

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2025 AND 2024

For the convenience of readers and for information purpose only, the auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Cosmo Electronics Corporation

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Cosmo Electronics Corporation as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits of the parent company only 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 Parent Company Only Financial Statements section of our report. We are independent of Cosmo Electronics Corporation 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 parent company only 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.

We determined that the following matters should be communicated as key audit matters in the audit report:

Valuation of inventory

Please refer to Note 4(7) 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.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Cosmo Electronics Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Cosmo Electronics Corporation 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's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Cosmo Electronics Corporation's 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause Cosmo Electronics Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within Cosmo Electronics Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements 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.

Lee, Ting Yi Chen, Yu Hsun
For and on behalf of Candor Taiwan CPAs
March 12, 2026

Notice to Readers

The accompanying the parent company only financial statements are intended only to present to financial position and 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY BALANCE SHEET
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(5) and 6(1)	\$ 53,679	1	\$ 20,658	1
1136	Financial assets at amortized cost-current	4(6), 6(2) and 8	19,492	1	30,285	1
1170	Accounts receivable, net	4(6) and 6(3)	6,227	-	37,902	1
1180	Accounts receivable from related parties	4(6), 6(3) and 7	61,273	1	16,497	-
1200	Other receivables	4(6)	550	-	719	-
1210	Other receivables from related parties	4(6) and 7	390,381	10	534	-
1220	Current income tax assets	4(18) and 6(17)	284	-	273	-
130X	Inventories	4(7), 5(1) and 6(4)	40,954	1	194,033	5
1410	Prepayments		8,806	-	5,953	-
1460	Non-current assets held for sale	4(8), 6(7) and 8	45,967	1	-	-
1470	Other current assets		3,904	-	141	-
11XX	Total current assets		<u>631,517</u>	<u>15</u>	<u>306,995</u>	<u>8</u>
	Non-current assets					
1535	Financial assets at amortized cost-non current	4(6), 6(2) and 8	4,532	-	4,482	-
1550	Investments accounted for under the equity method	4(9) and 6(5)	3,041,301	74	2,911,691	76
1600	Property, plant and equipment	4(10), (13), 6(7) and 8	296,601	8	489,226	13
1760	Investment property, net	4(11), 5(2), 6(9) and 8	98,017	2	95,139	2
1780	Intangible assets	4(12) and (13)	2,076	-	2,193	-
1840	Deferred income tax assets	4(18) and 6(17)	12,711	1	16,579	-
1915	Prepayments for equipment		144	-	1,023	-
1975	Net defined benefit assets-non current	4(17) and 6(13)	-	-	32,707	1
1990	Other non-current assets		537	-	254	-
15XX	Total non-current assets		<u>3,455,919</u>	<u>85</u>	<u>3,553,294</u>	<u>92</u>
1XXX	Total assets		<u>\$ 4,087,436</u>	<u>100</u>	<u>\$ 3,860,289</u>	<u>100</u>
	Current liabilities					
2100	Short-term borrowings	4(15) and 6(10)	\$ 391,400	10	\$ 408,000	11
2110	Short-term bills payable	6(10)	-	-	29,971	1
2130	Contract liabilities	6(15) and 7	1,302	-	61,630	2
2170	Accounts payable	6(11)	4,502	-	54,296	1
2180	Accounts payable to related parties	7	24,527	1	50,023	1
2200	Other payables		33,492	1	53,038	1
2220	Other payables to related parties	7	12,275	-	116,420	3
2320	Long-term liabilities-current portion	4(15) and 6(12)	151,116	4	607,656	17
2399	Other current liabilities		859	-	2,404	-
21XX	Total current liabilities		<u>619,473</u>	<u>16</u>	<u>1,383,438</u>	<u>37</u>
	Non-current liabilities					
2540	Long-term borrowings	4(15), 6(12) and 7	756,525	19	230,078	6
2570	Deferred income tax liabilities	4(18) and 6(17)	247,436	6	203,575	5
2600	Others non-current liabilities		80,188	2	48,011	1
2622	Long-term payables to related parties	6(12) and 7	376,405	9	22,000	-
25XX	Total non-current liabilities		<u>1,460,554</u>	<u>36</u>	<u>503,664</u>	<u>12</u>
2XXX	Total liabilities		<u>2,080,027</u>	<u>52</u>	<u>1,887,102</u>	<u>49</u>
	Equity					
3110	Common stock	6(14)	1,734,587	42	1,714,587	44
3200	Capital surplus		303,838	7	143,838	4
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>48</u>	<u>1,973,187</u>	<u>51</u>
2-3XXX	Total liabilities and equity		<u>\$ 4,087,436</u>	<u>100</u>	<u>\$ 3,860,289</u>	<u>100</u>

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

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY 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(19), 6(15) and 7	\$ 275,167	100	\$ 515,987	100
5000 Operating costs	6(4) and 7	(293,415)	(107)	(481,674)	(93)
5900 Gross profit		(18,248)	(7)	34,313	7
5910 Unrealized profit (loss) from sales		(74)	-	4,929	1
5950 Gross profit, net		(18,322)	(7)	39,242	8
Operating expenses					
6100 Selling expenses		(13,438)	(5)	(21,781)	(4)
6200 General and administrative expenses		(84,355)	(31)	(77,973)	(15)
6300 Research and development expenses		(10,092)	(4)	(3,977)	(1)
6450 Expected credit impairment (loss) gain	6(3)	540	-	(285)	-
6000 Total operating expenses		(107,345)	(40)	(104,016)	(20)
6900 Operating (loss) profit		(125,667)	(47)	(64,774)	(13)
Non-operating income and expenses					
7010 Other income	4(19) and 6(16)	10,223	4	4,463	1
7020 Other gains and losses	6(16)	4,317	2	4,376	1
7050 Finance costs	4(15) and 6(16)	(48,055)	(17)	(50,232)	(10)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	4(8) and 6(5)	249,709	91	106,861	21
7000 Total non-operating income and expenses		216,194	80	65,468	13
7900 Profit before income tax		90,527	33	694	-
7950 Income tax (expense) benefit	4(18) and 6(17)	(48,098)	(17)	(29,652)	(6)
8200 Profit (loss) for the year		\$ 42,429	16	\$ 28,958	(6)
Components of other comprehensive income that will be reclassified to profit or loss					
8311 Gain on remeasurements of defined benefit plans	6(13)	\$ 1,595	1	\$ 4,387	1
8330 Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under the equity method that will not be reclassified to profit or loss		-	-	1,154	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	(877)	-
8310 Total other comprehensive income(loss) that will not be reclassified to profit or loss		1,595	1	4,664	1
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8380 Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under the equity method that will be reclassified to profit or loss	6(14)	(189,802)	(69)	115,309	22
8360 Total components of other comprehensive income that will be to profit or loss		(189,802)	(69)	115,309	22
8300 Other comprehensive income for the year		\$ 188,207	(68)	\$ 119,973	23
8500 Total comprehensive income for the year		\$ 145,778	(53)	\$ 91,015	17
Earnings per share					
9750 Basic earnings (loss) per share	6(18)	(\$ 0.25)		\$ 0.17	

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

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

	Share capital		Retained earnings			Other equity	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings/ Accumulated deficit	Financial statements translation differences of foreign operations	
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	-	-	-	-	180,000
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 parent company only financial statements.

