

Senao International Co., Ltd.

Parent Company Only Financial Statements for the Years Ended December 31, 2025 and 2024 and Independent Auditors' Report

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Senao International Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Senao International Co., Ltd. ("the Company") as of December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company 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 in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company 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 Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the parent company only financial statements for the year ended December 31, 2025. The matter was addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on the matter.

Key audit matter for the parent company only financial statements for the year ended December 31, 2025 is as follows:

Key Audit Matter-Valuation of Inventories

The Company's inventory mainly consists of mobile phones and related communication products. Due to rapid technological changes and constant updates of new models and types, there is a higher risk of inventory devaluation or obsolescence. Considering the significant inventory amount, which is measured at the lower of cost and net realizable value, management evaluates the net realizable value by deducting estimated sales expense rates from the final unit sales price. The evaluation of inventory obsolescence loss is based on the purchase period and turnover days of the goods. Since management uses market conditions at the end of the reporting period and historical sales experience to judge and estimate the net realizable value, changes in market conditions may significantly impact these results. Therefore, we considered inventory valuation as a key audit matter.

Please refer to Note 4(5) for accounting policies on inventories, Note 5 for accounting estimates and assumptions for the valuation of inventories and Note 9 for the details of inventories. The carrying amount of inventories as of December 31, 2025 was NT\$2,242,962 thousand.

How our audit addressed the matter

We performed the following procedures for the above key audit matter:

1. Obtained the Company's inventory valuation policy and assessed the reasonableness of the assumptions used.
2. Verified the accuracy of the system logic for the net realizable value of inventory and the aging report.
3. Obtained the Company's inventory valuation reports and evaluated the accuracy based on the Company's policy.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company'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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company 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 financial information of the Company 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Wang, Ming-I


Lin, Yung-Chih

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 11, 2026

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the review of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SENAO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 22)	\$ 1,642,974	16	\$ 1,642,737	16
Financial assets at fair value through profit or loss-current (Notes 7 and 26)	168	-	263	-
Notes receivable, net (Note 8)	2,812	-	55,369	1
Trade receivables, net (Note 8)	818,729	8	489,067	5
Trade receivables from related parties (Note 22)	1,119,423	11	1,032,118	10
Other receivables (Notes 8 and 19)	172,607	2	272,509	3
Other receivables from related parties (Note 22)	154,009	2	165,394	2
Inventories (Note 9)	2,242,962	22	2,488,521	24
Prepayments (Note 22)	66,750	1	76,219	1
Other current assets	28,564	-	22,996	-
Total current assets	<u>6,248,998</u>	<u>62</u>	<u>6,245,193</u>	<u>62</u>
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 26)	9,753	-	11,091	-
Investments accounted for using equity method (Note 10)	2,474,323	24	2,440,167	24
Property, plant and equipment (Notes 11, 18 and 22)	743,020	7	748,506	7
Right-of-use assets (Notes 12, 18 and 22)	519,573	5	631,467	6
Intangible assets (Notes 18 and 22)	26,364	-	19,456	-
Deferred tax assets (Note 19)	24,613	-	17,154	-
Refundable deposits (Note 22)	56,992	1	50,621	1
Net defined benefit assets - noncurrent (Notes 15 and 18)	28,855	1	23,030	-
Other noncurrent assets	3,000	-	5,867	-
Total noncurrent assets	<u>3,886,493</u>	<u>38</u>	<u>3,947,359</u>	<u>38</u>
TOTAL ASSETS	<u>\$ 10,135,491</u>	<u>100</u>	<u>\$ 10,192,552</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss – current (Notes 7 and 26)	\$ 3	-	\$ -	-
Contract liabilities (Note 17)	103,599	1	95,328	1
Notes payable (Note 13)	936	-	3,379	-
Trade payables (Note 13)	1,761,088	17	1,770,056	17
Trade payables to related parties (Note 22)	184,383	2	272,678	3
Other payables (Note 14)	723,325	7	668,441	7
Other payables to related parties (Note 22)	229,087	2	201,271	2
Current tax liabilities (Note 19)	65,901	1	31,405	-
Lease liabilities - current (Notes 12 and 22)	222,008	2	274,345	3
Other current liabilities (Note 22)	65,707	1	43,489	-
Total current liabilities	<u>3,356,037</u>	<u>33</u>	<u>3,360,392</u>	<u>33</u>
NONCURRENT LIABILITIES				
Contract liabilities - noncurrent (Note 17)	2,199	-	-	-
Deferred tax liabilities (Note 19)	6,172	-	1,255	-
Lease liabilities - noncurrent (Notes 12 and 22)	309,360	3	369,920	4
Guarantee deposits	21,596	-	22,547	-
Total noncurrent liabilities	<u>339,327</u>	<u>3</u>	<u>393,722</u>	<u>4</u>
Total liabilities	<u>3,695,364</u>	<u>36</u>	<u>3,754,114</u>	<u>37</u>
EQUITY				
Share capital - ordinary shares (Note 16)	2,582,527	25	2,582,527	25
Capital surplus (Note 16)	738,199	7	738,199	7
Retained earnings (Note 16)				
Legal reserve	1,789,226	18	1,739,517	17
Special reserve	9,318	-	32,003	-
Unappropriated earnings	1,349,973	14	1,355,510	14
Total retained earnings	3,148,517	32	3,127,030	31
Other equity	(29,116)	-	(9,318)	-
Total equity	<u>6,440,127</u>	<u>64</u>	<u>6,438,438</u>	<u>63</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 10,135,491</u>	<u>100</u>	<u>\$ 10,192,552</u>	<u>100</u>

