and lands on October 16, 2024. The related information is provided in Note 6(10) D.

(3) Key management compensation

	Year ended December 31	
	2025	2024
Short-term employee benefits	\$ 16,526	\$ 16,670

8. Pledged Assets

The Company’s assets pledged as collateral are as follows:

Pledged assets	Book value		Purpose
	December 31, 2025	December 31, 2024	
Investment property - land and buildings	\$ 206,203	\$ 76,546	Bank borrowings
Inventories - construction in progress	55,684	55,684	
Property, plant and equipment			
-Land and buildings	44,339	-	Bank borrowings
	\$ 306,226	\$ 132,230	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

- (1) As of December 31, 2025 and 2024, the guarantee notes issued by the Company for unsecured loan facilities amounted to \$819,000 and \$756,000, respectively.
- (2) As of December 31, 2025 and 2024, the outstanding usance letters of credit issued by the Company for purchasing goods and raw materials amounted to \$0 and \$14,693, respectively.
- (3) The Company used its land on No. 239 and 240-1, Zhonggong Sec., Zhongli Dist. and land on No. 241, Zhonggong Sec., Zhongli Dist. held by Youyuanlai Investment Co., Ltd. to jointly build and develop ‘Yisheng Zhihui Science and Technology Park’ and commissioned the subsidiary, FAR YEAR CONSTRUCTION CO., LTD., then distribute with negotiation when finished. For ‘Yisheng zhihui Science and Technology Park-B zone’, the Company had obtained the use permit and had transferred the property rights of buildings and lands on October 16, 2024. The related information is provided in Note 6(10) D.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Details of the appropriation of 2025 earnings as proposed by the Board of Directors on March 12, 2026 are provided in Note 6(18).

12. Others

(1) Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets.

(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 other comprehensive income		
Designation of equity instrument	\$ 59,684	\$ 90,356
Qualifying debt instrument	-	9,223
	<u>\$ 59,684</u>	<u>\$ 99,579</u>
Financial assets at amortised cost	<u>\$ 585,556</u>	<u>\$ 402,525</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	\$ <u>593,153</u>	\$ <u>595,126</u>
Lease liability (Including current and non-current)	\$ <u>4,966</u>	\$ <u>9,610</u>

Note: Financial assets at amortised cost include cash and cash equivalents, accounts receivable, Current financial assets at amortised cost, other receivables and guarantee deposits paid; financial liabilities at amortised cost include short-term borrowings, accounts payable, other payables, Long-term liabilities-current portion, long-term borrowings and guarantee deposits received.

B. Financial risk management policies

- (a) The Company'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. The Company's financial policy tends toward conservatism principle, therefore the Company does not operate the high-risk and complex derivative financial instruments.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, 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. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company 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 and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency. The Company is required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

iii. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: MYR and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2025		
	Foreign Currency		Book value
	Amount	Exchange Rate	(NTD)
	(In thousands)		
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 2,329	31.43	\$ 73,191

	December 31, 2024		
	Foreign Currency		Book value
	Amount	Exchange Rate	(NTD)
	(In thousands)		
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 760	32.79	\$ 24,909

iv. Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2025 and 2024 amounted to a loss of \$6,535 and loss of \$5,061, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	December 31, 2025		
	Sensitivity analysis		
	Degree of	Effect on profit	Effect on other
	variation	or loss	comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 732	\$ -

	December 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 249	\$ -

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company'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 1% or liquidity discount rate had changes by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$597 and \$904, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2025 and 2024, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$4,480 and \$4,320, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company 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 amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

- ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Company 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.
- v. The Company classifies customer's accounts receivable in accordance with credit rating of customer. The Company used the forecastability of data obtained from the Business Indicators Data Base of the National Development Council and the Basel Committee on Banking Supervision to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2025 and 2024, the loss rate is as follows:

	Individual	Not past due	Up to 30 days past due	31-90 days past due	91-180 days past due	Total
<u>December 31, 2025</u>						
Rate of expected credit loss	100.00%	0.05%	0.05%	0.05%	0.05%	
Carrying amounts	\$ 4,691	\$ 12,843	\$ 7,915	\$ -	\$ -	\$ 25,449
Loss allowance	\$ 4,691	\$ -	\$ -	\$ -	\$ -	\$ 4,691
	Individual	Not past due	Up to 30 days past due	31-90 days past due	91-180 days past due	Total
<u>December 31, 2024</u>						
Rate of expected credit loss	100.00%	0.03%	0.03%	0.03%	0.03%	
Carrying amounts	\$ 4,691	\$ 45,939	\$ 433	\$ -	\$ -	\$ 51,063
Loss allowance	\$ 4,691	\$ -	\$ -	\$ -	\$ -	\$ 4,691

vi. Movements in relation to the Company applying the modified approach to provide loss allowance for receivables are as follows:

	2025	
	Receivables	Other receivables from related parties
At January 1 (at December 31)	\$ 4,691	\$ 79,369
	2024	
	Receivables	Other receivables from related parties
At January 1 (at December 31)	\$ 4,691	\$ 79,369

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time 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 Company's non-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. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2025	Within 1 year	Over 1 year
Long-term borrowings	\$ 203,813	\$ -
Lease liabilities	2,700	2,363

Non-derivative financial liabilities:

December 31, 2024	Within 1 year	Over 1 year
Long-term borrowings	\$ 4,670	\$ 203,813
Lease liabilities	4,788	5,063

(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.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in off- the-run government bonds and corporate bonds is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of the Company's financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, notes payable, accounts payable and other payables (including related parties), long-term liabilities, current portion and long-term borrowings are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The company is classified based on the nature, characteristics and risks of the assets and the basic level of fair value. The relevant information is as follows:

December 31, 2025	<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 other comprehensive income				
Equity instruments				
Emerging stocks	<u>\$ 59,684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,684</u>
December 31, 2024	<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 other comprehensive income				
Debt instruments:				
Government bonds	\$ -	\$ 4,954	\$ -	\$ 4,954
Corporate bonds	-	4,269	-	4,269
Equity instruments				
Emerging stocks	62,356	-	-	62,356
Unlisted stocks	-	-	28,000	28,000
	<u>\$ 62,356</u>	<u>\$ 9,223</u>	<u>\$ 28,000</u>	<u>\$ 99,579</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

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

	<u>Emerging stocks</u>
Market quoted price	Closing price

- 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, including calculated by applying model using market information available at the consolidated balance sheet date. (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters)
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

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

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

	Year ended December 31	
	2025	2024
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	\$ 28,000	\$ -
Acquired during the year	-	28,000
Transfer out from Level 3	(28,000)	-
At December 31	\$ -	\$ 28,000

F. Because the investment targets are traded in active market from May 2025, and there is sufficient observable market information available, the Company has transferred the fair value from Level 3 into Level 1 at the end of the month when the event occurred.

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: (December 31, 2025: None)

	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 28,000	At the latest transaction price	Not applicable	Not applicable	Not applicable

13. Supplementary Disclosures

(1) Significant transactions information

Information on significant transactions as of and for the year ended December 31, 2025 in conformity with the Rules Governing the Preparation of Financial Statements by Securities Issuers is as follows. In addition, inter-company transactions between companies were eliminated. The following disclosures are for reference only:

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.

E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

F. Significant inter-company transactions during the reporting period: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 3.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 4.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. Segment Information

Not applicable.

Action Electronics Co., Ltd.
Loans to others
Year ended December 31, 2025

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended 31-Dec-24	Balance at 31-Dec-24	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 Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
0	ACTION ELECTRONIC S CO., LTD.	FAR YEAR CONSTRUCTION CO. LTD	Other receivables - related parties	Yes	\$ 400,000	\$ 200,000	\$ -	2.2%~2.25%	2	\$ -	Working capital	\$ -	-	-	\$ 1,194,837	\$ 1,194,837	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: The numbers filled in for the nature of loan are as follows:

(1) Business transaction is '1'.