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY 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>		
Profit before tax for the year	\$ 90,527	\$ 694
Adjustments		
Depreciation expenses	27,100	47,844
Amortization expenses	1,012	1,130
Expected credit impairment (losses) gain	(540)	285
Interest expense	48,055	50,232
Interest income	(4,091)	(1,384)
Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	(249,709)	(106,861)
Loss (gain) on disposal and scrap of property, plant and equipment	(10,064)	(2,381)
Unrealized loss (gain) from sales	75	(4,929)
Loss (gain) on fair value changes of investment property	(2,878)	(2,283)
Impairment loss on non-financial assets	8,236	-
Changes in assets and liabilities relating to operating activities		
Decrease (increase) in notes receivable	-	3,140
Decrease (increase) in accounts receivable	32,215	(5,139)
Decrease (increase) in accounts receivable from related parties	(44,776)	(11,710)
Decrease (increase) in other accounts receivable	169	-
Decrease (increase) in other receivables from related parties	(389,847)	100
Decrease (increase) in inventories	153,079	131,728
Decrease (increase) in prepayments	(2,852)	826
Decrease (increase) in other current assets	(3,760)	104
Decrease (increase) in other non-current assets	609	119
Decrease (increase) in net defined benefit assets	35,492	(1,770)
Increase (decrease) in contract liabilities-current	(60,328)	24,327
Increase (decrease) in notes payable	-	(59)
Increase (decrease) in accounts payable	(49,794)	30,296
Increase (decrease) in accounts payable to related parties	(25,496)	37,649
Increase (decrease) in other payables	(20,847)	116,963
Increase (decrease) in other payables to related parties	(104,145)	-
Increase (decrease) in other current liabilities	(1,545)	(1,012)
Cash inflow generated from (used in) operations	(574,103)	307,909

(Continued)

COSMO ELECTRONICS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	2025	2024
(Continued)		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisitions of financial assets at amortized cost	(\$ 50)	(\$ 17,396)
Proceeds from disposal of financial assets at amortized cost	10,792	-
Dividend received from investments accounted for under the equity method	-	8,157
Acquisitions of investments accounted for under the equity method	(70,971)	(28,792)
Acquisitions of property, plant and equipment	(8,934)	(45,092)
Proceeds from disposal of property, plant and equipment	162,491	25,857
Decrease (increase) in other receivables	(14)	500
Decrease (increase) in refundable deposits	-	743
Acquisitions of intangible assets	(894)	(459)
Decrease (increase) in prepayments for equipment	-	(1,023)
Net cash flows generated from (used in) investing activities	92,420	(57,505)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Issuance of new common stocks	180,000	-
Increase (decrease) in short-term borrowings	(16,600)	(18,000)
Increase (decrease) in short-term bills payable	(29,971)	(70,000)
Proceeds from long-term borrowings	699,025	199,836
Repayment for long-term borrowings	(609,282)	(477,022)
Increase (decrease) in guarantee deposits received	7	17,426
Interest paid	(46,754)	(50,552)
Increase in long-term payable to related parties	334,569	22,000
Net cash flows generated from (used in) financing activities	510,994	(376,312)
Net increase (decrease) in cash and cash equivalents	33,021	(124,609)
Cash and cash equivalents at beginning of year	20,658	145,267
Cash and cash equivalents at end of year	\$ 53,679	\$ 20,658

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

COSMO ELECTRONICS CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Cosmo Electronics Corporation (“The Company”) was established in May 1981. The Company is 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 parent company only 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 2026

<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
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

As of the date the parent company only financial statements were issued, the Company 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

Company completes its evaluation.

(3) 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
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

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

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

As of the date the parent company only financial statements were issued, the Company 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 Company completes the 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 parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

The a parent company only financial statements of the Company has 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) Foreign currency

In preparing the parent company only 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 purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into NTD 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).

(4) 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 from operating activities. 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.

(5) 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.

(6) 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

The Company's financial assets are classified into financial assets at amortized cost.

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

(b) Impairment of financial assets

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

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

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 the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(7) 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.

(8) Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be 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.

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

A. Subsidiaries are all entities (including structured entities) controlled by the Company.

The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealized gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equal or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.

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 Company loses control of a subsidiary, the Company 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 Company 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.

F. Pursuant to the Regulations Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(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

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 2 to 10 years.

(13) Impairment of Tangible Assets and Intangible Assets

The Company assesses, 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 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. 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 subsequently measures 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) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(17) 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 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 calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(18) 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 operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated

retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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.

(19) Revenue recognition

Sales of goods—wholesale

- A. The Company manufactures and sells 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 has 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 highly probable that economic benefits will inflow to the company and the amount of income can be reliably measured. Interest income is accrued on a time basis by applying the effective interest rate to the outstanding principal.

(20) Operating segments

An operating segment is a component of the Company 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). 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 parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors.

Management continually reviews these estimates and assumptions. If revisions to estimates only affect the current period, they are recognized in the current period. If revisions to accounting estimates affect both the current and future periods, they are recognized in both the current and future periods.

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 must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of inventories with normal consumption, obsolescence or no market value on balance sheet date, and writes 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 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 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	\$ 436	\$ 553
Checking accounts and demand deposits	53,243	20,105
	<u>\$ 53,679</u>	<u>\$ 20,658</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. 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	<u>\$ 19,492</u>	<u>\$ 30,285</u>
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 1.69% 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) Trade receivables

	December 31	
	2025	2024
Accounts receivable (including related parties)	\$ 67,644	\$ 55,476
Less: Allowance for uncollectible accounts	(144)	(1,077)
Accounts receivable, net	<u>\$ 67,500</u>	<u>\$ 54,399</u>

The Company grants an average credit period of 30 to 180 days for sales transactions, and no interest is charged on accounts receivable. The Company applies 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 determines the credit loss rates solely based on the number of days past due.

The Company writes 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 measures the allowance for accounts receivable 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	\$ 4,984	\$ 4,677	\$ 7,086	\$ 50,897	\$ 67,644
Loss allowance (lifetime expected credit losses)	(72)	(69)	-	(3)	(144)
Amortized cost	<u>\$ 4,912</u>	<u>\$ 4,608</u>	<u>\$ 7,086</u>	<u>\$ 50,894</u>	<u>\$ 67,500</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	\$ 53,013	\$ 2,067	\$ 7	\$ 389	\$ 55,476
Loss allowance (lifetime expected credit losses)	(610)	(71)	(7)	(389)	(1,077)
Amortized cost	<u>\$ 52,403</u>	<u>\$ 1,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,399</u>

The movements of the allowance for impairment losses were as follows:

	For the year ended December 31	
	2025	2024
Balance, beginning of year	\$ 1,077	\$ 796
Add: Impairment losses (reversal) recognized on trade receivables	(540)	285
Less: Amounts written off	(393)	(4)
Balance, end of year	\$ 144	\$ 1,077

(4) Inventory

	December 31					
	2025			2024		
	Cost	Allowance Loss	Book Value	Cost	Allowance Loss	Book Value
Raw materials	\$ 5,072	(\$ 963)	\$ 4,109	\$ 62,223	(\$ 5,356)	\$ 56,867
Work in progress	8,613	(-)	8,613	29,632	(4,086)	25,546
Finished goods	27,401	(3,673)	23,728	122,346	(12,289)	110,057
Merchandise	9,175	(4,671)	4,504	7,654	(6,091)	1,563
Total	\$ 50,261	(\$ 9,307)	\$ 40,954	\$ 221,855	(\$ 27,822)	\$ 194,033

