

U.D. Electronic Corp. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of U.D. Electronic Corp. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Thus, U.D. Electronic Corp. and subsidiaries did not prepare a separate set of consolidated financial statements.

Very truly yours,

U.D. ELECTRONIC CORP.

By:

GARY CHEN
Chairman

February 25, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
U.D. Electronic Corp.

Opinion

We have audited the accompanying consolidated financial statements of U.D. Electronic Corp. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2025 are stated as follows:

Occurrence of Revenue Recognition

The Group's consolidated sales revenue for the year ended December 31, 2025 amounted to \$6,206,984 thousand, main product of the Group was electronic connectors for telecommunications, data communications and computers. Sales revenue from certain specific customers who constitute a relatively high proportion of sales and whose individual change in sales is greater than the average change in sales, which has had a significant impact on the financial performance of the Group. Therefore, the occurrence of the sales revenue of specific customers is listed as a key audit matter. For the accounting policy for the recognition of relevant revenue, please refer to Note 4(15) of the consolidated financial statements; for the operating revenue related information, please refer to Note 25 of the consolidated financial statements.

The audit procedures for the key audit matter are as follows:

1. Through understanding and testing the design and operation of the key control over revenue recognition to confirm and evaluate the effectiveness of the internal control.
2. We sampled sales revenue of the above mentioned specific customers, reviewed external supporting documents, and examined the collection process or other alternative audit procedures, to verify the occurrence of sales transactions.

Business Combination

For the accounting policy for business combinations, please refer to Note 4 of the consolidated financial statements; for the related information, please refer to Note 30 of the consolidated financial statements.

Among the subsidiaries of the Group, Zhong Jiang U.D.E. Electronics Corp., acquired 82.75% shares of Linkpower Electronics Co., Ltd. on December 1, 2025 in the amount of RMB 239,982 thousand (equivalent to NT\$1,064,492 thousand), and therefore gained control over it. As this business combination transaction represents a significant transaction for the year and is listed as a key audit matter.

The audit procedures for the key audit matter are as follows:

1. We reviewed relevant meeting minutes to confirm if the business combination transaction has been properly evaluated and approved.
2. We verified the Group's remittance certificate for the payment of the business combination transaction to confirm if it was consistent with what was stated in the contract.
3. We audited the accounting records used by management in preparing the purchase price allocation assessment report.

Other Matter

We have also audited the parent company only financial statements of U.D. Electronic Corp. as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 maintain professional skepticism throughout the audit. We also:

1. 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

5. 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.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Meng-Kuei Yu and Chiang-Hsun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2026

Notice to Readers

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

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,356,264	18	\$ 1,388,302	24
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4, 7 and 21)	3,864	-	1,213	-
Financial assets at amortized cost - current (Notes 4, 9, 10 and 35)	56,755	1	6,745	-
Notes receivable (Notes 4, 11 and 25)	95,401	1	14,255	-
Trade receivables (Notes 4, 11 and 25)	2,154,873	28	1,755,041	30
Other receivables (Notes 4 and 11)	70,356	1	51,462	1
Current tax assets (Notes 4 and 27)	4,529	-	669	-
Inventories (Notes 4 and 12)	887,148	11	720,808	13
Other current assets (Note 19)	153,446	2	157,035	3
Total current assets	4,782,636	62	4,095,530	71
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	98,342	1	87,445	2
Investments accounted for using the equity method (Notes 4 and 14)	-	-	3,888	-
Property, plant and equipment (Notes 4, 15 and 35)	1,726,995	23	1,277,015	22
Right-of-use assets (Notes 4, 16 and 35)	172,371	2	169,117	3
Investment properties (Note 4)	4,718	-	-	-
Other intangible assets (Notes 4 and 18)	27,561	-	23,798	-
Goodwill (Notes 4, 5, 17 and 30)	663,458	9	6,103	-
Deferred tax assets (Notes 4 and 27)	60,372	1	39,166	1
Other non-current assets (Note 19)	136,213	2	70,593	1
Total non-current assets	2,890,030	38	1,677,125	29
TOTAL	\$ 7,672,666	100	\$ 5,772,655	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 20)	\$ 567,368	8	\$ 60,000	1
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	8,061	-	1,074	-
Contract liabilities - current (Notes 4 and 25)	12,586	-	13,057	-
Trade payables	720,937	10	464,838	8
Lease liabilities - current (Notes 4 and 16)	-	-	2,103	-
Other payables (Note 22)	1,038,462	14	676,300	12
Current tax liabilities (Notes 4 and 27)	168,695	2	82,860	1
Current portion of long-term borrowings and bonds payable (Notes 4, 20 and 21)	10,764	-	547	-
Other current liabilities	28,609	-	34,287	1
Total current liabilities	2,555,482	34	1,335,066	23
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 21)	-	-	231,135	4
Long-term borrowings (Notes 4 and 20)	50,000	1	4,014	-
Lease liabilities - non-current (Notes 4 and 16)	-	-	12,360	1
Deferred tax liabilities (Notes 4 and 27)	8,140	-	10,375	-
Guarantee deposits received	6,998	-	898	-
Other non-current assets (Notes 22 and 30)	111,495	1	-	-
Total non-current liabilities	176,633	2	258,782	5
Total liabilities	2,732,115	36	1,593,848	28
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Share capital				
Ordinary shares	874,116	12	802,847	14
Capital collected in advance	17,311	-	32,856	-
Total share capital	891,427	12	835,703	14
Capital surplus	1,502,759	19	1,240,807	22
Retained earnings				
Legal reserve	473,425	6	422,304	7
Special reserve	64,568	1	203,915	4
Unappropriated earnings	1,999,067	26	1,511,686	26
Total retained earnings	2,537,060	33	2,137,905	37
Other equity	(125,130)	(2)	(64,568)	(1)
Total equity attributable to owners of the Company	4,806,116	62	4,149,847	72
NON-CONTROLLING INTERESTS (Notes 4 and 24)	134,435	2	28,960	-
Total equity	4,940,551	64	4,178,807	72
TOTAL	\$ 7,672,666	100	\$ 5,772,655	100

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 4, 25 and 40)	\$ 6,206,984	100	\$ 5,150,480	100
OPERATING COSTS				
Cost of goods sold (Notes 12 and 26)	<u>(4,349,149)</u>	<u>(70)</u>	<u>(3,753,146)</u>	<u>(73)</u>
GROSS PROFIT	<u>1,857,835</u>	<u>30</u>	<u>1,397,334</u>	<u>27</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	(250,765)	(4)	(224,979)	(4)
General and administrative expenses	(500,741)	(8)	(401,554)	(8)
Research and development expenses	(281,856)	(5)	(246,238)	(5)
Expected credit impairment loss (gain on reversal) (Notes 4 and 11)	<u>1,607</u>	<u>-</u>	<u>(3,205)</u>	<u>-</u>
Total operating expenses	<u>(1,031,755)</u>	<u>(17)</u>	<u>(875,976)</u>	<u>(17)</u>
PROFIT FROM OPERATIONS	<u>826,080</u>	<u>13</u>	<u>521,358</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 26)				
Interest income	22,175	-	31,500	1
Other income	76,672	1	55,087	1
Other gains and losses	(18,158)	-	63,021	1
Finance costs (Note 21)	(11,297)	-	(13,100)	-
Share of profit or loss of associates accounted for using the equity method (Note 14)	<u>(3,912)</u>	<u>-</u>	<u>(1,567)</u>	<u>-</u>
Total non-operating income and expenses	<u>65,480</u>	<u>1</u>	<u>134,941</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	891,560	14	656,299	13
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(220,407)</u>	<u>(3)</u>	<u>(141,510)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>671,153</u>	<u>11</u>	<u>514,789</u>	<u>10</u>

(Continued)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at FVOCI	\$ 10,897	-	\$ 1,652	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(2,179)</u>	<u>-</u>	<u>(331)</u>	<u>-</u>
	<u>8,718</u>	<u>-</u>	<u>1,321</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(86,140)	(1)	172,499	4
Income tax related to items that may be reclassified subsequently to profit or loss	<u>17,382</u>	<u>-</u>	<u>(34,463)</u>	<u>(1)</u>
	<u>(68,758)</u>	<u>(1)</u>	<u>138,036</u>	<u>3</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(60,040)</u>	<u>(1)</u>	<u>139,357</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 611,113</u>	<u>10</u>	<u>\$ 654,146</u>	<u>13</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 652,156	11	\$ 511,215	10
Non-controlling interests	<u>18,997</u>	<u>-</u>	<u>3,574</u>	<u>-</u>
	<u>\$ 671,153</u>	<u>11</u>	<u>\$ 514,789</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 591,594	10	\$ 650,562	13
Non-controlling interests	<u>19,519</u>	<u>-</u>	<u>3,584</u>	<u>-</u>
	<u>\$ 611,113</u>	<u>10</u>	<u>\$ 654,146</u>	<u>13</u>
EARNINGS PER SHARE (Note 28)				
From continuing operations				
Basic	<u>\$ 7.55</u>		<u>\$ 6.42</u>	
Diluted	<u>\$ 7.28</u>		<u>\$ 5.81</u>	

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

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owner of the Company						Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital			Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
	Ordinary Shares	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2024	\$ 784,837	\$ 2,413	\$ 974,399	\$ 383,833	\$ 169,656	\$ 1,267,651	\$ (213,040)	\$ 9,125	\$ 3,378,874	\$ 25,376	\$ 3,404,250
Appropriation of 2023 earnings (Note 24)											
Legal reserve	-	-	-	38,471	-	(38,471)	-	-	-	-	-
Special reserve	-	-	-	-	34,259	(34,259)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(194,450)	-	-	(194,450)	-	(194,450)
Other changes in capital surplus:											
Equity component of convertible bonds issued by the Company (Note 21)	-	-	30,776	-	-	-	-	-	30,776	-	30,776
Convertible bonds converted to ordinary shares (Notes 21 and 24)	9,980	30,443	203,556	-	-	-	-	-	243,979	-	243,979
Compensation cost of employee share options (Notes 4 and 29)	-	-	9,018	-	-	-	-	-	9,018	-	9,018
Issuance of ordinary shares under employee share options (Note 24)	8,030	-	23,058	-	-	-	-	-	31,088	-	31,088
Net profit for the year ended December 31, 2024	-	-	-	-	-	511,215	-	-	511,215	3,574	514,789
Other comprehensive income for the year ended December 31, 2024, net of income tax (Note 24)	-	-	-	-	-	-	138,026	1,321	139,347	10	139,357
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	511,215	138,026	1,321	650,562	3,584	654,146
BALANCE AT DECEMBER 31, 2024	802,847	32,856	1,240,807	422,304	203,915	1,511,686	(75,014)	10,446	4,149,847	28,960	4,178,807
Appropriation of 2024 earnings (Note 24)											
Legal reserve	-	-	-	51,121	-	(51,121)	-	-	-	-	-
Special reserve	-	-	-	-	(139,347)	139,347	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(253,001)	-	-	(253,001)	-	(253,001)
Convertible bonds converted to ordinary shares (Notes 21 and 24)	60,649	(23,845)	185,223	-	-	-	-	-	222,027	-	222,027
Compensation cost of employee share options (Note 29)	-	-	25,690	-	-	-	-	-	25,690	-	25,690
Issuance of ordinary shares under employee share options	10,620	8,300	51,039	-	-	-	-	-	69,959	-	69,959
Acquisition of non-controlling interests from subsidiaries (Note 30)	-	-	-	-	-	-	-	-	-	85,956	85,956
Net profit (loss) for the year ended December 31, 2025	-	-	-	-	-	652,156	-	-	652,156	18,997	671,153
Other comprehensive (loss) income for the year ended December 31, 2025, net of income tax (Note 24)	-	-	-	-	-	-	(69,280)	8,718	(60,562)	522	(60,040)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	652,156	(69,280)	8,718	591,594	19,519	611,113
BALANCE AT DECEMBER 31, 2025	\$ 874,116	\$ 17,311	\$ 1,502,759	\$ 473,425	\$ 64,568	\$ 1,999,067	\$ (144,294)	\$ 19,164	\$ 4,806,116	\$ 134,435	\$ 4,940,551

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 891,560	\$ 656,299
Adjustments for:		
Depreciation expenses	259,415	290,084
Amortization expenses	8,426	7,641
Expected credit impairment loss (gain on reversal)	(1,607)	3,205
Net gain on fair value changes of financial assets and liabilities at FVTPL	(21,700)	(34,300)
Finance costs	11,297	13,100
Interest income	(22,175)	(31,500)
Dividend income	(7,339)	(5,997)
Compensation cost of employee share options	25,690	9,018
Share of loss of associates	3,912	1,567
Gain on disposal of property, plant and equipment	(6,456)	(128)
Other	(546)	-
Write-down of inventories	-	20,455
Goodwill impairment loss	-	6,344
Net gain on foreign currency exchange	(30,425)	(45,091)
Gains on lease modification	(650)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	38,643	36,872
Notes receivable	(12,620)	(556)
Trade receivables	56,461	(176,226)
Other receivables	(16,044)	(18,151)
Inventories	69,673	(56,905)
Other current assets	(1,326)	(76,414)
Financial liabilities held for trade	(13,636)	(3,542)
Contract liabilities	(1,273)	(3,826)
Trade payables	(135,333)	56,510
Other payables	71,028	144,786
Other current liabilities	(5,021)	(8,065)
Cash generated from operations	1,159,954	785,180
Interest received	21,986	33,143
Interest paid	(8,026)	(5,218)
Income tax paid	(145,280)	(91,919)
Net cash generated from operating activities	<u>1,028,634</u>	<u>721,186</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(50,010)	(10)
Proceeds from sale of financial assets at amortized cost	-	-
Acquisition of associate	-	(5,377)
Net cash outflow on the acquisition of subsidiaries(Note 30)	(637,019)	-
Payments for property, plant and equipment	(491,626)	(476,991)

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U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
Proceeds from disposal of property, plant and equipment	\$ 34,975	\$ 17,905
Increase in refundable deposits	(2,058)	-
Decrease in refundable deposits	-	2,870
Payments for intangible assets	(10,536)	(4,147)
Decrease in other non-current assets	-	1,804
Increase in prepayments for equipment	(93,629)	(54,541)
Other dividends received	<u>7,339</u>	<u>5,997</u>
Net cash used in investing activities	<u>(1,242,564)</u>	<u>(512,490)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	647,340	50,000
Repayments of short-term borrowings	(138,560)	(599,000)
Proceeds from issuance of convertible bonds	-	502,500
Proceeds from long-term borrowings	46,159	4,510
Repayments of long-term borrowings	-	(176,800)
Proceeds from guarantee deposits received	6,108	-
Refund of guarantee deposits received	-	(1,063)
Repayment of the principal portion of lease liabilities	(910)	(3,172)
Dividends paid to the owners of the Company	(253,001)	(194,450)
Proceeds from the exercise of employee share options	69,959	31,088
Repayment for issuance costs of convertible bonds	<u>-</u>	<u>(5,545)</u>
Net cash generated from/(used in) financing activities	<u>377,095</u>	<u>(391,932)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(195,203)</u>	<u>157,305</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(32,038)	(25,931)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,388,302</u>	<u>1,414,233</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,356,264</u>	<u>\$ 1,388,302</u>

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

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

U.D. Electronic Corp. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) was incorporated in the Republic of China (ROC) on March 18, 2005 with a share capital of \$10,000 thousand, and the accumulated share capital was \$874,116 thousand as of December 31, 2025. The Company is a trading enterprise and mainly engages in selling electronic connectors for telecommunications, data communications and computers.