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

Note 3: In accordance with the regulations governing loans to others, ceiling on total loans granted is 40% of the net asset value of the creditor in the most recent financial statements; limit on loans granted to a single party is 40% of the net asset value of the creditor in the most recent financial statements. However, loans granted to foreign companies whose voting rights are 100% directly or indirectly owned by the Company are not subject to the aforementioned restrictions, but ceiling on total loans granted and limit on loans granted to a single party is no higher than 200% of the net asset value of the creditor.

Action Electronics Co., Ltd.
Provision of endorsements and guarantees to others
Year ended December 31, 2025

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Notes 3 and 8)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2024 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2024 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Notes 3 and 8)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	ACTION ELECTRONICS CO., LTD.	FAR YEAR CONSTRUCTION CO., LTD.	2	\$ 2,987,092	\$ 1,200,000	\$ 1,200,000	\$ 614,522	\$ 1,200,000	40.17	\$ 4,480,638	Y	N	N	
1	ACTION ASIA LTD.	ACTION INDUSTRIES (M) SDN. BHD.	2	1,831,370	88,886	86,079	15,048	-	2.88	2,747,055	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor company directly or indirectly owns more than 50% voting shares of the endorsed/guaranteed company.
- (3) The endorser/guarantor company directly and indirectly owns more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed company directly and indirectly owns more than 90% voting shares of the endorser/guarantor company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors. However, the amount that the Board of Directors authorised the chairman to exercise in accordance with Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsement/guarantee by Public Companies is the amount resolved by the chairman of the Board.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", ceiling on total amount of endorsements/guarantees provided by the Company and limit on endorsements/guarantees provided to a single party, as well as limit on endorsements/guarantees granted by the Company and its subsidiaries as a whole are as follows:

- (1) Ceiling on the accumulated total endorsements/guarantees granted is 1.5 times of the net asset value in latest audited or reviewed financial statements.
- (2) Limit on endorsements/guarantees granted by the Company and its subsidiaries to a single party is the net asset value in latest audited or reviewed financial statements of the Company or its subsidiaries.
- (3) Limit on total endorsements/guarantees granted by the Company and subsidiaries as a whole is 1.5 times of the net asset value in latest audited or reviewed financial statements of the Company and its subsidiaries.

Action Electronics Co., Ltd.
Information on investees
Year ended December 31, 2025

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2024			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership		of the investee for the year ended	recognised by the Company	
							(%)	Book value	December 31, 2024 (Note 2(2))	December 31, 2024 (Note 2(3))	
ACTION ELECTRONICS CO., LTD.	ACTION ASIA LTD.	Singapore	A holding and investment company	\$ 114,421	\$ 152,046	108,172,151	61.54%	\$ 1,126,963	\$ 65,857	\$ 40,526	
ACTION ELECTRONICS CO., LTD.	ALMOND GARDEN CORP.	British Virgin Islands	A holding and investment company	-	-	11,940,000	100.00%	761,279	23,816	23,816	
ACTION ELECTRONICS CO., LTD.	BEST DENKI LTD.	Taiwan	Sale and maintenance of various electronic appliances and home appliances	109,696	109,696	10,970,926	99.74%	-	-	-	In liquidation
ACTION ELECTRONICS CO., LTD.	REALISE TECH-SERVICE CO., LTD.	Taiwan	Repair services of electronic information products	60,000	60,000	6,000,000	100.00%	47,940	353	441	
ACTION ELECTRONICS CO., LTD.	FAR YEAR CONSTRUCTION CO., LTD.	Taiwan	Housing, building and industrial factory development and rental and real estate leasing and trading	400,000	400,000	40,000,000	100.00%	(31,805)	65,362	91,994	Note 3
ALMOND GARDEN CORP.	ASD ELECTRONICS LIMITED	Hong Kong	Research and development and sale	46,200	46,200	4,175,000	100.00%	937	54	72	
ALMOND GARDEN CORP.	ACTION ASIA LTD.	Singapore	A holding and investment company	403,583	427,100	67,612,835	38.46%	704,407	65,857	25,331	
ACTION ASIA LTD.	ACTION INDUSTRIES (M) SDN. BHD.	Malaysia	Manufacture and sale of car LCD TVs	54,911	54,911	13,200,000	100.00%	142,867	30,871	30,871	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2024' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..
- (2) The 'Net profit (loss) of the investee for the year ended December 31, 2024' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: The Company exchanged the lands and buildings with its subsidiary, FAR YEAR CONSTRUCTION CO., LTD., due to the agreement of joint construction with house divided. The Company recognised share of profit or loss of subsidiaries accounted for using the equity method and gains on disposals of investment property. The related information is provided in Note 6(10) D of the parent company only financial statements.