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

SENAO INTERNATIONAL CO., LTD.

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

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 17 and 22)				
Sales	\$ 29,811,827	98	\$ 29,997,632	98
Less: Sales returns	262,538	1	314,491	1
Sales discounts and allowances	891,048	2	867,980	3
Net sales	28,658,241	95	28,815,161	94
Service and repairs revenue	1,656,316	5	1,936,177	6
Total operating revenue	30,314,557	100	30,751,338	100
OPERATING COSTS (Notes 9, 15, 18 and 22)				
Cost of goods sold	26,865,060	89	27,161,930	88
Service and repairs costs	371,814	1	450,985	2
Total operating costs	27,236,874	90	27,612,915	90
GROSS PROFIT	3,077,683	10	3,138,423	10
OPERATING EXPENSES (Notes 15, 18 and 22)				
Selling and marketing expenses	2,453,027	8	2,464,046	8
General and administrative expenses	343,202	1	308,490	1
Total operating expenses	2,796,229	9	2,772,536	9
NET OTHER INCOME AND EXPENSES (Notes 18 and 22)	413	-	286	-
INCOME FROM OPERATIONS	281,867	1	366,173	1
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 18 and 22)	96,035	-	92,868	-
Share of profit or loss of subsidiaries and associates accounted for using equity method	141,428	1	112,111	1
Interest income	9,850	-	13,400	-
Net gain on foreign currency exchange	3,120	-	1,211	-
Interest expense (Notes 18 and 22)	(12,240)	-	(12,461)	-
Miscellaneous disbursements	(320)	-	(1,646)	-
Net (loss) gain on financial assets and liabilities at fair value through profit or loss (Note 7)	(98)	-	263	-
Total non-operating income and expenses	237,775	1	205,746	1

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SENAO INTERNATIONAL CO., LTD.

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

	2025		2024	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 519,642	2	\$ 571,919	2
INCOME TAX EXPENSE (Note 19)	<u>74,350</u>	<u>-</u>	<u>93,609</u>	<u>-</u>
NET INCOME	<u>445,292</u>	<u>2</u>	<u>478,310</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans (Note 15)	1,940	-	20,701	-
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	(1,338)	-	1,122	-
Share of remeasurement of defined benefit plans of associates	760	-	2,220	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 19)	(388)	-	(4,140)	-
	<u>974</u>	<u>-</u>	<u>19,903</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Share of exchange differences arising from the translation of the foreign operations of associates	(18,460)	-	21,563	-
	(18,460)	-	21,563	-
Total other comprehensive (loss) income, net of income tax	(17,486)	-	41,466	-
TOTAL COMPREHENSIVE INCOME	<u>\$ 427,806</u>	<u>2</u>	<u>\$ 519,776</u>	<u>2</u>
EARNINGS PER SHARE (Note 20)				
Basic	<u>\$ 1.72</u>		<u>\$ 1.85</u>	
Diluted	<u>\$ 1.72</u>		<u>\$ 1.85</u>	

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

SENAO INTERNATIONAL CO., LTD.

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Share Capital - Ordinary Shares (Note 16)	Capital Surplus (Note 16)	Retained Earnings (Note 16)			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE, JANUARY 1, 2024	\$ 2,582,527	\$ 717,664	\$ 1,667,579	\$ -	\$ 1,478,865	(\$ 29,973)	(\$ 2,030)	\$ 6,414,632
Appropriations of 2023 earnings								
Legal reserve	-	-	71,938	-	(71,938)	-	-	-
Special reserve	-	-	-	32,003	(32,003)	-	-	-
Cash dividends - NT\$2.00 per share	-	-	-	-	(516,505)	-	-	(516,505)
	-	-	71,938	32,003	(620,446)	-	-	(516,505)
Changes in capital surplus joint ventures accounted for under equity method	-	20,535	-	-	-	-	-	20,535
Net income for the year ended December 31, 2024	-	-	-	-	478,310	-	-	478,310
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	18,781	21,563	1,122	41,466
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	497,091	21,563	1,122	519,776
BALANCE, DECEMBER 31, 2024	2,582,527	738,199	1,739,517	32,003	1,355,510	(8,410)	(908)	\$ 6,438,438
Appropriations of 2024 earnings								
Legal reserve	-	-	49,709	-	(49,709)	-	-	-
Special reserve	-	-	-	(22,685)	22,685	-	-	-
Cash dividends - NT\$1.65 per share	-	-	-	-	(426,117)	-	-	(426,117)
	-	-	49,709	(22,685)	(453,141)	-	-	(426,117)
Net income for the year ended December 31, 2025	-	-	-	-	445,292	-	-	445,292
Other comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	2,312	(18,460)	(1,338)	(17,486)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	447,604	(18,460)	(1,338)	427,806
BALANCE, DECEMBER 31, 2025	\$ 2,582,527	\$ 738,199	\$ 1,789,226	\$ 9,318	\$ 1,349,973	(\$ 26,870)	(\$ 2,246)	\$ 6,440,127

