

**TAISOL ELECTRONICS CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of TaiSol Electronics Co., Ltd. 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 International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TaiSol Electronics Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: TaiSol Electronics Co., Ltd.

Chairman: Peng, Peng-Huang

Date: March 4, 2026



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Independent Auditors' Report

To the Board of Directors of TaiSol Electronics Co., Ltd.:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as 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 with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“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 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 of 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 of the current period. 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.

1. Revenue recognition

Please refer to Notes 4(m), 5(b)(i), 6(m) and 6(r) to the consolidated financial statements.

Description of key audit matter:

The Group provides discounts to its customers based on their contract agreements and records them as reduction on revenue. Therefore, revenue recognition has been regarded as one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Testing the manual controls relating to sales and collection, financial reporting, as well as checking and reconciling the sales system data with the general ledger entries to ensure the Group's revenue recognition policy is in compliance with the relevant standards and revenue information is properly disclosed.
- Reviewing the relevant customer sales contracts and terms, by taking into consideration the accounting treatment and disclosure of sales discounts, to ensure they are consistent with the Group's accounting policies.
- Performing a year-to-year analysis on the revenue based on product lines and revenue from top ten customers to determine to ensure there are no material misstatements.
- Selecting appropriate samples and compare them with the vouchers and relevant documents to ensure consistency.
- Selecting sales transactions from a period of time before and after the balance sheet date and verify them with the vouchers and relevant documents to assess the accuracy of the timing and amounts of revenue recognized.
- Obtaining the details of the discounts accrued by the management of the Group (refund liabilities) and verify them with the relevant internal and external information to assess the reasonableness of the relevant parameters and the underlying assumptions; as well as reviewing the accuracy of the estimated discount accrued in prior years to assess whether there are material anomalies in the amounts of the accrued discounts (refund liabilities).

2. Commission estimate

Please refer to Notes 4(g) , 5(b)(ii), 6(m) to the consolidated financial statements.

Description of key audit matter:

Commission expense is one of our key audit matters. Part of the sales of the Group are made through agents, who collect commissions from the Group based on the agreements. These expenses estimated by the management, in respect of the foregoing transaction mentioned above, are accrued as operating expenses.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Reviewing the terms of the sales contract of the relevant agent to ensure they are consistent with the accounting treatment.
- Performing a year-to-year analysis on the commission expense incurred from the main agents to evaluate if there are any material abnormalities.
- Obtaining the details on the commission accrued by the management and verify them with the relevant internal and external information to assess the reasonableness of the relevant parameters and underlying assumptions; as well as reviewing the accuracy of the estimated commission expenses accrued in prior years to assess whether there are material anomalies in the amounts of the accrued commission.

3. Valuation of Inventory

Please refer to Notes 4(h), 5(b)(iii) and 6(e) to the consolidated financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value at the reporting date. Due to factors such as rapid changes in technology or the upgrading of production technology, which may lead the products to be obsolete or no longer meet market demand, and their sales prices to fluctuate or become sluggish, resulting in a risk on the costs of inventories to exceed their net realized values.

How the matter was addressed in our audit:

Our principal audit procedures included the following:

- Reviewing the inventory aging reports to analyze the changes for each period.
- Assessing the reasonableness of the accounting policies of the Group, such as policies for the valuation of inventories or the provision of obsolete goods.
- Evaluating whether the inventory valuation is in conformity with the accounting policies.
- Understanding the basis for valuation of net realized value used by the management and selecting appropriate samples to assess the reasonableness of the net realized value of inventories.
- Assessing whether the disclosure of inventory is appropriate.

Other Matter

TaiSol Electronics Co., Ltd. has prepared its parent-company-only financial statements 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 with the IFRSs, IASs, IFRC, 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 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 the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Chen, Fu-Jen and Hsiao, Ya-Wen.

KPMG

Taipei, Taiwan (Republic of China)
March 4, 2026

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES**Consolidated Balance Sheets****December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

Assets		December 31, 2025		December 31, 2024		Liabilities and Equity		December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 735,273	21	927,358	25	2170	Accounts payable	\$ 1,019,977	29	1,085,247	29
1136	Current financial assets at amortized cost (note 6(b))	50,000	2	244,038	7	2209	Other payables (note 6(m))	246,704	7	322,783	9
1150	Notes receivable, net (notes 6(c) and (r))	199,463	6	151,642	4	2230	Current tax liabilities	884	-	39,154	1
1170	Accounts receivable, net (notes 6(c) and (r))	1,188,402	34	1,293,788	34	2280	Current lease liabilities (note 6(k))	11,793	1	35,722	1
1180	Accounts receivable due from related parties, net (notes 6(c), (r) and 7)	76	-	-	-	2399	Other current liabilities (notes 6(m) and (r))	80,054	2	96,329	3
1200	Other receivables, net (note 6(d))	4,225	-	6,159	-		Total current liabilities	<u>1,359,412</u>	<u>39</u>	<u>1,579,235</u>	<u>43</u>
1220	Current tax assets	2,134	-	-	-		Non-Current liabilities:				
130X	Inventories (note 6(e))	442,131	13	418,380	11	2570	Deferred tax liabilities (note 6(o))	115,250	3	129,120	3
1410	Prepayments (note 6(j))	105,807	3	84,046	2	2580	Non-current lease liabilities (note 6(k))	12,048	1	14,847	-
1470	Other current assets (note 8)	11,529	-	1,020	-	2670	Other non-current liabilities	10,644	-	868	-
	Total current assets	<u>2,739,040</u>	<u>79</u>	<u>3,126,431</u>	<u>83</u>		Total non-current liabilities	<u>137,942</u>	<u>4</u>	<u>144,835</u>	<u>3</u>
Non-current assets:							Total liabilities	<u>1,497,354</u>	<u>43</u>	<u>1,724,070</u>	<u>46</u>
1535	Non-current financial assets at amortized cost (note 6(b))	38,920	1	34,424	1		Equity attributable to owners of parent (note 6(p)):				
1600	Property, plant and equipment (notes 6(g) and 8)	534,204	15	427,396	11	3110	Ordinary shares	879,081	25	879,081	23
1755	Right of use assets (note 6(h))	48,216	1	75,751	2	3200	Capital surplus	348,929	10	348,929	9
1780	Intangible assets (note 6(i))	23,621	1	1,104	-		Retained earnings:				
1840	Deferred tax assets (note 6(o))	61,592	2	66,420	2	3310	Legal reserve	247,626	7	221,358	6
1990	Other non-current assets (note 6(j))	36,683	1	22,379	1	3320	Special reserve	39,747	1	85,660	2
	Total non-current assets	<u>743,236</u>	<u>21</u>	<u>627,474</u>	<u>17</u>	3350	Unappropriated retained earnings	552,935	16	551,807	15
								<u>840,308</u>	<u>24</u>	<u>858,825</u>	<u>23</u>
						3410	Exchange differences on translation of foreign financial statements	(32,762)	(1)	(39,747)	(1)
						3500	Treasury shares	(50,634)	(1)	(17,253)	-
							Total equity	<u>1,984,922</u>	<u>57</u>	<u>2,029,835</u>	<u>54</u>
Total assets		<u>\$ 3,482,276</u>	<u>100</u>	<u>3,753,905</u>	<u>100</u>		Total liabilities and equity	<u>\$ 3,482,276</u>	<u>100</u>	<u>3,753,905</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(r) and 7)	3,621,006	100	3,753,882	100
5000	Operating costs (notes 6(e), (k) and 12)	2,915,971	81	3,000,884	80
5900	Gross profit from operations	705,035	19	752,998	20
6000	Operating expenses (notes 6(c), (k), (n), (s) and 12):				
6100	Selling expenses	183,645	5	192,760	5
6200	Administrative expenses	192,780	5	173,742	5
6300	Research and development expenses	161,019	4	162,820	4
6450	Expected credit (gain) loss	(596)	-	411	-
		536,848	14	529,733	14
6900	Net operating income	168,187	5	223,265	6
7000	Non-operating income and expenses (notes 6(f), (k), (t) and 12):				
7100	Interest income	21,016	-	29,704	1
7010	Other income	41,373	1	34,645	1
7020	Other gains and losses, net	(40,498)	(1)	44,660	1
7050	Finance costs, net	(2,315)	-	(1,996)	-
		19,576	-	107,013	3
7900	Profit from continuing operations before tax	187,763	5	330,278	9
7950	Less: Income tax expenses (note 6(o))	31,364	1	67,595	2
	Profit	156,399	4	262,683	7
8300	Other comprehensive income (note 6(p)):				
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	7,647	-	44,924	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		7,647	-	44,924	1
8300	Other comprehensive income	7,647	-	44,924	1
8500	Total comprehensive income	164,046	4	307,607	8
	Profit, attributable to:				
8610	Owners of parent	156,399	4	262,683	7
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	164,046	4	307,607	8
	Earnings per share (note 6(q))				
9750	Basic earnings per share	1.80		3.00	
9850	Diluted earnings per share	1.79		2.99	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent								
	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings			
Balance at January 1, 2024	\$ 879,081	348,899	197,029	61,180	512,849	771,058	(85,660)	(17,253)	1,896,125
Profit	-	-	-	-	262,683	262,683	-	-	262,683
Other comprehensive income	-	-	-	-	-	-	44,924	-	44,924
Total comprehensive income	-	-	-	-	262,683	262,683	44,924	-	307,607
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	24,329	-	(24,329)	-	-	-	-
Special reserve appropriated	-	-	-	24,480	(24,480)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(174,916)	(174,916)	-	-	(174,916)
Other changes in capital surplus	-	30	-	-	-	-	-	-	30
Disposal of subsidiaries	-	-	-	-	-	-	989	-	989
Balance at December 31, 2024	879,081	348,929	221,358	85,660	551,807	858,825	(39,747)	(17,253)	2,029,835
Profit	-	-	-	-	156,399	156,399	-	-	156,399
Other comprehensive income	-	-	-	-	-	-	7,647	-	7,647
Total comprehensive income	-	-	-	-	156,399	156,399	7,647	-	164,046
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	26,268	-	(26,268)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(174,916)	(174,916)	-	-	(174,916)
Reversal of special reserve	-	-	-	(45,913)	45,913	-	-	-	-
Purchase of treasury share	-	-	-	-	-	-	-	(33,381)	(33,381)
Disposal of subsidiaries	-	-	-	-	-	-	(662)	-	(662)
Balance at December 31, 2025	\$ 879,081	348,929	247,626	39,747	552,935	840,308	(32,762)	(50,634)	1,984,922

