

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

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2025, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entities that are required to be included in the consolidated financial statements of affiliates are the same as those required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

ACTION ELECTRONICS CO., LTD.

Representative: Peng Ting-Yu

March 12, 2026

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

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

Intangible assets - impairment of trademark right

Description

Refer to Note 4(19) 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 Group's intangible assets are mainly the Kolin trademark. 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.

Other matter – Issuance of an auditors’ report on the parent company only financial reports

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

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

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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)	\$ 809,256	17	\$ 950,186	21
1110	Current financial assets at fair value through profit or loss	6(2)	93,752	2	50,355	1
1120	Current financial assets at fair value through other comprehensive income	6(3)	36,712	1	71,579	2
1136	Current financial assets at amortised cost	6(1)	203,900	4	62,075	1
1170	Accounts receivable, net	6(4) and 7	100,589	2	149,013	3
1200	Other receivables		20,129	1	1,596	-
1210	Other receivables due from related parties	7	54,639	1	21,546	-
1220	Current tax assets		9,909	-	833	-
130X	Inventory	6(5) and 8	945,367	20	1,082,462	23
1410	Prepayments	7	111,019	2	80,771	2
1476	Other current financial assets	6(1)	16,660	-	1,971	-
1479	Other current assets, others		33,869	1	33,663	1
11XX	Current Assets		<u>2,435,801</u>	<u>51</u>	<u>2,506,050</u>	<u>54</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	22,972	1	28,000	1
1550	Investments accounted for using equity method	6(6)	519,487	11	578,362	12
1600	Property, plant and equipment	6(7) and 8	207,778	4	174,604	4
1755	Right-of-use assets	6(8)	28,444	1	44,629	1
1760	Investment property, net	6(10) and 8	1,216,043	26	1,017,275	22
1780	Intangible assets	6(11)	198,646	4	204,534	4
1840	Deferred income tax assets	6(26)	107,470	2	76,127	2
1900	Other non-current assets	6(15) and 8	11,788	-	14,252	-
15XX	Non-current assets		<u>2,312,628</u>	<u>49</u>	<u>2,137,783</u>	<u>46</u>
1XXX	Total assets		<u>\$ 4,748,429</u>	<u>100</u>	<u>\$ 4,643,833</u>	<u>100</u>

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ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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	7	\$ 340,000	7
2130	Current contract liabilities	6(20)	190,401	4	357,681	8
2170	Accounts payable		77,718	2	153,175	3
2200	Other payables	7	133,809	3	175,546	4
2230	Current income tax liabilities		3,773	-	30,286	1
2250	Current provisions	6(14)	34,621	1	36,968	1
2280	Current lease liabilities		14,485	-	17,470	-
2320	Long-term liabilities, current portion	6(13)	814,522	17	122,868	3
2399	Other current liabilities, others	7	27,457	1	79,582	2
21XX	Current Liabilities		<u>1,656,786</u>	<u>35</u>	<u>1,313,576</u>	<u>29</u>
Non-current liabilities						
2540	Non-current portion of non-current borrowings	6(13)	-	-	200,000	4
2550	Non-current provisions	6(14)	7,733	-	8,242	-
2570	Deferred tax liabilities	6(26)	63,464	1	32,118	1
2580	Non-current lease liabilities		14,311	-	26,833	1
2600	Other non-current liabilities		19,043	1	24,616	-
25XX	Non-current liabilities		<u>104,551</u>	<u>2</u>	<u>291,809</u>	<u>6</u>
2XXX	Total Liabilities		<u>1,761,337</u>	<u>37</u>	<u>1,605,385</u>	<u>35</u>
Equity						
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(16)	2,771,575	59	2,771,575	60
Capital surplus						
3200	Capital surplus	6(17)	1,602	-	1,602	-
Retained earnings						
3310	Legal reserve	6(18)	84,743	2	66,221	1
3320	Special reserve		430,389	9	440,379	9
3350	Unappropriated earnings		146,384	3	189,060	4
Other equity interest						
3400	Other equity interest	6(19)	(447,601)	(10)	(430,389)	(9)
31XX	Equity attributable to owners of the parent		<u>2,987,092</u>	<u>63</u>	<u>3,038,448</u>	<u>65</u>
3XXX	Total equity		<u>2,987,092</u>	<u>63</u>	<u>3,038,448</u>	<u>65</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 4,748,429</u>	<u>100</u>	<u>\$ 4,643,833</u>	<u>100</u>

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

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

	Items	Notes	Year ended December 31			
			2025		2024	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(20)	\$ 1,711,971	100	\$ 2,495,322	100
5000	Operating costs	6(5)(25)	(1,292,492)	(75)	(1,910,159)	(76)
5900	Net operating margin		419,479	25	585,163	24
	Operating expenses	6(25)				
6100	Selling expenses		(70,126)	(4)	(139,802)	(6)
6200	General & administrative expenses		(186,912)	(11)	(174,167)	(7)
6300	Research and development expenses		(33,560)	(2)	(30,942)	(1)
6450	Impairment gain and reversal of impairment loss		1,516	-	2,228	-
6000	Total operating expenses		(289,082)	(17)	(342,683)	(14)
6900	Operating profit		130,397	8	242,480	10
	Non-operating income and expenses					
7100	Interest income	6(21)	10,716	1	15,370	1
7010	Other income	6(22) and 7	4,165	-	8,208	-
7020	Other gains and losses	6(23)	(24,145)	(2)	(13,086)	(1)
7050	Finance costs	6(24)	(11,593)	(1)	(16,391)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	10,570	1	21,772	1
7000	Total non-operating revenue and expenses		(10,287)	(1)	15,873	-
7900	Profit before income tax		120,110	7	258,353	10
7950	Income tax expense	6(26)	(43,880)	(3)	(74,627)	(3)
8000	Profit for the year from continuing operations		76,230	4	183,726	7
8200	Profit for the year		\$ 76,230	4	\$ 183,726	7
	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)	\$ 611	-	\$ 1,860	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(30,672)	(2)	(13,686)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	(122)	-	(371)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(30,183)	(2)	(12,197)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(19)	16,362	1	104,136	4
8367	Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6(3)	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)	-	(20,827)	(1)
8360	Components of other comprehensive income that will be reclassified to profit or loss		13,460	1	82,939	3
8300	Other comprehensive income		(\$ 16,723)	(1)	\$ 70,742	3
8500	Total comprehensive income		\$ 59,507	3	\$ 254,468	10
	Profit, attributable to:					
8610	Owners of parent		\$ 76,230	4	\$ 183,726	7
	Comprehensive income attributable to:					
8710	Owners of parent		\$ 59,507	3	\$ 254,468	10
	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 consolidated financial statements.

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

	Notes	Equity attributable to owners of the parent					Other equity interest		Total equity
		Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated 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	6(19)	-	-	-	-	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	6(19)	-	-	-	-	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 consolidated financial statements.

ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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		\$ 120,110	\$ 258,353
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	55,852	64,946
Amortisation	6(25)	8,665	9,827
Expected credit gain	12(2)	(1,516)	(2,228)
Gain on financial assets at fair value through profit or loss	6(23)	(1,766)	(1,813)
Realized loss on disposal of debt instruments at fair value through other comprehensive income	6(23)	998	-
Interest expense	6(24)	11,593	16,391
Interest income	6(21)	(10,716)	(15,370)
Dividend income	6(22)	(570)	(304)
Share of (profit) loss of associates accounted for using the equity method	6(6)	(10,570)	(21,772)
Loss on disposal of property, plant and equipment	6(23)	18	780
Lease modifications	6(23)	-	(338)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		(39,832)	610
Accounts receivable		50,889	41,668
Other receivables		(16,339)	370
Other receivables - related parties		6,070	(6,021)
Inventories		123,873	621,347
Prepayments		(27,340)	19,742
Other current financial assets		(14,689)	146,252
Other current assets, others		(73)	5,483
Changes in operating liabilities			
Contract liabilities		(168,077)	(193,104)
Accounts payable		(76,700)	(55,638)
Other payables		(44,561)	(4,374)
Provisions		(3,958)	2,013
Net defined benefit liability		(216)	(3,604)
Other current liabilities		(53,331)	61,062
Cash (outflow) inflow generated from operations		(92,186)	944,278
Interest received		10,716	15,370
Interest paid		(11,593)	(16,391)
Income taxes paid		(81,837)	(68,924)
Net cash flows (used in) from operating activities		(174,900)	874,333

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ACTION ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED 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>			
Acquisition of financial assets at fair value through other comprehensive income		\$ -	(\$ 37,593)
Proceeds from disposal of financial assets at fair value through other comprehensive income		8,659	-
(Increase) Decrease in financial assets at amortised cost		(140,784)	44,468
Acquisition of property, plant and equipment	6(7)	(38,092)	(5,271)
Proceeds from disposal of property, plant and equipment		-	586
Acquisition of investment property	6(10)	(211,632)	(139,833)
Acquisition of intangible assets	6(11)	(828)	(694)
Decrease in refundable deposits		1,628	761
Increase in other non-current assets		(1,107)	(3,418)
Dividends received	6(6)(22)	30,868	34,101
Net cash flows used in investing activities		(351,288)	(106,893)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(28)	750,000	1,250,000
Decrease in short-term borrowings	6(28)	(730,000)	(1,100,000)
Increase in long-term borrowings	6(28)	491,654	287,239
Decrease in long-term borrowings	6(28)	-	(996,321)
Payments of lease liabilities	6(28)	(18,501)	(26,030)
Decrease in deposits received	6(28)	(5,261)	(3,093)
Cash dividends paid	6(18)	(110,863)	(27,716)
Net cash flows from (used in) financing activities		377,029	(615,921)
Effect of exchange rate changes		8,229	46,061
Net (decrease) increase in cash and cash equivalents		(140,930)	197,580
Cash and cash equivalents at beginning of year		950,186	752,606
Cash and cash equivalents at end of year		\$ 809,256	\$ 950,186

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

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

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

1. History and Organisation

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 2002. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the sale, repair and installment services of a variety of home appliances, manufacture, processing and trade of audio-visual electronic products, warehousing services, housing and building development and rental, real estate leasing and trading, etc.

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

These consolidated 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 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 Group’s financial condition and financial performance based on the Group’s assessment.

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

New standards, interpretations and amendments endorsed by 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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment. The quantitative impact will be disclosed when the assessment is complete.

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

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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027(Note)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’	January 1, 2027

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

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment. The quantitative impact will be disclosed when the assessment is complete.

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 consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

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

- (a) Financial assets 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 Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
The Company	ACTION ASIA LTD. (AAL)	A holding and investment company	61.54%	61.54%	
The Company	ALMOND GARDEN CORP. (AGC)	A holding and investment company	100.00%	100.00%	
The Company	REALISE TECH-SERVICE CO., LTD.	Repair services of electronic information products	100.00%	100.00%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
The Company	FAR YEAR CONSTRUCTION CO., LTD.	Housing, building and industrial factory development and rental and real estate leasing and trading	100.00%	100.00%	
AAL	ACTION INDUSTRIES(M) SDN. BHD. (AMP)	Manufacture and sale of car LCD TVs	100.00%	100.00%	
AAL	SHANGHAI ACTION TECHNOLOGY CO., LTD.	Warehousing services	100.00%	100.00%	
AAL	ACTION ASIA (SHENZHEN) CO., LTD. (AAS)	Research and development, manufacture and sale of electronic products and accessories	100.00%	100.00%	
AAS	ACTION INTELLIGENT (SHENZHEN) CO., LTD.	Research and development, manufacture and sale of electronic products	100.00%	100.00%	
AGC	ASD ELECTRONICS LIMITED	Research and development and sale	100.00%	100.00%	Note
AGC	ACTION ASIA LTD. (AAL)	A holding and investment company	38.46%	38.46%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
AGC	ACTION COMMERCIAL AND TRADING (SHANGHAI) CO., LTD.	Sales of electronic products	100.00%	100.00%	

Note : In September 2025, ASD ELECTRONICS LIMITED was dissolved and liquidated as resolved by the shareholders. As of December 31, 2025, the liquidation has not yet been completed.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

(5) Classification of current and non-current items

Part of the Group's business is to entrust construction companies to build buildings or plants for sale and to undertake construction and related engineering works. The operating cycles are usually longer than a year, and thus assets and liabilities related to construction and engineering works are classified as current and non-current according to their operating cycles. The classification standard of the remaining accounts is as follows:

- 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 the reporting period.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled in the normal operating cycle;
 - (b) Liabilities that are held primarily for the purpose of trading;
 - (c) Liabilities that are due to be settled within twelve months after the reporting period;
 - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

C. The operating cycles of the construction of buildings for sale and construction contracts are usually longer than a year, and thus assets and liabilities related to the building construction and long-term construction contracts are classified as current and non-current according to their operating cycles.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at 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 Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group'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 Group measures the financial assets at fair value plus transaction costs. The Group 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 Group 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.

(9) 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 Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

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

(11) Impairment of financial assets

For 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 Group 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 Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

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

(13) Inventories

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 in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of.

- F. At the balance sheet date, the Group performs an impairment test for an investment in an associate when there is an indication that the investment may be impaired. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

(15) 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 Group 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	3 ~ 9 years
Office equipment	3 ~ 6 years
Other equipment	3 ~ 10 years

(16) 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 Group. 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 Group 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.

(17) 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 3 ~ 50 years.

(18) 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.

(19) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is 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 recognised.

(20) 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.

(21) 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.

(22) Derecognition of financial liabilities

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

(23) Provisions

- A. Provisions (including warranties, etc.) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is 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.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which 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 Group'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 Group 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' remuneration

Employees' compensation and directors' 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.

(25) 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 operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is 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 consolidated 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 Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is 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.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) 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.

(27) 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.

(28) Revenue recognition

A. Sales of goods

- (a) The Group 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 Group 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 Group does not adjust the transaction price to reflect the time value of money.
- (c) The Group'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. The advances received before delivery of goods is recognised a contract liability.

B. Sales of services

Revenue from providing repair services is recognised when the services are rendered. Revenue arising from providing services under a contract is recognised by reference to the stage of completion of the contract activity.

C. Rental revenue

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

D. Real estate sales revenue

The Group sells household and commercial buildings. Revenue is recognised when control of the real estate has transferred the customer, being the hand over and transfer of title to property. The properties have generally no alternative use for the Group due to contractual restrictions.

However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title and control has passed to the customer. For the contracts between the Group and customers, as the time interval between the transfer of committed goods or service and the payment of customer may exceed one year, the Group does not adjust the transaction price to reflect the time value of money because the financing component in individual contract is immaterial.

E. Incremental costs of obtaining a contract

The Group recognises an asset (shown as ‘other current assets, others’) the incremental costs (mainly comprised of sales commissions) of obtaining a contract with a customer if the Group expects to recover those costs. The recognised asset is amortised on a systematic basis that is consistent with the transfers to the customer of the goods or services to which the asset relates. The Group recognises an impairment loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive less the costs that have not been recognised as expenses.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group’s chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

(1) Critical judgements in applying the Group’s accounting policies

There were no critical judgements in applying the Group’s accounting policies during the year.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of intangible assets - trademark right

The Group 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 Group strategy might cause material impairment on assets in the future.

Details of the carrying amount of the Group’s intangible assets - trademarks 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 Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the market selling value 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	\$ 2,320	\$ 2,113
Checking accounts and demand deposits	544,552	885,984
Time deposits	<u>262,384</u>	<u>62,089</u>
	<u>\$ 809,256</u>	<u>\$ 950,186</u>

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

B. As of December 31, 2025 and 2024, the Group's time deposits with maturity over 3 months amounted to \$203,900 and \$62,075, respectively, and were recorded under 'financial assets at amortised cost – current'.