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

SENAO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 519,642	\$ 571,919
Adjustments to reconcile income before income tax to net cash generated from operating activities:		
Depreciation expenses	339,743	338,879
Amortization expenses	35,792	22,529
Expected credit loss	2,970	2,868
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	98	(263)
Interest expense	12,240	12,461
Interest income	(9,850)	(13,400)
Dividend income	(1,092)	(372)
Share of profit of subsidiaries and associates accounted for using equity method	(141,428)	(112,111)
Net loss on disposal of property, plant and equipment	124	106
Net gain on lease modification	(537)	(392)
Provision (reversal of allowance) for inventory obsolescence	1,809	(14,605)
Net loss (gain) on foreign currency exchange	3	(23)
Changes in operating assets and liabilities:		
Notes receivable	52,557	14,765
Trade receivables	(332,632)	(38,469)
Trade receivables from related parties	(87,305)	(89,746)
Other receivables	98,983	(65,941)
Other receivables from related parties	11,385	(40,588)
Inventories	243,750	(161,315)
Prepayments	9,469	(13,208)
Other current assets	(5,568)	(468)
Contract liabilities	10,470	5,639
Notes payable	(2,443)	436
Notes payable to related parties	-	(18)
Trade payables	(8,968)	368,503
Trade payables to related parties	(88,295)	117,902
Other payables	54,884	25,920
Other payables to related parties	27,816	(25,173)
Other current liabilities	22,218	3,332
Net defined benefit liabilities - noncurrent	(3,885)	(3,383)
Cash from operations	761,950	905,784
Interest paid	(12,240)	(12,461)
Income tax paid	(41,846)	(2,837)
Net cash generated from operating activities	<u>707,864</u>	<u>890,486</u>

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SENAO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments using the equity method	\$ -	(\$ 375,428)
Acquisition of property, plant and equipment	(38,723)	(32,288)
(Increase) decrease in refundable deposits	(6,371)	427
Acquisition of intangible assets	(39,833)	(27,405)
Increase in other noncurrent assets	-	(2,868)
Interest received	9,831	13,403
Dividends received	<u>90,664</u>	<u>90,475</u>
Net cash flows generated from (used in) investing activities	<u>15,568</u>	<u>(333,684)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	1,800,000	270,000
Repayment of short-term loans	(1,800,000)	(270,000)
(Decrease) increase in guarantee deposits	(951)	144
Repayment of the principal portion of lease liabilities	(296,124)	(296,283)
Cash dividends paid	<u>(426,117)</u>	<u>(516,505)</u>
Net cash used in financing activities	<u>(723,192)</u>	<u>(812,644)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS		
	<u>(3)</u>	<u>23</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	237	(255,819)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>1,642,737</u>	<u>1,898,556</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 1,642,974</u>	<u>\$ 1,642,737</u>

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

SENAO INTERNATIONAL CO., LTD.

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

1. GENERAL

Senao International Co., Ltd. (“the Company”) was incorporated in the Republic of China (“ROC”) on May 18, 1979. On January 12, 2001, the Company received approval from the Securities and Futures Commission (the “SFC”) for a domestic initial public offering and its common stocks were listed and traded on the Taiwan Stock Exchange (the “TWSE”) on May 24, 2001. In need of organizational rebuilding and professional operation of all kinds of businesses, the Company has spun off the wireless communication business segment, including its assets and liabilities and incorporated Senao Networks, Inc. pursuant to the Business Mergers and Acquisitions Act. The spin-off date was October 1, 2006.

After rebuilding the organization, the Company mainly sells mobile phones, information appliance, home appliances, peripheral products, and health care products, and provides the related repairs and maintenance services.

Chunghwa Telecom Co., Ltd. (“Chunghwa”) acquired the shares of Senao on January 15, 2007. Chunghwa has a substantial control over Senao, and it is the ultimate parent entity of Senao. As of December 31, 2025, Chunghwa’s ownership interest in Senao was 27.79%.

These parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Board of Directors on February 11, 2026.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

- a. Adoption of new issuances of or amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed by the Financial Supervisory Commission (FSC) and set effective from 2025

The adoption of the above new issuance of or amendments to the IFRS Accounting Standards as endorsed by the FSC had no material impact on the Group’s accounting policies.

- b. Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note)</u>
Specific provisions of Amendments to IFRS 9 and IFRS 7, “Amendments to the classification and measurement of financial instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note)</u>
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

- c. IFRS Accounting Standards issued by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 18, “Presentation and disclosure in financial statements”	January 1, 2027 (Note 2)
Amendments to 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: The FSC has announced in a press release on December 10, 2025 that public companies will adopt IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their needs after the FSC endorses IFRS 18.

As of the date the parent company only financial statements were authorized for issuance, except IFRS 18, “Presentation and disclosure in financial statements”, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

- a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit assets (liabilities) which are measured at the fair value of plan assets less the present value of the defined benefit obligation.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profit of subsidiaries and associates accounted for using equity method, share of other comprehensive income of subsidiaries and associates accounted for using equity method and the related equity accounts in the parent company only financial statements.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have substantive rights to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Foreign currencies

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

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

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 from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, which will not be recalculated.

e. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are stated at the weighted-average cost.

f. Investments accounted for using equity method

Investments accounted for using the equity method include investments in subsidiaries and associates.

1) Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control of the subsidiaries are accounted for as equity transactions. The Company recognizes directly in equity any differences between the carrying amount of the subsidiary and the fair value of the consideration paid or received are recognized directly in equity.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and are not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized in current profit or loss.

The Company assesses its investments for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

2) Investments in associates

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

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

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When evaluating if there is an impairment loss, the entire carrying amount of investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with its associates, profits and losses resulting from the transactions are recognized in the parent company only financial statements only to the extent that interests in the associates are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost and subsequently measured at cost less accumulated depreciation.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. The estimated useful lives of the intangible assets are set to zero except when the Company expects to dispose of the assets before the end of the useful life.

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

- i. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount is less than the carrying amount, the difference will be recognized in profit or loss as impairment loss. When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset in prior years.

- j. Financial instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheets when the Company 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 fair value through profit or loss) 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 fair value through profit or loss (FVPL) are recognized immediately in profit or loss.

- 1) Financial assets

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

- a) Measurement categories

- i. Financial assets at FVPL

Financial assets are classified as at FVPL when such a financial assets are mandatorily classified as at FVPL.

Financial assets at FVPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 26.

- ii. Investments in equity instruments at fair value through other comprehensive income (FVOCI)

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

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

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

iii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 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, trade notes and receivables, other receivables, other current assets and refundable deposits, etc., 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.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include, but are not limited to, commercial paper with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

As of the balance sheet date, the Company evaluates the impairment losses for expected credit losses (i.e. ECLs) on financial assets at amortized cost. The Company always recognizes lifetime expected credit losses for trade receivables and other receivables.

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.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount 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.

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

3) Equity instruments

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

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

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

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

k. Revenue recognition

Revenues from sales, services and repairs are separately identified as performance obligations. Further, the Company allocates the transaction consideration to the performance obligations. Revenue is recognized when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of mobile phones, information appliance, home appliances, peripheral products, and health care products. Sales of mobile phones, information appliance, home appliances, peripheral products, and health care products are recognized as revenue when the control of the goods are transferred and all of the related performance obligations are satisfied.

2) Revenue from the rendering of services, including repairs and maintenance services

The Company recognizes revenue when the promised service is transferred to the customer and fulfilled the performance obligations.

1. Leasing

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

1) The Company as lessor

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in lease term or a change in a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the parent company only balance sheets.

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit assets (liabilities) are the residual provision (deficit) of defined benefit retirement plans.

n. Taxation

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

1) Current tax

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is recognized as income tax in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgements

Valuation of inventories

Inventories are measured at lower of cost or net realizable value. The management uses the estimated selling price in the ordinary course of business less the estimated costs of marketing as the net realizable value. In addition, the management considers the aging of products and the related turnover as the basis of the inventory obsolescence loss. Since the management determines and estimates the net realizable value based on market conditions as of reporting date and historical experience with product sales, the changes in market conditions may have a material impact on the valuation of inventories.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Cash on hand and petty cash	\$ 163,430	\$ 304,979
Checking accounts and demand deposits	1,180,406	1,036,537
Cash equivalents		
Commercial paper	299,138	299,270
Stimulus voucher	-	1,951
	<u>\$ 1,642,974</u>	<u>\$ 1,642,737</u>