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from (used in) operating activities:		
Profit before tax	\$ 187,763	330,278
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation expense	102,244	89,761
Amortization expense	3,523	257
Expected credit (gain) loss	(596)	411
Interest expense	2,315	1,996
Interest income	(21,016)	(29,701)
Gains on disposal of property, plan and equipment	(98)	(750)
(Gains) loss on disposal of investments	(543)	990
Unrealized foreign exchange gain	(538)	(763)
Derecognized intangible assets	88	811
Gains on modification of leases	(5)	(3)
Total adjustments to reconcile profit	<u>85,374</u>	<u>63,009</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in notes receivable	(45,530)	90,980
Decrease in accounts receivable	119,991	155,319
Increase in accounts receivable due from related parties	(76)	-
Decrease in other receivables	2,796	565
Increase in inventories	(22,270)	(68,616)
(Increase) decrease in prepayments	(20,689)	10,385
Increase in other current assets	(10,216)	(212)
Total changes in operating assets	<u>24,006</u>	<u>188,421</u>
Changes in operating liabilities:		
Decrease in accounts payable	(77,448)	(204,886)
Decrease in other payables	(72,612)	(58,947)
Decrease in other current liabilities	(16,656)	(26,556)
Increase (decrease) in other operating liabilities	5,065	(951)
Total changes in operating liabilities	<u>(161,651)</u>	<u>(291,340)</u>
Total changes in operating assets and liabilities	<u>(137,645)</u>	<u>(102,919)</u>
Total adjustments	<u>(52,271)</u>	<u>(39,910)</u>
Cash flows generated from operations	135,492	290,368
Interest received	19,914	32,128
Interest paid	(2,315)	(1,996)
Income taxes paid	(80,487)	(75,393)
Net cash flows from operating activities	<u>72,604</u>	<u>245,107</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(6,363)	(114,521)
Proceeds from disposal of financial assets at amortized cost	194,038	-
Proceeds from disposal of subsidiaries	-	404
Acquisition of property, plant and equipment	(159,332)	(45,233)
Proceeds from disposal of property, plant and equipment	607	1,879
Acquisition of intangible assets	(25,775)	(938)
(Increase) decrease in other non-current assets	(15,955)	22,451
Interest received	830	-
Net cash flows used in investing activities	<u>(11,950)</u>	<u>(135,958)</u>
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(41,663)	(37,830)
Cash dividends paid	(174,916)	(174,916)
Payments to acquire treasury shares	(33,381)	-
Other financing activities	-	30
Net cash flows used in financing activities	<u>(249,960)</u>	<u>(212,716)</u>
Effect of exchange rate changes on cash and cash equivalents	(2,779)	29,771
Net decrease in cash and cash equivalent	(192,085)	(73,796)
Cash and cash equivalents at beginning of period	<u>927,358</u>	<u>1,001,154</u>
Cash and cash equivalents at end of period	<u>\$ 735,273</u>	<u>927,358</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

TaiSol Electronics Co., Ltd. (the “Company”) was incorporated on September 23rd, 1994 under the approval of Ministry of Economic Affairs, Republic of China (“ROC”). The address of its registered office is 3F, No.302, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan. The principal activities of the Company and its subsidiaries (the “Group”) are the manufacturing, the processing and trading of thermal modules, components of electronic computers, electrical wires, automobiles and motorcycles.

The Company’s common shares have been publicly listed on the Taiwan Stock Exchange since December 13, 2013. Please refer to Note 14 for the Group's operating activities and operating segments informations.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the Board of Directors on March 4, 2026.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Group’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received ;and (ii) the assets, liabilities of the subsidiary at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of the subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principle activity	Shareholding		Note
			December 31, 2025	December 31, 2024	
The Company	World Window Electronics (H.K.) Limited (hereinafter referred to as "World Window Electronics")	Investment holding and trading	100 %	100 %	
The Company	TaiSol Electronics (HONG KONG) Co., Ltd. (hereinafter referred to as "TaiSol HONG KONG")	Investment holding	100 %	100 %	
The Company	TaiSol Electronics Japan Co., Ltd. (hereinafter referred to as "TaiSol Japan")	Trading	- %	- %	Note 3
The Company	TaiSol Electronics (Thailand) Co., Ltd. (hereinafter referred to as "Thailand TaiSol")	Manufacturing and trading	99 %	99 %	Note 2
The Company	SiYang TaiSol Electronics Co., Ltd. (hereinafter referred to as "SiYang TaiSol")	Manufacturing and trading	100 %	100 %	
The Company	Vietnam TaiSol Electronics Company Limited (hereinafter referred to as "Vietnam TaiSol")	Trading	- %	100 %	Note 1
World Window Electronics	DongGuan TaiSol Electronics Co., Ltd. (hereinafter referred to as "DongGuan TaiSol")	Manufacturing and trading	100 %	100 %	
World Window Electronics	TaiSol Electronics (Thailand) Co., Ltd. (hereinafter referred to as "Thailand TaiSol")	Manufacturing and trading	1 %	1 %	Note 2
TaiSol HONG KONG	Suzhou TaiSol Electronics Co., Ltd. (hereinafter referred to as "Suzhou TaiSol")	Manufacturing and trading	100 %	100 %	

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 1: Vietnam TaiSol was liquidated in February 2025.

Note 2: TaiSol Electronics (Thailand) Co., Ltd. was established in November 2024, and capital injection was made in December 2024.

Note 3: In March 2024, the Group signed a Share Purchase Agreement with a non-related party, selling 100% of the shares in TaiSol (Japan) and losing control over it.

There were no subsidiaries excluded from the consolidated financial statements.

(d) Foreign currencies

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(e) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents is short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost. The Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

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

These assets are subsequently measured at amortized cost, which is the initial recognition amount deduct the cumulative amortization using the effective interest method and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets, etc.).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (“ECL”), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past due. The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full.

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls, i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECL are discounted at the effective interest rate of the financial asset.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

At each reporting date, the Group assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. An evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract or default has been resorted to legal action;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When the Group enters into transactions whereby it transfers assets but retains either all or substantially all of the risks and rewards of the assets, the transferred assets are not derecognized from statement of balance sheet.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Equity instruments

An equity instrument is any contract that evidences the residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued is recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury stock. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

The cost of inventories includes all necessary expenditures and charges incurred in bringing the inventories to the present condition and location.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Subsequent measurement of inventories is based on each inventories category, at whichever is lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business on balance sheet date, less the estimated costs of completion and selling expenses. When the cost of inventories exceed the net realizable value, it should be offset against the cost to net realizable value, and the amount of inventory should be recognized as cost of goods sold in the current period. In the event of an increase in the net realized value in the subsequent period, wherein the original amount has been offset, the increase shall be reversed and recognized the reversal amount as a decrease in the cost of goods sold in the current period.

(i) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

1) Buildings	3~55 years
2) Machinery and equipment	1~10 years
3) Molding equipment	1~3 years or as expected
4) Office equipment	2~6 years
5) Other equipment	2~15 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- there is a change in the lease term resulting from a change of the Group's assessment on whether it will exercise an extension or termination option; or
- there is any lease modification.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss for any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(k) Intangible assets

(i) Recognition and measurement

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

1) Patent	3 years
2) Software	2~10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

The Group assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories and deferred tax assets) may be impaired. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash generating units (CGUs).

The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell or its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Revenue from contracts with customers

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. When the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group offers different types of discounts to its customers or on certain products according to market demand and competition. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated discounts. Accumulated experience and consideration of the sales contract are used to estimate the discounts using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected discounts payable to customers in relation to sales made at each reporting date.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred, regardless of whether the contract was obtained, shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as related services are provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Income taxes

Income taxes comprise both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Deferred taxes arise due to the temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are not recognized for the following exceptions:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences ;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (p) Earnings per share

The basic and diluted EPS attributable to shareholders of the Group are disclosed in the financial statements. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of the Group divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Group divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares. The Group's dilutive potential common shares comprise employee remuneration.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(r) Changes in accounting policy

Effective on July 1, 2025, the Group changed the use its measurement for its machinery and molding equipment from units-of-production method to straight-line method to better reflect the current pattern of consumption of economic benefits, with the approval of the board on September 24, 2025.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

(a) Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(i) Classification of investment property

The Group has sublet a vacated warehouse but has decided not to treat this property as investment property because it is not the Group's intention to hold it for the long term, for capital appreciation, or for rental. Accordingly, the property continues to be classified under property, plant and equipment.