C. The Group's restricted bank deposits pertain to the trust funds from domestic pre-sale properties. The funds in the trust account are for special use only and shall not be withdrawn during the term of the trust, except for expenses required for construction such as construction payments or various taxes. Refer to Note 9(6) for the trust agreement.

D. As of December 31, 2025 and 2024, the Group's restricted bank deposits amounted to \$16,660 and \$1,971, and were recorded under 'other current financial assets'.

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

<u>Items</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Fund beneficiary certificates	\$ 92,927	\$ 48,650
Valuation adjustment	<u>825</u>	<u>1,705</u>
	<u>\$ 93,752</u>	<u>\$ 50,355</u>

A. As of December 31, 2025 and 2024, the Group has no financial assets at fair value through profit or loss pledged to others.

- B. Amounts relating to net gains (losses) on financial assets at fair value through profit or loss, recorded as ‘other gains and losses’, are provided in Note 6(23).
- C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2) and 12(3).

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

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

- A. The Group 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 other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	December 31, 2025	December 31, 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	<u>\$ 570</u>	<u>\$ 304</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 370	(\$ 370)
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 Group was \$59,684 and \$99,579, respectively.
- D. As of December 31, 2025 and 2024, the Group has no financial assets at fair value through other comprehensive income pledged to others.
- E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2) and 12(3).

(4) Notes and accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Notes receivable	\$ 11,755	\$ 7,619
Accounts receivable	132,456	186,464
Less: Loss allowance	(43,622)	(45,070)
	<u>\$ 100,589</u>	<u>\$ 149,013</u>

- 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 \$225,914.
- B. As of December 31, 2025 and 2024, the Group 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).

(5) Inventories

	December 31, 2025		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 45,957	(\$ 22,899)	\$ 23,058
Work in progress	34,005	(1,594)	32,411
Finished goods	6,094	(60)	6,034
Merchandise	45,344	(7,014)	38,330
Inventory in transit	24,560	-	24,560
Buildings and land held for sale	97,205	-	97,205
Construction in progress	723,769	-	723,769
	<u>\$ 976,934</u>	<u>(\$ 31,567)</u>	<u>\$ 945,367</u>

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 58,157	(\$ 24,456)	\$ 33,701
Work in progress	34,149	(1,988)	32,161
Finished goods	4,792	(762)	4,030
Merchandise	77,768	(6,359)	71,409
Inventory in transit	6,869	-	6,869
Buildings and land held for sale	720,641	-	720,641
Construction in progress	213,651	-	213,651
	<u>\$ 1,116,027</u>	<u>(\$ 33,565)</u>	<u>\$ 1,082,462</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2025	2024
Cost of goods sold	\$ 1,172,882	\$ 1,800,721
Gains on inventory valuation	(684)	(978)
Cost of services	91,268	80,404
Others	29,026	30,012
	<u>\$ 1,292,492</u>	<u>\$ 1,910,159</u>

- A. For the years ended December 31, 2025 and 2024, the Group's construction in progress were both calculated based on the interest rates for capitalisation of 2.675%. Details of the amount of capitalised interest are provided in Note 6(10).
- B. For the year ended December 31, 2025 and 2024, the Group reversed from a previous inventory write-down because of the sale of some inventories which were provided with allowance for valuation loss.

(6) Investments accounted for using the equity method

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Associates:		
DEDE TECHNOLOGY (SHENZHEN) CO., LTD.	\$ 519,487	\$ 578,362

A. The basic information of the associates that are material to the Group is as follows:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Methods of measurement</u>
		<u>December 31, 2025</u>	<u>2024</u>		
DEDE TECHNOLOGY (SHENZHEN) CO., LTD.	Mainland China	40%	40%	Strategic investments	Equity method

B. The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current assets	\$ 5,489	\$ 3,507
Non-current assets	1,767,689	1,820,711
Current liabilities	(135,255)	(27,554)
Non-current liabilities	(339,205)	(350,758)
Total net assets	<u>\$ 1,298,718</u>	<u>\$ 1,445,906</u>
Share in associate's net assets (carrying amount of the associate)	<u>\$ 519,487</u>	<u>\$ 578,362</u>

Statements of comprehensive income

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Revenue	<u>\$ 89,483</u>	<u>\$ 110,945</u>
Profit for the period from continuing operations	<u>\$ 26,426</u>	<u>\$ 54,429</u>
Total comprehensive (loss) income for the year	<u>\$ 26,426</u>	<u>\$ 54,429</u>
Dividends received from associates	<u>\$ 30,298</u>	<u>\$ 33,797</u>

C. The Group's share of (loss) profit of investments accounted for using the equity method was recognised based on the associates' audited financial statements for the same period.

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
<u>At January 1, 2025</u>							
Cost	\$ 24,085	\$ 188,444	\$ 5,039	\$ 27,503	\$ 72,093	\$ -	\$ 317,164
Accumulated depreciation	-	(56,280)	(4,603)	(15,406)	(66,271)	-	(142,560)
	<u>\$ 24,085</u>	<u>\$ 132,164</u>	<u>\$ 436</u>	<u>\$ 12,097</u>	<u>\$ 5,822</u>	<u>\$ -</u>	<u>\$ 174,604</u>
<u>2025</u>							
Opening net book amount as at January 1	\$ 24,085	\$ 132,164	\$ 436	\$ 12,097	\$ 5,822	\$ -	\$ 174,604
Additions	-	8,838	1,804	6,952	994	19,504	38,092
Disposals	-	-	-	(18)	-	-	(18)
Transfers	-	4,113	-	-	-	-	4,113
Depreciation charge	-	(4,925)	(232)	(2,761)	(2,573)	-	(10,491)
Net exchange differences	-	1,300	(7)	141	44	-	1,478
Closing net book amount as at December 31	<u>\$ 24,085</u>	<u>\$ 141,490</u>	<u>\$ 2,001</u>	<u>\$ 16,411</u>	<u>\$ 4,287</u>	<u>\$ 19,504</u>	<u>\$ 207,778</u>
<u>At December 31, 2025</u>							
Cost	\$ 24,085	\$ 203,680	\$ 6,987	\$ 34,510	\$ 74,938	\$ 19,504	\$ 363,704
Accumulated depreciation	-	(62,190)	(4,986)	(18,099)	(70,651)	-	(155,926)
	<u>\$ 24,085</u>	<u>\$ 141,490</u>	<u>\$ 2,001</u>	<u>\$ 16,411</u>	<u>\$ 4,287</u>	<u>\$ 19,504</u>	<u>\$ 207,778</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>At January 1, 2024</u>						
Cost	\$ 3,104	\$ 137,407	\$ 12,780	\$ 25,368	\$ 76,532	\$ 255,191
Accumulated depreciation	<u>-</u>	<u>(51,102)</u>	<u>(11,577)</u>	<u>(12,568)</u>	<u>(68,406)</u>	<u>(143,653)</u>
	<u>\$ 3,104</u>	<u>\$ 86,305</u>	<u>\$ 1,203</u>	<u>\$ 12,800</u>	<u>\$ 8,126</u>	<u>\$ 111,538</u>
<u>2024</u>						
Opening net book amount as at January 1	\$ 3,104	\$ 86,305	\$ 1,203	\$ 12,800	\$ 8,126	\$ 111,538
Additions	-	2,307	49	1,441	1,474	5,271
Disposals	-	(135)	(559)	(239)	(433)	(1,366)
Transfers	20,981	44,119	-	-	(231)	64,869
Depreciation charge	-	(4,637)	(303)	(2,475)	(3,354)	(10,769)
Net exchange differences	<u>-</u>	<u>4,205</u>	<u>46</u>	<u>570</u>	<u>240</u>	<u>5,061</u>
Closing net book amount as at December 31	<u>\$ 24,085</u>	<u>\$ 132,164</u>	<u>\$ 436</u>	<u>\$ 12,097</u>	<u>\$ 5,822</u>	<u>\$ 174,604</u>
<u>At December 31, 2024</u>						
Cost	\$ 24,085	\$ 188,444	\$ 5,039	\$ 27,503	\$ 72,093	\$ 317,164
Accumulated depreciation	<u>-</u>	<u>(56,280)</u>	<u>(4,603)</u>	<u>(15,406)</u>	<u>(66,271)</u>	<u>(142,560)</u>
	<u>\$ 24,085</u>	<u>\$ 132,164</u>	<u>\$ 436</u>	<u>\$ 12,097</u>	<u>\$ 5,822</u>	<u>\$ 174,604</u>

- A. The transfers for the year ended December 31, 2024 referred to the reclassification of ‘Yisheng zhihui Science and Technology Park’ in accordance with the agreement of house divided and based on the purpose of use after it was completed and transferred.
- B. The Group applied for a change of land planning to increase building bulk which were based on the restrictions on property rights of increased building bulk under the agreement, and the application has been approved by the Ministry of Economic Affairs. Please refer to Note 6(10) for details.
- C. Information about the property, plant and equipment that was pledged to others as collaterals is provided in Note 8.