The annual yield rates of bank deposits and commercial paper as of balance sheet dates were as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Bank deposits	0.01%-0.705%	0.01%-0.80%
Commercial paper	1.20%	1.20%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets - current</u>		
Financial assets held for trading		
Derivative financial assets		
Forward exchange contracts	\$ 168	\$ 263
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities		
Forward exchange contracts	\$ 3	\$ -

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

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
<u>December 31, 2025</u>			
Forward exchange contracts - buy	NTD/USD	2026.01.02~ 2026.01.16	NTD 30,039/ USD 961
<u>December 31, 2024</u>			
Forward exchange contracts - buy	NTD/USD	2025.01.03~ 2025.01.17	NTD 45,879/ USD 1,408

The Company entered into forward exchange contracts to hedge the exchange rate risk arising from assets and liabilities denominated in foreign currencies, but it does not meet the valid hedging criteria, and thus, the risk accounting is not applicable.

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Notes receivable</u>		
Notes receivable	\$ 3,743	\$ 56,300
Less: Allowance for impairment loss	(931)	(931)
	<u>\$ 2,812</u>	<u>\$ 55,369</u>
<u>Trade receivables</u>		
Trade receivables	\$ 842,080	\$ 509,413
Less: Allowance for impairment loss	(23,351)	(20,346)
	<u>\$ 818,729</u>	<u>\$ 489,067</u>

	December 31	
	2025	2024
<u>Other receivables</u>		
Suppliers allowance receivable	\$ 121,199	\$ 215,440
Others	<u>51,408</u>	<u>57,069</u>
	<u>\$ 172,607</u>	<u>\$ 272,509</u>

Notes Receivable and Trade Receivables

The average credit terms range from 30 to 90 days.

The Company uses other publicly available financial information and its own trading records to rate its major customers, and the Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Since the Company's customers, apart from the abovementioned corporate customers, are large and unrelated to each other, the divergence of the credit risk is constrained.

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

The Company uses the lifetime expected loss provision for all notes receivable and trade receivables. The expected credit losses on notes receivable and trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

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

The following table details the loss allowance of notes receivable and trade receivables based on the Company's provision matrix.

December 31, 2025

	Not Past Due	Less than 60	61 to 90 Days	Over 91 Days*	Total
		Days			
Expected credit loss rate	0.1627%	50.2674%~ 52.8175%	83.3095%	100%	
Notes receivable and trade receivables	\$ 819,377	\$ 4,126	\$ 77	\$ 22,243	\$ 845,823
Less: Loss allowance (Lifetime ECL)	(1,445)	(2,101)	(64)	(20,672)	(24,282)
Amortized cost	<u>\$ 817,932</u>	<u>\$ 2,025</u>	<u>\$ 13</u>	<u>\$ 1,571</u>	<u>\$ 821,541</u>

December 31, 2024

	Not Past Due	Less than 60	61 to 90 Days	Over 91 Days*	Total
		Days			
Expected credit loss rate	0%~0.0303%	22.7092%~ 53.3748%	98.1343%	100%	
Notes receivable and trade receivables	\$ 542,703	\$ 128	\$ 48	\$ 22,834	\$ 565,713
Less: Loss allowance (Lifetime ECL)	(154)	(68)	(47)	(21,008)	(21,277)
Amortized cost	<u>\$ 542,549</u>	<u>\$ 60</u>	<u>\$ 1</u>	<u>\$ 1,826</u>	<u>\$ 544,436</u>

- * For those customers who provided the collateral, the Company evaluated the expected credit loss rate as 0% because the value of the collateral provided is greater than the carrying value of the notes receivable and trade receivables.

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	For the Year Ended December 31	
	2025	2024
Balance on January 1	\$ 21,277	\$ 18,357
Amounts recovered	35	52
Provision for impairment losses	<u>2,970</u>	<u>2,868</u>
Balance on December 31	<u>\$ 24,282</u>	<u>\$ 21,277</u>

9. INVENTORIES

	December 31	
	2025	2024
Merchandise	<u>\$ 2,242,962</u>	<u>\$ 2,488,521</u>

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2025 was \$26,865,060 thousand. The amount included the loss on provision for inventory and obsolescence of \$1,809 thousand.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2024 was \$27,161,930 thousand. The amount included the profit from inventory recovery due to inventory disposal and market price changes in net realizable value of \$14,605 thousand.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2025	2024
Investments in subsidiaries	\$ 450,617	\$ 441,821
Investments in associates	<u>2,023,706</u>	<u>1,998,346</u>
	<u>\$ 2,474,323</u>	<u>\$ 2,440,167</u>

a. Investments in subsidiaries

	December 31	
	2025	2024
Youth Co., Ltd. ("Youth")	\$ 153,943	\$ 161,398
Aval Technologies Co., Ltd. ("Aval")	155,331	142,721
Senyoung Insurance Agent Co., Ltd. ("Senyoung")	<u>141,343</u>	<u>137,702</u>
	<u>\$ 450,617</u>	<u>\$ 441,821</u>

	Proportion of Ownership and Voting Rights	
	December 31	
	2025	2024
Youth	95.79%	95.79%
Aval	100.00%	100.00%
Senyoung	100.00%	100.00%

For the information on endorsements and guarantees that the Company made for its subsidiaries, refer to Note 22 and Table 1.