Action Electronics Co., Ltd.
Information on investments in Mainland China
Year ended December 31, 2025

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated	Amount remitted from Taiwan		Accumulated	Net income of investee as of December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income	Book value of investments in Mainland China as of December 31, 2024	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2024	to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2024		amount of remittance from Taiwan to Mainland China as of December 31, 2024			(loss) recognised by the Company for the year ended December 31, 2024 (Note 1)		amount of investment income remitted back to Taiwan as of December 31, 2024	
ACTION COMMERCIAL AND TRADING (SHANGHAI) CO., LTD.	LCD TV products	\$ 529,218	Invested in Mainland China through a wholly-owned Almond Garden Corp.	\$ 529,218	\$ -	\$ -	\$ 529,218	(\$ 56)	100.00	(\$ 56)	\$ 32,830	\$ -	-
DONGGUAN JINGWAN PHOTOELECTRICITY CO., LTD.	Manufacture and sale of electronic products and its accessories	100,377	Reinvested in Mainland China through a 14.55%-owned BLOMMING ENTERPRISE CO., LTD of a wholly-owned ALMOND GARDEN CORP.	24,375	-	-	24,375	-	14.55	-	-	-	-
SHANGHAI ACTION TECHNOLOGY CO., LTD.	Research and development, manufacture and sale of electronic products and accessories and warehousing services	402,212	Invested in Mainland China through a wholly-owned ACTION ASIA LTD.	213,973	-	(65,805)	148,168	32,085	100.00	32,085	884,305	191,426	-
ACTION ASIA (SHENZHEN) CO., LTD.	Research and development, manufacture and sale of electronic products and accessories	90,225	Invested in Mainland China through a wholly-owned ACTION ASIA LTD.	-	-	-	-	17,988	100.00	17,972	796,908	219,497	-
DEDE TECHNOLOGY (SHENZHEN) CO., LTD.	Plant leasing services	512,344	Reinvested in Mainland China through a wholly-owned ACTION ASIA (SHENZHEN) CO., LTD. of a wholly-owned ACTION ASIA LTD.	-	-	-	-	55,528	40.00	10,570	519,487	-	-
ACTION INTELLIGENT (SHENZHEN) CO., LTD.	Research and development and sale of AI electronic products	4,681	Reinvested in Mainland China through a wholly-owned ACTION ASIA (SHENZHEN) CO., LTD. held of a wholly- owned ACTION ASIA LTD.	-	-	-	-	40	100.00	40	3,242	-	-

Action Electronics Co., Ltd.
Information on investments in Mainland China
Year ended December 31, 2025

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ACTION ELECTRONICS CO., LTD.	\$ 1,467,571	\$ 1,535,755	NOTE3

Note 1: Investment income (loss) recognised by the Company for the year ended December 31, 2025 is based on financial statements audited and attested by R.O.C. parent company's CPA.

Note 2: The numbers in this table are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates and balance sheet accounts at spot exchange rates prevailing at the balance sheet date.

Note 3: The Company obtained the approval of operational headquarters issued by the Industrial Development Bureau, MOEA, which effective as of March 31, 2027.

Note 4: The equity of Huayi Technology (Shenzhen) Co., Ltd. has been transferred in 2017, and the accumulated amount of investment from Taiwan was NTD 670,087 thousand.

