

COSMO ELECTRONICS CORPORATION AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2025 AND 2024

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

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

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

Hereby declare,

COSMO ELECTRONICS CORPORATION

HSIEH, SHU CHUAN

March 12, 2026

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Cosmo Electronics Corporation

Opinion

We have audited the accompanying consolidated financial statements of Cosmo Electronics Corporation and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits of the consolidated financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and auditing standards in 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 Cosmo Electronics Corporation and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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, we do not provide a separate opinion on these matters.

The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2025, are outlined as follows:

Valuation of inventory

Please refer to Note 4(8) for the description of accounting policy on inventory valuation. Please refer to Note 5(1) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(4) for details of inventory.

Cosmo Electronics Corporation and its subsidiaries have a higher risk of inventory market value decline since technology evolution affecting the market value and the possibility of inputs for obsolete products.

As the evaluation of inventory requires critical judgement and the amount of inventory is significant, we consider the valuation of inventory a key audit matter.

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

1. Obtained the policies of inventory valuation and determined whether the policies have been applied consistently.
2. Inspected and performed annual physical count to evaluate whether management identifies and controls obsolete inventories effectively.
3. Validated whether the logic of inventory aging reports used for valuation has been applied adequately in order to ensure the information of consolidated financial statement would be aligned with policies.
4. Evaluated and calculated to supporting documents of inventory losses providing from aging over a certain period and discussed with management the accuracy.
5. Sampled the sources of market value for recalculation of net realization value.

Assessment of the fair value of investment property

Please refer to Note 4(11) for the description of accounting policy on investment property. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to investment property. Please refer to Note 6(8) for details of investment property.

Cosmo Electronics Corporation and its subsidiaries held investment property to (a) earn rent incomes from lease, (b) develop and improve land for future use. The investment property was measured subsequently using the fair value model. The fair value was based on appraisal report issued by external valuers.

As the evaluation of the fair value requires future prediction and the assumptions are unobservable inputs and highly uncertainty as well as the amount of valuation is significant, we consider the valuation of investment property a key audit matter.

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

1. Evaluated whether valuers and appraisal firms were engaged by Cosmo Electronics Corporation and its subsidiaries were qualified and independent.
2. Reviewed the appraisal report issued by the valuer and checked valuation approach to comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3. For the investment property evaluated by the income approach, evaluated the valuer's rationality of the future cash flow of Cosmo Electronics Corporation and its subsidiaries, and compared the rent used in the valuation approach with the lease agreement signed at present.
4. For the investment property evaluated by land development analysis method, examined the prices of various comparison targets used and compared them with the prices of similar assets available from public information.
5. Evaluated the correctness of the model calculation and confirmed that the recognized amount is consistent with the appraisal report.

Other Matter- Parent Company Only Financial Reports

We have audited and expressed an unqualified opinion with other matter paragraphs on the parent company only financial statements of Cosmo Electronics Corporation, as at and for the years ended December 31, 2025 and 2024.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as 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 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 Cosmo Electronics Corporation and its subsidiaries' 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 Cosmo Electronics Corporation and its subsidiaries 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 Cosmo Electronics Corporation and its subsidiaries' 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 auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 audit 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 Cosmo Electronics Corporation and its subsidiaries' 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 Cosmo Electronics Corporation and its subsidiaries' ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Cosmo Electronics Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Cosmo Electronics Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

LI, DING-YI CHEN, YU-HSUN
For and on behalf of Candor Taiwan CPAs
March 12, 2026

Notice to Readers

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

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

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	4(6) and 6(1)	\$ 215,539	5	\$ 105,101	2
1136	Financial assets at amortised cost-current	4(7), 6(2) and 8	19,492	-	30,285	1
1170	Accounts receivable, net	4(7) and 6(3)	66,842	2	140,093	3
1180	Accounts receivable from related parties, net	4(7), 6(3) and 7	143,332	3	137,004	3
1200	Other receivables	4(7) and 7	2,145	-	5,386	-
1220	Current income tax assets	4(16) and 6(15)	3,067	-	343	-
130X	Inventories	4(8), 5(1) and 6(4)	259,879	6	501,437	12
1460	Non-current assets held for sale	4(9), (12) and 6(5)	45,967	1	-	-
1470	Other current assets		77,452	2	109,692	3
11XX	Total current assets		<u>833,715</u>	<u>19</u>	<u>1,029,341</u>	<u>24</u>
Non-current assets						
1535	Financial assets at amortized cost-non current	4(7), 6(2) and 8	4,532	-	4,482	-
1600	Property, plant and equipment	4(10), (13), 6(6) and 8	602,190	14	776,284	18
1755	Right-of-use assets	4(14) and 6(7)	161,482	4	186,463	4
1760	Investment property, net	4(11), 5(2), 6(8) and 8	2,530,537	59	2,168,692	50
1780	Intangible assets	4(12), (12)	9,145	-	10,575	-
1840	Deferred income tax assets	4(17) and 6(15)	74,899	2	80,720	2
1975	Net defined benefit assets-non current	4(16) and 6(11)	-	-	32,707	1
1990	Other non-current assets		66,329	2	35,086	1
15XX	Total non-current assets		<u>3,449,114</u>	<u>81</u>	<u>3,295,009</u>	<u>76</u>
1XXX	Total assets		<u>\$ 4,282,829</u>	<u>100</u>	<u>\$ 4,324,350</u>	<u>100</u>
Liabilities and Equity						
Current liabilities						
2100	Short-term borrowings	4(15) and 6(9)	\$ 391,400	9	\$ 408,000	9
2110	Short-term bills payable	6(9)	-	-	29,971	1
2130	Contract liabilities-current	6(13) and 7	1,302	-	47,786	1
2170	Accounts payable		82,025	2	108,268	3
2180	Accounts payable to related parties	7	10,868	-	32,909	1
2200	Other payables	7	81,953	2	101,843	2
2230	Current income tax liabilities	4(17) and 6(15)	487	-	1,592	-
2280	Lease liabilities-current		2,965	-	8,791	-
2320	Long-term liabilities-current portion	4(15) and 6(10)	151,116	4	1,027,337	24
2399	Other current liabilities		5,382	-	3,135	-
21XX	Total current liabilities		<u>727,498</u>	<u>17</u>	<u>1,769,632</u>	<u>41</u>
Non-current liabilities						
2540	Long-term borrowings	4(15) and 6(10)	756,525	19	238,014	6
2570	Deferred income tax liabilities	4(17) and 6(15)	296,665	7	260,164	6
2580	Lease liabilities-non current		21,371	-	27,016	1
2640	Net defined benefit liability-non current	6(11)	15,734	-	16,340	-
2622	Long-term payables to related parties	6(10) and 7	439,307	10	22,000	-
2670	Others non-current liabilities		18,320	-	17,997	-
25XX	Total non-current liabilities		<u>1,547,922</u>	<u>36</u>	<u>581,531</u>	<u>13</u>
2XXX	Total liabilities		<u>2,275,420</u>	<u>53</u>	<u>2,351,163</u>	<u>54</u>
Equity attributable to owners of the parent						
3110	Common stock	6(12)	\$ 1,734,587	41	\$ 1,714,587	40
3200	Capital surplus	6(12)	303,838	7	143,838	3
3300	Retained earnings					
3310	Legal reserve		22,495	1	22,495	1
3320	Special reserve		171,472	4	171,472	4
3350	Unappropriated retained earnings/Accumulated deficit		19,730	-	(24,294)	(1)
3400	Other equity		(244,713)	(6)	(54,911)	(1)
3XXX	Total equity		<u>2,007,409</u>	<u>47</u>	<u>1,973,187</u>	<u>46</u>
2-3XXX	Total liabilities and equity		<u>\$ 4,282,829</u>	<u>100</u>	<u>\$ 4,324,350</u>	<u>100</u>

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

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for earnings(deficit) per share amounts)

Items	Notes	2025		2024	
		Amount	%	Amount	%
4000 Operating revenue	4(18), (19), 6(13) and 7	\$ 949,054	100	\$ 1,107,072	100
5000 Operating costs	6(4) and 7	(944,320)	(100)	(969,123)	(88)
5900 Gross profit		<u>4,734</u>	<u>-</u>	<u>137,949</u>	<u>12</u>
Operating expenses					
6100 Selling expenses		(55,575)	(6)	(64,497)	(6)
6200 General and administrative expenses		(221,796)	(23)	(207,571)	(19)
6300 Research and development expenses		(11,321)	(1)	(6,069)	(1)
6450 Expected credit impairment (loss) gain	6(3)	72	-	(2,726)	-
6000 Total operating expenses		<u>(288,620)</u>	<u>(30)</u>	<u>(280,863)</u>	<u>(26)</u>
6900 Operating (loss)profit		<u>(283,886)</u>	<u>(30)</u>	<u>(142,914)</u>	<u>(14)</u>
Non-operating income and expenses					
7100 Interest income	6(14)	5,199	1	8,050	1
7010 Other income	6(14)	13,253	1	7,770	1
7020 Other gains and losses	6(14)	415,166	44	199,806	18
7050 Finance costs	6(14)	(60,902)	(6)	(86,033)	(8)
7000 Total non-operating income and expenses		<u>372,716</u>	<u>40</u>	<u>129,593</u>	<u>12</u>
7900 Profit (loss) before income tax		<u>88,830</u>	<u>10</u>	<u>(13,321)</u>	<u>(2)</u>
7950 Income tax (expense) benefit	4(17) and 6(15)	(46,401)	(5)	(15,637)	(1)
8200 Profit (loss) for the year		<u>\$ 42,429</u>	<u>5</u>	<u>(\$ 28,958)</u>	<u>(3)</u>
Other comprehensive income (loss)					
Components of other comprehensive income that will be reclassified to profit or loss					
8311 Gain on remeasurements of defined benefit plans		\$ 1,595	-	\$ 5,541	1
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(15)	-	-	(877)	-
8310 Other comprehensive income(loss) that will not be reclassified to profit or loss		<u>1,595</u>	<u>-</u>	<u>4,664</u>	<u>-</u>
Components of other comprehensive income(loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(189,802)	(20)	115,309	10
8360 Components of other comprehensive income that will be reclassified to profit or loss		<u>(189,802)</u>	<u>(20)</u>	<u>115,309</u>	<u>10</u>
8300 Other comprehensive income for the year		<u>(\$ 188,207)</u>	<u>(20)</u>	<u>\$ 119,973</u>	<u>10</u>
8500 Total comprehensive income for the year		<u>(\$ 145,778)</u>	<u>(15)</u>	<u>\$ 91,015</u>	<u>7</u>
8600 Profit (loss) attributable to:					
8610 Owners of the parent		<u>\$ 42,429</u>	<u>4</u>	<u>(\$ 28,958)</u>	<u>(3)</u>
8700 Comprehensive income (loss) attributable to :					
8710 Owners of the parent		<u>(\$ 145,778)</u>	<u>(16)</u>	<u>\$ 91,015</u>	<u>7</u>
Earnings per share					
9750 Basic earnings (loss) per share	6(16)	<u>\$</u>	<u>0.25</u>	<u>(\$</u>	<u>0.17)</u>

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

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	<u>Share capital</u>		<u>Retained earnings</u>			<u>Other equity</u>	<u>Total equity</u>
	<u>Common stock</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated retained earnings / Accumulated deficit</u>	<u>Financial statements translation differences of foreign operations</u>	
Balance at January 1, 2024	\$ 1,714,587	\$ 143,838	\$ 19,061	\$ 140,561	\$ 34,345	(\$ 170,220)	\$ 1,882,172
Distribution of 2024 earnings							
Legal reserve	-	-	3,434	-	(3,434)	-	-
Special reserve	-	-	-	30,911	(30,911)	-	-
Net loss for the year ended December 31, 2024	-	-	-	-	(28,958)	-	(28,958)
Other comprehensive income(loss) of 2024	-	-	-	-	4,664	115,309	119,973
Balance at December 31, 2024	<u>\$ 1,714,587</u>	<u>\$ 143,838</u>	<u>\$ 22,495</u>	<u>\$ 171,472</u>	<u>(\$ 24,294)</u>	<u>(\$ 54,911)</u>	<u>\$ 1,973,187</u>
Balance at January 1, 2025	\$ 1,714,587	\$ 143,838	\$ 22,495	\$ 171,472	(\$ 24,294)	(\$ 54,911)	\$ 1,973,187
Cash capital increase	20,000	160,000	-	-	0	-	180,000.00
Net income for the year ended December 31, 2025	-	-	-	-	42,429	-	42,429
Other comprehensive income of 2025	-	-	-	-	1,595	(189,802)	(188,207)
Balance at December 31, 2025	<u>\$ 1,734,587</u>	<u>\$ 303,838</u>	<u>\$ 22,495</u>	<u>\$ 171,472</u>	<u>\$ 19,730</u>	<u>(\$ 244,713)</u>	<u>\$ 2,007,409</u>