For the years ended December 31, 2025 and 2024, the Company's share of profit (loss) and other comprehensive income (loss) of the subsidiaries were recognized based on the financial statements which have been audited for the same period.

Refer to Note 27 for detailed information on the indirect investments in subsidiaries.

b. Investments in associates

	December 31	
	2025	2024
Material associate		
Senao Networks, Inc. ("Senao Networks")	<u>\$ 2,023,706</u>	<u>\$ 1,998,346</u>

Material associate

	Proportion of Ownership and Voting Rights	
	December 31	
	2025	2024
Senao Networks	33.16%	33.16%

Although the Company is the single largest shareholder of Senao Networks, as of December 31, 2025, based on the evaluation of the active participation of other shareholders in Senao Networks' shareholder meetings in the past, the Company did not have absolute dominance in voting on resolutions at the shareholders' meeting and held less than half of the directors' seats, which shows that the Company has no actual ability to unilaterally direct the relevant activities of the company, so it is judged that it does not control the company and only has a significant influence, and treats it as an associate.

Refer to Table 6 for the nature of activities, principal places of business and countries of incorporation of the associates.

The investments were accounted for using the equity method, and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2025 and 2024 were based on the associate's financial statements which have been audited for the same period.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

	December 31	
	2025	2024
Senao Networks	<u>\$ 2,555,510</u>	<u>\$ 3,838,161</u>

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Company and its subsidiaries as a Company for equity accounting purposes.

Senao Networks and its subsidiaries

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Current assets	\$ 8,429,284	\$ 8,606,330
Noncurrent assets	4,887,739	4,231,876
Current liabilities	(5,512,167)	(5,698,916)
Noncurrent liabilities	(1,341,900)	(791,961)
Equity	6,462,956	6,347,329
Noncontrolling interests	(359,438)	(320,297)
	<u>\$ 6,103,518</u>	<u>\$ 6,027,032</u>
Proportion of the Company's ownership	33.16%	33.16%
Equity attributable to the Company (carrying amount of the investment)	<u>\$ 2,023,706</u>	<u>\$ 1,998,346</u>
	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Operating revenue	<u>\$ 15,035,668</u>	<u>\$ 11,984,802</u>
Net profit for the year	\$ 423,496	\$ 405,487
Other comprehensive (loss) income	(55,362)	70,733
Total comprehensive income for the year	<u>\$ 368,134</u>	<u>\$ 476,220</u>

11. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Assets used by the Company	\$ 330,987	\$ 328,072
Assets leased under operating leases	<u>412,033</u>	<u>420,434</u>
	<u>\$ 743,020</u>	<u>\$ 748,506</u>