Note 5: The equity of ACTION TECHNOLOGY (JIAN) CO., LTD. has been transferred in 2021, and the accumulated amount of investment from Taiwan was NTD 356,915 thousand (USD 11,000,000). The repatriated investment shares amounted to NTD 261,192thousand (USD 8,800,000).

ACTION ELECTRONICS CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025

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

Statement 1

Item	Description	Exchange Rate	Amount
Cash on hand and revolving funds			
- NTD			\$ 146
			<u>146</u>
Checking accounts and Demand deposits			
- NTD			172,585
- Foreign currency deposits	- USD 329	31.43	<u>10,331</u>
			<u>182,916</u>
Time deposits			
- NTD			200,000
- Foreign currency deposits	- USD 1,000	31.43	<u>31,430</u>
			<u>231,430</u>
			<u>\$ 414,492</u>

ACTION ELECTRONICS CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2025

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

Statement 2

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Notes and accounts receivable			
Client A		\$ 12,827	
Client B		1,532	
			None of the balances of each remaining item is greater than
Others		<u>6,380</u>	5% of this account
		20,739	
Allowance for losses		<u>-</u>	
		<u>\$ 20,739</u>	
Accounts receivable-subidiaries			
BEST DENKI LTD.		\$ 4,691	
			None of the balances of each remaining item is greater than
Others		<u>19</u>	5% of this account
		4,710	
Allowance for losses		<u>(4,691)</u>	
		<u>\$ 19</u>	

ACTION ELECTRONICS CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 3

Name	Beginning Balance		Investment income (loss)	Exchange differences on translation of foreign financial statements	Decrease			Ending Balance		
	Shares	Amount			Shares	Amount (Note 1)	Other (Note 2)	Shares	Percentage of Ownership	Amount
<u>Investments accounted for using equity method</u>										
ACTION ASIA LTD.(AAL)	120,435,546	\$ 1,229,082	\$ 40,526	\$ 5,905	(12,263,395)	(\$ 148,550)	\$ -	108,172,151	0.00%	\$1,126,963
ALMOND GARDEN CORP.(AGC)	12,705,000	826,693	23,816	10,457	(765,000)	(99,687)	-	11,940,000	0%	761,279
FAR YEAR CONSTRUCTION CO., REALISE TECHSERVICE CO., LTD.	40,000,000	-	91,994	-	-	(70,000)	(21,994)	40,000,000	0%	-
	6,000,000	47,186	441	-	-	-	313	6,000,000	0%	47,940
		2,102,961	156,777	16,362		(318,237)	(21,681)			1,936,182
Credit balance of investments accounted for using equity		(53,799)	-	-		-	21,994			(31,805)
		<u>\$ 2,049,162</u>	<u>\$156,777</u>	<u>\$ 16,362</u>		<u>(\$ 318,237)</u>	<u>\$ 313</u>			<u>\$1,904,377</u>

Note 1: Decrease for the year pertains to the receipt of cash dividends and proceeds from capital reduction.

Note 2: Others pertain to reclassification of credit balance of investments accounted for using the equity method amounting to \$21,994 and remeasurements of defined benefit plans of the subsidiaries accounted for using the equity method amounting to \$313.

ACTION ELECTRONICS CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2025

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

Statement 4

Nature	Description	Ending	Contract Period	Range of Interest		Collateral	Note
		Balance		Rate	Credit Line		
Unsecured borrowings	Mega Bank	\$ 60,000	114/12/30~115/3/30	2.027%	\$ 60,000	None	-
Secured borrowings	Taiwan Cooperative Bank	50,000	114/7/21~115/7/21	2.100%	70,000	Yes	Refer to Note 8
Secured borrowings	Chang Hwa Commercial Bank	50,000	114/12/30~115/6/30	2.095%	80,000	Yes	Refer to Note 8
Secured borrowings	First Commercial Bank	184,800	114/12/26~115/3/26	2.100%	184,800	Yes	Refer to Note 8
Unsecured borrowings	First Commercial Bank	15,200	114/12/26~115/3/26	2.100%	100,000	None	-
		<u>\$ 360,000</u>					