(b) Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(i) Accrual of sales allowance

The Group also records a refund liability for its estimated future allowances in the same period the related revenue is recorded. Refund liability for estimated sales allowances is generally made and adjusted based on historical experience and customer contracts. The adequacy of estimations is reviewed periodically. However, the adequacy of estimations may be affected by factors such as market price competition and the evolution of product technology, which could result in significant adjustments to the variable consideration. A refunded liability is recognized for expected discounts payable to customers in relation to sales made. Please refer to Notes 6(m) and 6(r) for further description of the refund liabilities.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Estimation of commission expenses

The Group estimates its commission expenses based on historical experience and contracts with the agents, wherein the expenses are recognized as current sales expenses in the respective period. Moreover, the Group regularly reviews the reasonableness of its estimates, whose adequacy may be affected by factors such as market price competition and economic conditions, which could result in significant adjustments to the variable consideration. Please refer to Note 6(m) for further description of the commission payable.

(iii) Valuation of Inventory

As inventories are stated at the lower of cost or net realizable value, the Group estimates its net realizable value of inventories for normal inventory consumption, obsolescence and unmarketable items, at the end of the reporting period, and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of future demand within a specific time horizon. In addition, the rapid technological changes or the upgrading of production technology may lead to a significant change in the net realizable value of inventories. Please refer Note 6(e) for valuation of Inventory.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand and revolving funds	\$ 764	773
Demand deposits	533,793	871,749
Time deposits	<u>200,716</u>	<u>54,836</u>
Cash and cash equivalents in the statement of cash flows	<u>\$ 735,273</u>	<u>927,358</u>

(b) Financial assets at amortized cost

	December 31, 2025	December 31, 2024
Time deposits with original maturities exceeding three months	\$ 50,000	244,038
Financial Bonds	<u>38,920</u>	<u>34,424</u>
Total	<u>\$ 88,920</u>	<u>278,462</u>
Current	\$ 50,000	244,038
Non-current	<u>38,920</u>	<u>34,424</u>
Total	<u>\$ 88,920</u>	<u>278,462</u>

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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Please refer to Note 13 for the Group's investments of foreign financial bonds.

The Group held certificate of deposit with annual interest rates of 1.28% on December 31, 2025, which matured in February 2026. The Group held certificate of deposit with annual interest rates ranging from 1.45% to 1.65% on December 31, 2024, which matured from February to April 2025.

The Group's financial assets measured at amortized cost were not pledged as collateral.

(c) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable—measured at amortized cost	\$ 199,463	151,642
Accounts receivable—measured at amortized cost	1,191,798	1,298,082
Accounts receivable due from related parties—measured at amortized cost	76	-
Less: Loss allowance	<u>3,396</u>	<u>4,294</u>
	<u>\$ 1,387,941</u>	<u>1,445,430</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the macroeconomic and related industrial information. The loss allowance provisions of the clients classified as category A were determined as follows:

	December 31, 2025		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 1,154,626	-	-
1 to 30 days past due	4,663	1%	46
121 to 365 days past due	<u>52</u>	1%	<u>1</u>
	<u>\$ 1,159,341</u>		<u>47</u>
	December 31, 2024		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 1,085,096	-	-
1 to 30 days past due	1,066	1%	11
121 to 365 days past due	<u>61</u>	1%	<u>1</u>
	<u>\$ 1,086,223</u>		<u>12</u>

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The loss allowance provisions of the clients classified as category B were determined as follows:

	December 31, 2025		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 225,954	1%	2,259
1 to 30 days past due	4,633	5%	232
31 to 120 days past due	580	5%	29
	\$ 231,167		2,520
	December 31, 2024		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
Current	\$ 359,431	1%	3,594
1 to 30 days past due	3,680	5%	184
	\$ 363,111		3,778

The loss allowance provisions of the clients classified as category D were determined as follows:

	December 31, 2025		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
121 to 365 days past due	\$ 753	100%	753
More than 365 days past	76	100%	76
	\$ 829		829
	December 31, 2024		
	Book value of accounts and notes receivable	Weighted average expected credit losses rate	Loss allowance provision for lifetime expected credit losses
More than 365 days past	\$ 390	100%	390

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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The movements in the allowance for notes and accounts receivable were as follows:

	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ 4,294	3,766
Impairment loss (reversed) recognized	(596)	411
Amounts written off	(282)	-
Effect of changes in exchange rates	(20)	117
Balance at December 31	<u>\$ 3,396</u>	<u>4,294</u>

The Group's notes and accounts receivable were not pledged as collateral.

(d) Other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other receivables	<u>\$ 4,225</u>	<u>6,159</u>

Other receivables are impaired at the loss allowance based on 12 month expected credit losses. The loss allowance provisions and credit impairments were determined as follows:

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Life time Expected loss— unimpaired</u>	<u>Life time Expected loss — impaired</u>	<u>Life time Expected loss — unimpaired</u>	<u>Life time Expected loss — impaired</u>
Current	\$ 4,225	-	6,159	-
Amortized cost (carrying amount)	<u>\$ 4,225</u>	<u>-</u>	<u>6,159</u>	<u>-</u>

(e) Inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Finished goods	\$ 222,951	202,860
Work in progress	38,126	29,807
Raw materials	65,421	60,480
Merchandise	115,633	125,233
Total	<u>\$ 442,131</u>	<u>418,380</u>

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The details of the cost of sales were as follows:

	<u>2025</u>	<u>2024</u>
Cost of goods sold	\$ 2,882,228	2,975,254
Loss (reversal) of provisions for inventory valuation	10,889	(19,147)
Loss on scrap of inventory	10,832	18,048
Loss (gain) on physical inventory	8	(21)
Unallocated production overheads	<u>12,014</u>	<u>26,750</u>
	<u>\$ 2,915,971</u>	<u>3,000,884</u>

In 2024, the Group disposed of a portion of inventory which had been written-off previously, resulting in a reversal of provisions for inventory valuation.

The Group's inventories mentioned above were not pledged as collateral.

(f) Loss of control over a subsidiary

The Group disposed its entire shares in TaiSol (Japan), at the amount of \$1,468 thousand, on March 1, 2024, resulting in a loss on disposal of \$990 thousand, recognized as other gains and losses under total comprehensive income, and a loss of control over the entity.

The carrying amounts of assets and liabilities of TaiSol (Japan) on the date of disposal were as follows:

Cash and cash equivalents	\$ 1,064
Other receivables	463
Prepayments	10
Right of use assets	202
Other non-current assets	203
Other payables	(216)
Current tax liabilities	(50)
Current lease liabilities	(203)
Other current liabilities	<u>(4)</u>
Carrying amount of net assets	<u>\$ 1,469</u>

Vietnam TaiSol was liquidated in February 2025. The liquidation price was remitted to the Company in May 2025.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:							
Balance at January 1, 2025	\$ 107,699	245,768	372,238	53,729	4,163	107,561	891,158
Additions	99,023	623	27,192	2,407	10,643	19,154	159,042
Disposal	-	-	(20,510)	(4,493)	(976)	(4,144)	(30,123)
Reclassification	-	-	1,846	531	4,759	(4,759)	2,377
Effect of exchange rate changes	5,223	757	690	36	575	1,053	8,334
Balance at December 31, 2025	<u>\$ 211,945</u>	<u>247,148</u>	<u>381,456</u>	<u>52,210</u>	<u>19,164</u>	<u>118,865</u>	<u>1,030,788</u>
Balance at January 1, 2024	\$ 107,699	221,805	374,795	46,868	2,982	99,629	853,778
Additions	-	18,111	7,606	6,696	1,451	5,869	39,733
Disposal	-	-	(22,696)	(1,490)	(311)	(1,227)	(25,724)
Effect of exchange rate changes	-	5,852	12,533	1,655	41	3,290	23,371
Balance at December 31, 2024	<u>\$ 107,699</u>	<u>245,768</u>	<u>372,238</u>	<u>53,729</u>	<u>4,163</u>	<u>107,561</u>	<u>891,158</u>
Depreciation and impairment loss:							
Balance at January 1, 2025	\$ -	49,778	299,749	18,366	1,889	93,980	463,762
Depreciation	-	9,638	28,066	9,838	2,068	10,096	59,706
Disposal	-	-	(20,122)	(4,372)	(976)	(4,144)	(29,614)
Reclassification	-	-	-	-	4,173	(4,173)	-
Effect of exchange rate changes	-	419	1,463	279	195	374	2,730
Balance at December 31, 2025	<u>\$ -</u>	<u>59,835</u>	<u>309,156</u>	<u>24,111</u>	<u>7,349</u>	<u>96,133</u>	<u>496,584</u>
Balance at January 1, 2024	\$ -	39,127	282,844	14,233	1,194	81,379	418,777
Depreciation	-	9,939	29,802	5,105	988	9,854	55,688
Disposal	-	-	(22,696)	(1,490)	(311)	(98)	(24,595)
Effect of exchange rate changes	-	712	9,799	518	18	2,845	13,892
Balance at December 31, 2024	<u>\$ -</u>	<u>49,778</u>	<u>299,749</u>	<u>18,366</u>	<u>1,889</u>	<u>93,980</u>	<u>463,762</u>
Carrying amounts:							
Balance at December 31, 2025	<u>\$ 211,945</u>	<u>187,313</u>	<u>72,300</u>	<u>28,099</u>	<u>11,815</u>	<u>22,732</u>	<u>534,204</u>
Balance at January 1, 2024	<u>\$ 107,699</u>	<u>182,678</u>	<u>91,951</u>	<u>32,635</u>	<u>1,788</u>	<u>18,250</u>	<u>435,001</u>
Balance at December 31, 2024	<u>\$ 107,699</u>	<u>195,990</u>	<u>72,489</u>	<u>35,363</u>	<u>2,274</u>	<u>13,581</u>	<u>427,396</u>

The Company purchased land in Thailand for the construction of a factory, and completed the land transfer process on April 24, 2025.