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

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars)

	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Consolidated profit (loss) before tax	\$ 88,830	(\$ 13,321)
Adjustments		
Income and expenses having no effect on cash flows		
Depreciation expenses	95,655	111,669
Amortization expenses	1,971	2,119
Expected credit impairment losses (gains)	(72)	2,726
Interest expense	60,902	86,033
Interest income	(5,199)	(8,050)
Net gain on derecognition of financial assets at amortized cost	-	(1,304)
(Gain) loss on disposal and scrap of property, plant and equipment	11,958	(1,320)
Loss (gain) on fair value changes of investment property	(468,417)	(209,927)
Impairment loss on non-financial assets	54,163	-
Gains on modifications of lease arrangements	(736)	-
Changes in assets and liabilities relating to operating activities		
Decrease (increase) in notes receivable	-	3,140
Decrease (increase) in accounts receivable	79,522	(63,721)
Decrease (increase) in accounts receivable from related parties	(6,329)	(63,113)
Decrease (increase) in other receivables	2,326	168
Decrease (increase) in other receivables from related parties	-	13,846
Decrease (increase) in inventories	226,420	53,211
Decrease (increase) in prepayments	38,550	(60,054)
Decrease (increase) in other current assets	(7,386)	(2,132)
Decrease (increase) in other non-current assets	(28,334)	(914)
Decrease (increase) in net defined benefit assets	34,369	1,768
Increase (decrease) in contract liabilities-current	(60,328)	46,768
Increase (decrease) in notes payable	-	(59)
Increase (decrease) in accounts payable	(33,896)	65,298
Increase (decrease) in accounts payable to related parties	(2,481)	32,475
Increase (decrease) in other payables	(22,016)	24,873
Increase (decrease) in other payables to related parties	-	490
Increase (decrease) in other current liabilities	1,560	(807)
Cash inflow generated from (used in) operations	61,032	19,862
Interest received	9,212	8,050
Income taxes (paid) refund	(1,764)	(148)
Net cash flows generated from (used in) operating activities	68,480	27,764

(Continued)

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars)

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from disposal of financial assets at amortized cost	\$ 10,742	\$ 17,993
Acquisitions of property, plant and equipment	(67,913)	(160,320)
Acquisitions of right-of-use assets	(1,701)	-
Acquisitions and payments for investment properties	(21,745)	(25,641)
Proceeds from disposal of property, plant and equipment	12,417	25,786
Decrease (increase) in refundable deposits	(326)	1,211
Acquisitions of intangible assets	(894)	(459)
Decrease (increase) in prepayments for equipment	8,595	(16,170)
Net cash flows generated used in investing activities	<u>(60,825)</u>	<u>(157,600)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Issuance of new common stocks	180,000	-
Decrease in short-term borrowings	(16,600)	(18,000)
Decrease in short-term bills payable	(29,971)	(70,000)
Proceeds from long-term borrowings	699,025	217,640
Repayment for long-term borrowings	(1,020,033)	(501,369)
Increase in guarantee deposits received	422	17,316
Increase in other non-current liabilities	-	293
Payment of lease liabilities	(3,297)	(9,448)
Interest paid	(55,669)	(86,976)
Increase in Long-term payables to related parties	334,570	22,000
Net cash flows generated from (used in) financing activities	<u>88,447</u>	<u>(428,544)</u>
Effect due to changes in exchange rate	<u>14,336</u>	<u>58,770</u>
Net increase (decrease) in cash and cash equivalents	110,438	(499,610)
Cash and cash equivalents at beginning of year	105,101	604,711
Cash and cash equivalents at end of year	<u>\$ 215,539</u>	<u>\$ 105,101</u>

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

COSMO ELECTRONICS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

1. History and Organization

Cosmo Electronics Corporation (“The Company”) was established in May 1981. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in manufacture and sales of relays, photocouplers and LEDs, biomass energy and land development business, etc. The Company's shares have been traded on the Taipei Exchange (OTC) since January 15, 2000, and were listed on the Taiwan Stock Exchange (TWSE) on September 17, 2001.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 12, 2026.

3. Application of New and Revised International Financial Reporting Standards

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

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

- (2) The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 21 ‘Lack of Exchangeability’	January 1, 2025 (Note 1)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the accompanying consolidated financial statements were issued, the Group continues in evaluating other impacts of the above amended standards and on its financial position and financial performance from the aforementioned standards or interpretations and amendments. The related impact will be disclosed when the Group completes its evaluation.

- (3) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 -Comparative Information”	January 1, 2023
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025.

As of the date the accompanying consolidated financial statements were issued, the Group continues in evaluating other impacts of the above amended standards and on its financial position and financial performance from the aforementioned standards or interpretations and amendments. The related impact will be disclosed when the Group completes its evaluation.

- (4) Effect of IFRSs issued by IASB but not yet endorsed by the FSC

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

Note 2: In the press release issued by the FSC on September 25, 2025, it was announced that publicly listed companies will be required to apply International Financial Reporting Standard 18 (hereinafter referred to as IFRS 18) starting from fiscal year

2028. In addition, Entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

As of the date the accompanying consolidated financial statements were issued, the Group continues in evaluating other impacts of the above amended standards and on its financial position and financial performance from the aforementioned standards or interpretations and amendments. The related impact will be disclosed when the Group completes its evaluation.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, for assets, it refers to the fair value of the cash, cash equivalents, or other consideration paid to acquire the asset; for liabilities, it refers to the amount received when the obligation is incurred or the amount expected to be paid to settle the liability.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

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

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
Cosmo Electronics Corporation	Cosmo Electronics Samoa	Investment activities	-	100	Note 2
	Cosmo Electronics (HK) Company Limited	Trading of electronic products	100	100	
	Grand Concept Group Limited	Investment activities	100	100	Note 7
	Grandway International Limited.	Investment activities	100	100	
	PT Cosmo Technology (PT Cosmo)	Manufacturing and selling of LED lighting	14	14	Note 1
	Cosmo Green Power Limited (Cosmo Green)	Manufacturing and selling of material of biomass energy	100	100	
	Cosmo Electronics Technology (KunShan) Co., Ltd.	Manufacturing and selling of new electronic parts	100	-	Note 3
Cosmo Electronics Samoa	Juheng Development Corp	Land development	100	-	Note 6
	Cosmo Electronics Technology Co., Ltd.	Investment activities	-	100	Note 4
Cosmo Electronics Technology Co., Ltd.	Cosmo Electronics Technology (KunShan) Co., Ltd.	Manufacturing and selling of new electronic parts	-	100	Note 3
Cosmo Electronics (HK) Company Limited	Cosmo Lighting Inc.	Selling of LED lighting	100	100	
Grand Concept Group Limited	True Glory Investments Limited	Investment activities and processing and trading of PCBs	100	100	Note 8
	Grandway International Limited	Real Bonus Limited	Selling of LED lighting	100	100
Truly Top Investments Limited		Investment activities	100	100	
Renown Boom Limited		Investment activities and processing and selling of routers	100	100	
True Glory Investments Limited	PT Cosmo Technology (PT Cosmo)	Manufacturing and selling of LED lighting	13	13	Note 1
	PT Cosmo Green Technology (PT Cosmo Green)	Manufacturing and selling of material of biomass energy	50	50	Note 1
	PT Cijambe Indah (PT Cijambe)	Land development	95	95	Note 1 Note 9
	PT Cosmo Electronics Indonesia ("PT Electronics")	Manufacturing and selling of new electronic parts	100	100	
Truly Top Investments Limited	PT Cosmo Technology (PT Cosmo)	Manufacturing and selling of LED lighting	73	73	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
Truly Top Investments Limited	PT Cosmo Green Technology (PT Cosmo Green)	Manufacturing and selling of material of biomass energy	50	50	Note 1
Renown Boom Limited	Dong Guan Guan Zhen Xing Trading Limited	Manufacturing and selling of material of biomass energy	100	100	
	PT Cijambe Indah (PT Cijambe)	Land development	5	5	Note 1
Dong Guan Guan Zhen Xing Trading Limited	Dongguan Guanwang Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	100	100	
	Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd	Developing, manufacturing and selling of electronic products	-	-	Note 5

Note 1: The total Group's investment in this subsidiary is 100%.

Note 2: Completed liquidation in February 2025.

Note 3: Following an organizational restructuring in 2025, the subsidiary is now 100% owned by Cosmo Electronics Corporation.

Note 4: Dissolved company.

Note 5: The company had been liquidated in August 2024.

Note 6: The subsidiary was approved for incorporation on April 11, 2025, and is 100% owned by Cosmo Electronics Corporation.

Note 7: The Board of Directors approved capital increases of USD 1,420 thousand and USD 90 thousand in Grand Concept Group Limited in 2025 and 2024, respectively; the Company's shareholding ratio remains unchanged at 100%.

Note 8: In 2025 and 2024, the Board of Directors of Grand Concept Group Limited approved capital injections of US\$1,420 thousand and US\$90 thousand, respectively, in True Glory Investments Limited. The Company's ownership interest in True Glory Investments Limited remained at 100%.

Note 9: In 2025 and 2024, the Board of Directors of True Glory Investments Limited approved capital injections of US\$1,420 thousand and US\$90 thousand, respectively, in Pt Cijambe Indah. The Company's ownership interest in Pt Cijambe Indah remained at 95%.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency

In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

(5) Classification of Current and Noncurrent Assets and Liabilities

Current assets include cash and cash equivalents (unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.), assets held primarily for the purpose of trading, assets expected to be realized within 12 months after the reporting period, or assets expected to be realized, sold, or consumed in its normal operating cycle. Assets that are not classified as current are noncurrent assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities that are expected to be settled within twelve months after the reporting period or within the entity's normal operating cycle, and liabilities for which the Group does not have an unconditional right

to defer settlement for at least twelve months after the reporting period. Liabilities that are not classified as current liabilities are classified as non-current liabilities.

(6) Cash and Cash Equivalents

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

(7) Financial Instruments

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

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

A. Financial assets

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

(a) Measurement category

Financial assets are classified into financial assets at amortized cost.

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost, other receivable, and refundable deposits, are measured at amortized cost, which equals the gross carrying amount

determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

The Group's time deposits, which do not fall under cash equivalents, are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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

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

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

(c) Derecognition of financial assets

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

B. Financial liabilities

(a) Subsequent measurement

All financial liabilities are measured at amortized cost using an effective interest method.

(b) Derecognition of financial liabilities

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

(8) Inventories

Inventories consist of raw materials, finished goods and work in process. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads. It excludes borrowing costs. Inventories are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Inventories are recorded at weighted-average cost.

(9) Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. This condition is met only when the non-current asset (or disposal group) is available for immediate sale in its present condition and its sales are highly probable.

For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the assets, and the sale should be expected to be completed within one year from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Depreciation of such assets ceases upon classification as held for sale.

(10) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Cost is measured as the amount of cash or cash equivalents paid, or the fair value of other consideration given, to acquire an asset at the time of its acquisition or construction, including the estimated costs of dismantling and removing the asset. It also includes an initial estimate of the costs of dismantling and removing the assets and restoring the site on which it is located. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components and depreciated individually over their respective useful lives.

Depreciation is calculated on the depreciable amount, which is the cost of an asset (or other amount substituted for cost) less its residual value. Depreciation is recognized on a straight-line basis over the estimated useful lives of the individual components of items of property, plant and equipment.

Assets held under finance leases are depreciated on the same basis as owned assets over their expected useful lives. However, if the lease term is shorter than the asset's useful life, depreciation is charged over the lease term.

The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each reporting period. Any changes are accounted for prospectively from the date of the revision.

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the asset if it is probable that the future economic benefits associated with the part will flow to the Group and the cost of the part can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Gains or losses arising from the disposal or retirement of items of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognized net within other gains and losses in profit or loss.

(11) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss.

(12) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Patent

Patent is stated at cost and amortized on a straight-line basis over its useful life of 20 years.