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

	For the year ended December 31	
	2025	2024
Inventory reclassified as cost of goods sold	\$ 312,316	\$ 492,929
Loss on (gains on reversal of) decline in market value	(18,515)	(10,139)
Revenue from sale of scraps	(386)	(1,116)
Cost of goods sold, net	\$ 293,415	\$ 481,674

(5) Investments accounted for using equity method

	December 31	
	2025	2024
At January 1	\$ 2,911,691	\$ 2,662,803
Addition of investments accounted for using equity method	70,971	28,792
Share of profit or loss of investments accounted for using equity method	249,709	106,861
Change in other equity items	(189,802)	116,463
Others	(1,268)	(3,228)
At December 31	\$ 3,041,301	\$ 2,911,691

Subsidiaries	December 31	
	2025	2024
Cosmo Electronics Samoa	\$ -	\$ 160,680
Cosmo Electronics (HK) Company Limited (Cosmo Electronics (HK))	142,959	157,524
Grand Concept Group Limited (Grand Concept)	1,930,834	1,687,139
Grandway International Limited. (Grandway)	768,693	801,576
PT Cosmo Technology (PT Cosmo)	88,588	95,141
Cosmo Green Power Limited (Cosmo Green)	8,984	9,631
Cosmo Electronics Technology (KunShan) Co., Ltd.	75,390	-
Juheng Development Corp	25,853	-
	<u>\$ 3,041,301</u>	<u>\$ 2,911,691</u>

- A. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2025 consolidated financial statements.
- B. The total investment in PT Cosmo by the Company and its subsidiaries is 100% so that the investment accounted for using equity method.
- C. The Company increased the investment of Grand Concept in 2025 and 2024, and the total investment was US\$1,420 thousand in 2025 and US\$90 thousand in 2024.
- D. The company repatriated earnings from subsidiary profits of Cosmo Electronics Samoa, and the total was \$8,157 thousand.
- E. The Company completed the liquidation of Cosmo Electronics Samoa in February 2025.
- F. The Company established Juheng Development Corp. in early April 2025 with an initial investment of \$2,000 thousand, and subsequently increased its investment by \$26,000 thousand in June 2025, bringing the total investment to \$28,000 thousand.
- G. Details of Share of profit or loss of investments accounted for using equity method as follows:

	December 31	
	2025	2024
Cosmo Electronics Samoa	\$ -	(\$ 39,419)
Cosmo Electronics (HK) Company Limited (Cosmo Electronics (HK))	(5,065)	(467)
Grand Concept Group Limited (Grand Concept)	333,488	210,738
Grandway International Limited. (Grandway)	8,711	(53,808)
PT Cosmo Technology (PT Cosmo)	(2,453)	(10,183)
Cosmo Electronics Technology (KunShan) Co., Ltd.	(82,825)	-
Juheng Development Corp	(2,147)	-
	<u>\$ 249,709</u>	<u>\$ 106,861</u>

(6) Non-current assets held for sale

	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 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.

(7) Property, plant and equipment

Cost	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Other equipment	Total
Balance at January 1, 2025	\$ 191,950	\$ 173,622	\$ 733,916	\$ 7,976	\$ 10,941	\$ 119,588	\$ 1,237,993
Additions	-	192	6,983	16	1,603	140	8,934
Disposals	-	-	(643,424)	(4,666)	(1,037)	(31,002)	(680,129)
Reclassification	(20,619)	(49,086)	(764)	-	-	(4,779)	(75,248)
Balance at December 31, 2025, net	<u>\$ 171,331</u>	<u>\$ 124,728</u>	<u>\$ 96,711</u>	<u>\$ 3,326</u>	<u>\$ 11,507</u>	<u>\$ 83,947</u>	<u>\$ 491,550</u>

Accumulated Depreciation	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Other equipment	Total
Balance at January 1, 2025	\$ -	\$ 58,148	\$ 575,002	\$ 6,278	\$ 10,431	\$ 98,908	\$ 748,767
Depreciation	-	3,855	18,290	376	423	4,156	27,100
Recognize an impairment loss	-	-	4,417	-	-	3,819	8,236
Disposals	-	-	(524,347)	(4,649)	(1,027)	(29,850)	(559,873)
Reclassification	-	(24,279)	(764)	-	-	(4,238)	(29,281)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 37,724</u>	<u>\$ 72,598</u>	<u>\$ 2,005</u>	<u>\$ 9,827</u>	<u>\$ 72,795</u>	<u>\$ 194,949</u>
Balance at December 31, 2025, net	<u>\$ 171,331</u>	<u>\$ 87,004</u>	<u>\$ 24,113</u>	<u>\$ 1,321</u>	<u>\$ 1,680</u>	<u>\$ 11,152</u>	<u>\$ 296,601</u>

Cost	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Other equipment	Total
Balance at January 1, 2024	\$ 191,950	\$ 173,622	\$ 775,023	\$ 7,976	\$ 12,857	\$ 121,274	\$ 1,282,702
Additions	-	-	41,154	-	-	5,266	46,420
Disposals	-	-	(90,881)	-	(1,916)	(6,952)	(99,749)
Reclassification	-	-	8,620	-	-	-	8,620
Balance at December 31, 2024, net	<u>\$ 191,950</u>	<u>\$ 173,622</u>	<u>\$ 733,916</u>	<u>\$ 7,976</u>	<u>\$ 10,941</u>	<u>\$ 119,588</u>	<u>\$ 1,237,993</u>

Accumulated Depreciation	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Other equipment	Total
Balance at January 1, 2024	\$ -	\$ 54,297	\$ 626,452	\$ 5,832	\$ 12,081	\$ 100,792	\$ 799,454
Depreciation	-	3,851	38,218	446	261	5,068	47,844
Disposals	-	-	(89,668)	-	(1,911)	(6,952)	(98,531)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 58,148</u>	<u>\$ 575,002</u>	<u>\$ 6,278</u>	<u>\$ 10,431</u>	<u>\$ 98,908</u>	<u>\$ 748,767</u>
Balance at December 31, 2024, net	<u>\$ 191,950</u>	<u>\$ 115,474</u>	<u>\$ 158,914</u>	<u>\$ 1,698</u>	<u>\$ 510</u>	<u>\$ 20,680</u>	<u>\$ 489,226</u>

A. Depreciation is 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.

(8) Leasing arrangements – lessee

A. For the years ended December 31, 2025 and 2024, there were no additions to right-of-use assets.

B. Other leasing information:

	For the year ended December 31	
	2025	2024
Expense on short-term lease contracts	\$ 215	\$ 349
Expense on lease of low-value assets	-	420
Variable lease payments not included in the measurement of lease liabilities	\$ 215	\$ 769
Total cash (outflow) for leases	<u>(\$ 215)</u>	<u>(\$ 769)</u>

(9) Investment property

	For the year ended December 31	
	2025	2024
At January 1	\$ 95,139	\$ 92,856
Gain on fair value adjustment	2,878	2,283
At December 31	<u>\$ 98,017</u>	<u>\$ 95,139</u>

A. Rent income from investment property is shown below:

	For the year ended December 31	
	2025	2024
Rent income from investment property	<u>\$ 2,719</u>	<u>\$ 2,596</u>

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

C. 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.

- D. The fair value of the investment property held by the Company 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.
- E. The fair value of investment properties 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	\$ 129,982	\$ 124,762
Expected future cash outflows	(5,436)	(4,755)
Expected future cash inflows, net	\$ 124,546	\$ 120,007
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 the fair value.