Please refer to Note 8 for the property, plant and equipment pledged to secure bank loans as of December 31, 2025 and 2024.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(h) Right of use assets

The Group leases land, buildings, vehicles, and office equipments. Information about leases for which the Group as a lessee was as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2025	\$ 24,661	227,085	12,283	238	264,267
Additions	-	12,198	2,919	200	15,317
Disposal	-	(3,666)	(137)	(238)	(4,041)
Effect of exchange rate changes	99	2,018	132	-	2,249
Balance at December 31, 2025	<u>\$ 24,760</u>	<u>237,635</u>	<u>15,197</u>	<u>200</u>	<u>277,792</u>
Balance at January 1, 2024	\$ 23,830	145,662	14,067	238	183,797
Additions	-	80,511	1,492	-	82,003
Disposal	-	(4,381)	(3,576)	-	(7,957)
Effect of exchange rate changes	831	5,293	300	-	6,424
Balance at December 31, 2024	<u>\$ 24,661</u>	<u>227,085</u>	<u>12,283</u>	<u>238</u>	<u>264,267</u>
Depreciation:					
Balance at January 1, 2025	\$ 3,299	174,173	10,850	194	188,516
Depreciation	596	39,802	2,096	44	42,538
Disposal	-	(3,666)	-	(218)	(3,884)
Effect of exchange rate changes	35	2,272	99	-	2,406
Balance at December 31, 2025	<u>\$ 3,930</u>	<u>212,581</u>	<u>13,045</u>	<u>20</u>	<u>229,576</u>
Balance at January 1, 2024	\$ 2,592	142,357	11,602	147	156,698
Depreciation	613	30,875	2,538	47	34,073
Disposal	-	(3,911)	(3,576)	-	(7,487)
Effect of exchange rate changes	94	4,852	286	-	5,232
Balance at December 31, 2024	<u>\$ 3,299</u>	<u>174,173</u>	<u>10,850</u>	<u>194</u>	<u>188,516</u>
Carrying amounts:					
Balance at December 31, 2025	<u>\$ 20,830</u>	<u>25,054</u>	<u>2,152</u>	<u>180</u>	<u>48,216</u>
Balance at January 1, 2024	<u>\$ 21,238</u>	<u>3,305</u>	<u>2,465</u>	<u>91</u>	<u>27,099</u>
Balance at December 31, 2024	<u>\$ 21,362</u>	<u>52,912</u>	<u>1,433</u>	<u>44</u>	<u>75,751</u>

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Intangible assets

	Computer software	Patents	Total
Cost:			
Balance at January 1, 2025	\$ 4,338	309	4,647
Acquisition	25,775	-	25,775
Disposal	(3,107)	(48)	(3,155)
Reclassification	-	(88)	(88)
Effect of exchange rate changes	281	-	281
Balance at December 31, 2025	<u>\$ 27,287</u>	<u>173</u>	<u>27,460</u>
Balance at January 1, 2024	\$ 3,505	1,239	4,744
Acquisition	719	219	938
Disposal	-	(338)	(338)
Reclassification	-	(811)	(811)
Effect of exchange rate changes	114	-	114
Balance at December 31, 2024	<u>\$ 4,338</u>	<u>309</u>	<u>4,647</u>
Amortization:			
Balance at January 1, 2025	\$ 3,460	83	3,543
Amortization	3,464	59	3,523
Disposal	(3,107)	(48)	(3,155)
Effect of exchange rate changes	(72)	-	(72)
Balance at December 31, 2025	<u>\$ 3,745</u>	<u>94</u>	<u>3,839</u>
Balance at January 1, 2024	\$ 3,169	344	3,513
Amortization	180	77	257
Disposal	-	(338)	(338)
Effect of exchange rate changes	111	-	111
Balance at December 31, 2024	<u>\$ 3,460</u>	<u>83</u>	<u>3,543</u>
Carrying amounts:			
Balance at December 31, 2025	<u>\$ 23,542</u>	<u>79</u>	<u>23,621</u>
Balance at January 1, 2024	<u>\$ 336</u>	<u>895</u>	<u>1,231</u>
Balance at December 31, 2024	<u>\$ 878</u>	<u>226</u>	<u>1,104</u>

The Group did not provide any of the aforementioned intangible assets as collateral.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Prepayments and Other non-current assets

The Group's prepayments were as follows:

	December 31, 2025	December 31, 2024
Prepaid sales tax	\$ 81,660	61,343
Other prepayments	24,045	22,508
Prepayments for purchases	<u>102</u>	<u>195</u>
	<u>\$ 105,807</u>	<u>84,046</u>

The Group's other non-current assets were as follows:

	December 31, 2025	December 31, 2024
Construction in progress	\$ -	2,359
Guarantee deposits paid	8,752	8,275
Prepayment for equipment	<u>27,931</u>	<u>11,745</u>
Total	<u>\$ 36,683</u>	<u>22,379</u>

(k) Lease liabilities

The amounts of the Group's lease liabilities were as follows:

	December 31, 2025	December 31, 2024
Current	<u>\$ 11,793</u>	<u>35,722</u>
Non-current	<u>\$ 12,048</u>	<u>14,847</u>

For the maturity analysis, please refer to Note 6(u).

The amounts recognized in profit or loss were as follows:

	2025	2024
Interest on lease liabilities	<u>\$ 1,450</u>	<u>1,606</u>
Income from sub-leasing right-of-use assets	<u>\$ 6,041</u>	<u>6,919</u>
Expenses relating to short-term leases	<u>\$ 1,407</u>	<u>4,745</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 121</u>	<u>71</u>

The leases amounts recognized in the statement of cash flows for the Group were as follows:

	2025	2024
Total cash outflow for leases	<u>\$ 44,641</u>	<u>44,252</u>

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Real estate leases

The Group leases land and buildings for its office space, staff dormitories, research and development centers and factories. The leases of office space and factories typically run for a period of 2 to 5 years, and of staff dormitories for 3 to 8 years, and of R&D centers for 2 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases vehicles and other equipment, with lease terms of one to five years.

(l) Operating lease

The Group leases out some factories. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2025	December 31, 2024
Less than one year	\$ 3,885	6,738
Total undiscounted lease payments	<u>\$ 3,885</u>	<u>6,738</u>

(m) Other payables and other current liabilities

The other payables were as follows:

	December 31, 2025	December 31, 2024
Accrued expenses	\$ 56,718	91,648
Commission payable	42,245	61,995
Salary and bonus payable	68,928	82,495
Remuneration payable to employees and directors	34,105	32,122
Payable for equipment	16,490	16,722
Other payables	28,218	37,801
	<u>\$ 246,704</u>	<u>322,783</u>

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The other current liabilities were as follows:

	December 31, 2025	December 31, 2024
Refund liabilities	\$ 60,132	90,199
Temporary credits	4,456	4,576
Receipts under custody	11,578	1,554
Unearned receipts	3,888	-
	<u>\$ 80,054</u>	<u>96,329</u>

A refund liability is recognized for expected discounts payable to customers in relation to sales made at each reporting date.

(n) Employee benefits – Defined contribution plans

The Group allocates 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The cost of the pension contributions to the Bureau of Labor Insurance for the years ended December 31, 2025 and 2024 amounted to \$4,913 thousand and \$4,590 thousand, respectively.

Under the retirement scheme for senior managers of the Group, if the actual salary range of the month is higher than the maximum salary range of the Contribution Classification of Labor Pension (The New Fund), the pension contribution will be calculated at 6% of the monthly salary shortfall. In addition to the previous pension benefit, managers retiring may be granted a separate pension based on their level of contribution, with the approval of the remuneration committee and the Board of Directors in the year of retirement. Under the contribution pension plan, the Group’s pension costs amounted to \$484 thousand and \$(951) thousand for the years ended December 31, 2025 and 2024, respectively.

(o) Income taxes

(i) Income tax expenses

The components of income tax for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Current tax expense		
Current period	\$ 53,594	71,715
Adjustment for prior years	<u>(13,188)</u>	<u>(2,826)</u>
	<u>40,406</u>	<u>68,889</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(9,042)</u>	<u>(1,294)</u>
Income tax expense	<u>\$ 31,364</u>	<u>67,595</u>

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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There were no income tax expense recognized in equity and other comprehensive income for the years ended December 31, 2025 and 2024.