(13) Impairment of tangible assets and intangible assets

The Company and its subsidiaries assess at the end of each reporting period whether there is any indication that property, plant and equipment and intangible assets with finite useful lives may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order

to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. For assets that do not generate largely independent cash inflows, the recoverable amount is estimated for the smallest group of cash-generating units that includes the asset and for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

For contracts with customers within the scope of IFRS 15, inventories, property, plant and equipment, and intangible assets recognized in relation to such contracts are first assessed for impairment in accordance with the respective impairment requirements applicable to those assets. Subsequently, an impairment loss is recognized for contract cost assets if the carrying amount of the asset exceeds the remaining amount of consideration expected to be received in exchange for the goods or services to which the asset relates, less than the costs that relate directly to fulfilling the contract and have not been recognized as expenses. After the above assessments, if applicable, the carrying amount of contract cost assets is included in the carrying amount of the cash-generating unit to which they belong, and the recoverable amount of the cash-generating unit is assessed for impairment accordingly.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company and its subsidiaries. For

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

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.
- C. The Company and its subsidiaries subsequently measure the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured, and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- D. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;
 - (b) Any initial direct costs incurred by the lessee.
- E. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
- F. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease and recognize the difference in profit or loss.

(15) Borrowings

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

(16) Employee benefits

- A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of the amount of pension benefits that employees will receive on retirement for their services with the Company and its subsidiaries in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount be determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as other equity.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation, and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequent actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company and its subsidiaries calculate the number of shares based on the closing price at the previous day of the board meeting resolution.

(17)Income tax

Income tax expense includes both current and deferred income tax.

Except for income tax related to business combinations or recognized directly in equity or other comprehensive income, both current and deferred income tax expenses are recognized in profit or loss.

Current income tax expense is calculated based on the tax rate that has been enacted or substantively enacted by the end of the reporting period, applied to the taxable income or loss for the year, and any adjustments to income taxes payable or receivable in respect of prior years.

Deferred income tax expense is recognized based on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

Deferred income tax assets and liabilities are measured using the tax rates expected to apply when the temporary differences reverse, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities, and the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity; or if the entities are different, when there is an intention to settle on a net basis, or when the deferred tax assets and liabilities will be realized simultaneously.

Deferred income tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that there will be future taxable income available for utilization. These assets are reassessed at the end of each reporting period, and if it is not probable that the related income tax benefits will be realized, they are adjusted accordingly.

An additional tax of the Company is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain their earnings.

(18)Revenue recognition

Sales of goods—wholesale

- A. The Company and its subsidiaries manufacture and sell a range of electronic products such as photocouplers and relays. Sales are recognized when control of the products has transferred, being 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 a specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company and its subsidiaries have objective evidence that all criteria for acceptance have been satisfied.
- B. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Interest income

Interest income from financial assets is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be reliably measured. Interest income is accrued on a time basis by applying the effective interest method to the outstanding principal amount.

(19)Operating segments

An operating segment is a component of the Company and its subsidiaries that engages in activities from which it may earn revenue and incur expenses (including revenues and expenses arising from transactions with other components of the Company and its subsidiaries). The operating results of each segment are regularly reviewed by the Company's chief operating decision maker (the Board of Directors) to assess performance and make decisions about the allocation of resources.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Company and its subsidiaries' accounting policies and making critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant

risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company and its subsidiaries must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company and its subsidiaries evaluate the amounts of inventories with normal consumption, obsolescence or no market value on balance sheet date, and write down the cost of inventories to the net realizable value. The valuation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the valuation.

(2) Assessment the fair value of investment property

As the investment property is subsequently measured at fair value, the investment property held by the Company and its subsidiaries is mainly land and buildings, that experts must be entrusted to use their professional judgements and estimates to determine the fair value on the balance sheet date. The Company and its subsidiaries will adjust the cost to fair value based on the appraisal report issued by the experts. The assessment of investment property is mainly based on the reports issued by experts, so the measurement of fair value may be affected by product demand in a specific period in the future, real estate transaction prosperity and changes in experts' judgments and estimates.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31	
	2025	2024
Cash on hands	\$ 779	\$ 1,188
Checking accounts and demand deposits	204,983	103,910
Time deposits	9,777	3
	<u>\$ 215,539</u>	<u>\$ 105,101</u>

A. The Company and its subsidiaries transact with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Time deposits were pledged as collateral for custom duties of the imported materials and restricted bank accounts for reimbursement of bank loan were classified as financial assets at amortized cost. Details are provided in Note 6(2).

(2) Financial assets at amortized cost

	December 31	
	2025	2024
Current items:		
Restricted bank accounts	\$ 19,492	\$ 30,285
Non-current items:		
Pledged time deposits	\$ 4,498	\$ 4,460
Time deposits	34	22
	<u>\$ 4,532</u>	<u>\$ 4,482</u>

A. The annual interest rate ranges for time deposits were 1.08% and 0.92% – 1.69% as of December 31, 2025 and 2024, respectively .

B. Information about the financial assets at amortized cost that were pledged to others as collateral is provided in Note 8.

(3) Receivables

	December 31	
	2025	2024
Accounts receivable	\$ 71,522	\$ 145,577
Accounts receivable-Related Parties	143,567	137,004
Less: Allowance for uncollectible accounts	(4,915)	(5,484)
Accounts receivable, net	<u>\$ 210,174</u>	<u>\$ 277,097</u>

The Company and its subsidiaries grant an average credit period of 30 to 180 days for sales transactions, and no interest is charged on accounts receivable. The Company and its subsidiaries apply the simplified approach under IFRS 9 to recognize an allowance for expected credit losses (ECL) on accounts receivable over their lifetime. The lifetime ECL is estimated by considering the customers' historical default records and current financial condition. Based on the historical experience of credit losses, there is no significant difference in the loss patterns among different customer groups. Therefore, the Company and its subsidiaries determine the credit loss rates solely based on the number of days past the previous day.

The Company and its subsidiaries write off an allowance for impairment loss when there is information indicating that a debtor is experiencing severe financial difficulty, such as when the counterparty is undergoing liquidation, and there is no realistic prospect of recovery of the receivable.

The Company and its subsidiaries measure the allowance for accounts receivable as follows:

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

December 31, 2025

	Not past due	Past due 1 to 90 Days	Past due 91 to 180 Days	Past due over 181 Days	Total
Gross carrying amount	\$ 199,580	\$ 10,941	\$ 96	\$ 4,472	\$ 215,089
Loss allowance (lifetime expected credit losses)	(318)	(123)	(2)	(4,472)	(4,915)
Amortized cost	<u>\$ 199,262</u>	<u>\$ 10,818</u>	<u>\$ 94</u>	<u>\$ -</u>	<u>\$ 210,174</u>

December 31, 2024

	Not past due	Past due 1 to 90 Days	Past due 91 to 180 Days	Past due over 181 Days	Total
Gross carrying amount	\$ 244,579	\$ 33,259	\$ 7	\$ 4,736	\$ 282,581
Loss allowance (lifetime expected credit losses)	(610)	(131)	(7)	(4,736)	(5,484)
Amortized cost	<u>\$ 243,969</u>	<u>\$ 33,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,097</u>

B. The movements of the loss allowance of notes receivable and accounts receivable were as follows:

	For the year ended December 31	
	2025	2024
Balance, beginning of year	\$ 5,484	\$ 2,682
Add: Impairment losses recognized (reversed) on trade receivables	1,609	2,726
Less: Amounts written off	(392)	(4)
Foreign exchange gains and losses	(1,786)	80
Balance, end of year	<u>\$ 4,915</u>	<u>\$ 5,484</u>

(4) Inventories

	December 31, 2025		
	Cost	Allowance Loss	Book Value
Raw materials	\$ 142,402	(\$ 10,968)	\$ 131,434
Work in progress	83,494	(13,318)	70,176
Finished goods	60,320	(14,967)	45,353
Merchandise	17,433	(4,517)	12,916
Total	<u>\$ 303,649</u>	<u>(\$ 43,770)</u>	<u>\$ 259,879</u>

	December 31, 2024		
	Cost	Allowance Loss	Book Value
Raw materials	\$ 185,372	(\$ 21,725)	\$ 163,647
Work in progress	149,854	(4,086)	145,768
Finished goods	214,957	(28,433)	186,524
Merchandise	11,589	(6,091)	5,498
Total	<u>\$ 561,772</u>	<u>(\$ 60,335)</u>	<u>\$ 501,437</u>

The cost of inventories is recognized as expense (income) for the year:

	For the year ended December 31	
	2025	2024
Inventory reclassified as cost of goods sold	\$ 961,270	\$ 977,932
Loss on (gains on reversal of) decline in market value	(16,564)	(7,693)
Revenue from sale of scraps	(386)	(1,116)
Cost of goods sold net	<u>\$ 944,320</u>	<u>\$ 969,123</u>

(5) Non-current assets held for sale

	For the year ended December 31	
	2025	2024
Land	\$ 20,619	\$ -
Buildings and structures	24,807	-
Machinery and other equipment	541	-
Balance	<u>\$ 45,967</u>	<u>\$ -</u>

The Company and its subsidiaries entered into a sales agreement with non-related parties on January 23, 2026, to dispose of its land, buildings, machinery, and other equipment located on Ziqiang Road, Dongshan Township, Yilan County. Accordingly, such assets have been classified as a disposal group held for sale.

(6) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
<u>Cost</u>								
Balance at January 1, 2025	\$ 192,052	\$ 513,219	\$ 1,289,971	\$ 20,255	\$ 49,855	\$ 254,384	\$ 19,562	\$ 2,339,298
Additions	-	3,752	45,514	16	3,647	8,291	6,693	67,913
Disposals	-	-	(741,444)	(6,787)	(6,461)	(72,991)	-	(827,683)
Transfer to assets held for sale	(20,619)	(49,086)	(219)	-	-	(5,324)	-	(75,248)
Reclassification	7,352	-	-	-	-	6,024	(19,120)	(5,744)
Effect of exchange differences	(130)	(14,746)	(129,058)	(564)	(5,020)	(7,059)	(1,243)	(157,820)
Balance at December 31, 2025	<u>\$ 178,655</u>	<u>\$ 453,139</u>	<u>\$ 464,764</u>	<u>\$ 12,920</u>	<u>\$ 42,021</u>	<u>\$ 183,325</u>	<u>\$ 5,892</u>	<u>\$ 1,340,716</u>
Balance at January 1, 2025	\$ -	\$ 278,392	\$ 1,029,929	\$ 16,314	\$ 38,484	\$ 199,895	\$ -	\$ 1,563,014
Depreciation	-	22,264	49,864	1,413	2,338	8,530	-	84,409
Disposals	-	-	(723,184)	(6,559)	(6,232)	(67,334)	-	(803,309)
Impairment losses	-	-	49,230	-	-	4,933	-	54,163
Transfer to assets held for sale	-	(24,279)	(219)	-	-	(4,783)	-	(29,281)
Reclassification	-	-	-	-	-	468	-	468
Net exchange differences	-	(8,131)	(113,765)	(472)	(4,619)	(3,951)	-	(130,938)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 268,246</u>	<u>\$ 291,855</u>	<u>\$ 10,696</u>	<u>\$ 29,971</u>	<u>\$ 137,758</u>	<u>\$ -</u>	<u>\$ 738,526</u>
Carrying amount at December 31, 2025	<u>\$ 178,655</u>	<u>\$ 184,893</u>	<u>\$ 172,909</u>	<u>\$ 2,224</u>	<u>\$ 12,050</u>	<u>\$ 45,567</u>	<u>\$ -</u>	<u>\$ 602,190</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
<u>Cost</u>								
Balance at January 1, 2024	\$ 191,950	\$ 474,153	\$ 1,174,362	\$ 19,533	\$ 45,077	\$ 245,924	\$ -	\$ 2,150,999
Additions	102	19,625	111,158	93	4,840	14,082	19,775	169,675
Disposals	-	-	(65,518)	-	(1,915)	(6,952)	-	(74,385)
Transfers	-	-	-	-	-	-	(213)	(213)
Net exchange differences	-	19,441	69,969	629	1,853	1,330	-	93,222
Balance at December 31, 2024	<u>\$ 192,052</u>	<u>\$ 513,219</u>	<u>\$ 1,289,971</u>	<u>\$ 20,255</u>	<u>\$ 49,855</u>	<u>\$ 254,384</u>	<u>\$ 19,562</u>	<u>\$ 2,339,298</u>
Balance at January 1, 2024	\$ -	\$ 244,947	\$ 941,817	\$ 14,196	\$ 37,078	\$ 193,023	\$ -	\$ 1,431,061
Depreciation	-	21,408	61,606	1,639	1,911	10,810	-	97,374
Disposals	-	-	(41,057)	-	(1,911)	(6,951)	-	(49,919)
Reclassification	-	(57,023)	57,023	-	-	-	-	-
Net exchange differences	-	69,060	10,540	479	1,406	3,013	-	84,498
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 278,392</u>	<u>\$ 1,029,929</u>	<u>\$ 16,314</u>	<u>\$ 38,484</u>	<u>\$ 199,895</u>	<u>\$ -</u>	<u>\$ 1,563,014</u>
Carrying amount at December 31, 2024	<u>\$ 192,052</u>	<u>\$ 234,827</u>	<u>\$ 260,042</u>	<u>\$ 3,941</u>	<u>\$ 11,371</u>	<u>\$ 54,489</u>	<u>\$ 19,562</u>	<u>\$ 776,284</u>