The Company’s shares have been listed on the Taipei Exchange since October 2012. The shares are widely distributed; therefore, there is no ultimate parent company or ownership interest. The consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 25, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
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
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</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 IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Group shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13, Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company and its foreign operations (including subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

g. Inventories

Inventories consist of raw materials, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjust to the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate and joint venture that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

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

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

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

m. Impairment of property, plant and equipment, investment properties, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

n. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are included in the initially recognized amount of the financial assets or financial liabilities.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 33.

b) Financial assets at amortized cost

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

- i. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, financial assets at amortized cost - current and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Despite the immaterial of the recognition of interest of short term trade receivables, other exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;

- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

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

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

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

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including financial assets at amortized cost - current and trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- a) Internal or external information shows that the debtor is unlikely to pay its creditors.
- b) Financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 33.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - other.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Group's derivative financial instruments are foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of electronic connectors, power supplies and LED lighting products. Sales of the goods are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered or shipped to the customer.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Borrowing costs

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

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

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred are recognized in profit or loss in the period in which they are received.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

t. Share-based payment arrangements

Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if it is vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

u. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to be generated from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or where changes in facts and circumstances result in downward revisions of future cash flows or upward revisions of the discount rate, a material impairment loss may arise.

As of December 31, 2025 and 2024, the carrying amounts of goodwill were \$663,458 thousand and \$6,103 thousand, respectively; please refer to Note 17.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2025	2024
Cash on hand	\$ 3,112	\$ 3,460
Demand deposits	534,571	321,649
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>818,581</u>	<u>1,063,193</u>
	<u>\$ 1,356,264</u>	<u>\$ 1,388,302</u>

The rate intervals of cash in the bank at the end of the reporting period is as follows:

	<u>December 31</u>	
	2025	2024
Bank balance	0.001%-3.62%	0.001%-4.62%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2025	2024
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Options of convertible bonds	\$ 24	\$ 1,213
Foreign exchange forward contracts	<u>3,840</u>	<u>-</u>
	<u>\$ 3,864</u>	<u>\$ 1,213</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 8,061</u>	<u>\$ 1,074</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Period	Notional Amount (In Thousands)
<u>December 31, 2025</u>			
Sell	USD/NTD	2026.01.09-2026.02.13	USD3,690/NTD113,089
Sell	USD/NTD	2026.02.13-2026.03.09	USD2,310/NTD72,398
Sell	RMB/NTD	2026.01.05-2026.05.06	RMB22,450/NTD97,752
Sell	USD/RMB	2026.03.23	USD5,000/RMB35,116
Sell	USD/RMB	2026.04.22	USD1,000/RMB6,951
Sell	USD/RMB	2026.01.21-2026.02.23	USD8,000/RMB56,585
Sell	USD/RMB	2026.02.23-2026.04.22	USD8,000/RMB56,127
Sell	USD/RMB	2026.01.21-2026.03.23	USD9,000/RMB63,408
<u>December 31, 2024</u>			
Sell	RMB/NTD	2025.3.6	RMB3,400/NTD15,207
Sell	RMB/NTD	2025.1.6-2025.5.6	RMB9,800/NTD43,923

The Group entered into forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2025	2024
<u>Non-current</u>		
Domestic investment		
Unlisted shares		
Emerging Creation Capital Inc.	\$ 19,794	\$ 21,731
Dy-Precision Industrial Co., Ltd.	10,383	5,184
Yongda Investment Co., Ltd.	<u>68,165</u>	<u>60,530</u>
	<u>\$ 98,342</u>	<u>\$ 87,445</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

Dividends of \$7,339 thousand and \$5,997 thousand were recognized during 2025 and 2024, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	\$ 50,000	\$ -
Restricted assets		
Time deposits with original maturities of more than 3 months	<u>6,755</u>	<u>6,745</u>
	<u>\$ 56,755</u>	<u>\$ 6,745</u>

- a. The collateral for import tariffs. Refer to Note 35.
- b. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- c. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.60%-1.705% and 1.53%-1.655% per annum as of December 31, 2025 and 2024, respectively.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at amortized cost were as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Gross carrying amount	\$ 56,755	\$ 6,745
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 56,755</u>	<u>\$ 6,745</u>

The Group invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Group considers the historical default situation of debtors, the current financial condition of debtors, and the future prospects of the industries. As of December 31, 2025 and 2024, the expected credit loss for debt instrument investments held by the Group was 0%.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 95,401	\$ 14,255
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 95,401</u>	<u>\$ 14,255</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 2,187,928	\$ 1,653,034
Less: Allowance for impairment loss	<u>(33,055)</u>	<u>(10,400)</u>
	2,154,873	1,642,634
At FVTOCI	<u>-</u>	<u>112,407</u>
	<u>\$ 2,154,873</u>	<u>\$ 1,755,041</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 67,589	\$ 39,024
Others	<u>2,767</u>	<u>12,438</u>
	<u>\$ 70,356</u>	<u>\$ 51,462</u>

a. Notes receivable and trade receivables

1) At amortized cost

The average credit period of sales of goods was 60 to 180 days.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances is made for possible irrecoverable amounts. In this regard, the management of the Company believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtors and an analysis of the debtors' current financial positions and general economic conditions of the industry, along with considering the forecasted GDP and the industry outlook.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable, e.g., when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable based on the Group's provision matrix.

December 31, 2025

	Not Past Due
Expected credit loss rate	-
Gross carrying amount	\$ 95,401
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 95,401</u>

December 31, 2024

	Not Past Due
Expected credit loss rate	-
Gross carrying amount	\$ 14,255
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 14,255</u>

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2025

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	121 to 180 Days Past Due	Past Due Over 181 Days	Total
Expected credit loss rate	1.0898%	1.6626%	5.8955%	10.4150%	100%	
Gross carrying amount	\$ 2,100,380	\$ 68,867	\$ 8,939	\$ 1,229	\$ 8,513	\$ 2,187,928
Loss allowance (Lifetime ECLs)	<u>(22,742)</u>	<u>(1,145)</u>	<u>(527)</u>	<u>(128)</u>	<u>(8,513)</u>	<u>(33,055)</u>
Amortized cost	<u>\$ 2,077,638</u>	<u>\$ 67,722</u>	<u>\$ 8,412</u>	<u>\$ 1,101</u>	<u>\$ -</u>	<u>\$ 2,154,873</u>

December 31, 2024

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	121 to 180 Days Past Due	Past Due Over 181 Days	Total
Expected credit loss rate	0.0036%	0.1246%	0.3700%	5.3394%	100%	
Gross carrying amount	\$ 1,556,160	\$ 76,228	\$ 9,190	\$ 1,311	\$ 10,145	\$ 1,653,034
Loss allowance (Lifetime ECLs)	<u>(56)</u>	<u>(95)</u>	<u>(34)</u>	<u>(70)</u>	<u>(10,145)</u>	<u>(10,400)</u>
Amortized cost	<u>\$ 1,556,104</u>	<u>\$ 76,133</u>	<u>\$ 9,156</u>	<u>\$ 1,241</u>	<u>\$ -</u>	<u>\$ 1,642,634</u>

The movements of the loss allowance for trade receivables were as follows:

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 10,400	\$ 7,167
Acquisitions through business combinations	24,459	-
Add: Impairment loss recognized (reversed)	(1,607)	3,205
Less: Amounts written off	(197)	(108)
Foreign exchange gains and losses	<u>-</u>	<u>136</u>
Balance at December 31	<u>\$ 33,055</u>	<u>\$ 10,400</u>

2) At FVTOCI

For trade receivables from a specific customer, the Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of financial assets.

The following table details the loss allowance of trade receivables at FVTOCI based on the Group's provision matrix.

December 31, 2024

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	121 to 180 Days Past Due	Past Due Over 181 Days	Total
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 103,257	\$ 9,150	\$ -	\$ -	\$ -	\$ 112,407
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 103,257</u>	<u>\$ 9,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,407</u>

b. Other receivables

Other receivables mainly contain tax refunds receivable and others. The policy that the Group adopted is to carry out a transaction only with company with good credit. The Group continuously tracks the overdue record of the past and analyzes its financial situation to evaluate if there is a significant increase in the credit risk and measure the expected credit loss. As of December 31, 2025 and 2024, the expected credit risk was considered 0% by the assessment of the Group.

12. INVENTORIES

	December 31	
	2025	2024
Finished goods	\$ 427,382	\$ 394,192
Work in progress	205,453	138,381
Raw materials and supplies	<u>254,313</u>	<u>188,235</u>
	<u>\$ 887,148</u>	<u>\$ 720,808</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2025	2024
Cost of inventories sold	\$ 4,349,149	\$ 3,732,691
Inventory write-downs	<u>-</u>	<u>20,455</u>
	<u>\$ 4,349,149</u>	<u>\$ 3,753,146</u>

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Investee's Company Type/Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2025	2024	
U.D. Electronic Corp.	Global Connection (Samoa) Holding Inc.	Holding company	100.00	100.00	Foreign exchange risk is the major operational risk
U.D. Electronic Corp.	CDE Corp.	Manufacturing and selling of electronic materials	100.00	100.00	Market risk is the major operational risk
U.D. Electronic Corp.	DYP Corp.	Selling of electronic components	51.00	51.00	Market risk is the major operational risk
U.D. Electronic Corp.	U.D. Electronic Vietnam Company Limited	Manufacturing and selling of electronic components	100.00	100.00	Foreign exchange and market risks are major operational risks
U.D. Electronic Corp.	Jinyue Investment Co., Ltd.	Investment	100.00 (Note 1)	-	Market risk is the major operational risk
Global Connection (Samoa) Holding Inc.	Sunderland Inc.	Holding company	100.00	100.00	Foreign exchange risk is the major operational risk
Global Connection (Samoa) Holding Inc.	San Francisco Inc.	Holding company	100.00	100.00	Foreign exchange risk is the major operational risk
Global Connection (Samoa) Holding Inc.	All First International Co., Ltd.	International trading	100.00	100.00	Foreign exchange and market risks are major operational risks
DYP Corp.	Ta Yang UDE Limited	Holding company	100.00	100.00	Foreign exchange risk is the major operational risk
Sunderland Inc.	Dongguan Jian Guan P.E. Co., Ltd.	Manufacturing and selling of electronic components	100.00	100.00	Political, foreign exchange, and market risks are major operational risks
Sunderland Inc.	Dongguan U.D.E. Electronics Corp.	Researching and selling of electronic components	100.00	100.00	Political, foreign exchange, and market risks are major operational risks
San Francisco Inc.	Zhong Jiang U.D.E. Electronics Corp.	Manufacturing and selling of electronic components	100.00	100.00	Political, foreign exchange, and market risks are major operational risks
Zhong Jiang U.D.E. Electronics Corp.	Zhong Jiang U.D.E. Networking Electronics Corp.	Selling of electronic components	100.00	100.00	Political, foreign exchange, and market risks are major operational risks
Zhong Jiang U.D.E. Electronics Corp.	Linkpower Electronics Co., Ltd	Manufacturing and selling of power supplies and LED lighting products	82.75 (Note 3)	-	Political, foreign exchange, and market risks are major operational risks
Linkpower Electronics Co., Ltd	Huangshan Yuhao Electronics Co., Ltd.	Manufacturing of electronic components	100.00 (Note 3)	-	Political, foreign exchange, and market risks are major operational risks
Linkpower Electronics Co., Ltd	NOBLESTYLE ELECTRONICS (HK) CO., LIMITED	International trading	100.00 (Note 3)	-	Political, foreign exchange, and market risks are major operational risks
Linkpower Electronics Co., Ltd	Hangzhou Qigu Technology Co., Ltd.	Real estate investment business	100.00 (Note 3)	-	Political, foreign exchange, and market risks are major operational risks

(Continued)

Investor	Investee	Investee's Company Type/Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2025	2024	
Ta Yang UDE Limited	Dongguan De Yang Precision Rubber Plastic Co., Ltd	Manufacturing and selling of electronic components	100.00	100.00	Political, foreign exchange, and market risks are major operational risks
Ta Yang UDE Limited	Morning Paragon Limited	International trading	100.00	100.00	Foreign exchange and market risks are major operational risks
Dongguan Jian Guan P.E. Co., Ltd.	Dongguan Ai Te Chieh Intellectual Technology Co., Ltd.	Machinery and automatic equipment development	- (Note 2)	60.00	Political, foreign exchange, and market risks are major operational risks
Dongguan Jian Guan P.E. Co., Ltd.	Dongguan Han Lian Technology Co., Ltd.	Manufacturing and selling of electronic connectors and electronic products	85.00	85.00	Political, foreign exchange, and market risks are major operational risks

(Concluded)

Note 1: The Company established Jinyue Investment Co., Ltd. with a capital of \$30,000 thousand in March 2025, mainly engaged in general investment business.

Note 2: On October 28, 2024, the Board of Directors of the consolidated group resolved to initiate the liquidation of its subsidiary, Dongguan Ai Te Chieh Intellectual Technology Co., Ltd. (Ai Te Chieh Intellectual). The dissolution was subsequently approved on March 11, 2025.

Note 3: The Group acquired 82.75% shares of Linkpower Electronics Co., Ltd. on December 1, 2025 (the acquisition date) in the amount of RMB239,982 thousand (equivalent to NT\$1,064,492 thousand). For further details, please refer to Note 30.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associate

	December 31	
	2025	2024
Individually insignificant associate		
Shenzhen Deshenglong Electronics Co., Ltd.	\$ (196)	\$ 3,888
Add: Transfer investments accounted for using the equity method in credit	<u>196</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 3,888</u>

At the end of the reporting period, the proportion of ownership and voting rights in associate held by the Group were as follows:

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31	
			2025	2024
Shenzhen Deshenglong Electronics Co., Ltd.	Manufacturing of computer hardware, software and peripheral devices	Shenzhen, Guangdong Province, China	40	40

Aggregate Information of Associates That are Not Individually Material

For the Year Ended December 31
2025 **2024**

The Company's share of:

Loss from continuing operations	\$ (3,912)	\$ (1,567)
Other comprehensive income (loss)	<u> -</u>	<u> -</u>
Total comprehensive loss for the year	<u>\$ (3,912)</u>	<u>\$ (1,567)</u>

The Group contributed RMB1,200 thousand (equivalent to \$5,377 thousand) to jointly establish Shenzhen Deshenglong Electronics Co., Ltd. with other parties, completed the relevant establishment registration in July 2024, and obtained 40% of the equity according to the proportion of capital contribution.