- F. 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 \$600 to \$970 per ping.
- G. As at 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% and plus any asset-specific risk premiums 0.50% and 0.05% to 0.25%, respectively.

H. Information about the investment property of the Company, which were pledged to others as collaterals is provided in Note 8.

(10) 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
	\$ 391,400		
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
	\$ 408,000		
Short-term bills payable			
Commercial paper	\$ 30,000		
Less: Unamortized discounts on bills payable	(29)	3.89%	
	\$ 29,971		

As of December 31, 2025, the facility of short-term borrowings of the Company 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.

(11) Accounts payable

Type of borrowings	December 31	
	2025	2024
Accounts payable	\$ 4,502	\$ 54,006
Estimated accounts payable	-	290
	\$ 4,502	\$ 54,296

(12) Long-term borrowings

Type of borrowings	December 31	
	2025	2024
<u>Long-term bank borrowings</u>		
Revolving unsecured borrowings (Tranche A)	\$ -	\$ 546,800
Secured borrowings-buildings	170,900	179,300
Other unsecured borrowings	736,741	91,798
	<u>907,641</u>	<u>817,898</u>
<u>Loans to others</u>		
Esteemed Glory Holdings Limited	-	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>376,405</u>	<u>41,836</u>
Less: Current portion	(151,116)	(607,656)
Less: long-term payables to related parties	(376,405)	(22,000)
	<u>\$ 756,565</u>	<u>\$ 230,078</u>

A. Unsecured borrowings

(a) The repayment was completed on March 25, 2025, and the Company obtained a loan facility in the amount of \$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) The Company provided land and buildings as collateral (please refer to Note 8 for pledge details).
- (c) The chairman of the Company, Hsieh, Shu Chuan and substantive related parties, Tsai, Nai Chen, were the sureties of the above loan agreements in their personal names.

C. Other unsecured borrowings

- (a) On July 17, 2023, the Company entered into a 3-year unsecured 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 4.72%.
- (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.

(13) Net defined benefit assets (liabilities)

A. Defined benefit 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.

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

	December 31	
	2025	2024
Present value of defined benefit obligations	\$ -	\$ 15,723
Fair value of plan assets	-	(48,430)
Net defined benefit assets(liabilities)	<u>\$ -</u>	<u>(\$ 32,707)</u>

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

	2025		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
At January 1	\$ 15,723	(\$ 48,430)	(\$ 32,707)
Interest (expense) income	236	(726)	(490)
Past service cost	(1,822)	-	(1,822)
Payment of benefits	(14,557)	-	(14,557)
	(420)	(49,156)	(49,576)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(3,206)	(3,206)
Experience adjustments	420	-	420
	<u>420</u>	<u>(3,206)</u>	<u>(2,786)</u>
Pension fund contribution	-	(803)	(803)
Paid pension	-	14,557	14,557
Refund from Old System	-	38,608	38,608
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
At January 1	\$ 15,855	(\$ 42,405)	(\$ 26,550)
Interest (expense) income	197	(531)	(334)
Past service cost	334	-	334
	<u>16,386</u>	<u>(42,936)</u>	<u>(26,550)</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	(444)	-	(444)
	<u>(663)</u>	<u>(3,724)</u>	<u>(4,387)</u>
Pension fund contribution	-	(1,770)	(1,770)
Paid pension	-	-	-
At December 31	<u>\$ 15,723</u>	<u>(\$ 48,430)</u>	<u>(\$ 32,707)</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>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Discount rate	-%	1.25%
Future salary increases	-%	2.75%

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>At December 31, 2025</u>	<u>0.25%</u>	<u>0.25%</u>	<u>1%</u>	<u>1%</u>
Effect on present value of defined benefit obligation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>At December 31, 2024</u>				
Effect on present value of defined benefit obligation	<u>(\$ 212)</u>	<u>\$ 219</u>	<u>\$ 896</u>	<u>(\$ 819)</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.

- (b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2025 and 2024, were \$3,723 thousand and \$4,840 thousand, respectively.

(14) 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
	<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.

The appropriations from the 2025 earnings will be approved in the shareholders' meetings in June 2026.

For information regarding employee compensation and directors' remuneration, please refer to Note 6(16).

D. Others

(a) Financial statements translation differences of foreign operations

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

(15) Revenue

	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Revenue from contract with customers		
Operating revenue	<u>\$ 275,167</u>	<u>\$ 515,987</u>

A. Revenue from contract with customers

Please refer to Note 4(18).

B. Contract liabilities

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Contract liabilities	<u>\$ 1,302</u>	<u>\$ 61,630</u>	<u>\$ 37,303</u>

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

	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Revenue recognized that was included in the contract liability balance at the beginning of the year	<u>\$ 61,630</u>	<u>\$ 37,303</u>

(16) Profit (loss) of the year

Profit (loss) of the year included the following items:

A. Other income

	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Bank deposit interest income	\$ 4,091	\$ 1,384
Rent income	2,719	2,596
Other income, others	3,413	483
	<u>\$ 10,223</u>	<u>\$ 4,463</u>

B. Other gains and losses

	For the year ended December 31	
	2025	2024
Net foreign exchange (losses) gains	(\$ 387)	(\$ 187)
Gains on disposal of property, plant and equipment	10,064	2,381
Gain on fair value adjustment of investment property	2,878	2,283
Other gains and losses, net	(8,238)	(101)
	<u>\$ 4,317</u>	<u>\$ 4,376</u>

C. Financial costs

	For the year ended December 31	
	2025	2024
Bank borrowings	\$ 45,404	\$ 48,088
Short-term bills payable	66	1,940
Loans from related parties	2,578	197
Other interest expense	7	7
	<u>\$ 48,055</u>	<u>\$ 50,232</u>

D. Employee benefit expense, depreciation and amortization by function as follows:

Function	For the year ended December 31					
	2025			2024		
	Classified as Operating Cost	Classified as Operating Expense	Total	Classified as Operating Cost	Classified as Operating Expense	Total
Items						
Employee benefit expense						
Salaries and Wages	27,133	57,109	84,242	39,516	57,936	97,452
Labor and health insurance	2,293	5,207	7,500	4,980	5,666	10,646
Pension	959	2,767	3,723	1,702	3,138	4,840
Directors' remuneration	-	2,001	2,001	-	1,140	1,140
Others	927	2,266	3,193	1,827	2,706	4,533
Depreciation	25,034	2,066	27,100	45,955	1,889	47,844
Amortization	-	1,012	1,012	-	1,130	1,130

- (a) As of December 31, 2025 and 2024, the Company had 97 and 167 employees, respectively, both including 6 and 4 non-employee directors, and the calculating basis is the same as employee benefit expenses.
- (b) For the years ended December 31, 2025 and 2024, the average employee benefit expenses were \$1,084 thousand and \$721 thousand, respectively.
- (c) For the years ended December 31, 2025 and 2024, average employee salaries were \$926 thousand and \$598 thousand, respectively.
- (d) The percentage change in average employee salary expenses was an increase of 54.84%.