A. Depreciation is calculated based on the following estimated useful lives:

Buildings and structures	8 ~ 55	Years
Machinery	2 ~ 10	Years
Transportation equipment	5 ~ 8	Years
Office equipment	3 ~ 10	Years
Other equipment	2 ~ 10	Years

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

(7) Leasing arrangements – lessee

A. The Company and its subsidiaries lease various assets including land, buildings and structures. Rental contracts are typically made for periods of 2 to 55 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less and low-value assets comprise company dormitories and cars.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31	
	2025	2024
Carrying amount		
Land	\$ 138,701	\$ 149,090
Buildings and structures	22,781	37,373
	<u>\$ 161,482</u>	<u>\$ 186,463</u>

	December 31	
	2025	2024
Additions	<u>\$ 4,226</u>	<u>\$ 18,362</u>
Depreciation		
Land	\$ 4,194	\$ 4,319
Buildings and structures	7,052	9,976
	<u>\$ 11,246</u>	<u>\$ 14,295</u>

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the year ended December 31	
	2025	2024
<u>Items affecting profit or loss</u>	<u>\$ 927</u>	<u>\$ 1,030</u>
Interest expense on lease liabilities	\$ 1,779	\$ 349
Expense on short-term lease contracts	\$ 789	\$ 1,361
Expense on lease of low-value assets	<u>\$ 2,568</u>	<u>\$ 11,158</u>

(8) Investment property

	For the year ended December 31	
	2025	2024
At January 1	\$ 2,168,692	\$ 1,871,983
Additions – from subsequent expenditures	34,092	25,641
Gain on fair value adjustment	468,417	209,927
Reclassification	2,109	-
Net exchange differences	(142,773)	61,141
At December 31	<u>\$ 2,530,537</u>	<u>\$ 2,168,692</u>

A. Rent income from investment property is shown below:

	For the year ended December 31	
	2025	2024
Rent income from investment property	\$ 3,798	\$ 2,621

B. Information about the fair value of the investment property is provided in Note 12.

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

D. PT Cosmo Technology, a subsidiary of the Group, signed a land right-of-use transfer contract with PT Cijambe Indah on September 28, 2020. The land is still in the process of transfer registration.

E. Investment properties are measured at fair value on a recurring basis. The fair value as of December 31, 2025, was based on valuations performed on December 31, 2025, and March 9, 2026, by independent qualified professional appraisers: Mr. Tzung-Ting Hsieh of Euro-Asia Real Estate Appraisers Firm, and Mr. Kun-Lung Hsieh and Mr. Bo-Lin Chen of Zonetai Real Estate Appraisers Firm, all of whom are Certified Real Estate Appraisers in the ROC.

The fair value as of December 31, 2024, was based on valuations performed on February 7 and March 11, 2025, by Ms. Yi-Ting Lai of Euro-Asia Real Estate Appraisers Firm, and Mr. Kun-Lung Hsieh and Ms. Shao-Chi Chang of Chung Tai Real Estate Appraisers Firm, who also hold Certified Real Estate Appraiser qualifications in the ROC.

F. The fair value of the investment property held by the Company and its subsidiaries was valued by independent valuers. Valuations were made using the income approach which is categorized within Level 3 in the fair value hierarchy. Unrealized profit or loss from fair value adjustment on investment property in 2025 and 2024 are included in other gains and losses.

G. The fair value of investment properties, except for undeveloped land, was measured using the income approach. The significant assumptions used are stated as follows.

	For the year ended December 31	
	2025	2024
Expected future cash inflows	\$ 141,631	\$ 138,536
Expected future cash outflows	(6,411)	(5,718)
Expected future cash inflows, net	\$ 135,200	\$ 132,818
Discount rate	2.47%~2.97%	2.47%~2.72%

An increase in estimated future net cash inflows or a decrease in discount rates would result in an increase in fair value.

H. The expected future cash inflows generated by investment properties included rental income and disposal value. The rental income was extrapolated using the Company's current rental rate, while taking into account the annual rental growth rate. The income analysis covers a 10-year period. The disposal value was determined using the direct capitalization method under the income approach and deducted land value increment taxes and agency fee. The expected future cash outflows incurred by investment properties included expenditures such as land value taxes, house taxes, insurance premiums, maintenance costs, replacement and agency fee for investment inviting. These expenditures were extrapolated on the basis of the current level of expenditure, taking into account future adjustments to the government-announced land value, the tax rate promulgated under the House Tax Act. The market rentals in the area where the investment property is located were between \$200 to \$970 per ping.

I. As of December 31, 2025 and 2024, the discount rate was determined using the interest rate for 2-year time deposits, as posted by Chunghwa Post Co., Ltd. plus 0.75% plus any asset-specific risk premiums between 0.00% to 1.6% and 0.00% to 1.50%, respectively.

J. Please refer to Note 8 for information regarding investment property pledged as collateral.

K. The fair value of undeveloped land located in area Indonesia was measured using a land development analysis. The significant assumptions used were as follows:

	For the year ended December 31	
	2025	2024
Estimated total sale price	\$ 4,268,484	\$ 3,929,759
Rate of return	17.5%	15%
Overall capital interest rate	11.88%~71.28%	11.2%~66.96%

The total sale price is estimated on the basis of the most effective use of the land or property available for sale after development is completed, while taking into account the related regulations, optimism of domestic macroeconomic prospects, local land use, and market rates.

L. The Company and its subsidiaries signed a contract on November 5, 2024, to sell 5 hectares of land in Indonesia (recognized as ‘Investment property’) for a total price of \$108,800 thousand (USD\$3,400 thousand). An advance payment of \$17,280 thousand was received on the signing date. As of December 31, 2025, the transfer of ownership has not yet been completed.

(9) Short-term borrowings

Type of borrowings	December 31, 2025	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 252,400	0.91%~2.94%	Note 8
Secured borrowings	139,000	2.38%~2.94%	Note 8
	<u>\$ 391,400</u>		

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 269,000	2.41%~2.94%	Note 8
Secured borrowings	139,000	2.38%~2.94%	Note 8
	<u>\$ 408,000</u>		

Short-term bills payable			
Commercial paper	\$ 30,000		None
Less: Unamortized discounts on bills payable	(29)	3.89%	
	<u>\$ 29,971</u>		

As of December 31, 2025, the facility of short-term borrowings of the Company and its subsidiaries was \$418,000 thousand.

The chairman of the Company, Hsieh, Shu Chuan and substantive related parties, Tsai, Nai Chen and Tsai, Chi Hu, were the sureties of the above unsecured and secured borrowings agreements in their personal names.

(10) Long-term borrowings

Type of borrowings	December 31	
	2025	2024
<u>Long-term bank borrowings</u>		
Revolving unsecured borrowings (Tranche A)	\$ -	\$ 546,800
Revolving unsecured borrowings (Tranche B)	-	409,813
Secured borrowings-buildings	170,900	197,104
Other unsecured borrowings	736,741	91,798
	<u>907,641</u>	<u>1,245,515</u>
<u>Loans to others</u>		
Esteemed Glory Holdings Limited	62,902	9,836
Guan Hong Energy Co., Ltd.	14,000	10,000
Tsai, Nai Chen	214,450	22,000
Song, Min Kui	7,500	-
Digicrown Technologies Ltd.	140,455	-
	<u>439,307</u>	<u>41,836</u>
Less: Current portion	(151,116)	(1,027,337)
Less: long-term payables to related parties	(439,307)	(22,000)
	<u>\$ 756,525</u>	<u>\$ 238,014</u>

A. Unsecured borrowings

- (a) The repayment was completed on March 25, 2025, and the Company obtained a loan facility in the amount of NT\$700,000 thousand from a bank. The funds were used to repay the remaining balance of the syndicated loan facility with O-Bank.

The interest rate for this facility will be renegotiated every three months starting from the first drawdown date, with an increase of 0.5% in the spread. The medium-term loan is intended to repay the short-term credit facility.

- (b) Prior to the drawdown, 90% of the equity interest in PT Cijambe must be pledged to the bank Pledgor True Glory Investments Ltd. Additionally, the land use right certificate in Indonesia held by PT Cijambe must be obtained before the facility can be drawn down.

- (c) The facility will be structured into six tranches, with the first tranche due six months after the first drawdown date, and each subsequent tranche also having a six-month term. The credit facility will decrease by 7.5% in each of the first five tranches and by 62.5% in the final tranche.

During periodic reviews, compliance with the agreed-upon financial ratios will be assessed. If the Company fails to meet these financial covenants, the margin on the new drawdowns will increase by 0.25%. If, upon subsequent review, the covenants are met, the original terms of the facility may be reinstated.

B. Loan secured by real estate

- (a) On November 1, 2024, the Company entered into a 7-year secured loan agreement with Sunny Bank Ltd. and obtained a credit line in the amount of \$180,000 thousand and could not be used revolving during the contract period. The credit period was 7 years from the first drawdown date (November 1, 2024).
- (b) On September 20, 2024, the Company's subsidiary, Cosmo Electronics Technology (Kunshan) Co., Ltd., entered into a finance lease agreement for property, plant and equipment with SCSB Leasing (China) Co., Ltd. The lease financing was provided for an amount of RMB 4,500 thousand, which was equivalent to the purchase price of the underlying asset. The obligations under the lease were settled in full on October 20, 2025.
- (c) The Company provided land and buildings as collateral (please refer to Note 8 for pledge details).
- (d) The chairman of the Company, Hsieh, Shu Chuan and substantive related parties Tsai, Nai Chen, were the sureties of the above secured loan agreements in their personal names.

C. Other unsecured borrowings

- (a) On July 17, 2023, the Company entered into a 3-year secured loan agreement with Shanghai Commercial & Savings Bank and obtained a credit line in the amount of USD 4,000 thousand could not be used revolving during the contract period. The credit period was 3 years from the first drawdown date (August 28, 2023).
- (b) The expiry date of the credit period was the maturity date. Interest would be paid one month from drawdown date, and the interest rate would be negotiated by the fund situation. As at December 31, 2025, the interest rate was 4.27%.
- (c) The chairman of the Company, Hsieh, Shu Chuan and substantive related parties, Tsai, Nai Chen and Tsai, Chi Hu, were the sureties of the above unsecured loan agreements in their personal names.

D. Loans from related parties

Please refer to Note 7.

(11) Net defined benefit assets (liabilities)

A. Defined benefit pension plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan. The Company settled and closed its pension fund dedicated account at the Bank of Taiwan in 2025. The pension plans of subsidiaries PT Cosmo and PT Cosmo Green are classified as defined benefit plans.