15. PROPERTY, PLANT AND EQUIPMENT - USED BY THE GROUP

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Mold Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost										
Balance at January 1, 2025	\$ 159,538	\$ 284,861	\$ 1,669,836	\$ 19,411	\$ 16,823	\$ 506,105	\$ 115,167	\$ 405,017	\$ 365,852	\$ 3,542,610
Additions	-	172,159	223,850	5,715	13,855	35,788	5,929	31,666	13,921	502,883
Disposals	-	(3,018)	(169,465)	(3,560)	(2,482)	(29,229)	(21,078)	(62,583)	-	(291,415)
Acquisitions through business combinations	-	205,416	208,940	6,370	23,212	-	-	26,385	-	470,323
Reclassifications (Note)	-	370,368	(3,303)	442	(11,869)	25,483	-	3,402	(353,985)	30,538
Effects of foreign currency exchange differences	-	(2,059)	(26,335)	(417)	(396)	(9,108)	(2,991)	(8,535)	(25,788)	(75,629)
Balance at December 31, 2025	<u>\$ 159,538</u>	<u>\$ 1,027,727</u>	<u>\$ 1,903,523</u>	<u>\$ 27,961</u>	<u>\$ 39,143</u>	<u>\$ 529,039</u>	<u>\$ 97,027</u>	<u>\$ 395,352</u>	<u>\$ -</u>	<u>\$ 4,179,310</u>
Accumulated depreciation										
Balance at January 1, 2025	\$ -	\$ 149,667	\$ 1,176,067	\$ 18,552	\$ 424,517	\$ 424,517	\$ 108,443	\$ 373,034	\$ -	\$ 2,265,595
Disposals	-	(3,018)	(146,337)	(3,560)	(2,479)	(26,142)	(18,864)	(62,496)	-	(262,896)
Depreciation	-	18,519	136,770	442	1,973	55,399	3,284	37,982	-	254,369
Acquisitions through business combinations	-	114,483	82,824	3,784	21,519	-	-	9,214	-	231,824
Reclassifications (Note)	-	19,355	(9,741)	408	(9,444)	83	-	(661)	-	-
Effects of foreign currency exchange differences	-	(212)	(17,491)	(401)	(380)	(7,587)	(2,625)	(7,881)	-	(36,577)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 298,794</u>	<u>\$ 1,222,092</u>	<u>\$ 19,225</u>	<u>\$ 26,504</u>	<u>\$ 446,270</u>	<u>\$ 90,238</u>	<u>\$ 349,192</u>	<u>\$ -</u>	<u>\$ 2,452,315</u>
Carrying amount at December 31, 2025	<u>\$ 159,538</u>	<u>\$ 728,933</u>	<u>\$ 681,431</u>	<u>\$ 8,736</u>	<u>\$ 12,639</u>	<u>\$ 82,769</u>	<u>\$ 6,789</u>	<u>\$ 46,160</u>	<u>\$ -</u>	<u>\$ 1,726,995</u>
Cost										
Balance at January 1, 2024	\$ 159,538	\$ 276,654	\$ 1,795,415	\$ 22,279	\$ 15,626	\$ 494,506	\$ 109,638	\$ 426,590	\$ 2,104	\$ 3,302,350
Additions	-	127	75,449	-	773	44,044	2,839	17,147	360,610	500,989
Disposals	-	(139)	(270,982)	(3,982)	(439)	(75,492)	(332)	(61,313)	-	(412,679)
Transfer from prepayments	-	-	3,097	-	121	17,489	-	882	-	21,589
Effects of foreign currency exchange differences	-	8,219	66,857	1,114	742	25,558	3,022	21,711	3,138	130,361
Balance at December 31, 2024	<u>\$ 159,538</u>	<u>\$ 284,861</u>	<u>\$ 1,669,836</u>	<u>\$ 19,411</u>	<u>\$ 16,823</u>	<u>\$ 506,105</u>	<u>\$ 115,167</u>	<u>\$ 405,017</u>	<u>\$ 365,852</u>	<u>\$ 3,542,610</u>
Accumulated depreciation										
Balance at January 1, 2024	\$ -	\$ 127,223	\$ 1,241,451	\$ 20,871	\$ 14,321	\$ 417,576	\$ 101,356	\$ 357,180	\$ -	\$ 2,279,978
Disposals	-	(139)	(255,277)	(3,982)	(439)	(74,101)	(332)	(60,632)	-	(394,902)
Depreciation	-	18,219	141,704	615	725	59,475	4,541	57,928	-	283,207
Effects of foreign currency exchange differences	-	4,364	48,189	1,048	708	21,567	2,878	18,558	-	97,312
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 149,667</u>	<u>\$ 1,176,067</u>	<u>\$ 18,552</u>	<u>\$ 15,315</u>	<u>\$ 424,517</u>	<u>\$ 108,443</u>	<u>\$ 373,034</u>	<u>\$ -</u>	<u>\$ 2,265,595</u>
Carrying amount at December 31, 2024	<u>\$ 159,538</u>	<u>\$ 135,194</u>	<u>\$ 493,769</u>	<u>\$ 859</u>	<u>\$ 1,508</u>	<u>\$ 81,588</u>	<u>\$ 6,724</u>	<u>\$ 31,983</u>	<u>\$ 365,852</u>	<u>\$ 1,277,015</u>

Note: The amount included reclassified from prepayments for equipment.

No impairment loss or reversal of impairment loss was recognized for the years ended December 31, 2025 and 2024.

The above items of property, plant and equipment are depreciated on a straight-line basis over their useful lives estimated as follows:

Buildings	
Main buildings	10-50 years
Others	5-10 years
Machinery and equipment	1-10 years
Transportation equipment	4-6 years
Office equipment	2-6 years
Mold equipment	1-5 years
Leasehold improvements	2-5 years
Other equipment	1-8 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 35.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Carrying amounts</u>		
Land	\$ 172,371	\$ 154,969
Buildings	<u>-</u>	<u>14,148</u>
	<u>\$ 172,371</u>	<u>\$ 169,117</u>
	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 11,442</u>
Acquisitions through business combinations	<u>\$ 29,421</u>	<u>\$ -</u>
Derecognition of the right-of-use assets	<u>\$ (11,989)</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,757	\$ 3,689
Buildings	<u>1,261</u>	<u>3,188</u>
	<u>\$ 5,018</u>	<u>\$ 6,877</u>

No impairment loss or reversal of impairment loss was recognized for the years ended December 31, 2025 and 2024.

Right-of-use assets pledged as collateral for bank borrowings are set out in Note 35.

b. Lease liabilities

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Carrying amounts</u>		
Current	\$ <u> -</u>	\$ <u> 2,103</u>
Non-current	\$ <u> -</u>	\$ <u>12,360</u>

Discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Buildings	-	1.38%-9.00%

c. Material lease-in activities and terms

The Group leases certain land and buildings for the use as plants and offices with lease terms of 3 to 48 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent. In July 2025, the Group reached a mutual agreement with the buildings lessor to terminate the lease. Accordingly, the Group derecognized the related assets and lease liabilities and recognized a lease modification gain of \$650 thousand.

d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Expenses relating to short-term leases	\$ <u>19,367</u>	\$ <u>22,240</u>
Expenses relating to low-value asset leases	\$ <u> 262</u>	\$ <u> 1,047</u>
Total cash outflow for leases	\$ <u>(20,925)</u>	\$ <u>(26,985)</u>

17. GOODWILL

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Cost</u>		
Balance at January 1	\$ 12,519	\$ 12,202
Acquisitions through business combinations (Note 30)	652,083	
Disposal of subsidiary	(6,162)	
Net foreign exchange currency gains	<u>5,018</u>	<u>317</u>
Balance at December 31	<u>\$ 663,458</u>	<u>\$ 12,519</u>

(Continued)

	For the Year Ended December 31	
	2025	2024
<u>Accumulated impairment losses</u>		
Balance at January 1	\$ 6,416	\$ -
Impairment losses recognized	-	6,344
Disposal of subsidiary	(6,162)	
Net foreign exchange currency gains (losses)	<u>(254)</u>	<u>72</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 6,416</u>
Carrying amount at December 31	<u>\$ 663,458</u>	<u>\$ 6,103</u> (Concluded)

In February 2013, November 2018, March 2019 and November 2025, the Group acquired a 50% interest in CDE Corp., a 60% interest in Dongguan Ai Te Chieh Intellectual Technology Co., Ltd., a 70% interest in Dongguan Han Lian Technology Co., Ltd. and a 82.75% interest in Linkpower Electronics Co., Ltd., respectively. The value of goodwill was recognized when the cost of acquisition is higher than the net fair value of the identifiable assets and liabilities recognized at the date of acquisition.

The recoverable amounts of Dongguan Ai Te Chieh Intellectual Technology Co., Ltd. and Dongguan Han Lian Technology Co., Ltd. are determined based on their value in use, with cash flow estimates for the next five years approved by the management of the consolidated company in the financial budget. The calculation is made using a discount rate of 8.98% in 2024. After evaluation, the recoverable amounts of Dongguan Ai Te Chieh Intellectual Technology Co., Ltd. and Dongguan Han Lian Technology Co., Ltd. are found to be lower than their carrying amounts, resulting in the recognition of an impairment loss of goodwill amounting to \$6,344 thousand, which is recorded under other gains and losses. Subsequently, Dongguan Ai Te Chieh Intellectual Technology Co., Ltd. completed its deregistration procedures in March 2025.

The Group acquired 82.75% shares of Linkpower Electronics Co., Ltd. in 2025, resulting in the recognition of goodwill of \$652,083 thousand. This was mainly attributed to the expected benefits from the growth of operating revenue from sales of goods. For further information, please refer to Note 30.

18. OTHER INTANGIBLE ASSETS

	Computer Software	Trademarks	Patents	Total
<u>Cost</u>				
Balance at January 1, 2025	\$ 49,569	\$ 29,286	\$ 7,000	\$ 85,855
Acquisitions through business combinations	5,480	177	-	5,657
Additions	3,938	-	6,598	10,536
Disposals	(2,426)	-	-	(2,426)
Effects of foreign currency exchange differences	<u>(844)</u>	<u>2</u>	<u>-</u>	<u>(842)</u>
Balance at December 31, 2025	<u>\$ 55,717</u>	<u>\$ 29,465</u>	<u>\$ 13,598</u>	<u>\$ 98,780</u> (Continued)

	Computer Software	Trademarks	Patents	Total
<u>Accumulated amortization</u>				
Balance at January 1, 2025	\$ 43,606	\$ 15,068	\$ 3,383	\$ 62,057
Acquisitions through business combinations	3,787	177	-	3,964
Amortization expenses	4,001	2,547	1,878	8,426
Disposals	(2,426)	-	-	(2,426)
Effects of foreign currency exchange differences	<u>(804)</u>	<u>2</u>	<u>-</u>	<u>(802)</u>
Balance at December 31, 2025	<u>\$ 48,164</u>	<u>\$ 17,794</u>	<u>\$ 5,261</u>	<u>\$ 71,219</u>
Carrying amounts at December 31, 2025	<u>\$ 7,553</u>	<u>\$ 11,671</u>	<u>\$ 8,337</u>	<u>\$ 27,561</u>
<u>Cost</u>				
Balance at January 1, 2024	\$ 44,377	\$ 29,286	\$ 7,000	\$ 80,663
Additions	4,147	-	-	4,147
Disposals	(1,057)	-	-	(1,057)
Effects of foreign currency exchange differences	<u>2,102</u>	<u>-</u>	<u>-</u>	<u>2,102</u>
Balance at December 31, 2024	<u>\$ 49,569</u>	<u>\$ 29,286</u>	<u>\$ 7,000</u>	<u>\$ 85,855</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2024	\$ 38,336	\$ 12,521	\$ 2,683	\$ 53,540
Amortization expenses	4,394	2,547	700	7,641
Disposals	(1,057)	-	-	(1,057)
Effects of foreign currency exchange differences	<u>1,933</u>	<u>-</u>	<u>-</u>	<u>1,933</u>
Balance at December 31, 2024	<u>\$ 43,606</u>	<u>\$ 15,068</u>	<u>\$ 3,383</u>	<u>\$ 62,057</u>
Carrying amounts at December 31, 2024	<u>\$ 5,963</u>	<u>\$ 14,218</u>	<u>\$ 3,617</u>	<u>\$ 23,798</u>
				(Concluded)

No impairment loss or reversal of impairment loss was recognized for the years ended December 31, 2025 and 2024.

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-10 years
Trademarks	10-12 years
Patents	2-10 years

19. OTHER ASSETS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Prepaid sales tax	\$ 80,758	\$ 109,265
Prepayments	62,462	36,140
Overpaid sales tax	4,544	6,136
Others	<u>5,682</u>	<u>5,494</u>
	<u>\$ 153,446</u>	<u>\$ 157,035</u>
 <u>Non-current</u>		
Prepayments for equipment	\$ 130,843	\$ 67,752
Refundable deposits	<u>5,370</u>	<u>2,841</u>
	<u>\$ 136,213</u>	<u>\$ 70,593</u>

20. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Secured borrowings (Note 35)</u>		
Bank loans	\$ 53,659	\$ -
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>513,709</u>	<u>60,000</u>
	<u>\$ 567,368</u>	<u>\$ 60,000</u>

The range of interest rates for bank loans was 2.55%-4.35% and 2.00%-2.17%, per annum as of December 31, 2025 and 2024, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Bank loans	\$ 50,000	\$ 4,561
Less: Current portions	<u>-</u>	<u>(547)</u>
Long-term borrowings	<u>\$ 50,000</u>	<u>\$ 4,014</u>

		<u>December 31</u>	
		2025	2024
<u>Unsecured borrowings</u>			
Bank of China Limited	The loan amounted to RMB1,000 thousand is repaid 3% on three monthly basis from July 16, 2024 to July 15, 2027. Repayment begins in the sixth month. The remaining principal will be repaid in the final installment. The interest is paid three months. This loan has been fully repaid by the Group.	\$ -	\$ 4,561
Taipei Fubon Commercial Bank	The loan amounted to \$50,000 thousand is repaid on a monthly basis from November 27, 2025 to March 5, 2027. The interest is paid every month. The principal will be settled on the maturity date.	50,000	-
Less: Current portions		<u>-</u>	<u>(547)</u>
Long-term borrowings		<u>\$ 50,000</u>	<u>\$ 4,014</u>

The range of interest rates for long-term bank loans was 2.49% and 3.41%, per annum as of December 31, 2025 and 2024, respectively.