Employees' compensation and remuneration of directors

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 profit before tax and before appropriations for employees' compensation and directors' remuneration. However, accumulated losses shall be offset first.

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 accrual rate</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

The actual distribution amount, as resolved by the Board of Directors on March 28, 2025, is consistent with the amount recognized in the financial statements for the year ended December 31, 2024.

Information about employees' compensation and directors' remuneration of the Company will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(17) 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	\$ 369	\$ -
Deferred tax		
Current temporary differences recognized in the current year	47,729	29,652
Total income tax expense	<u>\$ 48,098</u>	<u>\$ 29,652</u>

(b) Income tax expense related to other comprehensive income

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

B. Adjustments between accounting profit and income tax expense as follows:

	For the year ended December 31	
	2025	2024
Profit before tax	\$ 90,527	\$ 694
Tax calculated based on the Company's statutory tax rate	\$ 18,105	\$ 139
Expenses disallowed by tax regulation	161	-
Taxable loss not recognized as deferred tax assets	29,832	29,715
Change in assessment of realization of deferred tax assets	-	(202)
Income tax expense recognized in profit or loss	\$ 48,098	\$ 29,652

C. Deferred tax assets and liabilities:

	2025			
	Balance, January 1	Recognized in profit or loss	Recognized in other comprehensive income	Balance, December 31
<u>Deferred tax assets</u>				
Temporary differences:				
Loss carryforwards	\$ 5,257	\$ -	\$ -	\$ 5,257
Unrealized inventory losses	9,620	(3,703)	-	5,917
Allowance for uncollectible accounts	210	-	-	210
Others	1,492	(165)	-	1,327
	<u>\$ 16,579</u>	<u>(\$ 3,868)</u>	<u>\$ -</u>	<u>\$ 12,711</u>
<u>Deferred tax liabilities</u>				
Temporary differences:				
Unrealized gains on investments accounted for using the equity method	(\$ 185,990)	(\$ 49,942)	\$ -	(\$ 235,932)
Defined benefit assets	(6,642)	6,642	-	-
Unrealized gross profit from sales	(3,552)	14	-	(3,538)
Investment property	(7,391)	(575)	-	(7,966)
	<u>(\$ 203,575)</u>	<u>(\$ 43,861)</u>	<u>\$ -</u>	<u>(\$ 247,436)</u>

2024				
<u>Deferred tax assets</u>	Balance, January 1	Recognized in profit or loss	Recognized in other comprehensive income	Balance, December 31
Temporary differences:				
Loss carryforwards	\$ 12,769	(\$ 7,512)	\$ -	\$ 5,257
Unrealized inventory losses	7,594	2,026	-	9,620
Allowance for uncollectible accounts	181	29	-	210
Others	2,520	(1,028)	-	1,492
	<u>\$ 23,064</u>	<u>(\$ 6,485)</u>	<u>\$ -</u>	<u>\$ 16,579</u>
<u>Deferred tax liabilities</u>	Balance, January 1	Recognized in profit or loss	Recognized in other comprehensive income	Balance, December 31
Temporary differences:				
Unrealized gains on investments accounted for using the equity method	(\$ 164,619)	(\$ 21,371)	\$ -	(\$ 185,990)
Defined benefit assets	(5,411)	(354)	(877)	(6,642)
Unrealized gross profit from sales	(2,567)	(985)	-	(3,552)
Investment property	(6,934)	(457)	-	(7,391)
	<u>(\$ 179,531)</u>	<u>(\$ 23,167)</u>	<u>(\$ 877)</u>	<u>(\$ 203,575)</u>

D. 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 Company's expiration dates of unused taxable loss and amounts of unrecognized deferred tax assets are as follows:

Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiry Year
2016	Amount assessed	\$ 52,729	\$ 52,729	2026
2017	Amount assessed	150,431	137,745	2027
2018	Amount assessed	20,383	6,783	2028
2019	Amount assessed	48,676	48,676	2029
2020	Amount assessed	100,873	100,873	2030
2024	Amount filed	110,008	110,008	2034
2025	Amount filed	148,921	148,921	2035
		<u>\$ 632,021</u>	<u>\$ 605,735</u>	

E. Current income tax assets

	December 31	
	2025	2024
Current income tax assets	\$ 284	\$ 273

F. Income tax assessments

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

(18) Earnings (losses) per share

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

(19) Changes in liabilities from financing activities

For the year ended December 31, 2025

	As at January 1, 2025	Cash flows from financing activities	Changes in Noncash Transactions				As at December 31, 2025
			New (Terminated) Leases	Amortized interest expense	Exchange rate effect	Other	
Short-term borrowings	\$ 408,000	(\$ 16,600)	\$ -	\$ -	\$ -	\$ -	\$ 391,400
Long-term borrowings (including current portion)	837,734	89,743	-	-	-	(19,836)	907,641
Short-term bills payable	29,971	(29,971)	-	-	-	-	-
Long-term payables to related parties	22,000	334,569	-	-	-	19,836	376,405
Deposits received	17,704	6	-	-	-	-	17,710
	<u>\$ 1,315,409</u>	<u>\$ 377,747</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,693,156</u>

For the year ended December 31, 2024

	As at January 1, 2025	Cash flows from financing activities	Non-cash Changes				As at December 31, 2024
			New (Terminated) Leases	Amortized interest expense	Exchange rate effect	Other (Note)	
Short-term borrowings	\$ 426,000	(\$ 18,000)	-	-	-	-	\$ 408,000
Long-term borrowings (including current portion)	1,114,920	(277,186)	-	-	-	-	837,734
Short-term bills payable	99,884	(70,000)	-	-	-	87	29,971
Long-term payables to related parties	-	22,000	-	-	-	-	22,000
Deposits received	278	17,426	-	-	-	-	17,704
	<u>\$ 1,641,082</u>	<u>(\$ 325,760)</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87</u>	<u>\$ 1,315,409</u>

Note: Other changes include interest of bonds payable, discount price of convertible corporate bonds converting to common stocks and short-term bills.