Reconciliation of income tax expense and profit before tax for 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Profit before income tax	\$ <u>187,763</u>	<u>330,278</u>
Income tax using the Company's domestic tax rate	\$ 37,553	66,056
Effect of tax rates in foreign jurisdiction	(6,618)	(9,531)
Effect of investment income	39,109	46,846
Tax incentives	(12,432)	(11,423)
Tax-exempt income	(17,794)	(19,920)
Non-deductible expense	1,534	652
Use of previously unrecognized tax losses	(7,029)	(1,392)
Aggregate deductible temporary differences associated with investments in subsidiaries	(257)	(324)
Change in provision in prior periods	(13,188)	(2,826)
Additional tax on undistributed earnings	5,371	978
Others	<u>5,115</u>	<u>(1,521)</u>
Income tax expense	\$ <u>31,364</u>	<u>67,595</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2025 and 2024. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Aggregate amount of temporary differences related to investments in subsidiaries	\$ <u>(8,243)</u>	<u>(8,243)</u>

2) Unrecognized deferred tax assets

As of December 31, 2025 and 2024, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax assets as the Group has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Aggregate amount of temporary differences related to investments in subsidiaries	\$ <u>43,915</u>	<u>44,172</u>

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2025 and 2024 were as follows:

Deferred tax liabilities:

	Unrealized investment gains
Balance at January 1, 2025	\$ 129,120
Recognized in profit or loss	(13,870)
Balance at December 31, 2025	\$ 115,250
Balance at January 1, 2024	\$ 137,274
Recognized in profit or loss	(8,154)
Balance at December 31, 2024	\$ 129,120

Deferred tax assets:

	Allowance for sales return and discounts	Provision for bad debts	Unrealized Investment loss	Others	Total
Balance at January 1, 2025	\$ 10,250	1,942	39,735	14,493	66,420
Recognized in profit or loss	(2,477)	100	(284)	(2,167)	(4,828)
Balance at December 31, 2025	\$ 7,773	2,042	39,451	12,326	61,592
Balance at January 1, 2024	\$ 13,667	1,854	39,545	18,214	73,280
Recognized in profit or loss	(3,417)	88	190	(3,721)	(6,860)
Balance at December 31, 2024	\$ 10,250	1,942	39,735	14,493	66,420

(iii) Assessment of tax

The Company's income tax returns for the years through 2023 have been examined and approved by the R.O.C. tax authorities.

(p) Capital and other equity

As of December 31, 2025 and 2024, the Company's authorized share capital amounted to \$1,000,000 thousand with a par value of \$10 per share. The aggregate amount of the aforesaid authorized share capital was composed of ordinary shares only, and the issued shares were 87,908 thousand shares.

(i) Ordinary shares

On May 22, 2025, the shareholders' meeting of the Company approved the proposal by the Board of Directors to conduct a private placement of common shares to strengthen working capital. The capital increase will be carried out in one or two tranches within one year from the date of the shareholders' resolution, with a total number of shares not exceeding 6,000 thousand.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The components of capital surplus were as follows:

	December 31, 2025	December 31, 2024
Additional paid in capital	\$ 325,371	325,371
Others	23,558	23,558
	\$ 348,929	348,929

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

In accordance with the Company's articles, if there are earnings at year end, 10 percent should be set aside as legal reserve (unless the amount in the legal reserve is already equal to or greater than the total paid-in capital) and special reserve according to the Securities and Exchange Act and the Company's operations after the payment of income tax and offsetting accumulated losses from prior years. The remaining portion will be combined with earnings from prior years, and the Board of directors can propose distribution plan to be approved by the shareholders' meeting.

In consideration of the Company's longterm operating plan, funding needs, and satisfying shareholder demand for cash flow, distribution of earnings may be retained in whole or in part as unappropriated retained earnings by resolution of the shareholders' general meeting and shall be paid in subsequent years. The distribution of dividends by shareholders may be in the form of cash dividends or share dividends, where the distribution rate of share dividends shall be not less than 20 percent, provided that the ratio of such earnings to cash dividends or share dividends shall be adjusted by resolution of the shareholders in accordance with the actual profit and fund status for the year.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Special reserve

In accordance with Rule issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior period. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2024 and 2023 was decided by the resolution adopted, at the general meeting of shareholders held on May 22, 2025 and May 24, 2024, respectively. The relevant dividend distributions to shareholders were as follows:

	2024		2023	
	Amount per share (NT dollars)	Amount	Amount per share (NT dollars)	Amount
Dividends distributed to ordinary shareholders				
Cash	\$ <u>2.0</u>	<u>174,916</u>	<u>2.0</u>	<u>174,916</u>

On March 4, 2026, the Company's Board of Directors resolved to appropriate the 2025 earnings. These earnings were appropriated as follows:

	2025	
	Amount per share (NT dollars)	Amount
Dividends distributed to ordinary shareholders		
Cash	\$ <u>1.30</u>	<u>112,874</u>

(iv) Treasury shares

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, on April 10, 2025, the Board of Directors of the Company resolved to repurchase 1,000 thousand shares of its common stock during the period from April 11 to June 9, 2025, at a price range of \$28.0 to \$58.0 per share, to motivate employees and to enhance their sense of belonging. During the repurchase period, the Company repurchased a total of 632 thousand shares of treasury stock for a total consideration of \$33,381 thousand. As of December 31, 2025, the number of shares held by the Company was 1,082 thousand shares.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In accordance with the requirements of the Securities and Exchange Act, treasury shares held by the Company shall not be pledged and do not carry any shareholder rights prior to their transfer. In addition, the number of shares repurchased shall not exceed 10% of the total number of issued shares, and the total repurchase amount shall not exceed the sum of retained earnings, additional paid-in capital-premiums, and realized capital surplus. The Company complied with the relevant laws and regulations in calculating the repurchase limits, and there were no instances of exceeding the prescribed thresholds.

(v) Other equity amounts (net of tax)

	Exchange differences on translation of foreign financial statements
Balance as of January 1, 2025	\$ (39,747)
Exchange differences on foreign operations	7,647
Reclassified to profit or loss on disposal of foreign operations	<u>(662)</u>
Balance as of December 31, 2025	<u>\$ (32,762)</u>
Balance as of January 1, 2024	\$ (85,660)
Exchange differences on foreign operations	44,924
Reclassified to profit or loss on disposal of foreign operations	<u>989</u>
Balance as of December 31, 2024	<u>\$ (39,747)</u>

(q) Earnings per share

The basic earnings per share were calculated as follows:

	2025	2024
Basic earnings per share:		
Profit attributable to the Company	<u>\$ 156,399</u>	<u>262,683</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	<u>87,074</u>	<u>87,458</u>
Basic earnings per share (in New Taiwan dollars)	<u>\$ 1.80</u>	<u>3.00</u>

(Continued)

TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2025	2024
Diluted earnings per share:		
Profit attributable to ordinary equity holders of the Company (after adjusting the effect of dilutive potential ordinary share)	\$ <u>156,399</u>	<u>262,683</u>
Weighted average number of ordinary shares outstanding (in thousands of shares)	87,074	87,458
Effect of dilutive potential ordinary shares		
Effect of issuance of share options (in thousands of shares)	326	420
Weighted average number of common shares outstanding (Diluted)(in thousands of shares)	<u>87,400</u>	<u>87,878</u>
Diluted earnings per share (in New Taiwan dollars)	\$ <u>1.79</u>	<u>2.99</u>

(r) Revenue from contracts with customers

(i) Details of revenue

	2025				
	The Company	DongGuan TaiSol	SiYang TaiSol	Others	Total
Primary geographical markets:					
Asia	\$ 2,027,121	1,162,044	322,607	19,191	3,530,963
America	64,315	-	-	-	64,315
Europe	25,728	-	-	-	25,728
	<u>\$ 2,117,164</u>	<u>1,162,044</u>	<u>322,607</u>	<u>19,191</u>	<u>3,621,006</u>
Merchandise:					
Thermal modules	\$ 1,629,348	1,120,097	322,607	19,191	3,091,243
Other electronic components	487,816	41,947	-	-	529,763
	<u>\$ 2,117,164</u>	<u>1,162,044</u>	<u>322,607</u>	<u>19,191</u>	<u>3,621,006</u>
	2024				
	The Company	DongGuan TaiSol	SiYang TaiSol	Others	Total
Primary geographical markets:					
Asia	\$ 2,084,583	1,154,459	343,708	17,783	3,600,533
America	115,798	-	-	-	115,798
Europe	37,551	-	-	-	37,551
	<u>\$ 2,237,932</u>	<u>1,154,459</u>	<u>343,708</u>	<u>17,783</u>	<u>3,753,882</u>
Merchandise:					
Thermal modules	\$ 1,666,132	1,114,689	343,708	17,783	3,142,312
Other electronic components	571,800	39,770	-	-	611,570
	<u>\$ 2,237,932</u>	<u>1,154,459</u>	<u>343,708</u>	<u>17,783</u>	<u>3,753,882</u>

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract Balance

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable	\$ 199,463	151,642	234,977
Accounts receivable	1,191,798	1,298,082	1,418,531
Accounts receivable due from related parties	76	-	-
Less: Loss allowance	3,396	4,294	3,766
Total	<u>\$ 1,387,941</u>	<u>1,445,430</u>	<u>1,649,742</u>
Contract liabilities (recognized as other current liabilities)	<u>\$ 3,888</u>	<u>-</u>	<u>361</u>

For details on notes and accounts receivable and allowance for impairment, please refer to Note 6(c).

(s) Employee compensation and directors' remuneration

On May 22, 2025, the shareholders' meeting of the Company resolved to amend the Articles of Incorporation. According to the amended Articles, if there is profit for the year, a minimum of 3% but not exceeding 15% shall be allocated as employee compensation (of which no less than 10% shall be allocated to base-level employees), and a maximum of 5% shall be allocated as compensation to directors. However, if the Company has accumulated deficits, the profit shall be reserved to offset the deficit. The recipients of employee compensation in the form of shares or cash may include employees of subsidiaries who meet certain criteria. Prior to the amendment, the Company's Articles of Incorporation stipulate that if there is profit for the year, a minimum of 3% but not exceeding 15% shall be allocated as employee compensation and a maximum of 5% as director compensation. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of employee compensation in the form of shares or cash included employees of subsidiaries who met certain criteria.