21. BONDS PAYABLE

	<u>December 31</u>	
	2025	2024
Fourth unsecured domestic convertible bonds	\$ 10,764	\$ 231,135
Less: Current portion	<u>(10,764)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 231,135</u>

Unsecured Domestic Convertible Bonds - IV

On March 5, 2024, the Group issued the fourth three-year unsecured, zero-coupon domestic convertible bonds with a \$100 thousand par value, in an aggregate principal amount of \$500,000 thousand and were issued at 100.5% of par value.

The following items are the primary clauses in the prospectus:

a. Term

From March 5, 2024 to March 5, 2027.

b. Redemption

From 3 months after the issue date to 40 days before maturity date, if the closing price in 30 consecutive trading days is greater than 130% of the conversion price, then the Group may redeem the whole bonds in cash at the principal amount.

From 3 months after the issue date to 40 days before maturity date, if more than 90% of the bonds' principal amount has already been converted, redeemed or repurchased and cancelled, then the Group may redeem the whole bonds in cash at the principal amount.

c. Conversion

Conversion period

Bondholders may request the Group to convert the bonds into the Group's ordinary shares between June 6, 2024 and March 5, 2027, except during the period when the registration of share transfer is suspended.

Conversion price and adjustments

The price used by the Group in determining the number of ordinary shares to be issued upon conversion is NT\$65.7 per share. Since the Company applied for ex-dividend on August 7, 2024, the conversion price of bonds was adjusted to NT\$63.70 per share. Then on August 9, 2025, the price was adjusted to \$61.70 per share.

d. Bondholders' put right

On March 5, 2026 (2 years after the issue date), each bondholder will have the right, at such holder's option, to require the Group to redeem in whole or in part the principal amount of such holder's bonds in cash by filling an application with the original brokerage before 30 days prior to the base date.

e. Bond components

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 2.2045% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,545 thousand)	\$ 496,955
Equity component	(30,776)
Financial assets at FVTPL	743
Deferred tax assets	<u>1,109</u>
Liability component at the date of issuance	468,031
Convertible bonds converted into ordinary shares	(245,081)
Interest charged at an effective interest rate of 2.2045%	<u>8,185</u>
Liability component at December 1, 2025	<u>\$ 231,135</u>
Liability component on January 1, 2025	\$ 231,135
Interest charged at an effective interest rate of 2.2045% - for the nine months ended December 31, 2025	2,684
Convertibles bonds converted into ordinary shares	<u>(223,055)</u>
Liability component on December 31, 2025	<u>\$ 10,764</u>

During 2025, the convertible bonds were converted for the par value of \$231,300 thousand, of which the Group reclassified to ordinary shares and capital collected in advance for amount of \$27,793 thousand and \$9,011 thousand, respectively. With conversion occurrence, originally recorded capital surplus-options decreased \$14,237 thousand, bonds payable reduced \$8,245 thousand, financial assets at FVPL reduced \$1,028 thousand, and capital surplus increased \$199,460 thousand derived from the difference between the consideration received and the par value of bonds payable.

During 2024, the convertible bonds were converted for the par value of \$257,500 thousand, of which the Group reclassified to ordinary shares and capital collected in advance for amount of \$7,567 thousand and \$32,856 thousand, respectively. With conversion occurrence, originally recorded capital surplus-options decreased \$15,850 thousand, bonds payable reduced \$12,419 thousand, financial assets at FVPL reduced \$1,102 thousand, and capital surplus increased \$219,406 thousand derived from the difference between the consideration received and the par value of bonds payable.

22. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Other payables		
Salaries and bonuses	\$ 300,385	\$ 197,328
Processing fees	185,360	225,259
Payables for labor and health insurance, social security and pension	172,904	37,251
Purchases of equipment (Note 31)	61,919	50,662
Pension	86,816	16,288
Others	<u>231,078</u>	<u>149,512</u>
	<u>\$ 1,038,462</u>	<u>\$ 676,300</u>
<u>Non-current</u>		
Other non-current assets		
Long-term accounts payable (Note 30)	\$ 111,144	\$ -
Transfer investments accounted for using the equity method in credit	196	-
Others	<u>155</u>	<u>-</u>
	<u>\$ 111,495</u>	<u>\$ -</u>

The Group acquired the equity interest in Linkpower Electronics Co., Ltd. with November 30, 2025 designated as the acquisition date. In accordance with the contractual terms, an amount of RMB24,826 thousand, together with accrued interest, has been retained as a provision for contingent indemnification liabilities, with the guarantee period extending through December 31, 2029. Upon expiration of the guarantee period, the remaining balance - after deducting any losses borne by the Group - will be remitted to the transferors of the equity interest in Linkpower Electronics Co., Ltd. As of December 31, 2025, the aforementioned retained amount totaled \$111,144 thousand and has been recognized under long-term payables.

23. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company, CDE Corp. and DYP Corp. have a pension plan under the Labor Pension Act (LPA), a state-managed defined contribution plan. Under the LPA, the Company, CDE Corp. and DYP Corp. make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group in China and Vietnam are members of state-managed retirement benefit plans operated by the government of China and Vietnam, respectively. The subsidiaries in China and Vietnam are required to contribute amounts calculated at a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

24. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>
Share capital authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>87,412</u>	<u>80,285</u>
Share capital issued	<u>\$ 874,116</u>	<u>\$ 802,847</u>

Fully paid ordinary shares, which have par value of NT\$10, carry one vote per share and the right to dividends.

The authorized shares include 5,000 thousand shares allocated for the exercise of employee share options.

In 2025, employees exercised 1,892 units of stock options, which were converted into 1,892 thousand ordinary shares, with total proceeds of \$69,959 thousand. Among these, 1,062 thousand shares had capital increase base dates of May 9, 2025 and November 7, 2025, with the registration completed on June 16, 2025 and November 28, 2025, respectively; these were recognized as Ordinary shares in the amount of \$10,620 thousand. The remaining 830 thousand shares had not completed the registration as of December 31, 2025, and were recognized as Capital collected in advance in the amount of \$8,300 thousand. The Board of Directors subsequently resolved on February 25, 2026, to set the capital increase base date for these shares as February 26, 2026.

At the beginning of 2025, the Company's capital collected in advance included \$32,856 thousand from the conversion of convertible bonds into ordinary shares. The capital increase base date was resolved on February 27, 2025, to be March 3, 2025, and the registration of changes was completed on March 26, 2025. In addition, bondholders converted a total of \$36,804 thousand into the Company's ordinary shares during 2025. The Board of Directors resolved on May 8, 2025, and November 6, 2025, respectively, to set the capital increase base dates for \$27,793 thousand of these shares as May 9, 2025, and November 7, 2025; the registration of change was completed on June 16, 2025 and November 28, 2025, respectively. As of December 31, 2025, the remaining \$9,011 thousand from the conversion of convertible bonds had not yet completed the registration of changes and was recognized as Capital collected in advance. The Board of Directors subsequently resolved on February 25, 2026, to set the capital increase base date for these shares as February 26, 2026.

At the beginning of 2024, the Company's capital collected in advance included \$2,413 thousand from the conversion of convertible bonds into ordinary shares. The capital increase base date was resolved on January 25, 2024, to be January 26, 2024, and the registration of changes was completed on March 6, 2024. In addition, bondholders converted a total of \$40,423 thousand into the Company's ordinary shares during 2024. The Board of Directors resolved on November 7, 2024, to set the capital increase base date for \$7,567 thousand of these shares as November 8, 2024; the registration of changes was completed on December 17, 2024. As of December 31, 2024, the remaining \$32,856 thousand from the conversion of convertible bonds had not yet completed the registration of changes and was recognized as Capital collected in advance.

In 2024, employees exercised stock options which were converted into 803 thousand ordinary shares, with total proceeds of \$31,088 thousand. The capital increase base dates were August 5, 2024, and November 8, 2024, and the registration of changes was completed on September 9, 2024, and December 17, 2024, respectively.

b. Capital surplus

	<u>December 31</u>	
	2025	2024
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Premium on issuance of ordinary shares (2)	\$ 685,927	\$ 604,143
Premium on conversion of bonds	783,546	584,086
<u>May be used to offset a deficit only</u>		
Redemption/buy back convertible corporate bonds	14,480	14,480
Changes in percentage of ownership interests in subsidiaries (3)	1,906	1,906
<u>May not be used for any purpose</u>		
Arising from employee share options	16,211	21,266
Share warrants (4)	<u>689</u>	<u>14,926</u>
	<u>\$ 1,502,759</u>	<u>\$ 1,240,807</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) During the year 2025, some employees exercised share warrants, resulting in an increase in capital surplus - stock issuance premium by \$81,784 thousand. Additionally, the amount reclassified from the capital surplus - employee stock options to the capital surplus - stock issuance premium was \$30,745 thousand.
- 3) Such capital surplus arises from the effects of changes in ownership interests in a subsidiary resulting from equity transactions other than an actual disposal or acquisition or from changes in capital surplus of subsidiaries accounted for by using the equity method.
- 4) Please refer to Note 21 for increase of capital surplus due to the conversion of the fourth unsecured domestic convertible bonds on March 2024.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders by issuing new shares. In addition, the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors, please refer to Note 26(g).

The Company's board of directors shall, considering the current investment environment, capital needs for future expansions, long term financial plans, and shareholders' needs for cash basis dividends, distribute no less than 10% of unappropriated earnings to shareholders as dividends and bonuses, by way of cash dividends or share dividends, while cash dividends should not be lower than 10% of total bonuses to shareholders.

Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2024 and 2023 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2024	2023
Legal reserve	<u>\$ 51,121</u>	<u>\$ 38,471</u>
Special reserve	<u>\$ (139,347)</u>	<u>\$ 34,259</u>
Cash dividends	<u>\$ 253,001</u>	<u>\$ 194,450</u>
Cash dividends per share (NT\$)	<u>\$ 3.00</u>	<u>\$ 2.47</u>

The 2024 and 2023 appropriations for cash dividends had been resolved by the Company's board of directors on February 27, 2025 and March 7, 2024, respectively; the other proposed appropriations had been resolved by the shareholders in their meetings on May 29, 2025 and June 18, 2024, respectively.

The appropriation of earnings for 2025, which were proposed by the Company's board of directors on February 25, 2026, were as follows:

	For the Year Ended December 31, 2025
Legal reserve	<u>\$ 65,216</u>
Special reserve	<u>\$ 60,562</u>
Cash dividends	<u>\$ 326,564</u>
Cash dividends per share (NT\$)	<u>\$ 3.66</u>

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 27, 2026.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2025	2024
Balance at January 1	<u>\$ (75,014)</u>	<u>\$ (213,040)</u>
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(86,534)	172,577
Related income tax	<u>17,254</u>	<u>(34,551)</u>
Other comprehensive income (loss) recognized for the year	<u>(69,280)</u>	<u>138,026</u>
Balance at December 31	<u>\$ (144,294)</u>	<u>\$ (75,014)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Balance at January 1	<u>\$ 10,446</u>	<u>\$ 9,125</u>
Recognized for the year		
Unrealized gain (loss) - equity instruments	10,897	1,652
Related income tax	<u>(2,179)</u>	<u>(331)</u>
Other comprehensive income recognized for the year	<u>8,718</u>	<u>1,321</u>
Balance at December 31	<u>\$ 19,164</u>	<u>\$ 10,446</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 28,960	\$ 25,376
Share in profit (loss) for the year	18,997	3,574
Acquisition of non-controlling interests from subsidiaries (Note 30)	85,956	-
Other comprehensive (loss) income during the year		
Exchange differences on translating the financial statements of foreign entities	460	(33)
Related income tax	<u>62</u>	<u>43</u>
Balance at December 31	<u>\$ 134,435</u>	<u>\$ 28,960</u>

25. REVENUE

a. Description of customer contract

Revenue from sales of goods

Main operating revenue of the Company was from the production and sale of electronic connectors for telecommunications, data communications and computers, and other electronic material goods. Goods are sold at their respective fixed amounts as agreed in the contracts.

b. Contract balance

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable and trade receivables (Note 11)	<u>\$ 2,250,274</u>	<u>\$ 1,769,296</u>	<u>\$ 1,563,256</u>
Contract liabilities			
Sale of goods	<u>\$ 12,586</u>	<u>\$ 13,057</u>	<u>\$ 16,768</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods is as follows:

	<u>For the Year Ended December 31</u>	
	2025	2024
From contract liabilities at the start of the year		
Sale of goods	<u>\$ 9,578</u>	<u>\$ 15,698</u>

c. Sales detail of customer contract

The detail of revenue classification refer to Note 40.

26. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	<u>For the Year Ended December 31</u>	
	2025	2024
Bank deposits	<u>\$ 22,175</u>	<u>\$ 31,500</u>

b. Other income

	For the Year Ended December 31	
	2025	2024
Dividend income	\$ 7,339	\$ 5,997
Government grants	10,222	8,083
Subsidy arising from launched production line	4,641	4,641
Compensation income	6,479	8,464
Mold income	14,842	8,626
Others	<u>33,149</u>	<u>19,276</u>
	<u>\$ 76,672</u>	<u>\$ 55,087</u>

c. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Gain on disposal of property, plant and equipment	\$ 6,456	\$ 128
Fair value changes of financial assets/liabilities		
Financial assets mandatorily classified as at FVTPL	42,323	38,106
Financial liabilities held for trading	(20,623)	(3,806)
Lease modification gain	650	-
Net foreign exchange (losses) gains	(31,883)	35,598
Goodwill impairment loss (Note 17)	-	(6,344)
Others	<u>(15,081)</u>	<u>(661)</u>
	<u>\$ (18,158)</u>	<u>\$ 63,021</u>

d. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest on bank loans	\$ 8,227	\$ 4,389
Interest on convertible bonds (Note 21)	2,684	8,185
Interest on lease liabilities	<u>386</u>	<u>526</u>
	<u>\$ 11,297</u>	<u>\$ 13,100</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
An analysis of deprecation by function		
Operating costs	\$ 198,024	\$ 226,685
Operating expenses	<u>61,391</u>	<u>63,399</u>
	<u>\$ 259,415</u>	<u>\$ 290,084</u>

(Continued)

	For the Year Ended December 31	
	2025	2024
An analysis of amortization by function		
Operating costs	\$ 725	\$ 700
Selling and marketing expense	3,952	2,813
General and administrative expense	1,578	2,397
Research and development expense	<u>2,171</u>	<u>1,731</u>
	<u>\$ 8,426</u>	<u>\$ 7,641</u>

(Concluded)

f. Employee benefits expense

	For the Year Ended December 31	
	2025	2024
Post-employment benefits		
Defined contribution plans	\$ 107,231	\$ 94,712
Share-based payments		
Equity-settled	25,690	9,018
Other employee benefits	<u>1,275,047</u>	<u>1,091,776</u>
Total employee benefits expense	<u>\$ 1,407,968</u>	<u>\$ 1,195,506</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 801,241	\$ 694,975
Operating expenses	<u>606,727</u>	<u>500,531</u>
	<u>\$ 1,407,968</u>	<u>\$ 1,195,506</u>

g. Compensation of employees and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates of 3%-15% and not higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company resolved the amendments to the Company's Articles at their 2025 regular meeting. The amendments explicitly stipulate the allocation of no less than 30% of the compensation of employees as compensation distributions for non-executive employees.