(8) Lease transactions — lessee

- A. The Group leases various assets including land use right, 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	\$ 28,007	\$ 44,525
Transportation equipment	437	104
	<u>\$ 28,444</u>	<u>\$ 44,629</u>
	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings and structures	\$ 19,236	\$ 26,920
Transportation equipment	249	415
	<u>\$ 19,485</u>	<u>\$ 27,335</u>

- D. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$3,147 and \$40,382, respectively.
- E. The information on profit or loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 945	\$ 1,226
Expense on short-term lease contracts	2,581	3,380
Expense on leases of low-value assets	718	316
Gains on lease modifications	-	338

- F. For the years ended December 31, 2025 and 2024, the Group's total cash outflow for leases were \$22,745 and \$30,952, respectively.
- G. The Group entered into land use right contracts for the lands in Shanghai and Penang, and subleased the lands under operating lease agreements. Details of relevant right-of-use assets that were recorded as investment property are provided in Note 6(10). The aforementioned amounts related to right-of-use assets do not include the right-of-use assets that meet the definition of investment property.

(9) Leasing arrangements – lessor

- A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 2 and 15 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. The Group has no overdue lease receivables from the lessee, and the amount of loss arising from credit risk is assessed to be insignificant.
- C. For the years ended December 31, 2025 and 2024, the Group recognised rent income in the amounts of \$116,328 and \$134,079, respectively, based on the operating lease agreement.
- D. 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	\$ 105,102	\$ 119,263
2 nd year	82,748	91,225
3 rd year	56,574	38,391
4 th year	46,829	2,171
After 5 th year	<u>327,462</u>	<u>724</u>
	<u>\$ 618,715</u>	<u>\$ 251,774</u>

(10) Investment property

	<u>2025</u>				
	<u>Land</u>	<u>Buildings and structures</u>	<u>Right-of-use assets</u>	<u>Investment property under construction</u>	<u>Total</u>
At January 1					
Cost	\$ 99,502	\$ 1,032,457	\$ 78,075	\$ 62,331	\$ 1,272,365
Accumulated depreciation	-	(234,155)	(20,935)	-	(255,090)
	<u>\$ 99,502</u>	<u>\$ 798,302</u>	<u>\$ 57,140</u>	<u>\$ 62,331</u>	<u>\$ 1,017,275</u>
Opening net book amount as at January 1	\$ 99,502	\$ 798,302	\$ 57,140	\$ 62,331	\$ 1,017,275
Additions	-	6,092	-	205,540	211,632
Transfers	-	8,882	-	-	8,882
Depreciation charge	-	(24,246)	(1,630)	-	(25,876)
Net exchange differences	-	3,057	1,073	-	4,130
Closing net book amount as at December 31	<u>\$ 99,502</u>	<u>\$ 792,087</u>	<u>\$ 56,583</u>	<u>\$ 267,871</u>	<u>\$ 1,216,043</u>
At December 31					
Cost	\$ 99,502	\$ 1,052,468	\$ 79,473	\$ 267,871	\$ 1,499,314
Accumulated depreciation	-	(260,381)	(22,890)	-	(283,271)
	<u>\$ 99,502</u>	<u>\$ 792,087</u>	<u>\$ 56,583</u>	<u>\$ 267,871</u>	<u>\$ 1,216,043</u>

	2024				
	Land	Buildings and structures	Right-of-use assets	Investment property under construction	Total
At January 1					
Cost	\$ 79,889	\$ 949,079	\$ 74,333	\$ 299,211	\$ 1,402,512
Accumulated depreciation	-	(205,894)	(18,472)	-	(224,366)
	<u>\$ 79,889</u>	<u>\$ 743,185</u>	<u>\$ 55,861</u>	<u>\$ 299,211</u>	<u>\$ 1,178,146</u>
Opening net book amount as at January 1					
	\$ 79,889	\$ 743,185	\$ 55,861	\$ 299,211	\$ 1,178,146
Additions	-	16,378	-	123,455	139,833
Transfers	19,613	37,547	-	(360,335)	(303,175)
Depreciation charge	-	(25,197)	(1,645)	-	(26,842)
Net exchange differences	-	26,389	2,924	-	29,313
Closing net book amount as at December 31	<u>\$ 99,502</u>	<u>\$ 798,302</u>	<u>\$ 57,140</u>	<u>\$ 62,331</u>	<u>\$ 1,017,275</u>
At December 31					
Cost	\$ 99,502	\$ 1,032,457	\$ 78,075	\$ 62,331	\$ 1,272,365
Accumulated depreciation	-	(234,155)	(20,935)	-	(255,090)
	<u>\$ 99,502</u>	<u>\$ 798,302</u>	<u>\$ 57,140</u>	<u>\$ 62,331</u>	<u>\$ 1,017,275</u>

A. The Group 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 of ‘Yisheng zhihui Science and Technology Park’ and 21.29% of area B of ‘Yisheng zhihui Science and Technology Park’ shall be retained and shall not be transferred to others without the consent of the Ministry of Economic Affairs within 5 years. The Group recorded the retained property as property, plant and equipment 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 \$48,144, of which \$6,786 was recorded as property, plant and equipment - land, \$9,171 was recorded as property, plant and equipment - buildings and structures, \$13,703 was recorded as investment property - land and \$18,484 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 \$290,197, of which \$22,326 was recorded as investment property - land and \$267,871 was recorded as investment property - buildings under construction.

B. 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	\$ 116,328	\$ 134,079
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 48,828	\$ 41,742
Direct operating expenses arising from the investment property that did not generate rental income during the year	\$ 3,407	\$ 1,832

C. The fair value of the investment property held by the Group as at December 31, 2025 and 2024 was \$2,892,920 and \$2,523,901, respectively, which was the results valued by the management based on the quoted prices in the neighboring area by real estate agents or information available on the real estate actual purchase price registration system, was categorised within Level 3 in the fair value hierarchy.

D. Amount of borrowing costs capitalised as part of investment property in 2025 and 2024 was \$9,637 and \$24,875, and the range of the interest rates for such capitalisation were both 2.675%.

E. The transfers for the year ended December 31, 2024 referred to the reclassification of ‘Yisheng zhihui Science and Technology Park’ in accordance with the agreement of house divided and based on the purpose of use after it was completed and transferred.