ACTION ELECTRONICS CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS (INCLUDED CURRENT PORTION OF LONG-TERM BORROWINGS)
DECEMBER 31, 2025

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

Statement 5

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
Chang Hwa Commercial Bank, Ltd.	Medium and long-term borrowings	\$ 100,000	2023/08/29~2026/08/29	2.335%	Collateral	Refer to Note 8
Chang Hwa Commercial Bank, Ltd.	Medium and long-term borrowings	<u>100,000</u>	2023/12/21~2026/12/21	2.335%	Collateral	Refer to Note 8
		200,000				
Minus:	Long-Term Borrowings with the due date in one year	(<u>200,000</u>)				
		<u>\$ -</u>				

ACTION ELECTRONICS CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 6

<u>Item</u>	<u>Volume</u>	<u>Amount</u>	<u>Note</u>
Sales revenue			
Revenue from home appliances	34,090 units	\$ 138,581	
Automotive electronics	2,420 units	<u>24,578</u>	
		163,159	
Other operating revenue		<u>39,950</u>	
Total		<u>\$ 203,109</u>	

ACTION ELECTRONICS CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 7

<u>Item</u>	<u>Amount</u>
Beginning merchandise	\$ 87,819
Add: Net purchase for the year	86,123
Less: Ending merchandise	(35,971)
Transferred to expenses	(2,789)
Cost of merchandise sales	135,182
Loss on inventory valuation	123
Other operating costs	31,615
	<u>\$ 166,920</u>

ACTION ELECTRONICS CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 8

Item	Description	Amount	Note
Wages and salaries		\$ 9,976	
Freight		4,188	
Depreciation		3,211	
Rent expense		2,574	
Insurance expense		1,951	
Service expenses		1,847	
Other expenses		3,374	None of the balances of each remaining item is greater than 5% of this account balance
		<u>\$ 27,121</u>	

ACTION ELECTRONICS CO., LTD.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 9

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 39,179	
Service expenses		12,671	
Amortization expenses		7,044	
Depreciation expenses		6,800	
Other expenses		<u>18,358</u>	None of the balances of each remaining item is greater than 5% of this account balance
		<u>\$ 84,052</u>	

ACTION ELECTRONICS CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Function Nature	Year ended December 31, 2025			Year ended December 31, 2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ -	\$ 43,403	\$ 43,403	\$ -	\$ 54,224	\$ 54,224
Labour and health insurance fees	-	4,025	4,025	-	5,181	5,181
Pension costs	-	2,150	2,150	-	2,703	2,703
Directors' remuneration	-	3,602	3,602	-	4,941	4,941
Other personnel expenses	-	1,994	1,994	-	3,276	3,276
Depreciation Expense	10,886	10,011	20,897	2,420	13,599	16,019
Amortisation Expense	-	7,058	7,058	-	9,019	9,019

Note:

1. As at December 31, 2025 and 2024, the Company had 61 and 79 employees, including 9 and non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
 - (1) Average employee benefit expense in current year \$992.
Average employee benefit expense in previous year \$934.
 - (2) Average employees salaries in current year \$835.
Average employees salaries in previous year \$775.
 - (3) Adjustments of average employees salaries 8%.

ACTION ELECTRONICS CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2025

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

Statement 10

(4) The Company's compensation policies:

- A. Directors: The remuneration of the directors of the company is handled in accordance with rules and regulations of the company, to authorize the board of directors to determine salary and remunerations according to their degree of participation and value of contribution in the operation of the company, based upon the domestic and overseas industry standards.
- B. Managers: The amount of remuneration awarded to the managers of the company is reviewed by the remuneration committee and submitted to the board of directors for resolution based on their positions, contributions, and company operating performance for the year.
- C. Staff: The Company's employee salary and remuneration policy is to provide employees with average salary and benefits. Based on the Company's operating performance and each employee's position, contribution, and performance to determine the year-end bonus and related remuneration, the amount and distribution method are recommended by the Remuneration Committee and approved by the Board of directors.