The employees' compensation and the remuneration of directors for the years ended December 31, 2025 and 2024, which were approved by the Company's board of directors on February 25, 2026 and February 27, 2025, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2025	2024
Compensation of employees	5.99%	6.02%
Remuneration of directors	1.87%	1.90%

Amount

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Compensation of employees	\$ <u>53,200</u>	\$ <u>38,900</u>
Remuneration of directors	\$ <u>16,600</u>	\$ <u>12,300</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Foreign exchange gains	\$ 396,364	\$ 171,100
Foreign exchange losses	<u>(428,247)</u>	<u>(135,502)</u>
	\$ <u>(31,883)</u>	\$ <u>35,598</u>

27. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Current tax		
In respect of the current year	\$ 201,935	\$ 131,326
Income tax on unappropriated earnings	17,322	5,877
Adjustment for prior year	<u>5,784</u>	<u>(4,153)</u>
	<u>225,041</u>	<u>133,050</u>
Deferred tax		
In respect of the current year	<u>(4,634)</u>	<u>8,460</u>
Income tax expense recognized in profit or loss	\$ <u>220,407</u>	\$ <u>141,510</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2025	2024
Profit before tax from continuing operations	<u>\$ 891,560</u>	<u>\$ 656,299</u>
Income tax expense calculated at the statutory rate	\$ 178,312	\$ 131,260
Nondeductible expenses in determining taxable income	2,540	5,247
Effect of different tax rates of group entities operating in other jurisdictions	(22,691)	(28,028)
Deferred tax effect of earnings of subsidiaries	(25,144)	(47,815)
Tax-exempt income	(2,077)	(1,199)
Tax of controlled foreign company income	3,183	8,847
Unrecognized loss carryforwards and deductible temporary differences	63,178	71,474
Income tax on unappropriated earnings	17,322	5,877
Adjustments for prior years' tax	<u>5,784</u>	<u>(4,153)</u>
Income tax expense recognized in profit or loss	<u>\$ 220,407</u>	<u>\$ 141,510</u>

The applicable tax rate used by the subsidiaries in China is 25% except for Zhong Jiang U.D.E. Electronics Corp. and Linkpower Electronics Co., Ltd., which applied 15%, and for Zhong Jiang U.D.E. Networking Electronics Corp. and Dongguan U.D.E. Electronics Corp., which applied income tax deduction and exemption policies for small low-profit enterprises (for amounts of less than one million, 75% of taxable income was exempted and the tax rate was 20%, for amounts of more than \$1 million but less than \$3 million, 50% of taxable income was exempted and the tax rate was 20%). Tax rate from other jurisdiction was applied according to that jurisdiction.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
In respect of the current year:		
Translation of foreign operations	\$ (17,382)	\$ 34,463
Fair value changes of financial assets at FVTOCI	<u>2,179</u>	<u>331</u>
	<u>\$ (15,203)</u>	<u>\$ 34,794</u>

c. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax assets		
Tax refund receivable	<u>\$ 4,529</u>	<u>\$ 669</u>
Current tax liabilities		
Income tax payable	<u>\$ 168,695</u>	<u>\$ 82,860</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2025

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Acquisitions through business combinations	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Unrealized foreign exchange gain or loss	\$ -	\$ 5,662	\$ -	\$ -	\$ 5,662
Loss for market price decline and obsolete and slow-moving inventories	3,298	837	-	6,926	11,061
Convertible bonds issuance costs	388	(379)	-	-	9
FVTPL financial assets	215	931	-	-	1,146
Share of profits of subsidiaries accounted for using the equity method	17,606	(9,482)	-	-	8,124
Exchange differences on translating the financial statements of foreign operations	16,988	-	17,382	-	34,370
	38,495	(2,431)	17,382	6,926	60,372
Net operating loss carryforwards	671	(671)	-	-	-
	<u>\$ 39,166</u>	<u>\$ (3,102)</u>	<u>\$ 17,382</u>	<u>\$ 6,926</u>	<u>\$ 60,372</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized foreign exchange gain or loss	\$ 7,763	\$ (7,763)	\$ -	\$ -	\$ -
FVTOCI financial assets	2,612	-	2,179	-	4,791
Other	-	27	-	3,322	3,349
	<u>\$ 10,375</u>	<u>\$ (7,736)</u>	<u>\$ 2,179</u>	<u>\$ 3,322</u>	<u>\$ 8,140</u>

For the year ended December 31, 2024

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others (Note)	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Loss for market price decline and obsolete and slow-moving inventories	\$ 2,998	\$ 300	\$ -	\$ -	\$ 3,298
Convertible bonds issuance costs	-	(721)	-	1,109	388
FVTPL financial assets	-	215	-	-	215
Accumulated deficits of subsidiaries	22,108	(4,502)	-	-	17,606
Exchange differences on translating the financial statements of foreign operations	51,451	-	(34,463)	-	16,988
	76,557	(4,708)	(34,463)	1,109	38,495
Net operating loss carryforwards	671	-	-	-	671
	<u>\$ 77,228</u>	<u>\$ (4,708)</u>	<u>\$ (34,463)</u>	<u>\$ 1,109</u>	<u>\$ 39,166</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized foreign exchange gain or loss	\$ 3,980	\$ 3,783	\$ -	\$ -	\$ 7,763
FVTPL financial liabilities	31	(31)	-	-	-
FVTOCI financial assets	2,281	-	331	-	2,612
	<u>\$ 6,292</u>	<u>\$ 3,752</u>	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ 10,375</u>

Note: The deferred tax asset of \$1,109 thousand is recorded as a reduction of bonds payable.

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2025	2024
Deductible temporary differences	<u>\$ 1,510</u>	<u>\$ 1,510</u>
Loss carryforwards	<u>\$ 834,771</u>	<u>\$ 648,705</u>

- f. As of December 31, 2025, loss carryforwards of the Group that may be used to offset future taxable income are as follows:

Expiry Year	Unused Amount
Expiry in 2028	\$ 19,806
Expiry in 2029	165,319
Expiry in 2030	104,739
Expiry in 2031	13,979
Expiry in 2032	99,896
Expiry in 2033	67,415
Expiry in 2034	139,967
Expiry in 2035	<u>223,650</u>
	<u>\$ 834,771</u>

- g. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized.

As of December 31, 2025 and 2024, the taxable temporary differences associated with investments in subsidiaries and branches for which deferred tax liabilities have not been recognized were \$1,982,071 thousand and \$1,900,641 thousand, respectively.

- h. Income tax assessments

The income tax returns through 2023 of the Company, and its subsidiaries - CDE Corp. and DYP Corp., have been assessed by the tax authorities.

28. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2025	2024
Basic earnings per share		
From continuing operations	<u>\$ 7.55</u>	<u>\$ 6.42</u>
Diluted earnings per share		
From continuing operations	<u>\$ 7.28</u>	<u>\$ 5.81</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2025	2024
Profit for the year attributable to owners of the Company	\$ <u>652,156</u>	\$ <u>511,215</u>
Earnings used in the computation of basic earnings per share	\$ 652,156	\$ 511,215
Effects of potentially dilutive ordinary shares:		
Interest and valuation loss on convertible bonds after tax	<u>2,275</u>	<u>4,977</u>
Earnings used in the computation of diluted earnings per share	\$ <u>654,431</u>	\$ <u>516,192</u>

Shares

Unit: Thousand Shares

	<u>For the Year Ended December 31</u>	
	2025	2024
Weighted average number of ordinary shares in computation of basic earnings per share	86,348	79,598
Effect of potentially dilutive ordinary shares:		
Convertible bonds	1,907	7,080
Employee stock option	1,182	1,677
Compensation of employees	<u>519</u>	<u>448</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>89,956</u>	<u>88,803</u>

The Group may settle compensation or bonuses paid to employees in cash or shares, therefore, the Group assume that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

Qualified employees of the Company and its subsidiaries were granted 3,655 options on May 5, 2022. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 6 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on the Taipei Exchange at the grant date. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

The Company reduced the exercise price from NT\$37.6 to NT\$36.4 in August 2025. The changing of consideration did not cause any increase of fair value and was effective after the Company's record date of ex-dividend trade on August 7, 2025.

The Company reduced the exercise price from NT\$38.75 to NT\$37.6 in August 2024. The changing of consideration did not cause any increase of fair value and was effective after the Company's record date of ex-dividend trade on August 5, 2024.

Information on employee share options was as follows:

	For the Year Ended December 31			
	2025		2024	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	2,852	37.60	3,655	\$ 38.75
Options exercised	<u>(1,892)</u>	36.96	<u>(803)</u>	38.71
Balance at December 31	<u>960</u>	36.40	<u>2,852</u>	37.60
Options exercisable, end of the period	<u>960</u>		<u>1,426</u>	

Options granted in May 2022 is priced using the binomial option pricing model, and the inputs to the model are as follows:

	May 2022
Grant-date share price	\$42.9
Exercise price	\$42.9
Expected volatility	37.83%
Expected life (in years)	6
Expected dividend yield	-
Risk-free interest rate	1.0993%

Information on outstanding options was as follows:

	December 31	
	2025	2024
Range of exercise price (\$)	\$ 36.40	\$ 37.60
Weighted-average remaining contractual life (in years)	2.33	3.33

Qualified employees of the Company and its subsidiaries were granted 3,060 options on October 7, 2025. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 6 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on the Taipei Exchange at the grant date. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Year Ended December 31, 2025	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance on January 1	-	\$ -
Options granted	<u>3,060</u>	97.40
Balance on December 31	<u><u>3,060</u></u>	97.40
Options exercisable, end of the period	<u><u>-</u></u>	

Information on outstanding options was as follows:

	December 31, 2025
Range of exercise price (\$)	\$ 97.40
Weighted-average remaining contractual life (in years)	5.75

Options granted in October 2025 is priced using the binomial option pricing model, and the inputs to the model are as follows:

	October 2025
Grant-date share price	\$97.4
Exercise price	\$97.4
Expected volatility	44.81%
Expected life (in years)	6
Expected dividend yield	-
Risk-free interest rate	1.2758%

Compensation costs recognized were \$25,690 thousand and \$9,018 thousand for the years ended December 31, 2025 and 2024, respectively.

30. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Linkpower Electronics Co., Ltd	Manufacturing and selling of power supplies and LED lighting products	December 1, 2025	82.75	<u>\$ 1,064,492</u>

The Group acquired 82.75% shares of Linkpower Electronics Co., Ltd. on December 1, 2025 in the amount of RMB239,982 thousand (equivalent to NT\$1,064,492 thousand) in order to diversify its business operations and expand its scale of operations.

b. Consideration transferred

**Linkpower
Electronics Co.,
Ltd.**

Contract consideration

\$ 1,064,492

c. Assets acquired and liabilities assumed at the date of acquisition

**Linkpower
Electronics Co.,
Ltd.**

Current assets

Cash and cash equivalents	\$ 316,329
Notes receivable	67,946
Trade receivables	440,948
Inventories	253,040
Other current assets	3,688

Non-current assets

Property, plant and equipment	238,499
Investment properties	29,421
Right-of-use assets	4,708
Identifiable intangible assets	1,693
Deferred tax assets	6,926
Other non-current assets	533

Current liabilities

Short-term borrowings	(141,943)
Trade payables	(421,326)
Other payables	(294,664)
Current tax liabilities	(3,259)
Other current liabilities	(686)

Non-current liabilities

Deferred tax liabilities	(3,322)
Other non-current liabilities	<u>(166)</u>

\$ 498,365

The initial accounting for the acquisition of Linkpower Electronics Co., Ltd. was only provisionally determined at the end of the year. The tax bases of Linkpower Electronics Co., Ltd.'s assets were required to be reset based on the market values of the assets. At the date of issuance of these consolidated financial statements, the necessary market valuations and other calculations have not been finalized, and they have, therefore, only been provisionally determined based on management's best estimate of the likely tax values.

d. Goodwill recognized on acquisitions

	Linkpower Electronics Co., Ltd.
Consideration transferred	\$ 1,064,492
Plus: Non-controlling interests (17.25% in Linkpower Electronics Co., Ltd.)	85,956
Less: Fair value of identifiable net assets acquired	<u>(498,365)</u>
Goodwill recognized on acquisitions	<u>\$ 652,083</u>

e. Net cash outflow on the acquisition of subsidiaries

	Linkpower Electronics Co., Ltd.
Contract consideration	\$ 1,064,492
Less: Long-term accounts payable recognized at the end of the year	<u>(111,144)</u>
Consideration paid in cash	953,348
Less: Cash and cash equivalent balances acquired	<u>(316,329)</u>
	<u>\$ 637,019</u>

f. Impact of acquisitions on the results of the Group

	Linkpower Electronics Co., Ltd.
Revenue	<u>\$ 143,229</u>
Profit	<u>\$ 21,358</u>

Had Linkpower Electronics Co., Ltd. concluded the acquisition at the beginning of 2025, the Group's revenue would have been \$7,782,514 thousand, and the profit would have been \$906,091 thousand for the year ended December 31, 2025. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2025, nor is it intended to be a projection of future results.