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

(11) Intangible assets

	<u>Trademark</u>	<u>Patents</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2025</u>				
Cost	\$ 289,720	\$ 276	\$ 6,315	\$ 296,311
Accumulated amortisation	(87,315)	(276)	(4,186)	(91,777)
	<u>\$ 202,405</u>	<u>\$ -</u>	<u>\$ 2,129</u>	<u>\$ 204,534</u>
<u>2025</u>				
Opening net book amount as at January 1	\$ 202,405	\$ -	\$ 2,129	\$ 204,534
Additions	668	-	160	828
Amortisation charge	(5,588)	-	(1,118)	(6,706)
Net exchange differences	-	-	(10)	(10)
Closing net book amount as at December 31	<u>\$ 197,485</u>	<u>\$ -</u>	<u>\$ 1,161</u>	<u>\$ 198,646</u>
<u>At December 31, 2025</u>				
Cost	\$ 290,388	\$ 276	\$ 5,242	\$ 295,906
Accumulated amortisation	(92,903)	(276)	(4,081)	(97,260)
	<u>\$ 197,485</u>	<u>\$ -</u>	<u>\$ 1,161</u>	<u>\$ 198,646</u>

	<u>Trademark</u>	<u>Patents</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2024</u>				
Cost	\$ 289,667	\$ 276	\$ 5,414	\$ 295,357
Accumulated amortisation	(81,772)	(276)	(3,212)	(85,260)
	<u>\$ 207,895</u>	<u>\$ -</u>	<u>\$ 2,202</u>	<u>\$ 210,097</u>
<u>2024</u>				
Opening net book amount as at January 1	\$ 207,895	\$ -	\$ 2,202	\$ 210,097
Additions	52	-	642	694
Transfers	-	-	231	231
Amortisation charge	(5,542)	-	(974)	(6,516)
Net exchange differences	-	-	28	28
Closing net book amount as at December 31	<u>\$ 202,405</u>	<u>\$ -</u>	<u>\$ 2,129</u>	<u>\$ 204,534</u>
<u>At December 31, 2024</u>				
Cost	\$ 289,720	\$ 276	\$ 6,315	\$ 296,311
Accumulated amortisation	(87,315)	(276)	(4,186)	(91,777)
	<u>\$ 202,405</u>	<u>\$ -</u>	<u>\$ 2,129</u>	<u>\$ 204,534</u>

Details of amortization on intangible assets are as follows:

	Year ended December 31	
	2025	2024
Operating costs	\$ 297	\$ 279
Administrative expenses	6,348	6,174
Research and development expenses	61	63
	<u>\$ 6,706</u>	<u>\$ 6,516</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	<u>284,800</u>	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	<u>173,800</u>	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
Secured borrowings	Borrowing period is from April 2023 to April 2027; interest is repayable monthly; principal is repayable at maturity.	2.675%	Refer to Note 8	614,522
Less: Long-term borrowings due within one year or a operating cycle				(<u>814,522</u>)
				<u>\$ -</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2024
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
Secured borrowings	Borrowing period is from April 2023 to April 2027; interest is repayable monthly; principal is repayable at maturity.	2.675%	Refer to Note 8	122,868
Less: Long-term borrowings due within one year or a operating cycle				(122,868)
				<u>\$ 200,000</u>

(14) Provisions

	Warranty	
	2025	2024
At January 1	\$ 45,210	\$ 39,609
Additional provisions	8,895	19,457
Used during the year	(5,934)	(11,123)
Unused amounts reversed	(6,919)	(6,321)
Exchange difference	1,102	3,588
At December 31	<u>\$ 42,354</u>	<u>\$ 45,210</u>
Analysis of total provisions:		
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current	\$ 34,621	\$ 36,968
Non-current	<u>\$ 7,733</u>	<u>\$ 8,242</u>

The Group 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 and its domestic subsidiaries have 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%~10% 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	(\$ 7,152)	(\$ 7,035)
Fair value of plan assets	<u>7,619</u>	<u>6,510</u>
Net defined benefit asset (liability)		
(shown as other non-current assets and other non-current liabilities)	<u>\$ 467</u>	<u>(\$ 525)</u>

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

	2025		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets (liability)
At January 1	(\$ 7,035)	\$ 6,510	(\$ 525)
Interest (expense) income	(112)	104	(8)
	(7,147)	6,614	(533)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	616	616
Change in financial assumptions	(109)	-	(109)
Experience adjustments	104	-	104
	(5)	616	611
Pension fund contribution	-	389	389
At December 31	(\$ 7,152)	\$ 7,619	\$ 467
	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 16,995)	\$ 12,866	(\$ 4,129)
Current service cost	(142)	-	(142)
Interest (expense) income	(204)	154	(50)
	(17,341)	13,020	(4,321)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,675	1,675
Change in financial assumptions	171	-	171
Experience adjustments	14	-	14
	185	1,675	1,860
Pension fund contribution	-	833	833
Paid pension	10,121	(9,018)	1,103
At December 31	(\$ 7,035)	\$ 6,510	(\$ 525)

- (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%~1.4%	1.6%
Future salary increases	1.0%~1.5%	1.0%~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	(\$ 96)	\$ 98	\$ 80	(\$ 79)
December 31, 2024				
Effect on present value of defined benefit obligation	(\$ 104)	\$ 107	\$ 89	(\$ 87)

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 Group for the year ending December 31, 2026 amount to \$393.

(g) As of December 31, 2025, the weighted average duration of the retirement plan is 5 ~ 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	717
1 ~ 2 year(s)		844
2 ~ 5 years		3,153
Over 5 years		2,574
	\$	<u>7,288</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 Company’s overseas subsidiaries have defined contribution plans. Monthly contributions are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The Company’s mainland China subsidiaries have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(d) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2025 and 2024 were \$8,731 and \$8,662, 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		
		Changes in ownership interests in subsidiaries	Total
	Overdue dividends		
At January 1 (at December 31)	<u>\$ 259</u>	<u>\$ 1,343</u>	<u>\$ 1,602</u>

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

(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	\$ 18,522		\$ 10,869	
(Reversal of) special reserve	(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.

- F. The appropriation of 2025 earnings as proposed by the Board of Directors on March 12, 2026 is as follows:

	<u>Year ended December 31, 2025</u>	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Legal reserve appropriated	\$ 7,671	
Special reserve	17,212	
Cash dividends	<u>60,975</u>	\$ 0.22
	<u>\$ 85,858</u>	

As of March 12, 2026, the aforementioned appropriation of 2025 earnings has not yet been resolved at the shareholders' meeting.

(19) Other equity items

	2025		
	Foreign exchange translation adjustments	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 428,432)	(\$ 1,957)	(\$ 430,389)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income:			
- Valuation adjustment	-	(30,302)	(30,302)
Currency translation differences:			
-Group	16,362	-	16,362
-Tax on Group	(3,272)	-	(3,272)
At December 31	(\$ 415,342)	(\$ 32,259)	(\$ 447,601)

	2024		
	Foreign exchange translation adjustments	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 511,741)	\$ 12,099	(\$ 499,642)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income:			
- Valuation adjustment	-	(14,056)	(14,056)
Currency translation differences:			
-Group	104,136	-	104,136
-Tax on Group	(20,827)	-	(20,827)
At December 31	(\$ 428,432)	(\$ 1,957)	(\$ 430,389)

(20) Operating revenue

	Year ended December 31	
	2025	2024
Revenue from contracts with customers		
Sales revenue	\$ 1,482,818	\$ 2,254,089
Sales of services	81,173	78,989
	1,563,991	2,333,078
Rental revenue	113,768	131,352
Other operating revenue	34,212	30,892
	\$ 1,711,971	\$ 2,495,322

A. Disaggregation of revenue from contracts with customers

- (a) The Group derives revenue from the transfer of goods at a point in time in the following major segments:

	Year ended December 31	
	2025	2024
Sales of home appliances	\$ 297,003	\$ 636,606
Sales of buildings and lands	751,139	1,113,832
Automotive electronics	468,888	534,543
	<u>\$ 1,517,030</u>	<u>\$ 2,284,981</u>

(b) The Group derives revenue from the transfer of services over time in the following major segments:

	Year ended December 31	
	2025	2024
Sales of services	\$ 81,173	\$ 78,989
Rental revenue	113,768	131,352
	<u>\$ 194,941</u>	<u>\$ 210,341</u>