7. Related Party Transactions

The transactions between the Company and its related parties are summarized as follows:

(1) Names and relationships of related parties

Names of related parties	Relationship with the Corporation
Cosmo Electronics Technology (KunShan) Co., Ltd.	Subsidiaries
Cosmo Electronics (HK) Company Limited	Subsidiaries
PT Cosmo Technology	Subsidiaries
Real Bonus Limited	Subsidiaries
Juheng Development Corp	Subsidiaries
Dongguan Guanwang Electronic Technology Co., Ltd.	Subsidiaries
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
<u>Sales of goods:</u>		
Dongguan Guanwang Electronic Technology Co., Ltd.	\$ 24,896	\$ 84,081
Cosmo Electronics Technology (KunShan) Co., Ltd.	11,449	69,457
PT Cosmo Technology	62,298	49,949
Starlite Creations Inc	-	34,003
	\$ 98,643	\$ 237,490

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

B. Purchases of goods

	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Purchases of inventories:</u>		
Cosmo Electronics Technology (KunShan) Co., Ltd.	\$ 20,135	\$ 40,215
PT Cosmo Technology	20,782	33,206
Dongguan Guanwang Electronic Technology Co., Ltd.	5,745	-
	<u>\$ 46,662</u>	<u>\$ 73,421</u>

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

C. Receivables from related parties

	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Accounts receivable:</u>		
PT Cosmo Technology	\$ 60,694	\$ 5,341
Dongguan Guanwang Electronic Technology Co., Ltd.	579	11,156
	<u>61,273</u>	<u>16,497</u>
<u>Other receivable from related parties:</u>		
PT Cosmo Technology	269,366	-
Cosmo Electronics Technology (KunShan) Co., Ltd.	-	534
Cosmo Electronics (HK) Company Limited	121,006	-
Juheng Development Corp	9	-
	<u>390,381</u>	<u>534</u>
	<u>\$ 451,654</u>	<u>\$ 17,031</u>

The receivables from related parties arise mainly from sale transactions and other receivables transactions. Sales transaction payment is due two 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. Other receivables from related parties arise mainly from selling property, plant and equipment.

D. Payables to related parties

	For the year ended December 31	
	2025	2024
<u>Accounts payable:</u>		
Cosmo Electronics Technology (KunShan) Co., Ltd.	\$ 15,907	\$ 32,751
PT Cosmo Technology	3,670	17,272
Dongguan Guanwang Electronic Technology Co., Ltd.	4,950	-
	<u>24,527</u>	<u>50,023</u>
<u>Other payables to related parties:</u>		
Real Bonus Limited	-	98,191
Cosmo Electronics (HK) Company Limited	-	18,032
Esteemed Glory Holdings Limited	268	101
Guan Hong Energy Co., Ltd.	326	96
Digicrown Technologies Ltd	2,042	-
Juheng Development Corp	9,639	-
	<u>12,275</u>	<u>116,420</u>
	<u>\$ 36,802</u>	<u>\$ 166,443</u>

The receivables from related parties arise mainly from sale transactions and other receivables transactions. Sales transaction payment is due two 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. Other receivables to related parties arise mainly from loans from subsidiaries and interest payable on long-term borrowings from related parties.

E. Loans from related parties

	For the year ended December 31	
	2025	2024
<u>Other payables to related parties:</u>		
Juheng Development Corp	\$ 9,639	\$ -
<u>Long-term borrowing:</u>		
Esteemed Glory Holdings Limited	\$ -	\$ 9,836
Guan Hong Energy Co., Ltd.	-	10,000
	<u>-</u>	<u>19,836</u>
<u>Long-term payables to related parties:</u>		
Tsai, Nai Chen	214,450	22,000
Guan Hong Energy Co., Ltd.	14,000	-
Digicrown Technologies Ltd	140,455	-
Song, Min Kui	7,500	-
	<u>376,405</u>	<u>22,000</u>
	<u>\$ 386,044</u>	<u>\$ 41,836</u>

The details of the aforementioned fund financing are as follows:

<u>Categories of related parties</u>	<u>For the year ended December 31, 2025</u>		
	<u>Balance, end of year</u>	<u>Maximum outstanding balance</u>	<u>Interest Expense</u>
Esteemed Glory Holdings Limited	\$ -	\$ -	\$ 167
Guan Hong Energy Co., Ltd.	14,000	14,000	230
Tsai, Nai Chen	214,450	278,000	-
Digicrown Technologies Ltd.	140,455	140,455	2,042
Song, Min Kui	7,500	7,500	-
Juheng Development Corp	9,639	9,639	139
	<u>\$ 386,044</u>		<u>\$ 2,578</u>

<u>Categories of related parties</u>	<u>For the year ended December 31, 2024</u>		
	<u>Balance, end of year</u>	<u>Maximum outstanding balance</u>	<u>Interest Expense</u>
Esteemed Glory Holdings Limited	\$ 9,836	\$ 47,670	\$ 101
Guan Hong Energy Co., Ltd.	10,000	10,000	96
Tsai, Nai Chen	22,000	80,000	-
	<u>\$ 41,836</u>		<u>\$ 197</u>

F. Contract liabilities

	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Cosmo Electronics Technology (KunShan) Co., Ltd.	\$ -	\$ 17,838

G. Equity transactions

Please refer to Note 6(5).

H. The Company sold machinery and equipment to its Indonesian subsidiary in 2025 and 2024 for proceeds of \$161,360 thousand and \$24,160 thousand, respectively.

(3) Key management compensation

	<u>For the year ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 10,227	\$ 9,349
Post-employment benefits	333	351
	<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
	December 31		
	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	307,424	Credit facility
Investment property	98,017	95,139	Credit facility
	<u>\$ 425,766</u>	<u>\$ 437,308</u>	

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>	December 31	
	2025	2024
<u>Financial assets</u>		
Cash and cash equivalents	\$ 53,679	\$ 20,658
Financial assets at amortized cost	24,024	34,767
Accounts receivable and Other receivables	458,431	55,652
Refundable deposits	150	136
	<u>\$ 536,284</u>	<u>\$ 111,213</u>

<u>Non-derivative financial instruments</u>	December 31	
	2025	2024
<u>Financial liabilities</u>		
Short-term borrowings	\$ 391,400	\$ 408,000
Short-term bills payable	-	29,971
Accounts payable and Other payable	74,796	273,777
Long-term borrowings and Long-term payables to related parties (including current portion)	1,284,046	859,734
	<u>\$ 1,750,242</u>	<u>\$ 1,571,482</u>

B. Financial risk management objectives

The Company's 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 treasury under policies approved by the Board of Directors. The Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

C. Market risk

(a) Foreign exchange risk

- i. The Company operates internationally and is 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's 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:

(Foreign currency: functional currency)	December 31, 2025		
	Foreign currency amount	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 3,468	31.4300	\$ 108,999
RMB:NTD	157	4.4945	707

December 31, 2025			
(Foreign currency: functional currency)	Foreign currency amount	Exchange rate	Book value
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,791	31.4300	\$ 56,293
RMB:NTD	1,048	4.4945	4,710

December 31, 2024			
(Foreign currency: functional currency)	Foreign currency amount	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,424	32,7850	\$ 46,686
RMB:NTD	1,478	4.4780	6,619

<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 364	32.7850	\$ 11,934

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

For the year ended December 31, 2025			
Sensitivity analysis			
(Foreign currency: functional currency)	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:NTD	5%	\$ 5,450	-
RMB:NTD	5%	35	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 2,815	-
RMB:NTD	5%	236	-

(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:NTD	5%	\$ 2,334	\$ -
RMB:NTD	5%	331	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 597	\$ -

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 (\$387) thousand and (\$187) thousand, respectively.

(b) Cash flow and fair value Interest rate risk

- i. The Company's 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 \$6,489 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, which based on the agreed terms, and the contract cash flows of debt 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.