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

	December 31	
	2025	2024
Present value of defined benefit obligations	\$ 15,734	\$ 32,063
Fair value of plan assets	-	(48,430)
Net defined benefit assets (liabilities)	<u>\$ 15,734</u>	<u>(\$ 16,367)</u>
Net defined benefit assets	\$ -	\$ 32,707
Net defined benefit obligations	<u>\$ 15,734</u>	<u>\$ 16,340</u>

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

	The year ended December 31, 2025		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
At January 1	\$ 32,063	(\$ 48,430)	(\$ 16,367)
Interest (expense) income	1,158	(726)	2,208
Past service cost	(1,276)	-	(1,276)
Payment of benefits	(14,557)	-	(14,557)
	<u>17,372</u>	<u>(49,156)</u>	<u>(31,784)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(3,206)	(3,206)
Change in financial assumptions	-	-	-
Experience adjustments	(10,850)	-	(10,850)
	<u>(10,850)</u>	<u>(3,206)</u>	<u>(14,056)</u>
Pension fund contribution	-	(803)	(803)
Paid pension	(1,170)	-	13,387
Settlement and refund in the current period	-	38,608	38,608
Exchange difference	10,382	-	10,382
At December 31	<u>\$ 15,734</u>	<u>\$ -</u>	<u>\$ 15,734</u>

	The year ended December 31, 2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
At January 1	\$ 37,358	(\$ 42,405)	(\$ 5,047)
Interest (expense) income	1,166	(531)	635
Past service cost	2,127	-	2,127
	<u>40,651</u>	<u>(42,936)</u>	<u>(2,285)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(3,724)	(3,724)
Change in financial assumptions	(219)	-	(219)
Experience adjustments	(11,727)	-	(11,727)
	<u>(11,946)</u>	<u>(3,724)</u>	<u>(15,670)</u>
Pension fund contribution	-	(1,770)	(1,770)
Paid pension	(413)	-	(413)
Exchange difference	3,771	-	3,771
At December 31	<u>\$ 32,063</u>	<u>(\$ 48,430)</u>	<u>(\$ 16,367)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures,

Safeguard and Utilization of the Labor Retirement Fund” (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from 2-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	<u>The year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Discount rate	<u>0%~7.00%</u>	<u>1.25%~7.25%</u>
Future salary increases	<u>0%~8.00%</u>	<u>2.75%~8.00%</u>

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

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.25%~1%</u>	<u>0.25%~1%</u>	<u>1%</u>	<u>1%</u>
<u>At December 31, 2025</u>				
Effect on present value of defined benefit obligation	(\$ <u>1,789</u>)	<u>\$ 1,155</u>	<u>\$ 1,191</u>	(<u>\$ 1,845</u>)
<u>At December 31, 2024</u>				
Effect on present value of defined benefit obligation	(\$ <u>1,734</u>)	<u>\$ 1,606</u>	<u>\$ 2,158</u>	(<u>\$ 2,664</u>)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Company’s subsidiaries, Cosmo Electronics Technology (KunShan) Co., Ltd., Cosmo Green Power Limited, Dong Guan Guan Zhen Xing Trading Limited., Dongguan Guanwang Electronic Technology Co., Ltd., and Guizhou Guanwang International Digicrown Electronic Technology Co., Ltd. had a defined contribution plan are based on certain percentage of employees’ monthly salaries and wages.
- (b) Other overseas companies, in accordance with the retirement regulations stipulated by the local government, make provision for endowment insurance or retirement benefits based on the wages of local employees. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2025 and 2024, were \$3,781 thousand and \$4,840 thousand, respectively.

(12) Equity

A. Common stock

	December 31	
	2025	2024
Authorized capital	\$ 2,500,000	\$ 2,000,000
Paid-in capital	\$ 1,734,587	\$ 1,714,587

- (a) Issued common stock, which have a par value of \$10, entitle their holders to one vote per share and a right to dividends.
- (b) There were 3,000 thousand shares reserved for employee stock options in authorized capital.

- (c) The authorized capital was amended by a resolution of the extraordinary shareholders' meeting held on March 14, 2025, and the registration of the amendment was completed on April 15, 2025.
- (d) On April 29, 2025, the Company completed its second private placement by issuing 2,000 thousand common shares. The issuance was subsequently approved by the competent authority, and the registration of the capital increase was completed on June 13, 2025.

B. Capital surplus

	December 31	
	2025	2024
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Issuance of ordinary shares	\$ 258,542	\$ 98,542
Conversion of bonds	18,701	18,701
Options expired	25,199	25,199
Employee share options	1,396	1,396
Total	<u>\$ 303,838</u>	<u>\$ 143,838</u>

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

C. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

On June 26, 2024, the stockholders' meeting resolved that there would be no dividends for the distribution of earnings for the year of 2023.

On June 26, 2025, the stockholders' meeting resolved that no dividends for the distribution of earnings for the year of 2024.

For information regarding employee compensation and directors' remuneration, please refer to Note 6(14).

D. Other equity items

(a) Financial statements translation differences of foreign operations

	For the year ended December 31	
	2025	2024
Balance, beginning of year	(\$ 54,911)	(\$ 170,220)
Exchange differences arising on translation of foreign operations	(189,802)	115,309
Balance, end of year	(\$ 244,713)	(\$ 54,911)

(13) Revenue

	For the year ended December 31	
	2025	2024
Revenue from contract with customers		
Operating revenue	\$ 949,054	\$ 1,107,072

A. Disaggregation of revenue from contracts with customers

The Company and its subsidiaries derive revenue from the transfer of goods over time and at a point in time in the following major business. The related information is provided in Note 14.

B. Contract liabilities

The Company and its subsidiaries have recognized the following revenue-related contract liabilities:

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities	\$ 1,302	\$ 47,786	\$ 1,018

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

	For the year ended December 31	
	2025	2024
Revenue recognized that was included in the contract liability balance at the beginning of the year	\$ 47,786	\$ 1,018

(14) Profit (loss) of the year

The items included in consolidated net income (loss) are as follows:

A. Interest income

	For the year ended December 31	
	2025	2024
Bank deposit	\$ 2,561	\$ 6,588
Financial assets measured at amortized cost	50	825
Other interest income	2,588	637
Total	\$ 5,199	\$ 8,050

B. Other income

	For the year ended December 31	
	2025	2024
Rent income	\$ 3,060	\$ 2,621
Profit from lease modification	738	-
Other income	9,455	5,149
Total	\$ 13,253	\$ 7,770

C. Other gains and losses

	For the year ended December 31	
	2025	2024
Gain (Loss) on disposal of property, plant and equipment	(\$ 11,958)	\$ 1,320
Net foreign exchange (losses) gains	(1,722)	(786)
Fair value adjustment gains – Investment property	468,417	209,927
Impairment losses	(54,163)	-
Other gains and losses, net	14,592	(10,655)
Total	\$ 415,166	\$ 199,806

D. Finance costs

	For the year ended December 31	
	2025	2024
Bank borrowings	\$ 54,087	\$ 81,390
Other borrowings	5,811	-
Short-term bills payable	66	1,939
Lease liabilities	903	1,030
Financial expenses, others	35	1,674
Total	<u>\$ 60,902</u>	<u>\$ 86,033</u>

E. Analysis of employee benefit expense, depreciation and amortization by function

Function	For the year ended December 31					
	2025			2024		
Items	Classified as Operating Cost	Classified as Operating Expense	Total	Classified as Operating Cost	Classified as Operating Expense	Total
Personnel expenses						
Salaries and Wages	137,229	132,190	269,419	141,131	117,790	258,921
Labor and health insurance	13,049	6,660	19,709	17,846	13,157	31,003
Pension	956	8,574	9,530	1,702	11,117	12,819
Other personnel expense	8,643	21,056	29,699	5,996	7,084	13,080
Depreciation (Note)	72,299	23,356	95,655	92,677	18,992	111,669
Amortization	-	1,971	1,971	-	2,119	2,119

(Note) Depreciation includes:

	For the year ended December 31	
	2025	2024
Property, plant and equipment	\$ 84,409	\$ 97,374
Right-of-use assets	11,246	14,295
Total	<u>\$ 95,655</u>	<u>\$ 111,669</u>

Employees' compensation and directors' remuneration

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of 5% to 12% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. However, the Company has to first offset losses from the previous years.

For the years ended December 31, 2025 and 2024, the estimated employees' compensation and directors' remuneration recognized under salary expenses are as follows:

<u>Estimated proportion</u>	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Employees' compensation	5.0%	5.0%
Remuneration of directors	1.0%	1.0%

<u>Cash</u>	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Employees' compensation	\$ 3,523	\$ 35
Remuneration of directors	705	7

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

For the year ended December 31, 2024, the employees' compensation and directors' remuneration were estimated and accrued based on 5% and 1%, respectively, of profit before tax for the period. Subsequently, the Board of Directors resolved on March 28, 2025, that the actual amounts to be distributed were consistent with the amounts recognized in the 2024 consolidated financial statements. The employees' compensation will be distributed in cash.

Information about employees' compensation and directors' remuneration is available on the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(15) Income tax

A. Income tax expense

(a) The major components of tax expense were as follows:

	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Current tax:		
Current tax on profits for the year	(\$ 64)	\$ 148
Prior year income tax underestimation	-	3,332
Total current tax	(64)	3,480
Deferred tax:		
Origination and reversal of temporary differences	46,465	12,157
Income tax expense	<u>\$ 46,401</u>	<u>\$ 15,637</u>

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

	For the year ended December 31	
	2025	2024
Remeasurement of defined benefit obligations	\$ -	(\$ 877)

The basis for computing the applicable tax rate is 25% for subsidiaries in China, the basis for computing the applicable tax rate is 22% for subsidiaries in Indonesia, others are the rates applicable in the respective countries where the Company and its subsidiaries entities operate.

B. Current income tax assets

	For the year ended December 31	
	2025	2024
Current income tax assets	\$ 3,067	\$ 343

C. Current income tax liabilities

	For the year ended December 31	
	2025	2024
Current income tax liabilities	\$ 487	\$ 1,592

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

	For the year ended December 31	
	2025	2024
Tax calculated based on the Company's statutory tax rate	\$ 70,274	\$ 7,809
Expenses disallowed by tax regulation	(161)	4,087
Change in assessment of realization of deferred tax assets	(23,712)	409
Prior year income tax underestimation	-	3,332
Income tax expense recognized in profit or loss	\$ 46,401	\$ 15,637

E. Deferred tax assets and liabilities

	For the year ended December 31, 2025				
	Balance, January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Balance, December 31
<u>Deferred tax assets</u>					
Temporary differences:					
Unrealized losses on investments accounted for using the equity method	\$ 48,602	\$ -	\$ -	\$ 1,971	\$ 50,573
Defined benefit liabilities	3,286	-	-	(3)	3,283
Interest expenses on convertible bonds payable	-	-	-	-	-
Allowance for uncollectible accounts	210	-	-	-	210
Unrealized inventory losses	10,228	(3,703)	-	-	6,525
Others	7,944	(3,787)	-	-	3,998
Loss carryforwards	10,450	-	-	(140)	10,310
Total	<u>\$ 80,720</u>	<u>(\$ 7,409)</u>	<u>\$ -</u>	<u>\$ 1,828</u>	<u>\$ 74,899</u>

	For the year ended December 31, 2025				
	Balance, January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Balance, December 31
<u>Deferred tax liabilities</u>					
Temporary differences:					
Investment property	(\$ 51,536)	\$ 9,950	\$ -	\$ 89	(\$ 41,497)
Unrealized gains on investments accounted for using the equity method	(185,990)	(49,942)	-	-	(235,932)
Defined benefit assets	(6,643)	6,643	-	-	-
Unrealized gross profit from sales	(3,552)	15	-	-	(3,537)
Others	(12,443)	(5,641)	-	(2,385)	(15,699)
Total	<u>(\$ 260,164)</u>	<u>(\$ 38,975)</u>	<u>\$ -</u>	<u>(\$ 2,296)</u>	<u>(\$ 296,665)</u>

	For the year ended December 31, 2024				
	Balance, January 1	Recognized in profit or loss	Recognized in other comprehensive income	Balance, December 31	
<u>Deferred tax assets</u>					
Temporary differences:					
Unrealized losses on investments accounted for using the equity method	\$ 45,836	\$ 2,766	\$ -	\$ 48,602	
Defined benefit liabilities	3,056	230	-	3,286	
Interest expenses on convertible bonds payable	1,993	(1,993)	-	-	
Allowance for uncollectible accounts	181	29	-	210	
Unrealized inventory losses	8,161	2,067	-	10,228	
Others	6,918	1,026	-	7,944	
Loss carryforwards	13,404	(2,954)	-	10,450	
Total	<u>\$ 79,549</u>	<u>\$ 1,171</u>	<u>\$ -</u>	<u>\$ 80,720</u>	

For the year ended December 31, 2024				
<u>Deferred tax liabilities</u>	Balance, January 1	Recognized in profit or loss	Recognized in other comprehensive income	Balance, December 31
<u>Temporary differences:</u>				
Investment property	(\$ 55,379)	\$ 3,843	\$ -	(\$ 51,536)
Unrealized gains on investments accounted for using the equity method	(164,618)	(21,372)	-	(185,990)
Defined benefit assets	(5,412)	(354)	(877)	(6,643)
Unrealized gross profit from sales	(2,567)	(985)	-	(3,552)
Others	(17,983)	5,540	-	(12,443)
Total	<u>(\$ 245,959)</u>	<u>(\$ 13,328)</u>	<u>(\$ 877)</u>	<u>(\$ 260,164)</u>

F. The tax loss is deductible from the current year's taxable profit in accordance with the Income Tax Act and as approved by the tax authority for losses incurred in the previous ten years, prior to the assessment of income tax. A portion of such tax losses has not been recognized as deferred tax assets because it is not probable that sufficient taxable profit will be available in the future against which the deductible temporary differences can be utilized.