For the years ended December 31, 2025 and 2024, the Company estimated its employee remuneration amounting to \$12,390 thousand and \$24,823 thousand, and directors' remuneration amounting to \$6,760 thousand and \$7,298 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remunerations to employees, directors as specified in the Company's article. These remunerations were expensed under operating expenses during 2025 and 2024. Relevant information is available at the Market Observation Post System website.

There was no difference between the actual and the estimated amounts in 2025 and 2024.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Non-operating income and expenses

(i) Interest income

The Group's interest income was as follows:

	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	\$ 19,149	29,701
Interest income from financial bonds	1,867	-
Other interest income	-	3
Total interest income	<u>\$ 21,016</u>	<u>29,704</u>

(ii) Other income

The Group's other income was as follows:

	<u>2025</u>	<u>2024</u>
Rental income	\$ 6,041	6,919
Others	35,332	27,726
Total other income	<u>\$ 41,373</u>	<u>34,645</u>

The unconditional government grants were recognized amounting to \$9,526 thousand and \$1,530 thousand for the years ended December 31, 2025 and 2024, respectively.

(iii) Other gains and losses

The Group's other gains and losses were as follows:

	<u>2025</u>	<u>2024</u>
Gains on disposal of property, plant and equipment	\$ 98	750
Gains (losses) on disposals of investments	543	(990)
Gains on modification of leases	5	3
Foreign exchange (losses) gains	(28,504)	58,760
Others	(12,640)	(13,863)
Other gains and losses, net	<u>\$ (40,498)</u>	<u>44,660</u>

(iv) Finance costs

The Group's finance costs were as follows:

	<u>2025</u>	<u>2024</u>
Interest expense	<u>\$ 2,315</u>	<u>1,996</u>

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Financial Instrument

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represented the maximum amount exposed to credit risk. As of December 31, 2025 and 2024, the maximum amount exposed to credit risk amounted to \$2,228,111 thousand, and \$2,666,284 thousand, respectively.

2) Concentration of credit risk

For the years ended December 31, 2025 and 2024, the Group's ten largest customers accounted for 73% and 75%, respectively, of the Group's net revenue. There were no geographical concentration of credit risk.

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payment.

	<u>Carrying amounts</u>	<u>Cash flows</u>	<u>Less than one year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2025						
Non-derivative financial liabilities						
Accounts payable	\$ 1,019,977	1,019,977	1,019,977	-	-	-
Other payables	246,704	246,704	246,704	-	-	-
Lease liabilities	23,841	24,879	12,513	9,631	2,735	-
	<u>\$ 1,290,522</u>	<u>1,291,560</u>	<u>1,279,194</u>	<u>9,631</u>	<u>2,735</u>	<u>-</u>
December 31, 2024						
Non-derivative financial liabilities						
Accounts payable	\$ 1,085,247	1,085,247	1,085,247	-	-	-
Other payables	322,783	322,783	322,783	-	-	-
Lease liabilities	50,569	52,566	37,125	9,497	5,944	-
	<u>\$ 1,458,599</u>	<u>1,460,596</u>	<u>1,445,155</u>	<u>9,497</u>	<u>5,944</u>	<u>-</u>

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure of foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2025</u>			<u>December 31, 2024</u>			
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	
<u>Financial assets</u>							
<u>Monetary items</u>							
CNY	\$	1,083	4.4960	4,871	552	4.4780	2,472
USD		47,996	31.4300	1,508,512	47,099	32.7850	1,544,153
JPY		43,559	0.2008	8,747	28,103	0.2099	5,899
HKD		77	4.0380	311	134	4.2220	567
THB		219	1.0019	220	84	0.9623	81

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2025			December 31, 2024		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial liabilities</u>						
<u>Monetary items</u>						
CNY	2,235	4.4960	10,049	2,556	4.4780	11,444
USD	24,443	31.4300	768,229	28,420	32.7850	931,735
JPY	349	0.2008	70	3,216	0.2099	675
HKD	25	4.0380	102	46	4.2220	195
THB	20	1.0019	20	-	0.9623	-

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 0.25% of the NTD against all foreign currencies as of December 31, 2025 and 2024 would have increased (decreased) the net profit after tax as follows. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2024.

	Effect of appreciation on net profit after tax	Effect of depreciation on net profit after tax
December 31, 2025		
CNY (0.25% of appreciation or depreciation)	\$ (10)	10
USD (0.25% of appreciation or depreciation)	1,481	(1,481)
JPY (0.25% of appreciation or depreciation)	<u>17</u>	<u>(17)</u>
	<u>\$ 1,488</u>	<u>(1,488)</u>
December 31, 2024		
CNY (0.25% of appreciation or depreciation)	\$ (18)	18
USD (0.25% of appreciation or depreciation)	1,225	(1,225)
HKD (0.25% of appreciation or depreciation)	1	(1)
JPY (0.25% of appreciation or depreciation)	<u>10</u>	<u>(10)</u>
	<u>\$ 1,218</u>	<u>(1,218)</u>

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2025 and 2024, foreign exchange gains (losses) (including realized and unrealized portions) amounted to losses of \$28,504 thousand and gains of \$58,760 thousand, respectively.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Interest rate analysis

The short-term borrowings of the Group have floating interest rates that are affected by the changes in market interest rates, resulting in the future cash flows to fluctuate. Since the Group did not use any of its credit lines, the above matter did not have any impact on the Group's future cash flows for the years ended December 31, 2025 and 2024.

(v) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The fair value of financial assets and liabilities is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for lease liabilities, disclosure of fair value information is not required:

	Carrying amounts	December 31, 2025			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 735,273	-	-	-	-
Notes and accounts receivable (including related parties)	1,387,941	-	-	-	-
Other receivables	4,225	-	-	-	-
Restricted time deposits (recognized as other current assets)	3,000	-	-	-	-
Time deposits with original maturities exceeding three months (recognized as current financial assets at amortized cost)	50,000	-	-	-	-
Financial bonds (recognized as non- current financial assets at amortized cost)	38,920	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)	8,752	-	-	-	-
Total	\$ 2,228,111	-	-	-	-
Financial liabilities measured at amortized cost					
Accounts payable	\$ 1,019,977	-	-	-	-
Other payables	246,704	-	-	-	-
Lease liabilities	23,841	-	-	-	-
Total	\$ 1,290,522	-	-	-	-

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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	December 31, 2024				
	Carrying amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 927,358	-	-	-	-
Notes and accounts receivable	1,445,430	-	-	-	-
Other receivables	6,159	-	-	-	-
Restricted time deposits (recognized as other current assets)	600	-	-	-	-
Time deposits with original maturities exceeding three months (recognized as current financial assets at amortized cost)	244,038	-	-	-	-
Financial bonds (recognized as non-current financial assets at amortized cost)	34,424	-	-	-	-
Guarantee deposits paid (recognized as other non-current assets)	8,275	-	-	-	-
Total	\$ 2,666,284	-	-	-	-
Financial liabilities measured at amortized cost					
Accounts payable	\$ 1,085,247	-	-	-	-
Other payables	322,783	-	-	-	-
Lease liabilities	50,569	-	-	-	-
Total	\$ 1,458,599	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

3) There was no transfer between the fair value hierarchy levels for the years ended December 31, 2025 and 2024.

(v) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

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The following likewise discusses the Group's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

The Group's risk management policies are established to identify and analyze the risks being faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group assesses the customers' credit risk based on their basic information, which comprises of the default risk in their industry and country.

The Group has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, and are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group sets a loss allowance for expected credit losses to reflect the estimated loss on accounts receivable. This allowance mainly comprises a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. This allowance for the loss component is determined based on historical payment statistics of similar financial assets.

2) Investments

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transaction counterparties and the contractually obligated counterparties are banks and corporate organizations with good credits, there is no significant credit risk.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it always has sufficient working capital to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As of December 31, 2025 and 2024, the Group had unused credit lines of \$522,870 thousand and \$535,065 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

1) Foreign currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group's respective entity. The respective functional currencies of the Group's entities are primarily the NTD, and USD, JPY, HKD and CNY. The currencies used in these transactions are denominated in NTD, USD, JPY and CNY. In order to manage exchange rate risk, the Group maintains a certain limit on the net foreign currency position held by the Group.

2) Interest rate risk

The interest rate of the Group's bank loans is mainly of variable interest rates. To manage the interest rate fluctuation risk, the Group periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. If the interest rate has greater fluctuation in future and the Group still needs to borrow loans, the Group will adopt other financing tool for fund collection to reduce the dependence on bank loans, as well as the risk arising from fluctuation of interest rates.