	Less than 1 year	1 to 5 years	Over 5 years	Total	Book value
<u>December 31, 2025</u>					
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 391,400	\$ -	\$ -	\$ 391,400	\$ 391,400
Short-term bills payable	-	-	-	-	-
Accounts payable	29,029	-	-	29,029	29,029
Other payables	33,492	-	-	33,492	33,492
Long-term borrowings and Long-term payables to related parties (including current portion)	182,143	1,116,459	131,812	1,430,414	1,284,046
	Less than 1 year	1 to 5 years	Over 5 years	Total	Book value
<u>December 31, 2024</u>					
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 408,000	\$ -	\$ -	\$ 408,000	\$ 408,000
Short-term bills payable	30,000	-	-	30,000	29,971
Accounts payable	104,319	-	-	104,319	104,319
Other payables	169,458	-	-	169,458	169,458
Long-term borrowings (including current portion)	621,360	132,653	143,882	897,895	859,734

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's 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's investment in unconvertible bonds is included in Level 2.

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

(b) Financial instruments not measured at fair value

The management of the Company believes that the carrying amounts of financial assets and financial liabilities not measured at fair values approximate their fair values.

(c) 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	\$ -	\$ -	\$ 98,017	\$ 98,017
<hr/>				
<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	\$ -	\$ -	\$ 95,139	\$ 95,139

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

(e) The following chart is the movement of Level 3 for the years ended December 31, 2025 and 2024:

	<u>For the year ended</u> <u>2025</u>	<u>December 31</u> <u>2024</u>
	<u>Investment</u> <u>property</u>	<u>Investment</u> <u>property</u>
At January 1	\$ 95,139	\$ 92,856
Recorded as other gains and losses	2,878	2,283
At December 31	<u>\$ 98,017</u>	<u>\$ 95,139</u>

(f) 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 December 31, 2025	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship of inputs to fair value
Non-financial instruments:					
Investment property	\$ 98,017	Discounted cash flow method	Discount rate	2.47%~2.97%	The higher discount rate, the lower fair value
	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship of inputs to fair value
Non-financial instruments:					
Investment property	\$ 95,139	Discounted cash flow method	Discount rate	2.47%~2.72%	The higher discount rate, the lower fair value

(2) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the parent company only balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus net debt. The gearing ratios were as follows:

	December 31	
	2025	2024
Total borrowings	\$ 1,675,446	\$ 1,297,705
Less: Cash and cash equivalents	(53,679)	(20,658)
Net debt	1,621,767	1,277,047
Total equity	2,007,409	1,973,187
Total capital	\$ 3,629,176	\$ 3,250,234
Gearing ratio	45%	39%

(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: 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.

(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

The Company has disclosed segment information in the consolidated financial statements in accordance with IFRS 8. Therefore, the parent company only financial statements are not required to disclose segmental information.

Loans to others
For the year ended December 31, 2025

Expressed in thousands of NTD

Table 1

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	5,395	-	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)	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%	
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%	
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%	

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, 2025	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%	\$ -	-	\$ -	-	
Dong Guan Guan Zhen Xing Trading Limited	Cosmo Electronics (HK) Company Limited	Group	\$ 112,534	556.58%	-	-	-	-	
PT Cosmo Technology	Starlite Creations Inc.	Substantive related parties	143,567	350.14%	-	-	-	235	

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

For the year ended December 31, 2025

Table 5

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) 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.

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

Table 6

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	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 back to Taiwan for the year ended December 31, 2025	remitted back to Taiwan as of December 31, 2025	income (loss) recognised by the Company for the 31, 2025 (Note 2)			amount of investment income remitted 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 1:31.4300 Average 1:31.1797

NTD : RMB Ending balance 1:4.4960 Average 1:4.3334

COSMO ELECTRONICS CORPORATION

THE CONTENTS OF STATEMENTS OF
MAJOR ACCOUNTING ITEMS

FOR THE YEAR END DECEMBER 31, 2025

COSMO ELECTRONICS CORPORATION
 STATEMENT OF CASH AND CASH EQUIVALENTS
 DECEMBER 31, 2025
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Description (Note)	Amount
Petty Cash	TWD	\$ 85
Cash on hand	Foreign currency	351
Subtotal		<u>436</u>
Bank deposits	Checking accounts	45
	Demand deposits	15,862
	Foreign currency deposits	37,090
		125
		<u>121</u>
Subtotal		<u>53,243</u>
Total		<u>\$ 53,679</u>

Note: Cash on hand and foreign currency deposits are calculated based on closing rate on the date of the balance sheet.

COSMO ELECTRONICS CORPORATION
 STATEMENT OF ACCOUNTS RECEIVABLE
 DECEMBER 31, 2025
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Client Name	Amount
A	\$ 1,426
B	1,373
C	1,328
D	976
E	448
F	428
G	386
Others (Note)	6
Total	6,371
Less: Allowance for impairment	(144)
Accounts receivable, net	\$ 6,227

Note: None of the individual items included in 'Others' exceeds 5% of the total balance of this account.

COSMO ELECTRONICS CORPORATION

STATEMENT OF INVENTORIES

DECEMBER 31, 2025

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Merchandise		\$ 9,175	\$ 4,504	
Work in progress		27,401	23,728	
Finished goods		8,613	8,613	
Raw materials		5,072	4,109	
		50,261	40,954	
Less: Allowance for inventory valuation losses		(9,307)		
Balance, net		\$ 40,954		

COSMO ELECTRONICS CORPORATION
STATEMENT OF CHANGES IN INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR END DECEMBER 31, 2025
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS/ SHARE)

Name	Beginning Balance			Increase		Decrease		Net profit (loss) recognized by of the investee	Financial statements translation differences of foreign operations	Others (Note 2)	Ending Balance			Market Value or Net Equity			
	Shares	Percentage of Ownership	Amount	Shares	Amount	Shares	Amount				Amount	Amount	Amount	Shares	Percentage of Ownership	Amount	Unit Price (dollar)
<u>Long-term equity investments accounted for using the equity method</u>																	
Cosmo Electronics Samoa	5,500,038	100.00%	\$ 160,680	-	\$ -	5,500,038	\$ 160,680	-	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -	-	None
Cosmo Electronics (HK)Co. Limited	48,900,000	100.00%	157,524	-	-	-	-	(5,065)	(6,424)	(3,076)	48,900,000	100.00%	142,959	-	-	-	None
Grandway Concept Group Limited (Samoa)	10,750,000	100.00%	1,687,139	920,000	42,971	-	-	333,488	4,764	(137,528)	11,670,000	100.00%	1,930,834	-	-	-	None
Grandway International	30,080,000	100.00%	801,576	-	-	-	-	8,711	(179,235)	137,641	30,080,000	100.00%	768,693	-	-	-	None
Pt Cosmo Technology	3,000,000	14.00%	95,141	-	-	-	-	(2,453)	(5,798)	1,698	3,000,000	14.00%	88,588	-	-	-	None
Cosmo Green Power Limited	-	100.00%	9,631	-	-	-	-	-	(647)	-	-	100.00%	8,984	-	-	-	None
Cosmo Electronics Technology (KunShan) Co., Ltd.	-	100.00%	-	5,500,000	193,912	-	-	(82,825)	(2,462)	(35,697)	5,500,000	100.00%	75,390	-	-	-	None
Juheng Development Corp	-	100.00%	-	2,800,000	28,000	-	-	(2,147)	-	-	2,800,000	100.00%	25,853	-	-	-	None
			<u>\$ 2,911,691</u>		<u>\$ 264,883</u>		<u>\$ 160,680</u>	<u>\$ 249,709</u>	<u>(\$ 189,802)</u>	<u>(\$ 36,962)</u>			<u>\$ 3,041,301</u>				

Note 1 : It is calculated by the audited financial report of the investees for the year end December 31, 2025.