As of December 31, 2025, the expiration dates of unused taxable loss and amounts of unrecognized deferred tax assets of the Company and its subsidiaries are as follows:

Company Name	Year incurred	Unused amount	Unrecognized deferred tax assets	Expiry Year
The Company	2016	\$ 52,729	\$ 52,729	2026
	2017	150,431	137,746	2027
	2018	20,383	6,783	2028
	2019	48,676	48,676	2029
	2020	100,873	100,873	2030
	2024	110,008	110,008	2034
	2025	148,921	148,921	2035
		<u>\$ 632,021</u>	<u>\$ 605,735</u>	
PT Cosmo Electronics Indonesia	2022	\$ 2,910	\$ -	2027
	2023	35,088	35,088	2028
	2024	41,578	41,578	2029
	2025	64,382	64,382	2030
			<u>\$ 143,958</u>	<u>\$ 141,048</u>
Cosmo Green	2021	2,104	2,104	2026
		<u>\$ 2,104</u>	<u>\$ 2,104</u>	
PT Cijambe	2021	6,317	6,317	2026
	2022	15,565	15,565	2027
	2023	7,451	7,451	2028
	2024	14,089	14,089	2029
	2025	12,065	12,065	2029
		<u>\$ 55,487</u>	<u>\$ 55,487</u>	

G. Income tax assessments

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

(16) Earnings (Loss) per share

<u>Basic earnings per share</u>	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Profit (Loss) from continuing operations attributable to owners of the parent	<u>\$ 42,429</u>	<u>(\$ 28,958)</u>
Weighted average number of common shares (in thousands) outstanding used in the computation of basic earnings per share	<u>172,566</u>	<u>171,457</u>
Basic earnings (losses) per share (in dollars)	<u>\$ 0.25</u>	<u>(\$ 0.17)</u>

(17) Changes in liabilities from financing activities

For the year ended December 31, 2025

	<u>As at January 1, 2025</u>	<u>Cash flows from financing activities</u>	<u>New (Terminated) Leases</u>	<u>Changes in Noncash Transactions</u>			<u>As at December 31, 2025</u>
				<u>Amortized interest expense</u>	<u>Exchange rate effect</u>	<u>Other</u>	
Short-term borrowings	\$ 408,000	(\$ 16,600)	\$ -	\$ -	\$ -	\$ -	\$ 391,400
Long-term borrowings (including current portion)	1,265,351	(321,008)	-	-	(16,866)	(19,836)	907,641
Short-term bills payable	29,971	(30,000)	-	-	29	-	-
Long-term payables to related parties	22,000	334,570	-	-	62,901	19,836	439,307
Lease liabilities (including noncurrent portion)	35,807	(4,225)	(7,016)	927	(419)	(738)	24,336
Deposits received	17,704	616	-	-	-	-	18,320
Total	<u>\$ 1,778,833</u>	<u>(\$ 36,647)</u>	<u>(\$ 7,016)</u>	<u>\$ 927</u>	<u>\$ 45,645</u>	<u>(\$ 738)</u>	<u>\$ 1,781,004</u>

For the year ended December 31, 2024

	Changes in Noncash Transactions							As at December 31, 2024
	As at January 1, 2024	Cash flows from financing activities	New (Terminated) Leases	Amortized interest expense	Exchange rate effect	Other		
Short-term borrowings	\$ 426,000	(\$ 18,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 408,000
Long-term borrowings (including current portion)	1,519,497	(283,729)	-	-	29,583	-	-	1,265,351
Short-term bills payable	99,884	(70,000)	-	-	-	87	-	29,971
Long-term payables to related parties	-	22,000	-	-	-	-	-	22,000
Lease liabilities (including noncurrent portion)	25,912	(9,448)	18,757	-	586	-	-	35,807
Deposits received	388	17,316	-	-	-	-	-	17,704
Total	\$ 2,071,681	(\$ 341,861)	\$ 18,757	\$ -	\$ 30,169	\$ 87	\$ -	\$ 1,778,833

7. Related Party Transactions

Transactions between the Company and its subsidiaries and other related parties are disclosed as follows:

(1) Names and relationships of related parties

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Ding Wang Electronics Technology Corporation	Substantive related parties
Ever Mert Trading Limited	Substantive related parties
Starlite Creations Inc.	Substantive related parties
Esteemed Glory Holdings Limited	Substantive related parties
Guan Hong Energy Co., Ltd.	Substantive related parties
Tsai, Nai Chen	Substantive related parties
Song, Min Kui	Substantive related parties
Digicrown Technologies Ltd	Substantive related parties

(2) Significant transactions and balances with related parties

A. Operating revenue

	For the year ended December 31	
	2025	2024
Starlite Creations Inc	\$ 490,781	\$ 415,423
Ever Mert Trading Limited	-	133
Total	\$ 490,781	\$ 415,556

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

B. Purchases of goods

	For the year ended December 31	
	2025	2024
Ever Mert Trading Limited	\$ 16,645	\$ 80,481

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

C. Financial cost

	For the year ended December 31	
	2025	2024
Esteemed Glory Holdings Limited	\$ 167	\$ -
Digicrown Technologies Ltd.	2,042	-
Guan Hong Energy Co., Ltd.	230	-
Total	\$ 2,439	\$ -

D. Receivables from related parties

	For the year ended December 31	
	2025	2024
Aggregate receivables from related parties:		
Starlite Creations Inc.	\$ 143,567	\$ 137,004
Loss allowance	(235)	-
Accounts receivable from related parties, net	\$ 143,332	\$ 137,004

The receivables from related parties arise mainly from sale transactions and other receivables transactions. Sales transaction payment is due two to five months after the date of sales. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties. Loss allowance on related party receivables was provided in accordance with the Company's accounting policies for the current period.

E. Payables to related parties and Other Payable to related parties

	For the year ended December 31	
	2025	2024
<u>Accounts payable:</u>		
Ever Merit Trading Limited	\$ 10,868	\$ 32,909
<u>Other payable to related parties:</u>		
Ding Wang Electronics Technology Corporation	\$ 6,529	\$ 6,812
Esteemed Glory Holdings Limited	268	101
Guan Hong Energy Co., Ltd.	326	96
Digicrown Technologies Ltd.	2,042	-
Subtotal	<u>\$ 9,165</u>	<u>\$ 7,009</u>

The payables to related parties arise mainly from purchase transactions and are due 2 months after the date of purchase. The payables bear no interest.

Other payable to related parties primarily consist of loans granted by subsidiaries and interest payable arising from long-term borrowings from related parties.

F. Loans from related parties

	For the year ended December 31	
	2025	2024
Borrowing form related parties		
Esteemed Glory Holdings Limited	\$ 62,902	\$ 9,836
Guan Hong Energy Co., Ltd.	14,000	10,000
Tsai, Nai Chen	214,450	22,000
Song, Min Kui	7,500	-
Digicrown Technologies Ltd.	140,455	-
Less: Long-term borrowings	-	(19,836)
Accounts receivable from related parties, net	<u>\$ 439,307</u>	<u>\$ 22,000</u>

(a) PT Cijambe began to be included in the Company, and its subsidiaries consolidated financial statement from October 1, 2019. Since that date, the Company and its subsidiaries have acquired loans from Fairisky International Limited which were recognized initially as ‘related party loans’, and such loans were fully repaid in July 2024.

(b) The Company and its subsidiaries obtained loans with an interest rate of 2% from Guan Hong Energy Co., Ltd. on July 10, 2024, from Esteemed Glory Holdings Limited on September 25, 2024, and from Esteemed Glory Holdings Limited again on March 21, 2025. These loans were recognized as “Long-term borrowings”.

- (c) Since August 15, 2024, the Company has obtained a series loans from shareholder Tsai, Nai Chen, with an interest rate of 0%. The loans were expressed in “Long-term payables from related parties” and are primarily used for working capital purposes.
- (d) The Company obtained loans from shareholder Song, Min Kui in July 2024 and March 2025, respectively, with an interest rate of 0%. The loans were expressed in “Long-term payables from related parties” and are primarily used for working capital purposes.
- (e) The Company obtained a series loans from shareholders Digicrown Technologies Ltd since March 20, 2025, with an interest rate of 2%. The loans were expressed in “Long-term payables from related parties” and are primarily used for working capital purposes.

G. Endorsements and guarantees : Please refer to Notes 6 (9) and 6 (10).

H. Equity contributions in cash and in kind by the Company and its subsidiaries: Please refer to Note 4(3).

(3) Key management compensation

	For the year ended December 31	
	2025	2024
Short-term employee benefits	\$ 10,227	\$ 9,349
Post-employment benefits	333	351
Total	<u>\$ 10,560</u>	<u>9,700</u>

The remuneration of directors and other key management levels is determined by the Remuneration Committee in accordance with individual performance and market trends.

8. Pledged Assets

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

Assets items	Book Value		Collateral
	2025	2024	
Restricted bank accounts (shown as financial assets at amortized cost)	\$ 19,492	\$ 30,285	Reimbursement account of bank loan
Pledged time deposits (shown as financial assets at amortized cost)	4,498	4,460	Collateral for import duties
Property, plant and equipment	303,759	336,731	Credit facility
Investment property	98,017	107,949	Credit facility
	<u>\$ 425,766</u>	<u>\$ 479,425</u>	

On October 18, 2024, because of the requirements of the lead bank for a syndicated loan, the Company and its subsidiaries provided full collateral by pledging the shares of True Glory Investments Limited, the parent company of PT Cijambe (which holds investment property). The pledged shares amounted to IDR 184,809,000 thousand, and the pledging process was completed on the same date. On June 28, 2025, the pledge was released and re-established as full collateral in accordance with the requirements of the lending bank.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

None

10. Significant Casualty Loss

None

11. Significant Events After the Balance Sheet Date

In January 2026, the Company sold land, buildings, machinery, and other equipment (classified as non-current assets held for sale) located on Ziqiang Road, Dongshan Township, Yilan County, to an unrelated party for a total contract price of \$118,000 thousand.

12. Others

(1) Financial instruments

A. Financial instruments by category

<u>Non-derivative financial instruments</u>	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets</u>		
Cash and cash equivalents	\$ 215,539	\$ 105,101
Financial assets at amortized cost	24,024	34,767
Accounts receivable (including related parties)	210,174	277,097
Other receivables (including related parties)	2,145	5,386
Refundable deposits	978	674
	<u>\$ 452,860</u>	<u>\$ 423,025</u>

<u>Non-derivative financial instruments</u>	December 31	
	<u>2025</u>	<u>2024</u>
<u>Financial liabilities</u>		
Short-term borrowings	\$ 391,400	\$ 408,000
Short-term bills payable	-	29,971
Accounts payable (including related parties)	92,893	141,177
Other payables (including related parties)	85,980	101,843
Long-term borrowings and Long-term payables to related parties (including current portion and related parties)	1,346,948	1,287,351
Lease liabilities	24,336	35,807
	<u>\$ 1,941,557</u>	<u>\$ 2,004,149</u>

B. Financial risk management objectives

The Company and its subsidiaries' activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by the Company and its subsidiaries treasury under policies approved by the Board of Directors. The Company and its subsidiaries treasury identify, evaluates and hedges financial risks in close co-operation with the Group's operating units.

C. Market risk

(a) Foreign exchange risk

- i. The Company and its subsidiaries operate internationally and are exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currencies, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. The Company and its subsidiaries' businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

<u>December 31, 2025</u>	<u>Monetary items</u>		<u>Foreign currency amount</u>	<u>Exchange rate</u>		<u>Book value</u>
<u>Financial assets</u>						
Monetary items	USD	USD	3,468	31.430	\$	108,999
Monetary items	RMB	CNY	306	4.4945		1,375
Monetary items	IDR	RP	164,363	0.00188		309
Monetary items	VND	VND	620,376	0.00118		732
<u>Financial liabilities</u>						
Monetary items	USD	USD	1,791	31.430		56,291
Monetary items	RMB	CNY	1,048	4.4945		4,710
Monetary items	IDR	RP	530,168	0.00188		997

<u>December 31, 2024</u>	<u>Monetary items</u>		<u>Foreign currency amount</u>	<u>Exchange rate</u>		<u>Book value</u>
<u>Financial assets</u>						
Monetary items	USD	USD	2,902	32,785	\$	95,142
Monetary items	RMB	CNY	1,261	4.478		5,645
Monetary items	IDR	RP	1,344,972	0.00203		2,721
Monetary items	VND	VND	6,431,348	0.001265		8,131
<u>Financial liabilities</u>						
Monetary items	USD	USD	364	32.785		11,934
Monetary items	RMB	CNY	377	4.478		1,672
Monetary items	IDR	RP	32,727	0.00203		66

An analysis of foreign exchange market risk, including the impact of significant exchange rate fluctuations, is as follows:

<u>(Foreign currency: functional currency)</u>	<u>For the year ended December 31, 2025</u>		
	<u>Sensitivity analysis</u>		
	<u>Degree of variation</u>	<u>Effect on profit or loss before tax</u>	<u>Effect on other comprehensive profit or loss</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	5%	\$ 2,862	\$ -
RMB	5%	69	-
IDR	5%	15	-
VND	5%	37	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	5%	\$ 2,815	\$ -
RMB	5%	236	-
IDR	5%	50	-

(Foreign currency: functional currency)	For the year ended December 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive profit or loss
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	5%	\$ 4,757	\$ -
RMB	5%	282	-
IDR	5%	136	-
VND	5%	407	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	5%	\$ 597	\$ -
RMB	5%	84	-
IDR	5%	3	-

The 5% sensitivity ratio is used internally by the Company in reporting exchange rate risk to key management personnel and also represents management's assessment of a reasonably possible range of changes in foreign exchange rates.