a. Assets used by the Company

	Land	Buildings	Machinery and Equipment	Computer Telecommuni- cations Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Total
<u>Cost</u>								
Balance on January 1, 2025	\$ 150,363	\$ 235,571	\$ 43,530	\$ 159,195	\$ 119,351	\$ 306,001	\$ 6,659	\$ 1,020,670
Additions	-	104	1,452	24,690	3,861	8,489	-	38,596
Disposals	-	-	(2,252)	(16,159)	(4,930)	(6,116)	(21)	(29,478)
Balance on December 31, 2025	<u>\$ 150,363</u>	<u>\$ 235,675</u>	<u>\$ 42,730</u>	<u>\$ 167,726</u>	<u>\$ 118,282</u>	<u>\$ 308,374</u>	<u>\$ 6,638</u>	<u>\$ 1,029,788</u>
<u>Accumulated depreciation</u>								
Balance on January 1, 2025	\$ -	\$ 123,266	\$ 40,968	\$ 129,870	\$ 104,020	\$ 288,289	\$ 6,185	\$ 692,598
Depreciation expenses	-	4,402	699	14,540	5,239	10,411	266	35,557
Disposals	-	-	(2,235)	(16,075)	(4,907)	(6,116)	(21)	(29,354)
Balance on December 31, 2025	<u>\$ -</u>	<u>\$ 127,668</u>	<u>\$ 39,432</u>	<u>\$ 128,335</u>	<u>\$ 104,352</u>	<u>\$ 292,584</u>	<u>\$ 6,430</u>	<u>\$ 698,801</u>
Carrying amounts on December 31, 2025	<u>\$ 150,363</u>	<u>\$ 108,007</u>	<u>\$ 3,298</u>	<u>\$ 39,391</u>	<u>\$ 13,930</u>	<u>\$ 15,790</u>	<u>\$ 208</u>	<u>\$ 330,987</u>
	Land	Buildings	Machinery and Equipment	Computer Telecommuni- cations Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Total
<u>Cost</u>								
Balance on January 1, 2024	\$ 150,363	\$ 234,649	\$ 41,344	\$ 199,788	\$ 121,185	\$ 296,508	\$ 6,773	\$ 1,050,610
Additions	-	1,078	2,186	10,664	5,699	12,109	106	31,842
Disposals	-	(156)	-	(51,257)	(7,533)	(2,616)	(220)	(61,782)
Balance on December 31, 2024	<u>\$ 150,363</u>	<u>\$ 235,571</u>	<u>\$ 43,530</u>	<u>\$ 159,195</u>	<u>\$ 119,351</u>	<u>\$ 306,001</u>	<u>\$ 6,659</u>	<u>\$ 1,020,670</u>
<u>Accumulated depreciation</u>								
Balance on January 1, 2024	\$ -	\$ 119,070	\$ 40,445	\$ 168,689	\$ 106,353	\$ 281,393	\$ 6,139	\$ 722,089
Depreciation expenses	-	4,352	523	12,416	5,116	9,512	266	32,185
Disposals	-	(156)	-	(51,235)	(7,449)	(2,616)	(220)	(61,676)
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 123,266</u>	<u>\$ 40,968</u>	<u>\$ 129,870</u>	<u>\$ 104,020</u>	<u>\$ 288,289</u>	<u>\$ 6,185</u>	<u>\$ 692,598</u>
Carrying amounts on December 31, 2024	<u>\$ 150,363</u>	<u>\$ 112,305</u>	<u>\$ 2,562</u>	<u>\$ 29,325</u>	<u>\$ 15,331</u>	<u>\$ 17,712</u>	<u>\$ 474</u>	<u>\$ 328,072</u>

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

Buildings	
Main buildings	55 years
Mechatronic construction	15 years
Decoration construction	3-5 years
Machinery and equipment	5-8 years
Computer telecommunications equipment	3-8 years
Office equipment	3-7 years
Leasehold improvements	3 years
Other equipment	4-6 years

b. Assets leased under operating leases

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance on January 1, 2025	\$ 149,879	\$ 590,113	\$ 739,992
Additions	<u>-</u>	<u>127</u>	<u>127</u>
Balance on December 31, 2025	<u>\$ 149,879</u>	<u>\$ 590,240</u>	<u>\$ 740,119</u>
<u>Accumulated depreciation</u>			
Balance on January 1, 2025	\$ -	\$ 319,558	\$ 319,558
Depreciation expenses	<u>-</u>	<u>8,528</u>	<u>8,528</u>
Balance on December 31, 2025	<u>\$ -</u>	<u>\$ 328,086</u>	<u>\$ 328,086</u>
Carrying amounts on December 31, 2025	<u>\$ 149,879</u>	<u>\$ 262,154</u>	<u>\$ 412,033</u>
<u>Cost</u>			
Balance on January 1, 2024	\$ 149,879	\$ 589,667	\$ 739,546
Additions	<u>-</u>	<u>446</u>	<u>446</u>
Balance on December 31, 2024	<u>\$ 149,879</u>	<u>\$ 590,113</u>	<u>\$ 739,992</u>
<u>Accumulated depreciation</u>			
Balance on January 1, 2024	\$ -	\$ 310,982	\$ 310,982
Depreciation expenses	<u>-</u>	<u>8,576</u>	<u>8,576</u>
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 319,558</u>	<u>\$ 319,558</u>
Carrying amounts on December 31, 2024	<u>\$ 149,879</u>	<u>\$ 270,555</u>	<u>\$ 420,434</u>

Operating leases relating to leases of land and building have lease terms of 2 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Year 1	\$ 15,960	\$ 47,880
Year 2	<u>-</u>	<u>15,960</u>
	<u>\$ 15,960</u>	<u>\$ 63,840</u>

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

Buildings	
Main building	55 years
Mechatronic construction	15 years
Decoration construction	3-5 years

As of December 31, 2025 and 2024, the Company did not recognize impairment loss of property, plant and equipment.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2025	2024
<u>Carrying amounts</u>		
Buildings	\$ 518,121	\$ 630,406
Transportation equipment	1,288	710
Others	164	351
	<u>\$ 519,573</u>	<u>\$ 631,467</u>
	For the Year Ended December 31	
	2025	2024
<u>Depreciation charge for right-of-use assets</u>		
Buildings	\$ 294,778	\$ 297,199
Transportation equipment	508	501
Others	372	418
	<u>\$ 295,658</u>	<u>\$ 298,118</u>

The initial recognition of right-of-use assets and lease liabilities of \$221,847 thousand and \$310,608 thousand were noncash transactions for the years ended December 31, 2025 and 2024, respectively.