Note 2 : Net equity is calculated by the audit financial report and percentage of ownership of the Company.

COSMO ELECTRONICS CORPORATION
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2025
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Nature	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
<u>Unsecured borrowings</u>						
The Shanghai Commercial & Savings Bank	\$ 93,400	2025/06/18~2026/05/26	2.5750%	\$ 98,000	Note 1	
The Export-Import Bank of the Republic of China	80,000	2025/09/16~2026/07/16	0.9080%	80,000	Note 3	
Chang Hwa Commercial Bank	40,000	2025/07/17~2026/01/17	2.6050%	40,000	Note 2	Note 6
Hua Nan Commercial Bank	14,000	2025/12/31~2026/03/31	2.9426%	14,000	Note 4	
First Commercial Bank	25,000	2025/09/15~2025/03/12	2.7150%	25,000	Note 4	Note 7
<u>Secured borrowings</u>						
Hua Nan Commercial Bank	16,000	2025/12/31~2026/03/31	2.9426%	16,000	Note 5	
Chang Hwa Commercial Bank	10,000	2025/07/17~2025/01/17	2.4250%	10,000	Note 2	Note 6
First Commercial Bank	83,000	2025/09/15~2025/03/12	2.3750%	83,000	Note 5	Note 7
Sunny Bank	30,000	2025/11/13~2025/05/12	2.7500%	30,000	Note 5	Note 8
	<u>\$ 391,400</u>					

Note 1: Compensating balance equivalent to 10% of the loan amount was provided as collateral. The Chairman, Hsieh, Shu-Chuan, along with Tsai, Nai-Chen and Tsai, Chi-Hu, acted as joint and several guarantors in their personal names.

Note 2: Land and buildings were pledged as collateral. The Chairman, Hsieh, Shu-Chuan, along with Tsai, Nai-Chen and Tsai, Chi-Hu, acted as joint and several guarantors.

Note 3: The Company's promissory note was provided as collateral. The Chairman, Hsieh, Shu-Chuan, acted as a guarantor in her personal name.

Note 4: The chairman of the Company, Hsieh, Shu Chuan, and Tsai, Nai Chen, were the sureties of the above loan agreements in their personal names.

Note 5: Land and building are pledged, and the chairman of the Company, Hsieh, Shu Chuan, and Tsai, Nai Chen, were the sureties of the above loan agreements in their personal names.

Note 6: The amount of shared credit limit is \$50,000 thousand.

Note 7: The amount of shared credit limit is \$120,000 thousand.

Note 8: The amount of shared credit limit with long-term borrowing is \$210,000 thousand.

COSMO ELECTRONICS CORPORATION
 STATEMENT OF ACCOUNTS PAYABLE
 DECEMBER 31, 2025
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Supplier Name	Amount
A	\$ 3,403
B	395
C	367
D	267
Others (Note)	70
	\$ 4,502

Note: None of the individual items included in the above balance exceeds 5% of the total amount of this account.

COSMO ELECTRONICS CORPORATION
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2025
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Creditor	Amount	Contract Period	Range of Interest Rate	Current Portion	Collateral	Note
Sunny Bank	\$ 143,500	2024/11/01~2031/11/01	2.7500%	\$ 6,000	Note 8	Note 3
Sunny Bank	27,400	2024/11/13~2031/11/13	2.7500%	2,400	Note 8	Note 3
The Shanghai Commercial & Savings Bank	37,716	2023/07/17~2026/07/17	6.6600%	37,716	None	Note 3
Bank SinoPac	699,025	2025/08/07~2026/02/07	0.0000%	105,000	None	Note 1 and 2
	<u>\$ 907,641</u>			<u>\$ 151,116</u>		

Note 1: Substantive related parties, Tsai, Nai Chen and Tsai, Chi Hu, the chairman of the Company, Hsieh, Shu Chuan were the sureties of the above syndicated loan agreements in their personal names.

Note 2: The credit facility shall be reduced in six semi-annual installments commencing six months from the initial drawdown date. The first five installations shall each represent a 7.5% reduction of the facility, followed by a final reduction of 62.5% in the sixth installment.

Note 3: 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 loan agreements in their personal names.

COSMO ELECTRONICS CORPORATION
 STATEMENT OF OPERATING REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Volume (thousands)	Amount
Total Sales Revenue		
Photocouplers	144,864	\$ 145,738
Photoelectric relay	5,931	40,030
Reed relay	1,928	25,294
Others (Note)	15,257	<u>89,078</u>
		<u>300,140</u>
Less: Sales returns		(1,043)
Sales allowances		<u>(23,930)</u>
Net revenue		<u>\$ 275,167</u>

Note: Others consist of work in progress (\$7,189 thousand), raw materials (\$77,996 thousand), solid-state relays (\$3,873 thousand), and miscellaneous items (\$20 thousand).

COSMO ELECTRONICS CORPORATION
 STATEMENT OF OPERATING COST
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Amount	
	Subtotal	Total
Beginning merchandise inventory	\$ 7,654	
Add: Merchandise purchased	15,187	
Others	(226)	
Ending merchandise inventory	(9,175)	
Cost of merchandise inventory sold		\$ 13,440
Beginning raw materials	\$ 62,223	
Add: Raw materials purchased	19,955	
Others	2	
Ending raw materials	(5,072)	
Raw materials used		77,108
Direct labor		13,126
Manufacturing expense		81,461
Manufacturing cost		171,695
Add: Beginning work in progress	29,632	
Less: Ending work in progress	(8,613)	21,019
Cost of finished goods		192,714
Add: Beginning finished goods	122,346	
Finished goods purchased	31,703	
Others	(20,468)	
Less: Others	(18)	
Ending finished good	(27,401)	106,162
Cost of finished goods sold		298,876
Gains on reversal of decline in market value		(18,515)
Revenue from sale of scraps		(386)
Operating costs		\$ 293,415

COSMO ELECTRONICS CORPORATION
 STATEMENT OF MANUFACTURING EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salaries and Wages		\$ 17,613	
Utilities		8,319	
Depreciation		25,034	
Miscellaneous expenses		3,087	
Other Expenses		<u>27,408</u>	Note
Total		<u>\$ 81,461</u>	

Note: None of the individual items included in 'Other Expenses' exceeds 5% of the total balance of this account.

COSMO ELECTRONICS CORPORATION
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Item	Selling expenses	General and administrative expenses	Research and development expenses	Note
Salaries and Wages	\$ 324	\$ 46,689	\$ 4,826	
Pension	406	2,087	274	
Travel	324	2,485	329	
Freight	63	3,363	4	
Advertising and promotion	384	-	-	
Insurance	782	4,208	567	
Depreciation	41	2,025	-	
Certification expense	-	-	3,693	
Miscellaneous expenses	839	6,516	40	
Service expense	1,089	6,909	-	
Other	<u>9,186</u>	<u>10,073</u>	<u>359</u>	Note
Total	<u>\$ 13,438</u>	<u>\$ 84,355</u>	<u>\$ 10,092</u>	

Note: None of the individual items included in 'Other expenses' exceeds 5% of the total balance of the respective expense category.