- iii. Total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2025 and 2024 amounted to (\$1,722) thousand and (\$786) thousand, respectively.

(b) Cash flow and fair value Interest rate risk

- i. The Company and its subsidiaries' borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- ii. As at December 31, 2025 and 2024, if the interest rate increases or decreases by 50 basis points, with all other variables held constant, profit, net of tax would have decreased or increased by \$6,495 thousand and \$8,410 thousand, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

D. Credit risk

- (a) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full accounts receivable, notes receivable

and financial assets at amortized cost, that based on the agreed terms, and the contract cash flows of instruments stated at amortized cost.

- (b) The Company for banks and financial institutions, only well rated parties are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- (c) The Company assumes if the contract payments are past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the recoverable amount, for example, the counterparty is in liquidation, the Company will directly write off the relevant accounts receivable but will continue to pursue activities to recover the recovered amount that are recognized in profit or loss.
- (d) The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - i. It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - ii. The disappearance of an active market for that financial asset because of financial difficulties;
 - iii. Default or delinquency in interest or principal repayments;
 - iv. Adverse changes in national or regional economic conditions are expected to cause a default.
- (e) The Company classifies customer's accounts receivable in accordance with geographic area, product types and credit rating of customer. The Company applies the simplified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss.

E. Liquidity risk

- (a) Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.
- (b) The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>	<u>Book value</u>
<u>December 31, 2025</u>					
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 393,969	\$ -	\$ -	\$ 393,969	\$ 391,400
Accounts payable (including related parties)	92,893	-	-	92,893	92,893
Other payables (including related parties)	81,953	-	-	-	81,953
Lease liabilities	3,844	18,563	2,502	24,909	24,336
Long-term borrowings (including current portion and related parties)	182,143	1,116,459	131,812	1,430,414	1,346,948

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>	<u>Book value</u>
<u>December 31, 2024</u>					
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 411,568	\$ -	\$ -	\$ 411,568	\$ 408,000
Short-term bills payable	30,000	-	-	30,000	29,971
Accounts payable (including related parties)	141,177	-	-	141,177	141,177
Other payables (including related parties)	101,843	-	-	101,843	101,843
Lease liabilities	10,368	20,410	9,970	40,748	35,807
Long-term borrowings (including current portion and related parties)	1,036,477	137,029	154,916	1,328,422	1,287,351

F. Fair value of financial instruments

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company and its subsidiaries' investment in unconvertible bonds is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company and its subsidiaries' investment in investment property is included in Level 3.

- (b) The related information of financial and non-financial instruments measured at fair value by level on the basis of nature, characteristics and risks of the assets and liabilities are as follows:

The related information on the basis of the nature of the assets and liabilities is as follows:

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Recurring fair value measurements				
Investment property	\$ -	\$ -	\$ 2,530,537	\$ 2,530,537
<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Recurring fair value measurements				
Investment property	\$ -	\$ -	\$ 2,168,692	\$ 2,168,692

- (c) For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

- (d) The movement of Level 3 for the years ended December 31, 2025 and 2024: Please refer to Note 6(8).
- (e) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2025	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship of inputs to fair value
Non-financial instruments					
Investment property	\$ 2,530,537	Discounted cash flow method	Discount rate	2.47% ~2.97%	The higher discount rate, the lower fair value
		Land development analysis approach	Rate of return	17.5%	The higher rate of return, the lower the fair value
			Overall capital interest rate	11.88% ~71.28%	The higher overall capital interest rate, the lower the fair value

	Fair value at September 30, 2025	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship of inputs to fair value
Non-financial instruments					
Investment property	\$ 2,168,692	Discounted cash flow method	Discount rate	2.47% ~2.72%	The higher discount rate, the lower fair value
		Land development analysis approach	Rate of return	15%	The higher rate of return, the lower the fair value
			Overall capital interest rate	11.2% ~66.96%	The higher overall capital interest rate, the lower the fair value

(2) Capital management

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

and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. The gearing ratios were as follows:

	December 31	
	2025	2024
Total borrowings	\$ 1,738,348	\$ 1,725,322
Less: Cash and cash equivalents	(215,539)	(105,101)
Net debt	1,522,809	1,620,221
Total equity	2,007,409	1,973,187
Total capital	<u>\$ 3,530,218</u>	<u>\$ 3,593,408</u>
Gearing ratio	43.14%	45.09%

(3) Others

None.

13. Supplementary Disclosures

(1) Significant transactions information

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

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

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

D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.

E. Receivable from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.

F. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

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

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Company and its subsidiaries' corporate composition, the basis for segment determined and the basis for measurement of segment information have no significant change during the current year.

The reportable operating segments are as follows:

A. Optoelectronic parts

B. LED lighting

C. Energy & Materials

D. Others

E. Industrial Park Development

(2) Segment information

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

	For the year ended December 31			
	Segment revenue		Segment income (loss)	
	2025	2024	2025	2024
Optoelectronic parts	\$ 346,744	\$ 477,106	(\$ 186,927)	(\$ 76,239)
LED lighting	553,149	581,468	(4,552)	16,376
Energy & Materials	49,161	48,498	6,992	8,992
Others	-	-	(2,327)	(6)
Industrial Park Development	-	-	(11,489)	(13,778)
Total from continuing operations	<u>\$ 949,054</u>	<u>\$ 1,107,072</u>	<u>(\$ 198,303)</u>	<u>(\$ 64,655)</u>
Headquarters management costs			(85,583)	(78,259)
Other income			18,452	15,820
Other gains and losses			415,166	199,806
Finance costs			(60,902)	(86,033)
Profit (loss) before income tax			<u>\$ 88,830</u>	<u>(\$ 13,321)</u>

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

	For the year ended December 31, 2025					
	Optoelectronic parts	LED lighting	Energy & Materials	Others	Industrial Park Development	Total
Revenue from external customers	\$ 346,744	\$ 553,149	\$ 49,161	\$ -	\$ -	\$ 949,054
Segments costs	(471,772)	(432,005)	(40,543)	-	-	(944,320)
Segments gross profit	<u>(\$ 125,028)</u>	<u>\$ 121,144</u>	<u>\$ 8,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,734</u>

	For the year ended December 31, 2024					
	Optoelectronic parts	LED lighting	Energy & Materials	Others	Industrial Park Development	Total
Revenue from external customers	\$ 477,106	\$ 581,468	\$ 48,498	\$ -	\$ -	\$ 1,107,072
Segments costs	(495,152)	(437,065)	(36,906)	-	-	(969,123)
Segments gross profit	<u>(\$ 18,046)</u>	<u>\$ 144,403</u>	<u>\$ 11,592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,949</u>

(4) Reconciliation for segment income (loss)

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

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2025 and 2024 is provided as follows:

	For the year ended December 31	
	2025	2024
Reportable segments profit	\$ 4,734	\$ 137,949
Reportable segments operating expense	(288,620)	(280,863)
Finance costs, net	(60,902)	(86,033)
Others	433,618	215,626
Income (loss) before tax from continuing operations	\$ 88,830	(\$ 13,321)

(5) Information on products and services

Details of revenue from products and services from continuing operations are as follows:

	For the year ended December 31	
	2025	2024
Sales revenue	\$ 899,893	\$ 1,058,574
Energy & Materials revenue	49,161	48,498
Total	\$ 949,054	\$ 1,107,072

(6) Geographical information

	For the year ended December 31			
	2025		2024	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 127,201	\$ 402,404	\$ 55,128	\$ 587,700
America	565,493	532	565,534	665
Asia and others	256,360	2,966,747	486,410	2,588,061
Total	\$ 949,054	\$ 3,369,683	\$ 1,107,072	\$ 3,176,426

(7) Major customer information

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

	For the year ended December 31	
	2025	2024
W	\$ 490,781	\$ 415,423
Y	-	125,178

Loans to others
For the year ended December 31, 2025

Table 1

Expressed in thousands of NTD

Number (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2024	Balance at December 31, 2024	Actual amount drawn down	Interest rate	Nature of loan	Amount of ransactions with borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote
													Item	Value			
0	Cosmo Electronics Corporation	PT Cosmo Technology	Other receivables from related parties	Y	\$ 182,628	\$ 102,148	\$ 102,148	3%	Short- term financing	\$ -	Operations	\$ -	None	\$ -	\$ 200,741	\$ 802,964	(Note 2)
0		Cosmo Electronics (HK) Company Limited	Other receivables from related parties	Y	188,580	\$ 188,580	\$ 121,006	-	Short- term financing	-	Operations	-	None	-	200,741	802,964	(Note 2)
1	Dong Guan Guan Zhen Xing Trading Limited	Dongguan Guanwang Electronic Technology Co., Ltd.	Other receivables from related parties	Y	100,606	26,976	-	-	Short- term financing	-	Operations	-	None	-	348,410	348,410	(Note 2)
2	Real Bonus Limited	Cosmo Electronics Corporation	Other receivables from related parties	Y	99,449	-	-	-	Short- term financing	-	Operations	-	None	-	139,222	139,222	(Note 2)
2		PT Cosmo Technology	Other receivables from related parties	Y	99,615	94,290	94,290	3%	Short- term financing	-	Operations	-	None	-	139,222	139,222	(Note 2)
2		Cosmo Electronics (HK) Company Limited	Other receivables from related parties	Y	19,194	18,858	18,858	-	Short- term financing	-	Operations	-	None	-	139,222	139,222	(Note 2)
3	PT Cosmo Green Technology	PT Cijambe Indah	Other receivables from related parties	Y	33,495	25,380	25,380	3%	Short- term financing	-	Operations	-	None	-	211,248	211,248	(Note 2)
3		PT Cosmo Technology	Other receivables from related parties	Y	33,495	18,800	18,800	3%	Short- term financing	-	Operations	-	None	-	211,248	211,248	(Note 2)
4	Renown Boom Limited	PT Cijambe Indah	Other receivables from related parties	Y	21,590	20,436	20,436	-	Short- term financing	-	Operations	-	None	-	401,482	543,786	(Note 2)
5	Cosmo Electronics (HK) Company Limited	Cosmo Electronics Corporation	Other receivables from related parties	Y	31,545	-	-	-	Short- term financing	-	Operations	-	None	-	385,918	285,918	(Note 2)
5		PT Cosmo Technology	Other receivables from related parties	Y	62,860	62,860	62,860	3%	Short- term financing	-	Operations	-	None	-	385,918	285,918	(Note 2)
6	Juheng Development Corp	Cosmo Electronics Corporation	Other receivables from related parties	Y	9,500	9,500	9,500	3%	Short- term financing	-	Operations	-	None	-	10,341	10,341	(Note 2)
7	Cosmo Electronics Technology (KunShan) Co., Ltd.	Cosmo Electronics Corporation	Other receivables from related parties	Y	13,488	13,488	13,488	3.5%	Short- term financing	-	Operations	-	None	-	15,078	30,156	(Note 2)

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

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

Note 2: The limit on total loans for financing granted by Cosmo Electronics Co., Ltd. shall not exceed 40% of the Company's net assets. For individual loans granted for business transactions, the amount shall not exceed the total transaction amount between the two parties. For individual loans granted for short-term financing needs, the amount shall not exceed 10% of the Company's net assets.

The limit on total loans for financing granted by Juheng Development Corp. shall not exceed 40% of its net assets. For individual loans and short-term financing needs, the limit for each drawdown shall not exceed 40% of its net assets, while the limit for revolving loans is 10% of its net assets.

Dong Guan Guan Zhen Xing Trading Limited, Real Bonus Limited, PT Cosmo Green Technology, Renown Boom Limited, and Cosmo Electronics (HK) Company Limited : The limit on total loans for financing granted by these subsidiaries shall not exceed 100% of each company's net assets; however, for loans granted for short-term financing needs, the total limit shall not exceed 40% of each company's net assets. For individual loans granted for short-term financing needs, the amount shall not exceed 40% of each company's net assets. Notwithstanding the above, for loans granted for short-term financing needs between foreign companies in which the Company directly or indirectly holds 100% of the voting shares, the limit on total loans and the limit for each individual entity shall not exceed 200% of each company's net assets.