(w) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Group maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Investing and financing activities not affecting current cash flow:

(i) The cash paid by the Group for the purchase of property, plant and equipment is supplemented by the following information:

	<u>2025</u>	<u>2024</u>
Increase in property, plant and equipment	\$ 159,042	39,733
Add: Payable for equipment as of January 1	16,722	21,516
Less: Payable for equipment as of December 31	(16,490)	(16,722)
Effect of exchange rate changes	<u>58</u>	<u>706</u>
Cash paid	<u><u>\$ 159,332</u></u>	<u><u>45,233</u></u>

(ii) The cash payment from the Group's acquisition of the right of use assets is supplemented by the following cash flow information:

	<u>2025</u>	<u>2024</u>
Increase in right of use assets	\$ 15,317	82,003
Less: Increase in lease liabilities	<u>(15,317)</u>	<u>(82,003)</u>
Cash paid	<u><u>\$ -</u></u>	<u><u>-</u></u>

(iii) Reconciliations of liabilities arising from financing activities were as follows:

	<u>January 1,</u> <u>2025</u>	<u>Cash flows</u>	<u>Non-Cash changes</u>			<u>December</u> <u>31, 2025</u>
			<u>Effect of</u> <u>exchange</u> <u>rate changes</u>	<u>Right-of-use</u> <u>assets</u> <u>increases</u>	<u>Others</u>	
Lease liabilities	<u>\$ 50,569</u>	<u>(41,663)</u>	<u>(220)</u>	<u>15,317</u>	<u>(162)</u>	<u>23,841</u>

	<u>January 1,</u> <u>2024</u>	<u>Cash flows</u>	<u>Non-Cash changes</u>			<u>December</u> <u>31, 2024</u>
			<u>Effect of</u> <u>exchange</u> <u>rate changes</u>	<u>Right-of-use</u> <u>assets</u> <u>increases</u>	<u>Others</u>	
Lease liabilities	<u>\$ 6,424</u>	<u>(37,830)</u>	<u>445</u>	<u>82,003</u>	<u>(473)</u>	<u>50,569</u>

(7) Related-party transactions

(a) Names and relationship with related parties

The following are the entities that have had transactions with the Group during the periods covered in the financial statements.

<u>Name of related party</u>	<u>Relationship with The Group</u>
SINGATRON ENTERPRISE CO., LTD. (hereinafter referred to as "SINGATRON")	An entity that has significant influence over the Group

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(b) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales transactions between the Group and related parties were as follows:

	<u>2025</u>	<u>2024</u>
Entity with significant influence over the Group – SINGATRON	\$ <u>72</u>	<u>-</u>

The Group has no other customers to compare with the above related party relating to sales price, and the terms for the related party are approximately 60 days. Collecting period for non-related parties is mainly 30 to 210 days.

(ii) Receivables from related parties

The details of the Group's receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable due from related parties	Entity with significant influence over the Group – SINGATRON	\$ <u>76</u>	<u>-</u>

(c) Key management personnel transactions

Key management personnel compensation includes:

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 28,506	29,994
Post-employment benefits	661	(546)
	\$ <u>29,167</u>	<u>29,448</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Restricted time deposits (recognized as other current asset)	Custom deposits	\$ 3,000	600
Land and buildings (recognized as property, plant and equipment)	Long-term and short- term loans	142,692	143,554
		\$ <u>145,692</u>	<u>144,154</u>

(9) Commitments and contingencies:

As of December 31, 2025 and 2024, the Group had outstanding notes for guarantee of bank loans, credit limit amounting to \$660,590 thousand and \$678,205 thousand, respectively.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses due to major disasters: None.

(11) Subsequent Events: None.

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function	2025				2024			
	Cost of good sold	Operating expenses	Non-operating expenses	Total	Cost of good sold	Operating expenses	Non-operating expenses	Total
Employee benefits								
Salary	239,890	247,773	-	487,663	257,282	252,848	-	510,130
Labor and health insurance	-	9,319	-	9,319	-	8,642	-	8,642
Pension	-	5,397	-	5,397	-	3,639	-	3,639
Remuneration of directors	-	7,500	-	7,500	-	7,378	-	7,378
Others	44,564	24,696	-	69,260	43,873	22,594	-	66,467
Depreciation	60,458	36,379	5,407	102,244	56,904	26,577	6,280	89,761
Amortization	-	3,523	-	3,523	-	257	-	257

- (b) On October 23, 2017, the second-tier subsidiary Suzhou TaiSol entered into a lease contract with the plaintiff lessor, with the lease period from April 1, 2018, to March 31, 2023. Upon the expiration of the lease, the plaintiff lessor claimed that the leased factory returned by Suzhou TaiSol was not in a condition suitable for normal use. On July 24, 2023, the plaintiff lessor requested compensation for repair costs, overdue rent, and liquidated damages totaling CNY 4 million and applied to the court for property preservation. The court ruled to freeze Suzhou TaiSol's bank deposits, with balances of CNY 1,233 thousand as of December 31, 2023 (recorded as other non-current assets - others). The case was adjudicated by the Wujiang District People's Court of Suzhou City on March 11, 2024, requiring Suzhou TaiSol to pay the plaintiff lessor a total of CNY 1,112 thousand for occupancy fees, repair costs, litigation fees, and preservation fees. Both parties agreed not to appeal. Suzhou TaiSol paid the relevant fees to the plaintiff lessor in accordance with the final judgment on April 1, 2024, and applied to the court to unfreeze Suzhou TaiSol's bank deposits, which were unfrozen on April 8, 2024.
- (c) In 2024, one of the Company's shareholders made a public announcement involving the Company's business operations. On April 3, 2025, the shareholder also sent an email to the Company titled "Further Statement Regarding the Memory Card Socket Business of the Investee Company, Taisol Electronics Co., Ltd.," along with information regarding the fulfillment status of a related letter of commitment disclosed in the 2024 annual report of its affiliated enterprise. The statement mentioned that, as a preventive measure, the shareholder would actively consider one of the following options: (i) promoting the transfer of the non-core business (i.e., the memory card socket business), or (ii) ceasing the sale of standalone memory card socket products and instead transforming the business into a "comprehensive memory card module solution." The shareholder expressed the hope that the Company would prudently evaluate the matter without compromising the interests of its shareholders.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Company's products include thermal modules and other electronic components, with thermal modules as the core product and other components as supplementary products. As for the future development of the memory card socket business, the Company will act in accordance with its business and product strategies, the Company Act, and other applicable regulations, and will proceed through the resolutions of the Board of Directors and the shareholders' meeting to safeguard the interests of all shareholders.

- (d) In 2020, the Group entered into a procurement agreement with the plaintiff's supplier to establish a long-term cooperation for the development and production of "5G inflation boards." According to the agreement, the Group would issue purchase orders specifying the product models and quantities, and the plaintiff's supplier would confirm the orders in writing before commencing the production. In July 2020, the Group notified the plaintiff's supplier to suspend production and cease delivery of goods. The plaintiff's supplier claimed that the production scheduling has already been arranged for the previous orders and asserted that the Group should bear the payment obligations for all undelivered products. On March 12, 2025, the plaintiff's supplier filed a claim for compensation totaling CNY 3,949 thousand, including payment for goods, interest, and storage fees, and applied for property preservation. The Court granted the request and ordered the freezing of the Group's bank deposits. In April 2025, the relevant bank notified the Group that its bank account has been frozen in accordance with the Court's ruling. On June 20, 2025, both parties reached a settlement agreement for CNY 976 thousand. The plaintiff's supplier subsequently filed a request to withdraw the lawsuit, which was approved by the Court on July 2, 2025, and the Group's bank deposits was unfrozen. The above settlement amount was recognized under other gains and losses for 2025.
- (e) The Group aims to concentrate on the research and development of advanced liquid cooling solutions, expand the application of thermal technologies, and actively position itself in the liquid cooling market. Therefore, it approved its sub-subsidiary, DongGuan TaiSol, on September 24, 2025, to establish a new subsidiary, DongGuan XinSheng Electronics Co., Ltd., responsible for other electronic component-related businesses to enhance the focus and competitiveness of individual business entities and to reallocate its resources. As of December 31, 2025, the capital injection had not yet been made.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2025:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	TaiSol Electronics Co., Ltd.	TaiSol Electronics (HONG KONG) Co., Ltd.	Other receivables - related parties	Yes	6,641	6,286	-	- %	2	-	Operating capital	-		-	396,984	793,969
1	SiYang TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	134,340	-	-	- %	2	-	Operating capital	-		-	396,984	793,969
2	DongGuan TaiSol Electronics Co., Ltd.	Suzhou TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	137,190	89,920	-	- %	2	-	Operating capital	-		-	396,984	793,969
2	DongGuan TaiSol Electronics Co., Ltd.	SiYang TaiSol Electronics Co., Ltd.	Other receivables - related parties	Yes	137,190	134,880	13,488	4.00 %	2	-	Operating capital	-		-	396,984	793,969

Note 1: Purpose of fund financing for the borrower:

- (1) Those with business contact please fill in 1
(2) Those necessary for short-term financing please fill in 2.

Note 2: Pursuant to the Company's procedure of loans to other parties, the maximum amount of lending purposes shall not exceed 40% of the Company's net worth, for the Company loans to those having business transactions, the amount of each fund financing shall not exceed the amount of business transaction. The amount of business transaction referred to is the higher of the amount of goods purchased or sold between the other parties. The total amount lendable to any such subsidiary of the Company shall not exceed 40% of the net worth of the Company, and the individual amount shall not exceed 20% of the net worth of the Company.

Note 3: Pursuant to the subsidiary's procedure of loans to other parties, the maximum amount of lending purposes shall not exceed 40% of each company's net worth, for the subsidiary loans to those having business transactions, the amount of each fund financing shall not exceed the amount of business transaction. The amount of business transaction referred to is the higher of the amount of goods purchased or sold between the other parties. The total amount and individual amount lendable to any such enterprises due to short term financing shall not exceed 40% of the net worth of each company. With a foreign subsidiary of the parent company which directly and indirectly holds 100% of the voting shares or a subsidiary loans funds to parent company are excluded from item 1. The group's combined total loan amount is limited to the lower of less than 2,500% of the net value of the Company or 40% of the net value of the ultimate parent company. The respective loan amount is limited to the lower of 2,500% of the net value of the Company or 20 % of the net value of the ultimate parent company.