B. Contract liabilities

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

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities:			
Advance sales receipts	\$ 39,073	\$ 47,335	\$ 62,138
Advance rent receipts	11,281	11,925	12,552
Advance real estate receipts	<u>140,047</u>	<u>298,421</u>	<u>472,538</u>
	<u>\$ 190,401</u>	<u>\$ 357,681</u>	<u>\$ 547,228</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	\$ 44,422	\$ 59,808
Advance rent receipts	644	627
Advance real estate receipts	<u>247,098</u>	<u>306,768</u>
	<u>\$ 292,164</u>	<u>\$ 367,203</u>

(21) Interest income

	Year ended December 31	
	2025	2024
Interest income from bank deposits	\$ 10,418	\$ 15,158
Interest income from financial assets at fair value through other comprehensive income	276	194
Other interest income	22	18
	<u>\$ 10,716</u>	<u>\$ 15,370</u>

(22) Other income

	Year ended December 31	
	2025	2024
Rental income	\$ 2,560	\$ 2,727
Dividend income	570	304
Income from endorsements and guarantees	-	999
Other income	1,035	4,178
	<u>\$ 4,165</u>	<u>\$ 8,208</u>

(23) Other gains and losses

	Year ended December 31	
	2025	2024
Losses on disposals of property, plant and equipment	(\$ 18)	(\$ 780)
Realised (losses) on financial assets measured at fair value through other comprehensive income-bonds	(998)	-
Gains arising from lease modifications	-	338
Net currency exchange losses	(20,802)	(12,616)
Gains on change in value of financial assets at fair value through profit or loss	1,766	1,813
Others	(4,093)	(1,841)
	<u>(\$ 24,145)</u>	<u>(\$ 13,086)</u>

(24) Finance costs

	Year ended December 31	
	2025	2024
Interest expense on bank borrowings	\$ 20,285	\$ 40,040
Interest expense on lease liabilities	945	1,226
Less: Capitalisation of qualifying assets	(9,637)	(24,875)
	<u>\$ 11,593</u>	<u>\$ 16,391</u>

(25) Employee benefits, depreciation and amortisation expenses

	Year ended December 31	
	2025	2024
Employee benefit expense		
Wages and salaries	\$ 221,504	\$ 220,446
Labour and health insurance fees	15,592	15,564
Pension costs	8,739	8,854
Other employee benefit expense	12,591	14,663
	<u>\$ 258,426</u>	<u>\$ 259,527</u>
Depreciation charge	<u>\$ 55,852</u>	<u>\$ 64,946</u>
Amortisation charge	<u>\$ 8,665</u>	<u>\$ 9,827</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. The employees' compensation shall be distributed no lower than 1% as non-managerial employees' compensation. 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' 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 the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' 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' 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 expenses

(a) Components of income tax expense:

	Year ended December 31	
	2025	2024
Current tax:		
Current tax on profits for the year	\$ 42,990	\$ 76,209
Tax on undistributed surplus earnings	3,281	192
Prior year income tax under	755	2,956
Deferred tax:		
Origination and reversal of temporary differences	(3,146)	(4,730)
Income tax expenses	<u>\$ 43,880</u>	<u>\$ 74,627</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 plans	122	371
	<u>\$ 3,394</u>	<u>\$ 21,198</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	\$ 60,921	\$ 103,387
Expenses disallowed by tax regulation	1,319	670
Tax exempt income by tax regulation	- (39,096)
Temporary differences not recognised as deferred tax assets	2,568	265
Tax losses not recognised as deferred tax assets	(97)	(5,752)
Change in assessment of realisation of deferred tax assets	(25,176)	(4,051)
Prior year income tax under estimation	755	2,956
Tax on undistributed earnings	3,281	192
Land value increment tax	41	16,056
Other	268	-
Income tax expenses	<u>\$ 43,880</u>	<u>\$ 74,627</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 income	Others	December 31
Deferred tax assets:					
Temporary differences:					
Unrealised inventory valuation loss	\$ 7,623	(\$ 2,492)	\$ -	(\$ 44)	\$ 5,087
Loss allowance	13,000	1,523	-	110	14,633
Unrealised after-sale service fees	2,500	3,482	-	336	6,318
Remeasurements of defined benefit plans	157	-	(44)	-	113
Currency translation differences	52,847	-	(3,272)	-	49,575
Loss carryforward	-	31,744	-	-	31,744
	<u>\$ 76,127</u>	<u>\$ 34,257</u>	<u>(\$ 3,316)</u>	<u>\$ 402</u>	<u>\$ 107,470</u>
Deferred tax liabilities:					
Remeasurements of defined benefit plans	(353)	-	(78)	-	(431)
Reserve for land value increment tax	(19,016)	-	-	-	(19,016)
Gain on long-term equity investments	-	(31,744)	-	-	(31,744)
Others	(12,749)	633	-	(157)	(12,273)
	<u>(\$ 32,118)</u>	<u>(\$ 31,111)</u>	<u>(\$ 78)</u>	<u>(\$ 157)</u>	<u>(\$ 63,464)</u>
	<u>\$ 44,009</u>	<u>\$ 3,146</u>	<u>(\$ 3,394)</u>	<u>\$ 245</u>	<u>\$ 44,006</u>
	2024				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Others	December 31
Deferred tax assets:					
Temporary differences:					
Unrealised inventory valuation loss	\$ 8,007	(\$ 706)	\$ -	\$ 322	\$ 7,623
Loss allowance	12,875	(323)	-	448	13,000
Unrealised after-sale service fees	2,590	(291)	-	201	2,500
Remeasurements of defined benefit plans	284	-	(127)	-	157
Currency translation differences	73,674	-	(20,827)	-	52,847
Loss carryforward	1,256	(1,256)	-	-	-
	<u>\$ 98,686</u>	<u>(\$ 2,576)</u>	<u>(\$ 20,954)</u>	<u>\$ 971</u>	<u>\$ 76,127</u>
Deferred tax liabilities:					
Remeasurements of defined benefit plans	(109)	-	(244)	-	(353)
Reserve for land value increment tax	(25,517)	6,501	-	-	(19,016)
Gain on long-term equity investments	(1,258)	1,258	-	-	-
Others	(11,879)	(453)	-	(417)	(12,749)
	<u>(\$ 38,763)</u>	<u>\$ 7,306</u>	<u>(\$ 244)</u>	<u>(\$ 417)</u>	<u>(\$ 32,118)</u>
	<u>\$ 59,923</u>	<u>\$ 4,730</u>	<u>(\$ 21,198)</u>	<u>\$ 554</u>	<u>\$ 44,009</u>

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

December 31, 2025					
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred tax assets	Expiry date	
2017	\$ 120,090	\$ 17,925	\$ -	2027	
2018	38,029	38,029	-	2028	
2019	82,518	82,518	-	2029	
2021	34,069	29,687	9,442	2031	
2022	3,398	3,398	3,398	2032	
	<u>\$ 278,104</u>	<u>\$ 171,557</u>	<u>\$ 12,840</u>		

December 31, 2024					
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred tax assets	Expiry date	
2015	\$ 14,352	\$ 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	28,937	28,937	28,937	2031	
2022	3,398	3,398	3,398	2032	
	<u>\$ 287,324</u>	<u>\$ 274,477</u>	<u>\$ 274,477</u>		

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

	December 31, 2025	December 31, 2024
Deductible temporary differences	<u>\$ 41,127</u>	<u>\$ 50,496</u>

F. The income tax returns of the Company and domestic subsidiaries that have been assessed and approved by the Tax Authority are as follows:

Company name	Year assessed
The Company	2023
REALISE TECH-SERVICE CO., LTD.	2023
FAR YEAR CONSTRUCTION CO., LTD.	2023

(27) Earnings per share

	<u>Year ended December 31, 2025</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to the parent	<u>\$ 76,230</u>	<u>277,158</u>	<u>\$ 0.28</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 76,230	277,158	
Employees' compensation	<u>-</u>	<u>347</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 76,230</u>	<u>277,505</u>	<u>\$ 0.27</u>
	<u>Year ended December 31, 2024</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to the parent	<u>\$ 183,726</u>	<u>277,158</u>	<u>\$ 0.66</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 183,726	277,158	
Employees' compensation	<u>-</u>	<u>253</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 183,726</u>	<u>277,411</u>	<u>\$ 0.66</u>