The limit on total loans for financing granted by Cosmo Electronics Technology (KunShan) Co., Ltd. shall not exceed 20% of its net assets. However, for loans granted for short-term financing needs, the total limit shall not exceed 10% of its net assets, and the amount for each individual entity shall not exceed 5% of its net assets. Notwithstanding the above, for loans granted for short-term financing needs between foreign companies in which Cosmo Electronics Co., Ltd. directly or indirectly holds 100% of the voting shares, the limit on total loans shall not exceed 40% of each company's net assets, and the limit for each individual entity shall not exceed 20% of each company's net assets.

Limit on total loans for financing granted by and to subsidiaries of which the ultimate parent directly or indirectly holds 100% of its voting shares is 200% of the lender's net assets based on the latest audited or reviewed financial statements, and limit on loans to each entity is 200% of the lender's net assets based on the latest audited or reviewed financial statements. However, in accordance with the Operational Procedures for Loans to Others of the Company, the total loans for financing granted by and to subsidiaries of which the ultimate parent directly or indirectly holds 100% of its voting shares must not exceed 40% of the parent company's net assets based on the latest audited or reviewed financial statements, and the loans to each entity for financing must not exceed 20% of the lender's net assets based on the latest audited or reviewed financial statements. Therefore, limit on loan is the smaller one of above conditions.

Provision of endorsements and guarantees to others
For the year ended December 31, 2025

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount for the period	Outstanding endorsement/ guarantee amount at the end of the period	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/guarantor (Note 2)											
0	Cosmo Electronics Corporation	PT Cosmo Technology	2	\$ 802,964	\$ 400,000	\$ -	-	\$ -	\$ -	\$ 1,003,705	Y	N	N	Note 3
		Cosmo Electronics (HK) Company Limited	2	802,964	31,430	31,430	-	250,265	1.57%	1,003,705	Y	N	N	Note 3
1	PT Cosmo Technology	Cosmo Electronics Corporation	3	2,007,409	926,000	-	-	-	-	2,007,409	N	Y	N	Note 4
2	Dong Guan Guan Zhen Xing Trading Limited	Cosmo Electronics Technology (KunShan) Co., Ltd.	3	2,007,409	14,977	-	-	-	-	2,007,409	N	N	Y	Note 4 Note 5
3	True Glory Investments Limited	Cosmo Electronics Corporation	3	2,007,409	926,000	700,000	699,025	1,555,989	34.87%	2,007,409	N	Y	N	Note 4 Note 6
		PT Cosmo Technology	3	2,007,409	400,000	-	-	-	-	2,007,409	N	N	N	Note 4

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

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

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

Note 3: Limit on total endorsements is 50% of the Company's net assets, and limit on endorsements to a single party is 40% of the Company's net assets.

Note 4: When endorser is the Company, limit on total endorsements is 100% of the Company's net assets, and limit on endorsements to a single party is 100% of the Company's net assets.

Note 5: Dong Guan Guan Zhen Xing Trading Limited has pledged its investment property (with a fair value of RMB 3,275 thousand) as collateral for the credit facilities granted to Cosmo Electronics (Kunshan) Co., Ltd. to serve as a guarantee for its borrowing limits.

Note 6: True Glory Investments Limited has pledged its 90% equity interest in long-term investments as collateral for the 700 million credit facility granted to Cosmo Electronics Co., Ltd. as a joint and several guarantee.

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
For the year ended December 31, 2025

Table 3

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Cosmo Electronics (HK) Company Limited	PT Cosmo Technology	Group	Sales	(\$ 411,131)	100%	According to the terms agreed by both parties	\$ -	-	\$ 306,316	100%	Note
Dong Guan Guan Zhen Xing Trading Limited	Cosmo Electronics (HK) Company Limited	Group	Sales	(379,892)	99.71%	According to the terms agreed by both parties	-	-	112,534	98.99%	Note
PT Cosmo Technology	Starlite Creations Inc.	Substantive related parties	Sales	(490,781)	80.77%	According to the terms agreed by both parties	-	-	143,567	68.38%	

Note : These transactions were eliminated in the preparation of consolidated financial statements.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
For the year ended December 31, 2025

Table 4 Expressed in thousands of NTD

Creditor	Counterparty	Relationship	Balance as at December 31, 2024	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Cosmo Electronics (HK) Company Limited	PT Cosmo Technology	Group	\$ 306,316	184.26%	\$ -	-	\$ -	\$ -	Note
Dong Guan Guan Zhen Xing Trading Limited	Cosmo Electronics (HK) Company Limited	Group	112,534	556.58%	-	-	-	-	Note
PT Cosmo Technology	Starlite Creations Inc.	Substantive related parties	143,567	350.14%	-	-	-	235	

Note : These transactions were eliminated in the preparation of consolidated financial statements.

Significant inter-company transactions during the reporting periods
For the year ended December 31, 2025

Table 5

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty		Transaction			
		Company name	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Dongguan Guanwang Electronic Technology Co., Ltd.	1	Sales	\$ 24,896	Normal transaction terms	2.66%
		Cosmo Electronics Technology (KunShan) Co., Ltd.	1	Sales	11,449	Normal transaction terms	1.21%
		PT Cosmo Technology	1	Sales	62,298	Normal transaction terms	6.53%
		PT Cosmo Technology	1	Accounts receivable	60,694	Normal transaction terms	1.41%
		PT Cosmo Technology	1	Other receivable	104,270	Loan	2.43%
		PT Cosmo Technology	1	Other receivable	165,096	Normal transaction terms	3.85%
		Cosmo Electronics (HK) Company Limited	1	Other receivable	121,006	Loan	2.82%
1	PT Cosmo Technology	Cosmo Electronics Corporation	2	Sales	23,433	Normal transaction terms	2.47%
		Real Bonus Limited	3	Sales	46,364	Normal transaction terms	4.89%
		Cosmo Electronics Technology (KunShan) Co., Ltd.	3	Sales	14,517	Normal transaction terms	1.53%
		Cosmo Lighting Inc.	3	Sales	19,853	Normal transaction terms	2.09%
2	Cosmo Electronics (HK) Company Limited	PT Cosmo Technology	3	Accounts receivable	306,316	Irregularly payment	7.14%
		PT Cosmo Technology	3	Other receivable	63,950	Loan	1.50%
		PT Cosmo Technology	3	Sales	411,131	Normal transaction terms	43.32%
3	Dong Guan Guan Zhen Xing Trading Limited	Cosmo Electronics (HK) Company Limited	3	Sales	379,892	Normal transaction terms	40.03%
		Cosmo Electronics (HK) Company Limited	3	Accounts receivable	112,534	Normal transaction terms	2.62%
4	PT. Cijabme Indah	PT Cosmo Technology	3	Other unearned revenue	71,763	Normal transaction terms	1.67%
5	Real Bonus Limited	PT Cosmo Technology	3	Other receivable	96,031	Loan	2.24%
6	Cosmo Electronics Technology (KunShan) Co., Ltd.	Cosmo Electronics Corporation	2	Sales	19,544	Normal transaction terms	2.06%

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

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) The Company to subsidiary.
- (2) Subsidiary to the Company.
- (3) Subsidiary to subsidiary.

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

The related information on investees are as follows (not including investees in Mainland China)

For the year ended December 31, 2025

Table 6

Expressed in thousands of NTD per share

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognised by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Ownership					
						Number of shares	(%)	Book value			
The Company	Cosmo Electronics Samoa	Samoa	Investment activities	\$ -	\$ 193,912	-	-%	\$ -	\$ -	\$ -	
	Cosmo Electronics (HK) Company Limited	Hong Kong	Trading of electronic products	269,412	269,412	48,900,000	100%	142,959	(5,065)	(5,065)	
	Grand Concept Group Limited	Samoa	Investment activities	370,200	327,230	12,170,000	100%	1,930,834	333,488	333,488	
	Grandway International Limited	Samoa	Investment activities	941,532	941,532	30,080,000	100%	768,693	8,711	8,711	
	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	87,075	87,075	3,000,000	14%	88,588	(30,254)	(2,453)	Note 1
	Cosmo Green Power Limited	Vietnam	Manufacturing and selling of material of biomass energy	31,760	31,760	-	100%	8,984	-	-	Note 2
	Juheng Development Corp	Taiwan	Land development	28,000	-	2,800,000	100%	25,853	(2,147)	(2,147)	
Cosmo Electronics Samoa	Cosmo Electronics Technology Co., Ltd.	Mauritius Islands	Investment activities	-	193,912	-	-%	-	-	-	
Cosmo Electronics (HK) Company Limited	Cosmo Lighting Inc.	U.S.A	Selling of LED lighting	49,046	49,046	1,620,000	100%	26,725	(3,115)	(3,115)	
Grand Concept Group Limited	True Glory Investments Limited	Samoa Islands	Investment activities and processing and trading of PCBs	370,200	327,230	12,170,000	100%	1,861,223	336,687	336,687	
	Real Bonus Limited	Samoa	Selling of LED lighting	-	-	-	100%	69,611	(3,748)	(3,748)	Note 2
Grandway International Limited	Truly Top Investments Limited	Samoa	Investment activities	538,516	538,516	16,850,000	100%	495,789	(16,206)	(13,451)	
	Renown Boom Limited	Samoa Islands	Investment activities and processing and selling of routers	402,983	402,983	13,230,000	100%	271,893	21,883	22,162	
True Glory Investments Limited	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	87,514	87,514	2,750,000	13%	79,340	(30,254)	(3,962)	Note 1
	PT Cosmo Green Technology	Indonesia	Manufacturing and selling of material of biomass energy	44,603	44,603	15,000	50%	52,812	8,737	4,368	Note 1
	PT Cijambe Indah	Indonesia	Land development	459,334	416,363	154,835	95%	1,728,877	341,602	336,286	Note 1
	PT Cosmo Electronics Indonesia	Indonesia	Manufacturing and selling of new electronic	317	317	10,000	100%	187	(1)	(1)	
Truly Top Investments Limited	PT Cosmo Technology	Indonesia	Manufacturing and selling of LED lighting	493,651	493,651	15,350,000	73%	442,976	(30,254)	(20,444)	Note 1
	PT Cosmo Green Technology	Indonesia	Manufacturing and selling of material of biomass energy	44,865	44,865	15,000	50%	52,812	8,737	4,237	Note 1
Renown Boom Limited	PT Cijambe Indah	Indonesia	Land development	266,944	266,944	6,579	5%	73,539	341,602	13,385	Note 1

Note 1: The difference between the profit and loss of the investee company and the investment income and loss recognized by the Company is the investment income and loss recognized according to the ownership ratio of the current period.

Note 2: It is limited company.

Note 3: Intercompany transactions eliminated in consolidation.

Information on investments in Mainland China
For the year ended December 31, 2025

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

1. Information on investments in Mainland China

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated	Amount remitted from Taiwan		Accumulated	Net income (loss) of investee for the year ended December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the 31, 2025 (Note 2)	Book value of investments in Mainland China as of December 31, 2025	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2025	remitted to Mainland China	remitted back to Taiwan	amount of remittance from Taiwan to Mainland China as of December 31, 2025					amount of remittance back to Taiwan as of December 31, 2025	
Cosmo Electronics Technology (KunShan) Co., Ltd.	Manufacturing and selling of new electronic parts	\$ 193,912	(1)	\$ 193,912	\$ -	\$ -	\$ 193,912	(\$ 82,825)	100%	(\$ 82,285)	\$ 75,390	\$ 8,157	
Dong Guan Guan Zhen Xing Trading Limited	Selling of LED lighting	187,563	(2)	85,367	-	-	85,367	8,482	100%	8,482	174,205	-	
Dongguan Guanwang Electronic Technology Co., Ltd.	Developing, manufacturing and selling of electronic products	160,001	(2)	-	-	-	-	(2,305)	100%	(2,305)	17,365	-	

2. Ceiling on investments in Mainland China

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
\$ 279,279	\$ 361,445	\$ 1,204,446

Note 1: Investment methods are classified into the following two categories:

(1) Direct investment in Mainland China

(2) Through investing in an existing company, Renown Boom Limited, in the third area, which then invested in the investee in Mainland China.

Note 2: The company recognised investment income / loss based on the audited financial statements.

Note 3: Investment amount approved by the Investment Commission of the Ministry of Economic Affairs was US\$11,500 thousand.

Note 4: It was calculated by the limit of the combined net assets in accordance with Order No. MOEA-09704604680.

Note 5: Exchange rate: NTD : USD Ending balance 1:31.430 Average 1:31.1797

NTD : RMB Ending balance 1:4.496 Average 1:4.333