Note 4: The above transactions of loans to SiYang TaiSol have been eliminated when the consolidated financial statements were prepared.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):

Unit: Thousand shares

Name of holder	Category and name of security	Relationship with the Company	Account	Ending Balance				Maximum investment in 2025	Notes
				Shares/Units (thousands)	Carrying amounts	Percentage	Fair value		
The Company	SHINCA_1.375_062326	-	Financial assets measured at amortized cost - non current	-	6,223	- %	6,208	-	
The Company	JPM_6.087_102329	-	Financial assets measured at amortized cost - non current	-	16,426	- %	16,570	-	
The Company	BAC_5.819_091529	-	Financial assets measured at amortized cost - non current	-	16,271	- %	16,413	-	

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Relationship	Transaction details				Transactions with terms different from others		Notes/accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit terms	Unit price	Credit terms	Balance	Percentage of total notes / accounts receivable (payable)	
The Company	DongGuan TaiSol Electronics Co., Ltd.	Sub-subsidiary of the Company	Purchase	784,285	44.53 %	O/A 75 days	-	-	(358,666)	50.43%	
The Company	Suzhou TaiSol Electronics Co., Ltd.	Sub-subsidiary of the Company	Purchase	245,616	13.95 %	O/A 45 days	-	-	(40,330)	5.67%	

Note: The transactions were eliminated when the consolidated financial statements were prepared.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Actions taken		
DongGuan TaiSol Electronics Co., Ltd.	TaiSol Electronics Co., Ltd.	The ultimate parent company	358,666	1.97	-	-	92,182	-

Note 1: The subsequent information is updated up to March 4, 2026.

Note 2: The transactions were eliminated when the consolidated financial statements were prepared.

(vi) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	the Company	Suzhou TaiSol Electronics Co., Ltd.	1	Purchase	245,616	There are no non-related party purchase price for comparison.	6.78%
0	the Company	Suzhou TaiSol Electronics Co., Ltd.	1	Payables to related parties	40,330	O/A 45 days	1.16%
0	the Company	SiYang TaiSol Electronics Co., Ltd.	1	Purchase	59,296	There are no non-related party purchase price for comparison.	1.64%
0	the Company	DongGuan TaiSol Electronics Co., Ltd.	1	Purchase	784,285	There are no non-related party purchase price for comparison.	21.66%
0	the Company	DongGuan TaiSol Electronics Co., Ltd.	1	Payables to related parties	358,666	O/A 75 days	10.30%

Note 1: The numbers represent the following.

1. 0 represents the parent company.
2. Subsidiaries are numbered from 1.

Note 2: The transactions are categorized as follows:

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

Note 3: These transactions were disclosed for either the amounts are over 1% of the consolidated assets or 1% of the consolidated revenue.

Note 4: The transactions were eliminated when the consolidated financial statements were prepared.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2025 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance at December 31			Highest percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage	Carrying amounts				
TaiSol Electronics Co., Ltd.	World Window Electronics (H.K.) Limited	Hong Kong	Trading of thermal modules and components of electronics and computers and investment in Mainland China	250,119	250,119	64,210	100 %	839,037	100 %	85,281	84,386	Note 1
TaiSol Electronics Co., Ltd.	TaiSol Electronics (HONG KONG) Co., Ltd.	Hong Kong	Investment in Mainland China	332,470	332,470	31,056	100 %	199	100 %	22,558	21,106	Note 1
TaiSol Electronics Co., Ltd.	Vietnam TaiSol Electronics Company Limited	Vietnam	Trading	-	8,307	-	- %	-	100 %	-	-	Note 2
TaiSol Electronics Co., Ltd.	TaiSol Electronics (Thailand) Co., Ltd	Thailand	Manufacturing & Trading	192,753	192,753	1,980	99 %	177,406	99 %	(19,484)	(19,289)	Notes 1, 3
World Window Electronics (H.K.) Limited	TaiSol Electronics (Thailand) Co., Ltd	Thailand	Manufacturing & Trading	1,947	1,947	20	1 %	1,792	1 %	(19,484)	(195)	Notes 1, 3

Note 1: The transactions were eliminated when the consolidated financial statements were prepared.

Note 2: Vietnam TaiSol was liquidated in February 2025.

Note 3: The Company holds a 1% equity interest through World Window Electronics (H.K.) Limited, combined with the Company's 99% equity interest, resulting in a total ownership of 100%.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows during current period		Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income (losses) of investee	Percentage of ownership	Highest percentage of ownership	Share of profit (losses) of investee	Carrying amount	Accumulated remittance of earnings as of December 31, 2025
					Outflow	Inflow							
Suzhou TaiSol Electronics Co. Ltd.	Processing, manufacturing and trading of thermal solutions, modules of heat pipe and components of electronic computers, and trading of magnesium-aluminum components.	190,242 (Note 2)	2	317,443	-	-	317,443	22,686	100.00 %	100.00 %	21,234	271	-
DongGuan TaiSol Electronics Co., Ltd.	Processing, manufacturing and trading of thermal modules, components of electronic computers and automobiles.	248,337	2	248,337	-	-	248,337	85,435	100.00 %	100.00 %	84,540	826,651	676,664
SiYang TaiSol Electronics Co. Ltd.	Processing, manufacturing and trading of components of electronic computers.	660,030	1	660,030	-	-	660,030	(930)	100.00 %	100.00 %	(846)	420,501	-

Note 1: Investment methods are classified into the following three categories.

- (1) Direct investment in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China.
- (3) Others

Note2: In May 2019, Suzhou TaiSol made a capital reduction of CNY30,220 thousand to cover losses and a capital reduction return of CNY15,332 thousand. Suzhou TaiSol increased its capital by USD2,053 thousand in March 2021, resulting in paid-in capital of USD6,053 thousand.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
1,225,810 (Note 2) (USD 31,100 and HKD61,500)	1,225,810 (Note 2) (USD 31,100 and HKD61,500)	- (Note 1)

Note 1: Since the Company meets the criteria for operational headquarters, the Company is not subject to the limitation as to the amount of investment in Mainland China.

Note 2: Amounts are denominated in New Taiwan Dollars. Foreign currency should be converted at the exchange rates of USD\$: NT\$ = 1:31.430 and HKD\$: NT\$ = 1:4.038 as at the date of the financial report.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2025, are disclosed in "Information on significant transactions".

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

The Group about reportable operating segment is as follows:

- (i) The Company mainly sells thermal modules and other electronic components.
- (ii) DongGuan TaiSol mainly manufactures and sells thermal modules and other electronic components.
- (iii) SiYang TaiSol mainly manufactures and sells thermal modules.

The reportable segments are the Group's strategic divisions. They offer different products for various geographic customers, and are managed separately because they require different marketing strategies. Most of the strategic divisions were acquired separately. The management of the acquired divisions remains employed by the Group.

The operating segment accounting policies are similar to those described in Note 4 "summary of material accounting policies". The Group assesses the performance of each reportable segments based on the profit after income tax. The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

(b) Information about reportable segments and their measurement and reconciliations

The Group's operating segment information and reconciliation are as follows:

	2025					
	The Company	DongGuan TaiSol	SiYang TaiSol	Others	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	\$ 2,117,164	1,162,044	322,607	19,191	-	3,621,006
Intersegment revenues	9	789,504	69,498	244,630	(1,103,641)	-
Total revenue	<u>\$ 2,117,173</u>	<u>1,951,548</u>	<u>392,105</u>	<u>263,821</u>	<u>(1,103,641)</u>	<u>3,621,006</u>
Reportable segment profit or loss	<u>\$ 71,042</u>	<u>84,540</u>	<u>(846)</u>	<u>1,663</u>	<u>-</u>	<u>156,399</u>
	2024					
	The Company	DongGuan TaiSol	SiYang TaiSol	Others	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	\$ 2,237,932	1,154,459	343,708	17,783	-	3,753,882
Intersegment revenues	70	870,767	80,813	233,061	(1,184,711)	-
Total revenue	<u>\$ 2,238,002</u>	<u>2,025,226</u>	<u>424,521</u>	<u>250,844</u>	<u>(1,184,711)</u>	<u>3,753,882</u>
Reportable segment profit or loss	<u>\$ 145,797</u>	<u>116,066</u>	<u>(6,266)</u>	<u>7,086</u>	<u>-</u>	<u>262,683</u>

The information of segment assets and liabilities is not disclosed because the Group's chief operating decision maker does not rely on it.

The material reconciling items of the above reportable segment are as below:

Total reportable segment revenue after deducting the intersegment revenue was \$1,103,641 thousand and \$1,184,711 thousand for the years 2025 and 2024, respectively.

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TAISOL ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

<u>Geographic information</u>	<u>2025</u>	<u>2024</u>
Revenue from external customers:		
America	\$ 64,315	115,798
Asia	3,530,963	3,600,533
Europe	<u>25,728</u>	<u>37,551</u>
	<u>\$ 3,621,006</u>	<u>3,753,882</u>
	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Non-current assets		
Taiwan	\$ 165,592	156,130
China	328,774	351,218
Others	<u>148,358</u>	<u>19,282</u>
	<u>\$ 642,724</u>	<u>526,630</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other assets, not including financial instruments, investments accounted for using equity method, deferred tax assets, and pension fund assets.

(d) Major customers

For the years 2025 and 2024, the major customers who constituted 10% or more of net revenues were as follows:

	<u>2025</u>	<u>2024</u>
Customer A	<u>\$ 765,789</u>	<u>781,095</u>
Customer B	<u>\$ 420,731</u>	<u>408,373</u>
Customer C	<u>\$ 416,469</u>	<u>357,826</u>