(28) Changes in liabilities from financing activities

	2025				
	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities	Liabilities from financing activities -gross
At January 1	\$ 340,000	\$ 322,868	\$ 23,476	\$ 44,303	\$ 730,647
Changes in cash flow from financing activities	20,000	491,654	(5,261)	(18,501)	487,892
Changes in lease liabilities	-	-	-	3,147	3,147
Impact of changes in foreign exchange rate	-	-	(2,224)	(153)	(2,377)
At December 31	<u>\$ 360,000</u>	<u>\$ 814,522</u>	<u>\$ 15,991</u>	<u>\$ 28,796</u>	<u>\$ 1,219,309</u>
	2024				
	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities	Liabilities from financing activities -gross
At January 1	\$ 190,000	\$ 1,031,950	\$ 25,644	\$ 48,521	\$ 1,296,115
Changes in cash flow from financing activities	150,000	(709,082)	(3,093)	(26,030)	(588,205)
Changes in lease liabilities	-	-	-	21,806	21,806
Impact of changes in foreign exchange rate	-	-	925	6	931
At December 31	<u>\$ 340,000</u>	<u>\$ 322,868</u>	<u>\$ 23,476</u>	<u>\$ 44,303</u>	<u>\$ 730,647</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
DEDE TECHNOLOGY (SHENZHEN) CO., LTD. (DEDE)	Associate
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. Endorsement Guaranteed Income (shown as other income)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
DEDE	\$ -	\$ 999

B. Receivables from related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts Receivables:		
Other related parties	\$ 4,691	\$ 4,691
Less: Loss allowance	(4,691)	(4,691)
	<u>\$ -</u>	<u>\$ -</u>
Other receivables:		
Other related parties		
-BEST	\$ 93,325	\$ 93,325
-DEDE	40,683	-
-YOU YUAN LAI	-	7,590
Less: Loss allowance	(79,369)	(79,369)
	<u>\$ 54,639</u>	<u>\$ 21,546</u>

Other receivables from related parties of YOU YUAN LAI are mainly due to payments on behalf of others in accordance with the agreement of separate sale for ‘Yisheng zhihui Science and Technology Park’. Other receivables from related parties of DEDE are mainly dividends received from investments accounted for using equity method. The receivables are unsecured in nature and bear no interest.

3. Prepayments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Prepayments for sales commissions:		
Other related parties		
-YOU YUAN LAI	\$ 16,675	\$ -
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Deferred sales commissions:		
Other related parties		
-YOU YUAN LAI	\$ 12,373	\$ -

D. Payables to related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other payables:		
Other related parties		
-YOU YUAN LAI	\$ -	\$ 131

E. Collection of payments on behalf (shown as other current liabilities, others)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Collection of payments on behalf		
Other related party		
- YOU YUAN LAI	\$ -	\$ 36,529

It referred to the collection of payments on behalf of others in accordance with the agreement of separate sale for ‘Yisheng zhihui Science and Technology Park’.

F. Property transactions

Disposal of inventory:(Year ended December 31, 2025: None ◦)

	<u>Year ended December 31, 2024</u>	
	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>
Other related party		
-TA PO	\$ 15,288	\$ 3,434

Prices and payment terms of sales of buildings and lands for related parties are approximate to those for third parties.

G. The Group 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’ on December 31, 2024. There was no such situation as of December 31, 2025. Refer to Note 9(4) for the details of aforementioned development project.

(3) Key management compensation

	<u>Year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 43,884	\$ 39,318

8. Pledged Assets

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

<u>Pledged assets</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>	
Investment property - land and buildings	\$ 93,403	\$ 76,546	Bank borrowings
Inventories - construction in progress	55,684	55,684	Bank borrowings
Property, plant and equipment	5,951	-	Bank borrowings
-Land and buildings			Guarantees for purchasing materials
Guarantee deposits paid	1,000	1,000	
	<u>\$ 156,038</u>	<u>\$ 133,230</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

- (1) As of December 31, 2025 and 2024, the guarantee notes issued by the Group 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 Group for purchasing goods and raw materials amounted to \$0 and \$14,693, respectively.
- (3) The Group launched a ‘Yishengzhihui Science and Technology Park’ development project and proceeds from property pre-sale contracts with customers are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Contract price of sales contracts signed (tax included)	<u>\$ 866,110</u>	<u>\$ 1,526,280</u>
Amount collected as agreed (tax excluded) (shown as ‘contract liabilities - current’)	<u>\$ 140,047</u>	<u>\$ 298,421</u>

- (4) The Group developed and built ‘Yisheng Zhihui Science and Technology Park-A zone’. As of December 31, 2025, the total amount of construction and commissioning contract for the aforementioned development project was approximately \$1,945,595, and the related consideration paid amounted to \$888,546.
- (5) Details of the commissioned sales contract signed by the Group as of December 31, 2025 are as follows:

<u>Name of project</u>	<u>Contract period</u>
Yishengzhihui Science and Technology Park area A	Up to the cap of commissions stipulated in the contract

- (6) Details of the Group’s trust agreement with a financial institution and type of trust for construction in progress as of December 31, 2025 are as follows:

<u>Name of project</u>	<u>Type of trust</u>	<u>Trust bank</u>
Yishengzhihui Science and Technology Park area A	Real estate transaction trust	Trust department of Chang Hwa Commercial Bank

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 Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total capital.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 93,752	\$ 50,355
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>\$ 1,209,806</u>	<u>\$ 1,192,625</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	<u>\$ 1,402,040</u>	<u>\$ 1,015,065</u>
Lease liabilities (including current and non-current)	<u>\$ 28,796</u>	<u>\$ 44,303</u>

Note: Financial assets at amortised cost include cash and cash equivalents, accounts receivable, financial assets at amortised cost – current, other receivables, other financial assets – current 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 Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's financial policy tends toward conservatism principle, and therefore the Group does not operate the high-risk and complex derivative financial instruments.

- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group'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

Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate 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 rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD 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 Group'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 amount		Book value
	<u>(In thousands)</u>	<u>Exchange rate</u>	<u>(NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:MYR	\$ 3,396	4.06	\$ 106,743
USD:NTD	2,329	31.43	73,191
USD:HKD	1,229	7.78	38,641
USD:RMB	1,204	6.99	37,835
USD:SGD	842	1.29	26,477

December 31, 2024			
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:HKD	\$ 1,531	7.77	\$ 50,181
USD:RMB	1,204	7.32	39,466
USD:NTD	760	32.79	24,909
USD:MYR	6,550	4.48	214,732
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:HKD	\$ 495	7.77	\$ 16,224

iv. Total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024 amounted to a loss of \$20,802 and a loss of \$12,616, respectively.

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

Year ended December 31, 2025			
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:MYR	1%	\$ 1,067	\$ -
USD:NTD	1%	732	-
USD:HKD	1%	386	-
USD:RMB	1%	378	-
USD:SGD	1%	265	-

	Year ended 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:HKD	1%	\$ 502	\$ -
USD:RMB	1%	395	-
USD:NTD	1%	249	-
USD:MYR	1%	2,147	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	162	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 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 \$938 and \$504, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$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 Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2025 and 2024, the Group's borrowings at variable rates 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 \$6,516 and \$2,583, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment 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 Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 81,898	\$ 11,755	\$ 130,491	\$ 7,619
Up to 30 days	1,472	-	4,209	-
31 to 90 days	1,324	-	4,624	-
91 to 180 days	2,042	-	1,677	-
Over 180 days	45,720	-	45,463	-
	<u>\$ 132,456</u>	<u>\$ 11,755</u>	<u>\$ 186,464</u>	<u>\$ 7,619</u>

The above ageing analysis was based on past due date.

vii. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group 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:

	<u>Individual</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Total</u>
<u>December 31, 2025</u>					
Expected loss rate	100%	0.06%	1%	0.05%~0.09%	
Total book value	\$ 42,954	\$ 31,742	\$ 28,034	\$ 41,481	\$ 144,211
Loss allowance	\$ 42,954	\$ -	\$ 668	\$ -	\$ 43,622
	<u>Individual</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Total</u>
<u>December 31, 2024</u>					
Expected loss rate	100%	0.06%	0.92%	0.03%~0.09%	
Total book value	\$ 44,371	\$ 56,727	\$ 76,108	\$ 16,877	\$ 194,083
Loss allowance	\$ 44,371	\$ -	\$ 699	\$ -	\$ 45,070

Group A: Customers in Taiwan.