31. CASH INFORMATIONS

a. Non-cash transaction

The Company entered into the following non-cash investing activities which were not reflected in the consolidated statement of cash flows for the years ended December 31, 2025 and 2024,:

As of December 31, 2025 and 2024, the amounts unpaid for acquiring property, plant and equipment were \$61,919 thousand and \$50,662 thousand, respectively, which were included in other payables.

b. Changes in liabilities from financing activities

For the year ended December 31, 2025

	Opening Balance	Cash Flows	Non-cash Changes			Others (Notes 2)	Closing Balance
			Interest Expenses	Acquisition	Exchange Differences on Translating the Financial Statements		
Short-term borrowings	\$ 60,000	\$ 508,780	\$ -	\$ -	\$ (1,412)	\$ -	\$ 567,368
Lease liabilities	14,463	(910)	-	(12,639)	(914)	-	-
Bonds payable	231,135	-	2,684	-	-	(223,055)	10,764
Long-term borrowings (including current portion of long-term borrowings)	4,561	46,159	-	-	(720)	-	50,000
Guarantee deposits received	898	6,108	-	-	(8)	-	6,998
	<u>\$ 311,057</u>	<u>\$ 560,137</u>	<u>\$ 2,684</u>	<u>\$ (12,639)</u>	<u>\$ (3,054)</u>	<u>\$ (223,055)</u>	<u>\$ 635,130</u>

For the year ended December 31, 2024

	Opening Balance	Cash Flows	Non-cash Changes			Others (Notes 1 and 2)	Closing Balance
			Interest Expenses	Acquisition	Exchange Differences on Translating the Financial Statements		
Short-term borrowings	\$ 609,000	\$ (549,000)	\$ -	\$ -	\$ -	\$ -	\$ 60,000
Lease liabilities	5,982	(3,172)	-	11,442	211	-	14,463
Bonds payable	-	502,500	8,185	-	-	(279,550)	231,135
Long-term borrowings (including current portion of long-term borrowings)	176,800	(172,290)	-	-	51	-	4,561
Guarantee deposits received	1,900	(1,063)	-	-	61	-	898
Other payables (issuance costs of the convertible bonds)	-	(5,545)	-	-	-	5,545	-
	<u>\$ 793,682</u>	<u>\$ (228,570)</u>	<u>\$ 8,185</u>	<u>\$ 11,442</u>	<u>\$ 323</u>	<u>\$ (274,005)</u>	<u>\$ 311,057</u>

Note 1: The liabilities and equities relating to issuance of convertible bonds, please refer to Note 21.

Note 2: The conversion of convertible bonds, please refer to Note 21.

32. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on a periodic basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Except for the statements below, the management of the Group believes that the carrying amounts of financial instruments not measured at fair value are close to their fair values.

December 31, 2025

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Convertible bonds	\$ 10,764	\$ 21,112	\$ -	\$ -	\$ 21,112

December 31, 2025

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Convertible bonds	\$ 231,135	\$ 380,289	\$ -	\$ -	\$ 380,289

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives				
Convertible bonds	\$ -	\$ -	\$ 24	\$ 24
Foreign exchange forward contracts	-	3,840	-	3,840
	\$ -	\$ 3,840	\$ 24	\$ 3,864
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 98,342	\$ 98,342
<u>Financial liabilities at FVTPL</u>				
Derivatives				
Foreign exchange forward contracts	\$ -	\$ 8,061	\$ -	\$ 8,061

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives				
Foreign exchange forward contracts	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 1,213</u>	\$ <u> 1,213</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 87,445</u>	\$ <u> 87,445</u>
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	\$ <u> -</u>	\$ <u> -</u>	\$ <u>112,407</u>	\$ <u>112,407</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives				
Foreign exchange forward contracts	\$ <u> -</u>	\$ <u> 1,074</u>	\$ <u> -</u>	\$ <u> 1,074</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2025

Financial Assets	<u>Financial Assets at FVTOCI</u>		Total
	Equity Instrument	Debt Instrument	
Balance at January 1, 2025	\$ 87,445	\$ 112,407	\$ 199,852
Recognized in other comprehensive income (included in unrealized valuation gain on financial assets at FVTOCI)	10,897	-	10,897
Deduction	<u> -</u>	<u>(112,407)</u>	<u>(112,407)</u>
Balance at December 31, 2025	<u>\$ 98,342</u>	<u>\$ -</u>	<u>\$ 98,342</u>
Derivatives			
<u>Financial assets at FVTPL</u>			
Balance at January 1, 2025			\$ 1,213
Recognized in profit or loss (included in other gains and losses) Conversion			(161) <u>(1,028)</u>
Balance at December 31, 2025			<u>\$ 24</u>

For the year ended December 31, 2024

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instrument	Debt Instrument	
Balance at January 1, 2024	\$ 85,793	\$ 105,119	\$ 190,912
Recognized in other comprehensive income (included in unrealized valuation gain on financial assets at FVTOCI)	1,652	-	1,652
Additions	<u>-</u>	<u>7,288</u>	<u>7,288</u>
Balance at December 31, 2024	<u>\$ 87,445</u>	<u>\$ 112,407</u>	<u>\$ 199,852</u>

Derivatives

Financial assets at FVTPL

Balance at January 1, 2024	\$ -
Addition-proceeds from issuance of convertible bonds	743
Recognized in profit or loss (included in other gains and losses)	1,572
Conversion	<u>(1,102)</u>
Balance at December 31, 2024	<u>\$ 1,213</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Convertible bond options	The binomial tree evaluation model of convertible bonds: Consideration of the duration, the share price and volatility of the convertible bond object, conversion price, risk-free interest rate, discount rate, liquidity risk of the convertible bonds and other factors.

(Continued)

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Unlisted equity securities - ROC	<p>Market approach:</p> <p>In the market approach, the selling price of comparable companies was used to estimate the fair value of the target asset through comparison, analysis and adjustments.</p> <p>Asset approach:</p> <p>In the asset approach, the fair value is estimated by evaluating the total market value of individual assets and individual liabilities covered by the evaluation target and considering risk factors such as liquidity reduction.</p>
Factored trade receivables to banks without recourse	<p>Since the effect of discounting is not significant, the fair value is measured based on the original invoice amount.</p> <p style="text-align: right;">(Concluded)</p>

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets</u>		
Mandatorily classified as at FVTPL	\$ 3,864	\$ 1,213
Financial asset at amortized cost (1)	3,671,430	3,067,215
Financial assets at FVTOCI		
Equity instruments	98,342	87,445
Debt instruments		
Factored trade receivables to banks without recourse	-	112,407
<u>Financial liabilities</u>		
FVTPL		
Held for trading	8,061	1,074
Amortized cost (2)	2,032,384	1,203,153

- 1) The balances included cash and cash equivalents, financial assets at amortized cost - current, notes receivable, trade receivables (excluding debt instruments), other receivables (excluding tax refund receivable) and refundable deposits that are measured at amortized cost.
- 2) The balances included short-term loans, trade payables, other payables (excluding salaries, bonuses, labor and health insurance, social security and pension), bonds payable, long-term loans and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, financial assets and liabilities at FVTPL, notes receivable, trade receivables, trade payables, lease liabilities, borrowings and convertible bonds.

Risks on the financial instruments include market risk (such as currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), in interest rates (see (b) below) and other price risk (see (c) below).

a) Foreign currency risk

The Group has foreign currency sales and purchases, which expose the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency which has a significant impact denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 38.

Sensitivity analysis

The Group was mainly exposed to the exchange movements in USD and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in each functional currency against the relevant foreign currencies. The 1% sensitivity rate is used in reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. Sensitivity analysis includes its foreign operations. A positive number below indicates an increase in pretax profit associated with a 1% weakening of each functional currency against the relevant currency. For a 1% strengthening of each functional currency against the relevant currency, there would be an equal and opposite impact on pretax profit, and the balances below would be negative.

	U.S. Dollar Impact		RMB Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2025	2024	2025	2024
Profit or loss*	\$ 5,581	\$ 13,739	\$ (225)	\$ -

* This was mainly attributable to the exposure on outstanding accounts receivable and payable in USD and RMB, which were not hedged at the end of the reporting period.

The Group's sensitivity to the USD decreased during the current period mainly due to the decreased of financial assets denominated in USD.

The Group's sensitivity to the RMB increased during the current period mainly due to the increased of net liabilities denominated in RMB.

b) Interest rate risk

The Group was exposed to interest rate related to its deposits, financial assets at amortized cost - current, bank loans, convertible bonds and lease liabilities at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2025	2024
Fair value interest rate risk		
Financial assets	\$ 875,336	\$ 1,069,938
Financial liabilities	578,132	305,598
Cash flow interest rate risk		
Financial assets	534,471	321,649
Financial liabilities	50,000	4,561

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables held constant, the Group's pretax profits for the years ended December 31, 2025 and 2024 would have increased/decreased by \$4,845 thousand and \$3,171 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings and bank deposits.

The Group's sensitivity to interest rates increased during the current year mainly due to the increase in financial assets.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for medium- to long-term strategic purposes rather than for trading.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2025 and 2024 would have increased/decreased by \$983 thousand and \$874 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

The Group's sensitivity to interest rates increased during the current year mainly due to the increase in variable rate financial assets.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to the failure of counterparties to discharge an obligation could arise from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group continues to monitor its credit exposure and the credit ratings of its counterparties. Credit exposure is controlled by setting a counterparty credit limit, which is approved and periodically reviewed by the risk management committee.

To minimize credit risk, management of the Group has delegated a team to be responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. Thus, management believes the Group's credit risk was significantly reduced.

The Group transact with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of negative fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

For the Group, bank loans are an important resource of liquidity to the Group. Refer to section (c) below for more information about unused amounts of financing facilities at December 31, 2025 and 2024.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table shows the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up on the basis of undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates.

December 31, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	\$ 506,050	\$ -	\$ 62,602	\$ -	\$ -
Long-term borrowings	106	205	936	50,338	-
Trade payables	330,893	306,518	83,526	-	-
Other payables	332,574	197,087	34,879	111,777	-
Guarantee deposits received	-	-	6,998	-	-
Bonds payable	-	-	11,200	-	-
	<u>\$ 1,169,623</u>	<u>\$ 503,810</u>	<u>\$ 200,141</u>	<u>\$ 162,115</u>	<u>\$ -</u>

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	\$ 10,026	\$ 50,156	\$ -	\$ -	\$ -
Long-term borrowings	137	174	380	4,194	-
Lease liabilities	-	1,394	1,394	13,943	-
Trade payables	155,973	250,574	58,291	-	-
Other payables	236,981	186,212	18,528	-	-
Guarantee deposits received	-	-	-	898	-
Bonds payable	-	-	-	<u>242,500</u>	-
	<u>\$ 403,117</u>	<u>\$ 488,510</u>	<u>\$ 78,593</u>	<u>\$ 261,535</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 2,788</u>	<u>\$ 13,943</u>	<u>\$ -</u>

b) Liquidity risk table for derivative financial liabilities

The table is based on the undiscounted contractual gross cash inflows and outflows on derivative instruments that require gross settlement.

December 31, 2025

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
<u>Gross settled</u>				
Foreign exchange forward contracts				
Inflows	\$ 102,694	\$ 257,509	\$ 1,116,942	\$ -
Outflows	<u>(106,094)</u>	<u>(261,017)</u>	<u>(1,118,095)</u>	<u>-</u>
	<u>\$ (3,400)</u>	<u>\$ (3,508)</u>	<u>\$ (1,153)</u>	<u>\$ -</u>

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
<u>Gross settled</u>				
Foreign exchange forward contracts				
Inflows	\$ 10,983	\$ 32,282	\$ 14,791	\$ -
Outflows	<u>(11,193)</u>	<u>(32,788)</u>	<u>(15,149)</u>	<u>-</u>
	<u>\$ (210)</u>	<u>\$ (506)</u>	<u>\$ (358)</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2025	2024
Unsecured bank loan facilities (reviewed annually):		
Amount used	\$ 563,709	\$ 64,561
Amount unused	<u>2,167,299</u>	<u>2,269,925</u>
	<u>\$ 2,731,008</u>	<u>\$ 2,334,486</u>
Secured bank loan facilities which may be extend by mutual agreement:		
Amount used	\$ 53,659	\$ -
Amount unused	<u>67,074</u>	<u>273,649</u>
	<u>\$ 120,733</u>	<u>\$ 273,649</u>

e. Transfers of financial assets

The Group has signed factoring agreements with banks for the sale of accounts receivable. According to the terms of the factoring agreements, while losses from the credit risks were borne by the banks. The Group did not engage in any accounts receivable sales in 2025 and 2024. The aforementioned factoring agreement of accounts receivable expired in January 2025. As of December 31, 2025 and 2024, the Group had issued promissory notes consisting of checks for US\$8,000 thousand as collateral to the banks.

34. TRANSACTIONS WITH RELATED PARTIES

The Company entered into receivables factoring agreements with banks, which stipulated that losses arising from credit risk were borne by the banks. The Company did not engage in any receivables factoring in 2025 and 2024; the aforementioned factoring agreements expired in January 2025. As of December 31, 2024, the Group had issued promissory notes for US\$8,000 thousand as collateral to the banks.

Compensation of Key Management Personnel

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 47,112	\$ 46,811
Post-employment benefits	<u>540</u>	<u>475</u>
	<u>\$ 47,652</u>	<u>\$ 47,286</u>

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been provided as collateral for contract transactions and bank borrowings:

	December 31	
	2025	2024
Freehold land	\$ -	\$ 159,538
Building	141,588	131,085
Right-of-use assets - land	76,784	51,454
Time deposits	<u>6,755</u>	<u>6,745</u>
	<u>\$ 225,127</u>	<u>\$ 348,822</u>

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments of the Group were as follows:

Significant commitments

Unrecognized commitments were as follows:

	December 31	
	2025	2024
Acquisition of property, plant and equipment		
RMB	<u>\$ 4,353</u>	<u>\$ 26,124</u>
VND	<u>\$ 1,176</u>	<u>\$ 216,438</u>

37. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. To meet overall operational development needs, the Company's Board of Directors resolved on January 28, 2026, to invest US\$5,000 thousand to establish a subsidiary in Vietnam.
- b. To meet the working capital needs of U.D. Electronic Vietnam Company Limited, the Company's Board of Directors resolved on January 28, 2026, to provide loans of \$157,150 thousand to the entity.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2025

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 80,540	31.43 (USD:NTD)	\$ 2,531,381
USD	44,304	7.0288 (USD:RMB)	1,392,461
RMB	21,947	4.4716 (RMB:NTD)	98,140
RMB	8,508	0.1423 (RMB:USD)	38,045
Non-monetary items			
Derivative instruments			
USD	22,000	Note	3,740
RMB	4,900	Note	100

Financial liabilities

Monetary items			
USD	64,234	31.43 (USD:NTD)	2,018,878
USD	5,851	7.0288 (USD:RMB)	183,911
RMB	13,030	0.1423 (RMB:USD)	58,264
Non-monetary items			
Derivative instruments			
USD	15,000	Note	5,326
RMB	17,550	Note	2,735

December 31, 2024

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 68,152	32.785 (USD:NTD)	\$ 2,234,352
USD	41,979	7.1884 (USD:RMB)	1,376,285
RMB	19,842	4.5608 (RMB:NTD)	90,494
RMB	5,532	0.1391 (RMB:USD)	25,231
<u>Financial liabilities</u>			
Monetary items			
USD	65,446	32.785 (USD:NTD)	2,145,647
USD	2,777	7.1884 (USD:RMB)	91,059
RMB	12,179	0.1391 (RMB:USD)	55,545
Non-monetary items			
Derivative instruments			
RMB	13,200	Note	1,074

Note: The fair value of forward foreign exchange contract calculated by discounted cash flow method

For the years ended December 31, 2025 and 2024, net foreign exchange (losses) gains (realized and unrealized), were \$(31,883) thousand and \$35,598 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

39. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions:
 - 1) Financing provided to others (Table 1)
 - 2) Endorsements/guarantees provided (Table 2)
 - 3) Significant marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
 - 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
 - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 6) Intercompany relationships and significant intercompany transactions (Table 6)
- b. Information on investees (Table 7)
- c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 8):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

40. SEGMENT INFORMATION

a. Segment revenue and results

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

	Integrated Signal Connectors	Power Supplies and LED Lighting Products	Other	Elimination of Intersegment Revenues, Profits or Losses	Total
<u>December 31, 2025</u>					
Revenues from external customers	\$ 4,457,301	\$ 143,229	\$ 1,606,454	\$ -	\$ 6,206,984
Intersegment revenues	<u>76,332</u>	<u>-</u>	<u>12,125</u>	<u>(88,457)</u>	<u>-</u>
Total revenues	<u>\$ 4,533,633</u>	<u>\$ 143,229</u>	<u>\$ 1,618,579</u>	<u>\$ (88,457)</u>	<u>\$ 6,206,984</u>
Segment profits (losses)	<u>\$ 869,976</u>	<u>\$ 24,525</u>	<u>\$ 28,579</u>	<u>\$ (31,520)</u>	<u>\$ 891,560</u>
<u>December 31, 2024</u>					
Revenues from external customers	\$ 3,560,447	\$ 5,150,480	\$ 1,590,033	\$ -	\$ 5,150,480
Intersegment revenues	<u>60,354</u>	<u>-</u>	<u>8,443</u>	<u>(68,797)</u>	<u>-</u>
Total revenues	<u>\$ 3,620,801</u>	<u>\$ 5,150,480</u>	<u>\$ 1,598,476</u>	<u>\$ (68,797)</u>	<u>\$ 5,150,480</u>
Segment profits (losses)	<u>\$ 652,169</u>	<u>\$ 656,299</u>	<u>\$ 8,485</u>	<u>\$ (4,355)</u>	<u>\$ 656,299</u>

Inter-segment revenue was accounted for according to market prices.

b. Total segment assets

	December 31	
	2025	2024
Integrated signal connectors	\$ 5,654,087	\$ 4,782,008
Power supplies and LED lighting products	1,186,920	-
Other	<u>831,808</u>	<u>990,647</u>
	<u>\$ 7,672,815</u>	<u>\$ 5,772,655</u>

c. Revenue from major products

The following is an analysis of the Group's revenue from continuing operations from its major products.

	For the Year Ended December 31	
	2025	2024
Information products	\$ 1,144,768	\$ 830,805
Internet communication products	3,404,480	2,609,704
Consumer electronics	623,348	740,804
Power supplies and LED lighting products	143,229	-
Other products	<u>891,159</u>	<u>969,167</u>
	<u>\$ 6,206,984</u>	<u>\$ 5,150,480</u>

d. Geographical information

The Group majorly operates in Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External		Non-current Assets	
	Customers		December 31	
	For the Year Ended December 31		December 31	
	2025	2024	2025	2024
Taiwan	\$ 5,447,389	\$ 4,681,127	\$ 423,551	\$ 448,598
China	627,010	469,353	1,450,654	566,447
Vietnam	<u>132,585</u>	<u>-</u>	<u>851,741</u>	<u>528,740</u>
	<u>\$ 6,206,984</u>	<u>\$ 5,150,480</u>	<u>\$ 2,725,946</u>	<u>\$ 1,543,785</u>

Non-current assets exclude investments in equity instruments at FVTOCI, investments accounted for using the equity method, refundable deposits and deferred tax assets.

e. Information about major customers

No single customers contributed 10% or more to the Group's revenue for both 2025 and 2024.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 4)	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
0	U.D. Electronic Corp.	U.D. Electronic Vietnam Company Limited	Other receivables from related party	Yes	\$ 873,754	\$ 873,754	\$ 858,039	1.91-2.18	Demand of short-term financing	\$ -	Operating capital	\$ -	-	-	\$ 1,992,446 (Note 2)	\$ 1,992,446 (Note 2)
1	Morning Paragon Limited	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Other receivables from related party	Yes	25,905	25,041	25,041	2.01	Demand of short-term financing	-	Operating capital	-	-	-	28,413 (Notes 3)	28,413 (Note 3)
2	Zhong Jiang U.D.E. Electronics Corp.	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Other receivables from related party	Yes	279,932	187,808	187,808	1.91-2.18	Demand of short-term financing	-	Operating capital	-	-	-	550,829 (Note 5)	1,080,057 (Note 5)
3	Dongguan Jian Guan P.E. Co, Ltd.	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Other receivables from related party	Yes	61,761	-	-	2.91	Demand of short-term financing	-	Operating capital	-	-	-	39,634 (Note 5)	77,715 (Note 5)
4	All First International Co., Ltd.	U.D. Electronic Vietnam Company Limited	Other receivables from related party	Yes	19,671	-	-	2.10	Demand of short-term financing	-	Operating capital	-	-	-	283,071 (Note 6)	283,071 (Note 6)

Note 1: Intercompany relationships should be notified in the No. Colum, the coding method is as follow:

- a. 0 for parent company.
- b. The rest subsidiaries coding from 1.

Note 2: a. The total amount available for lending to a company with business transactions, shall not exceed the higher amount of the lending company's most recent year's predictable purchases or sells with such company and shall not exceed 10% of the net worth of the Company.

b. The total or individually amount available for lending is as follow:

- 1) The total amount available for lending to the subsidiaries whose voting shares are 100% owned directly or indirectly by the lending company, shall not exceed 40% of higher the net worth of the lending company based on their most recent audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 40% of the net worth of the lending company based on its most recent audited or reviewed financial statements.
- 2) The total amount available for lending to the subsidiaries, whose voting shares are not 100% owned directly or indirectly by the lending company, shall not exceed 20% of higher the net worth of the lending company based on their most recent audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 10% of the net worth of the lending company based on its most recent audited or reviewed financial statements.

c. The lending between foreign company whose voting shares are 100% owned directly or indirectly by the Company or the between the Company and the foreign company whose voting shares are 100% owned directly or indirectly by the Company still restricted to (b.) only the calculation of net worth is still based on the net worth of lending company.

Note 3: The lending regulations of Morning Paragon Limited is as follows:

a. The total amount available for lending to a company with business transactions, shall not exceed the higher amount of the lending company's most recent year's predictable purchases or sells with such company and shall not exceed 10% of the net worth of the Company.

b. The total or individually amount available for lending is as follow:

- 1) The total amount available for lending to the subsidiaries whose voting shares are 100% owned directly or indirectly by the lending company, shall not exceed 40% of higher the net worth of the lending company based on their most recently audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 40% of the net worth of the lending company based on its most recently audited or reviewed financial statements.
- 2) The total amount available for lending to the subsidiaries, whose voting shares are not 100% owned directly or indirectly by the lending company, shall not exceed 20% of higher the net worth of the lending company based on their most recently audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 10% of the net worth of the lending company based on its most recently audited or reviewed financial statements.

c. The lending between foreign company whose voting shares are 100% owned directly or indirectly by the Company or the between the Company and the foreign company whose voting shares are 100% owned directly or indirectly by the Company still restricted to (b.) only the calculation of net worth is still based on the net worth of lending company.

Note 4: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation, and translated into NTD with the exchange rate on the reporting date.

(Continued)

Note 5: The lending regulations of Dongguan Jian Guan P.E. Co, Ltd. and Zhong Jiang U.D.E. Electronics Corp. are as follows:

- a. The total amount available for lending to a company with business transactions, shall not exceed the higher amount of the lending company's purchases or sells with such company and shall not exceed 10% of the net worth of the Company.
- b. If there is a need for short-term financing, the total amount of capital loans and the limits of individual objects are as follow:
 - 1) The total amount available for lending to the subsidiaries whose voting shares are owned directly or indirectly by the lending company and inter-subsidiaries, shall not exceed 40% of higher the net worth of the lending company based on their most recent audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 40% of higher the net worth of the lending company multiple its shareholding ratio based on its most recently audited or reviewed financial statements.
 - 2) The total amount available for lending to the companies, whose voting shares are not owned directly or indirectly by the lending company, shall not exceed 20% of higher the net worth of the lending company based on their most recent audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 10% of the net worth of the lending company based on its most recently audited or reviewed financial statements.

Note 6: The lending regulations of All First International Co., Ltd. are as follows:

- a. The total amount available for lending to a company with business transactions, shall not exceed the higher amount of the lending company's purchases or sells with such company and shall not exceed 10% of the net worth of the Company.
- b. If there is a need for short-term financing, the total amount of capital loans and the limits of individual objects are as follow:
 - 1) The total amount available for lending to the subsidiaries whose voting shares are owned directly or indirectly by the lending company and inter-subsidiaries, shall not exceed 40% of higher the net worth of the lending company based on their most recently audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 40% of the net worth of the lending company multiple its shareholding ratio based on its most recently audited or reviewed financial statements.
 - 2) The total amount available for lending to the companies, whose voting shares are not owned directly or indirectly by the lending company, shall not exceed 20% of higher the net worth of the lending company based on their most recently audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 10% of the net worth of the lending company based on its most recently audited or reviewed financial statements.

Note 7: The interest expenses due to financing ended December 31, 2025 are specified as follows:

Dongguan De Yang Precision Rubber Plastic Co., Ltd.: The sum of interest expenses is \$4,163 thousand.
U.D. Electronic Vietnam Company Limited. The sum of interest expenses is \$15,369 thousand.

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	U.D. Electronic Corp.	All First International Co., Ltd.	b	Net value 100% \$ 4,806,116	\$ 1,228,585	\$ 1,162,910	\$ 64,746	\$ -	24	Net value 100% \$ 4,806,116	Yes	-	-
		DYP Corp.	b	Net value 20% 961,223	253,573	253,573	-	-	5	Net value 40% 1,922,446	Yes	-	-
		Morning Paragon Limited	b	Net value 20% 961,223	188,580	188,580	-	-	4	Net value 40% 1,922,446	Yes	-	-
		Zhong Jiang U.D.E. Electronics Corp.	b	Net value 100% 4,806,116	894,321	894,321	-	123,018	19	Net value 100% 4,806,116	Yes	-	Yes
		U.D. Electronic Vietnam Company Limited	b	Net value 100% 4,806,116	363,558	363,558	-	-	8	Net value 100% 4,806,116	Yes	-	-

Note 1: Intercompany relationships should be notified in the No. Colum, the coding method is as follow:

- a. 0 for parent company.
- b. The rest subsidiaries coding from 1.

Note 2: a. The total amount of the guarantee to a company with business transactions shall not exceed the most recent year's or the coming year's predictable purchases or sells with such company and not exceed 10% of U.D.E.'s net worth based on its most recent financial statement.

b. Subsidiaries whose voting shares are 50% above owned directly or indirectly by U.D.E.

- 1) The total amount of the guarantee provided by U.D.E. to its subsidiaries whose voting shares are 100% owned directly or indirectly by U.D.E. shall not exceed 100% of U.D.E.'s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 100% of U.D.E.'s net worth based on its most recent financial statements.
- 2) The total amount of the guarantee provided by U.D.E. to its subsidiaries whose voting shares are 50% above but not 100% owned directly or indirectly by U.D.E. shall not exceed 40% of U.D.E.'s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 20% of U.D.E.'s net worth based on its most recent financial statements.
- 3) Between the subsidiaries whose voting shares are owned directly or indirectly by U.D.E.
 - a) The total amount of the guarantee provided by subsidiaries to subsidiaries whose voting shares are 100% owned directly or indirectly by each other shall not exceed 100% of U.D.E.'s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 100% of U.D.E.'s net worth based on its most recent financial statements.
 - b) The total amount of the guarantee provided by its subsidiaries to another subsidiaries whose voting shares are 90% above but not 100% owned directly or indirectly by each other shall not exceed 10% of U.D.E.'s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 10% of U.D.E.'s net worth based on its most recent financial statements.
- c. The total amount of the guarantee provided by U.D.E. to its subsidiaries whose voting shares are 50% above owned directly or indirectly by U.D.E. shall not exceed 40% of U.D.E.'s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 20% of U.D.E.'s net worth based on its most recent financial statements.

Note 3: The amount has been eliminated on consolidation, and translated into NTD with the exchange rate on the reporting date.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
U.D. Electronic Corp.	Emerging Creation Capital Inc.	-	Financial assets at FVTOCI - non-current	2,120	\$ 19,794	10.13	\$ 19,794	Note
	Dy-Precision Industrial Co., Ltd.	-	"	725	10,383	16.22	10,383	Note
	Yongda Investment Co., Ltd.	-	"	5,000	68,165	17.99	68,165	Note

Note: The highest shareholding ratio of the above is equal to the end-of-period shareholding ratio and there is no collateralized pledge.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
U.D. Electronic Corp.	All First International Co., Ltd.	Sub-subsidiary of U.D. Electronic Corp.	Purchases	\$ 3,726,383	91	O/A 105 days	-	-	\$ (1,861,563)	(98)	Note 1
All First International Co., Ltd.	U.D. Electronic Corp.	Parent company	Sales	(3,726,383)	(91)	O/A 105 days	"	"	1,861,563	96	"
	Zhong Jiang U.D.E. Electronics Corp.	Affiliated company	Purchases	3,931,725	97	O/A 105 days	"	"	(1,111,412)	(97)	"
	Zhong Jiang U.D.E. Networking Electronics Corp.	Affiliated company	Sales	(286,536)	(7)	O/A 105 days	"	"	36,619	2	"
Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	Affiliated company	Sales	(3,931,725)	(97)	O/A 105 days	"	"	1,111,412	95	"
Zhong Jiang U.D.E. Networking Electronics Corp.	All First International Co., Ltd.	Affiliated company	Purchases	286,536	83	O/A 105 days	"	"	(36,619)	(86)	"
Morning Paragon Limited	DYP Corp.	Affiliated company	Sales	(469,000)	(93)	O/A 105 days	"	"	94,310	91	"
	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Affiliated company	Purchases	467,638	93	O/A 105 days	"	"	(56,251)	(82)	"
DYP Corp.	Morning Paragon Limited	Affiliated company	Purchases	469,000	93	O/A 105 days	"	"	(56,251)	(92)	"
Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Morning Paragon Limited	Affiliated company	Sales	(467,638)	(81)	O/A 105 days	"	"	56,251	52	"

Note 1: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 2: The prices and payment terms to related parties were not significantly different from those of sales to third parties.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
All First International Co., Ltd.	U.D. Electronic Corp.	Parent company	Trade receivables \$ 1,861,563	1.95	\$ -	-	\$ 11,399	\$ -
Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	Affiliated company	1,111,412	3.26	-	-	33,667	-
Zhong Jiang U.D.E. Electronics Corp.	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Affiliated company	Other receivables 189,760 (including interest receivables)	-	-	-	-	-
U.D. Electronic Corp.	U.D. Electronic Vietnam Company Limited	Affiliated company	Other receivables 886,571 (including interest receivables)	-	-	-	-	-