Group B: Customers in Mainland China.

Group C: Customer in Malaysia.

viii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivables, other receivables and other receivables-related parties are as follows:

	<u>2025</u>	
	<u>Other receivables</u>	<u>Receivables</u>
	<u>-related parties</u>	
At January 1	\$ 79,369	\$ 45,070
Reversal of impairment loss	-	(1,516)
Effect of exchange rate changes	-	68
At December 31	<u>\$ 79,369</u>	<u>\$ 43,622</u>

	<u>2024</u>	
	<u>Other receivables</u>	<u>Receivables</u>
	<u>-related parties</u>	
At January 1	\$ 79,369	\$ 45,851
Reversal of impairment loss	-	(2,228)
Effect of exchange rate changes	-	1,447
At December 31	<u>\$ 79,369</u>	<u>\$ 45,070</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group 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 Group'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	<u>Within 1 year</u>	<u>Over 1 year</u>
Long-term borrowings(including current portion)	\$ 220,251	\$ 619,836
Lease liabilities	15,230	15,062

Non-derivative financial liabilities:

December 31, 2024	<u>Within 1 year</u>	<u>Over 1 year</u>
Long-term borrowings(including current portion)	\$ 7,957	\$ 329,771
Lease liabilities	18,349	27,604

Except for the abovementioned, all of the Group's non-derivative financial liabilities mature within 1 year.

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in emerging stocks is included in Level 1

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in 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 Group's investment in equity investment without active market is included in Level 3.

B. The Group's financial instruments not measured at fair value

The carrying amounts of 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 of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2025 and 2024 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 93,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,752</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>

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ 50,355	\$ -	\$ -	\$ 50,355
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 Group used to measure fair value are as follows:

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

	<u>Emerging stocks</u>	<u>Closed-end fund</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Closing price	Net asset value

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, interest rate swap contracts, foreign exchange swap contracts and options, the Group 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 Group 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 Group'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

	2025	2024
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	\$ 28,000	\$ -
Acquired in the period	-	28,000
Transfers 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:

(Year ended 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	N/A	N/A	N/A

13. Supplementary Disclosures

(1) Significant transactions information

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.

G. Significant inter-company transactions during the reporting periods: 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

(1) General information

The Company's management considers the business and makes decisions from a group system and a geographic perspective. The reportable operating segments are ACTION ASIA LTD. group (AAL), ALMOND GARDEN CORP. group (AGC) and the operating segment in Taiwan.

(2) Measurement of segment information

The Group evaluates performance of each operating segment based on post-tax profit. All operating segments apply the same accounting policies as detailed in Note 4 of the consolidated financial statements. Loans between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income.

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

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

<u>Year ended December 31, 2025</u>	<u>AAL segment</u>	<u>AGC segment</u>	<u>Taiwan segment</u>	<u>Total</u>
Revenue from external customers	\$ 546,203	\$ -	\$ 1,165,768	\$ 1,711,971
Inter-segment revenue	-	-	-	-
Total segment revenue	<u>\$ 546,203</u>	<u>\$ -</u>	<u>\$ 1,165,768</u>	<u>\$ 1,711,971</u>
Segment income (loss)	<u>\$ 93,716</u>	<u>(\$ 1,515)</u>	<u>\$ 27,909</u>	<u>\$ 120,110</u>
Segment income (loss), including:				
Depreciation and amortisation	<u>(\$ 26,511)</u>	<u>\$ -</u>	<u>(\$ 38,006)</u>	<u>(\$ 64,517)</u>
Income tax expenses	<u>(\$ 27,860)</u>	<u>\$ -</u>	<u>(\$ 16,020)</u>	<u>(\$ 43,880)</u>
Segment assets	<u>\$ 2,133,727</u>	<u>\$ 762,470</u>	<u>\$ 1,852,232</u>	<u>\$ 4,748,429</u>
Segment liabilities	<u>\$ 302,357</u>	<u>\$ 1,189</u>	<u>\$ 1,457,791</u>	<u>\$ 1,761,337</u>
<u>Year ended December 31, 2024</u>	<u>AAL segment</u>	<u>AGC segment</u>	<u>Taiwan segment</u>	<u>Total</u>
Revenue from external customers	\$ 660,729	\$ -	\$ 1,834,593	\$ 2,495,322
Inter-segment revenue	-	-	-	-
Total segment revenue	<u>\$ 660,729</u>	<u>\$ -</u>	<u>\$ 1,834,593</u>	<u>\$ 2,495,322</u>
Segment income (loss)	<u>\$ 174,172</u>	<u>(\$ 1,413)</u>	<u>\$ 85,594</u>	<u>\$ 258,353</u>
Segment income (loss), including:				
Depreciation and amortisation	<u>(\$ 39,576)</u>	<u>\$ -</u>	<u>(\$ 35,197)</u>	<u>(\$ 74,773)</u>
Income tax (benefit) expenses	<u>(\$ 39,018)</u>	<u>\$ -</u>	<u>(\$ 35,609)</u>	<u>(\$ 74,627)</u>
Segment assets	<u>\$ 2,349,966</u>	<u>\$ 828,347</u>	<u>\$ 1,465,520</u>	<u>\$ 4,643,833</u>
Segment liabilities	<u>\$ 352,646</u>	<u>\$ 1,654</u>	<u>\$ 1,251,085</u>	<u>\$ 1,605,385</u>

(4) Reconciliation for segment income (loss)

- A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.
- B. The adjusted consolidated total profit and reconciliation for post-tax profit of reportable segment for the current period are provided in Note 14(3).

(5) Information on products

Please refer to Note 6(20) for related information.

(6) Geographical information

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

	<u>Year ended December 31, 2025</u>		<u>Year ended December 31, 2024</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 1,158,452	\$ 757,087	\$ 1,829,830	\$ 532,185
Mainland China	123,354	833,323	138,003	851,405
US	336,458	-	333,438	-
Others	93,707	72,289	194,051	71,704
	<u>\$ 1,711,971</u>	<u>\$ 1,662,699</u>	<u>\$ 2,495,322</u>	<u>\$ 1,455,294</u>

(7) Major customer information

The revenue of the Group's single customer did not reach 10% of the operating revenue, therefore, the disclosure was not needed.

Action Electronics Co., Ltd. and its subsidiaries

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-25	Balance at 31-Dec-25	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	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. and its subsidiaries
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, 2025 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2025 (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 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. and its subsidiaries
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, 2025			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership		of the investee for the year ended	recognised by the Company	
							(%)	Book value	December 31, 2025	December 31, 2025	
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.	FARYEAR 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	
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, 2025' 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, 2025' 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.

Action Electronics Co., Ltd. and its subsidiaries
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, 2025	Ownership held by the Company (direct or indirect)	Investment income	Book value of investments in Mainland China as of December 31, 2025	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2025	to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2025		amount of remittance from Taiwan to Mainland China as of December 31, 2025			(loss) recognised by the Company for the year ended December 31, 2025 (Note 1)		amount of investment income remitted back to Taiwan as of December 31, 2025	
ACTION COMMERCIAL AND TRADING (SHANGHAI) CO., LTD.	Sales of electronic 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 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. and its subsidiaries
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, 2025	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).