Note 1: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 2: The amount recovered from January 1, 2025 to February 25, 2026.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% of Total Sales or Assets (Note 4)
0	U.D. Electronic Corp.	All First International Co., Ltd. DYP Corp. Morning Paragon Limited Zhong Jiang U.D.E. Electronics Corp. U.D. Electronic Vietnam Company Limited	a.	Endorsements/guarantees provided	\$ 1,228,585	-	15
			a.	Endorsements/guarantees provided	253,573	-	3
			a.	Endorsements/guarantees provided	188,580	-	2
			a.	Endorsements/guarantees provided	894,321	-	12
			a.	Endorsements/guarantees provided	363,558	Financing (including interest receivables \$8,532)	5
				Other receivables	866,571		
1	All First International Co., Ltd.	U.D. Electronic Corp.	b.	Revenue	3,726,383	Negotiated case by case. O/A 105 days	60
				Trade receivables	1,861,563		24
		Zhong Jiang U.D.E. Networking Electronics Corp.	c.	Revenue	286,536	Negotiated case by case. O/A 105 days	5
2	Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	c.	Revenue	3,931,725	Negotiated case by case. O/A 105 days	63
				Trade receivables	1,111,412		14
		Dongguan De Yang Precision Rubber Plastic Co., Ltd.	c.	Other receivables	189,760	Financing (including interest receivables \$1,952)	2
3	Morning Paragon Limited	DYP Corp.	c.	Revenue	469,000	Negotiated case by case. O/A 105 days	8
				Trade receivables	469,000		1
4	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Morning Paragon Limited.	c.	Revenue	467,638	Negotiated case by case. O/A 105 days	8
				Trade receivables	56,251		1

Intercompany relationships:

U.D. Electronic Corp., DYP Corp. and CDE Corp. mainly engages in electronic material trading and international trading; Dongguan Jian Guan P.E. Co., Ltd., Zhong Jiang U.D.E. Electronics Corp. and Dongguan De Yang Precision Rubber Plastic Co., Ltd. mainly engage in electronic components manufacturing; Zhong Jiang U.D.E. Networking Electronics Corp. mainly engages in electronic components trading, while Global Connection (Samoa) Holding Inc., Sunderland Inc., San Francisco Inc., Morning Paragon Limited and Ta Yang UDE Limited are holding companies; All First International Co., Ltd. is an international trading company; Dongguan Ai Te Chieh Intellectual Technology Co., Ltd. mainly engages in components processing and automatic equipment development; Dongguan U.D.E. Electronics Corp. mainly engages in development and sales of electronic components; and Dongguan Han Lian Technology Co., Ltd. mainly engages in manufacturing and sales of electronic connectors and electronic products.

(Continued)

Note 1: Intercompany relationships should be notified in the No. Colum, the coding method is as follow:

- a. 0 for parent company.
- b. The rest subsidiaries coding from 1.

Note 2: The Intercompany relationships are as follow (If the transaction is the same between the parent company and subsidiaries or between subsidiaries, there is no need to redisclose. For example, transactions between parent company and subsidiaries, if the parent company has disclosed, the subsidiaries will not need to disclose; transactions between subsidiaries, if one of them has disclosed, the other will not need to disclose.

- a. Parent company to subsidiaries.
- b. Subsidiaries to parent company.
- c. Subsidiaries to subsidiaries.

Note 3: This table only reveals one-way transaction information. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 4: The calculation of the percentage of the transaction accounts for total consolidated revenues or total assets. For the assets and liabilities subject, they are calculated by the ending balance divided by the consolidated total assets. For the revenue and expense subjects, they are calculated by the accumulated amount at the end of period divided by the consolidated total revenue.

Note 5: This table disclosed the significant purchase or sales exceeded the amount \$100,000 thousand.

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands Dollars of Unit, Except for the Shares In Thousands)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 4)		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
U.D. Electronic Corp.	Global Connection (Samoa) Holding Inc.	Samoa	Holding company	\$ 1,605,727 (US\$ 51,089)	\$ 1,674,953 (US\$ 51,089)	51,089	100.00	\$ 3,616,622	\$ 213,526	\$ 213,526	Notes 1 and 2
	CDE Corp.	Taiwan	Manufacturing and selling of electronic materials	150,000	150,000	15,000	100.00	132,495	33,619	33,566	Notes 1, 2 and 3
	DYP Corp.	Taiwan	Selling of electronic components	112,200	112,200	11,220	51.00	40,355	27,149	13,846	Notes 1, 2 and 3
	U.D. Electronic Vietnam Company Limited	Vietnam	Manufacturing and selling of electronic materials	154,622 (VND 118,944,535)	153,557 (VND 118,944,535)	-	100.00	(22,880)	(116,183)	(116,183)	Notes 1 and 2
	Jinyue Investment Co., Ltd.	Taiwan	General investment	30,000		3,000		30,142	142	142	
Global Connection (Samoa) Holding Inc.	Sunderland Inc.	Republic of Mauritius	Holding company	442,032 (US\$ 14,064)	461,088 (US\$ 14,064)	14,064	100.00	224,917	(83,533)	(83,533)	Notes 1 and 2
	San Francisco Inc.	Republic of Mauritius	Holding company	865,456 (US\$ 27,536)	902,768 (US\$ 27,536)	27,536	100.00	2,700,168	280,826	280,826	Notes 1 and 2
	All First International Co., Ltd.	Samoa	International trading	314,300 (US\$ 10,000)	327,850 (US\$ 10,000)	10,000	100.00	707,680	14,983	15,026	Notes 1 and 2
DYP Corp.	Ta Yang UDE Limited	Samoa	Holding company	116,637 (US\$ 3,711)	121,665 (US\$ 3,711)	4,438	100.00	(53,093)	(1,637)	(1,615)	Notes 1, 2 and 3
Ta Yang UDE Limited	Morning Paragon Limited	Samoa	International trading	60,933 (US\$ 1,939)	63,570 (US\$ 1,939)	1,939	100.00	71,043	5,186	5,186	Notes 1 and 2
Linkpower Electronics Co., Ltd.	Noblestyle Electronics (HK) Co., Limited	Hong Kong	General business	403 (HK\$ 100)	-	-	82.75	(19,597)	1,972	1,632	Notes 1, 2 and 3

Note 1: No market price for reference. The book value on the reporting date is used as the fair value instead.

Note 2: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 3: The investment gain or loss was recognized based on the net income after tax less unrealized up-stream or side-stream gain or loss.

Note 4: The amount of foreign currency investment was translated with the exchange rate on the reporting date.

Note 5: Information on investments in mainland China. Refer to Table 9.

Note 6: The highest amount of capital contribution of U.D.E. and reinvestments of its subsidiaries indicated above table is equal to the amount of that as of December 31, 2024. In addition, such reinvestments are not pledged as collateral or for security.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 2 b.(2))	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025
					Outward	Inward						
Dongguan Jian Guan P.E. Co, Ltd.	Manufacturing and selling of electronic components	\$ 463,399 (HK\$ 116,432)	b. (1)	\$ 405,981 (HK\$ 12,647) and (US\$ 12,000)	\$ -	\$ -	\$ 405,981 (HK\$ 12,647) and (US\$ 12,000)	100.00	\$ (85,277)	\$ (85,277) (Note 6)	\$ 194,285	\$ -
Zhong Jiang U.D.E. Electronics Corp.	Manufacturing and selling of electronic components	935,975 (US\$ 29,000)	b. (2)	833,835 (US\$ 27,603)	-	-	833,835 (US\$ 27,603)	100.00	280,825	280,825 (Note 6)	2,700,126	-
Zhong Jiang U.D.E. Networking Electronics Corp.	Selling of electronic components	2,476 (RMB 500)	b. (3)	- (Note 3)	-	-	-	100.00	11,821	11,821	86,065	-
Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Manufacturing and selling of electronic components	76,252 (US\$ 2,500)	b. (4)	70,734 (US\$ 2,342)	-	-	70,734 (US\$ 2,342)	51.00	(6,823)	(3,480)	(63,032)	-
Dongguan U.D.E. Electronics Corp.	Researching of electronic components	16,125 (US\$ 500)	b. (1)	15,871 (US\$ 502)	-	-	15,871 (US\$ 502)	100.00	1,745	1,745	30,610	-
Dongguan Ai Te Chieh Intellectual Technology Co., Ltd.	Machinery and automatic equipment development	44,753 (RMB 10,000)	b. (5)	- (Note 4)	-	-	-	60.00	(20)	(12)	- (Note 8)	-
Dongguan Han Lian Technology Co., Ltd.	Manufacturing and selling of electronic connectors and electronic products	37,392 (RMB 8,400)	b. (5)	- (Note 4)	-	-	-	85.00	12,025	10,021	29,680 (Note 5)	-
Shenzhen Deshenglong Electronics Co., Ltd.	Manufacturing of computer hardware, software and peripheral devices	45,608 (RMB 10,000)	b. (5)	- (Note 4)	-	-	-	40.00	(9,778)	(3,912)	(196)	-
Linkpower Electronics Co., Ltd	Manufacturing and selling of electronic components	115,329 (RMB 26,000)	b. (3)	- (Note 3)	-	-	-	82.75	21,358	17,674	1,091,212 (Note 5)	-
Huangshan Yuhao Electronics Co., Ltd.	Manufacturing of electronic components	22,179 (RMB 5,000)	b. (3)	- (Note 3)	-	-	-	82.75	1,614	1,336	33,048 (Note 5)	-
Hangzhou Qigu Technology Co., Ltd.	Real estate investment business	11,200 (RMB 2,525)	b. (3)	- (Note 3)	-	-	-	82.75	(190)	(157)	2,601 (Note 5)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,326,421	\$1,418,521	Note 9

(Continued)

Note 1: Three methods of investing in mainland China are as follows:

- a. Directly invests in mainland China.
- b. Investments in mainland China through an existing company established in a third region
 - 1) Investments in mainland China through an existing company established in a third region (Global Connection (Samoa) Holding Inc. invested in Sunderland Inc.)
 - 2) Investments in mainland China through an existing company established in a third region (Global Connection (Samoa) Holding Inc. invested in San Francisco Inc.)
 - 3) Investments in mainland China through an existing company established in a third region (Global Connection (Samoa) Holding Inc. invested in San Francisco Inc. and re-invested in Zhong Jiang U.D.E. Electronics Corp.)
 - 4) Investments in mainland China through an existing company established in a third region (Ta Yang U.D.E Limited)
 - 5) Investments in mainland China through an existing company established in a third region (Global Connection (Samoa) Holding Inc. invested in Sunderland Inc. and re-invested in Dongguan Jian Guan P.E. Co, Ltd.)
- c. Other methods.

Note 2 In the column of investment gain (loss)

- a. If the investment is still in preparation and there is no investment gain (loss), it will be specified.
- b. The basis for recognizing investment gain (loss) is as follows:
 - 1) The financial statement audited by the attesting CPA of international accounting firm in cooperation with an accounting firm in the ROC.
 - 2) The financial statement audited by the attesting CPA of parent company in Taiwan.
 - 3) Other.

Note 3: Zhong Jiang U.D.E. Networking Electronics Corp. and Linkpower Electronics Co., Ltd. are invested directly by Zhong Jiang U.D.E. Electronics Corp; Huangshan Yuhao Electronics Co., Ltd. and Hangzhou Qigu Technology Co., Ltd. are invested directly by Linkpower Electronics Co., Ltd., no outward remittance for investment from Taiwan.

Note 4: Dongguan Ai Te Chieh Intellectual Technology Co., Ltd., Dongguan Han Lian Technology Co., Ltd. and Shenzhen Deshenglong Electronics Co., Ltd. are invested directly by Dongguan Jian Guan P.E. Co., Ltd. No outward remittance for investment from Taiwan.

Note 5: Includes the differences between the cost of investment and the net value of the equity.

Note 6: Unrealized gross profit of up-stream and side-stream transactions were considered.

Note 7: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 8: Dongguan Ai Te Chieh Intellectual Technology Co., Ltd. completed its deregistration procedures in March 2025.

Note 9: Pursuant to the Ministry of Economic Affairs' authorization document No. 11351017250 dated October 4, 2024, the Company obtained a Headquarters Operation Certification issued by the Industrial Development Bureau of the Ministry of Economic Affairs, valid from September 16, 2024 to September 15, 2027. Consequently, there is no restriction on the Company's investment limit in Mainland China.

Significant transactions with investee companies in the mainland area, either directly or indirectly through a third area:

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period, and
2. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

In Thousands of New Taiwan Dollars

Related Party	Type	Purchase (Sale)		Price	Transaction Detail		Notes/Accounts Receivable (Payable)		Unrealized Gain/(Loss)	Note
		Amount	% of Total		Payment Terms	Compare to Normal Transactions	Ending Balance	% of Total		
Dongguan Jian Guan P.E. Co, Ltd.	Purchase	\$ 35,557	1	Negotiated case by case	O/A 105 days	Note 7	\$ (9,621)	(1)	\$ -	Note 1
Zhong Jiang U.D.E. Electronics Corp.	(Sale)	(63,733)	(2)	Negotiated case by case	O/A 105 days	"	32,514	2	-	Note 2
	Purchase	3,931,725	97	Negotiated case by case	O/A 105 days	"	(1,111,412)	(97)	16,160	Note 3
Zhong Jiang U.D.E. Networking Electronics Corp.	(Sale)	(286,536)	(7)	Negotiated case by case	O/A 105 days	"	36,619	2	-	Note 4
Dongguan De Yang Precision Rubber Plastic. Co, Ltd.	Purchase	467,638	93	Negotiated case by case	O/A 105 days	"	(56,251)	(82)	549	Note 5

(Continued)

- Note 1: The transaction of All First International Co., Ltd. purchase from Dongguan Jian Guan P.E. Co., Ltd.
- Note 2: The transaction of All First International Co., Ltd. sales to Zhong Jiang U.D.E. Electronics Corp.
- Note 3: The transaction of All First International Co., Ltd. purchase from Zhong Jiang U.D.E. Electronics Corp.
- Note 4: The transaction of All First International Co., Ltd. sales to Zhong Jiang U.D.E. Networking Electronics Corp.
- Note 5: The transaction of Morning Paragon Limited purchase from Dongguan De Yang Precision Rubber Plastic. Co, Ltd.
- Note 6: Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.
- Note 7: The payment terms of non-related parties are negotiated case by case, and payment is received in advance or from O/A 30 days to O/A 90 days.

3. The amount of property transactions and the amount of the resultant gains or losses: None.
4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
5. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
6. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

(Concluded)