Except for the addition and recognition of depreciation expenses listed above, there were no significant sublease or impairment of the right-of-use assets of the Company in 2025 and 2024.

b. Lease liabilities

	December 31	
	2025	2024
<u>Carrying amounts</u>		
Current	<u>\$ 222,008</u>	<u>\$ 274,345</u>
Noncurrent	<u>\$ 309,360</u>	<u>\$ 369,920</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2025	2024
Buildings	1.30%-2.30%	1.30%-2.15%
Transportation equipment	2.15%	1.80%
Others	2.18%	1.80%-1.90%

c. Material lease-in activities and terms

The Company leases certain buildings for the use of offices and retail stores with lease terms of 1 to 10 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of freehold property, plant and equipment are set out in Note 11.

	For the Year Ended December 31	
	2025	2024
Expenses relating to low-value asset leases	<u>\$ 3,929</u>	<u>\$ 3,981</u>
Interest expense on lease liabilities	<u>\$ 11,058</u>	<u>\$ 12,238</u>
Total cash outflow for leases	<u>\$ 311,111</u>	<u>\$ 312,502</u>

The Company leases certain office equipment which qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2025	2024
<u>Notes payable</u>		
Operating	<u>\$ 936</u>	<u>\$ 3,379</u>
<u>Trade payables</u>		
Operating	<u>\$ 1,761,088</u>	<u>\$ 1,770,056</u>

a. Notes payable

Notes payable were mainly from the payment for the rent of the offices and the business places.

b. Trade payables

The average credit period is one month. The Company has set up financial risk management policies in place to ensure that all payables will be paid within the pre-agreed credit terms.

14. OTHER PAYABLES

	December 31	
	2025	2024
Payables for bonuses	\$ 164,148	\$ 161,447
Payables for salaries	157,047	145,597
Accrued marketing compensation	53,765	38,256
Accrued compensation to employees and remuneration to directors	28,973	30,101
Others	<u>319,392</u>	<u>293,040</u>
	<u>\$ 723,325</u>	<u>\$ 668,441</u>

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company’s defined benefit plans were as follows:

	December 31	
	2025	2024
Present value of funded defined benefit obligation	\$ 170,932	\$ 172,632
Fair value of plan assets	(199,787)	(195,662)
Funded status surplus	(28,855)	(23,030)
Net defined benefit assets	<u>(\$ 28,855)</u>	<u>(\$ 23,030)</u>

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

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit (Assets) Liabilities
Balance on January 1, 2025	\$ 172,632	(\$ 195,662)	(\$ 23,030)
Service cost			
Current service cost	18	-	18
Net interest expense (income)	<u>3,022</u>	(3,456)	(434)
Recognized in profit or loss	<u>3,040</u>	(3,456)	(416)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(13,251)	(13,251)
Actuarial loss - changes in financial assumptions	3,406	-	3,406
Actuarial loss - experience adjustments	<u>7,905</u>	-	<u>7,905</u>
Recognized in other comprehensive income	<u>11,311</u>	(13,251)	(1,940)
Contributions from the employer	-	(3,469)	(3,469)
Benefits paid	(16,051)	16,051	-
Balance on December 31, 2025	<u>\$ 170,932</u>	<u>(\$ 199,787)</u>	<u>(\$ 28,855)</u>

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit (Assets) Liabilities
Balance on January 1, 2024	\$ 181,534	(\$ 180,480)	\$ 1,054
Service cost			
Current service cost	186	-	186
Net interest expense (income)	<u>2,269</u>	<u>(2,279)</u>	<u>(10)</u>
Recognized in profit or loss	<u>2,455</u>	<u>(2,279)</u>	<u>176</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(16,181)	(16,181)
Actuarial gain - changes in financial assumptions	(7,613)	-	(7,613)
Actuarial loss - experience adjustments	<u>3,093</u>	<u>-</u>	<u>3,093</u>
Recognized in other comprehensive income	<u>(4,520)</u>	<u>(16,181)</u>	<u>(20,701)</u>
Contributions from the employer	-	(3,559)	(3,559)
Benefits paid	<u>(6,837)</u>	<u>6,837</u>	<u>-</u>
Balance on December 31, 2024	<u>\$ 172,632</u>	<u>(\$ 195,662)</u>	<u>(\$ 23,030)</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2025	2024
Operating costs	(\$ 33)	\$ 17
Operating expenses	<u>(383)</u>	<u>159</u>
	<u>(\$ 416)</u>	<u>\$ 176</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or as mandated by the management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	Measurement Date	
	December 31	
	2025	2024
Discount rates	1.50%	1.75%
Expected rates of salary increase	1%	1%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2025	2024
Discount rates		
0.25% increase	(\$ 3,406)	(\$ 3,621)
0.25% decrease	<u>\$ 3,520</u>	<u>\$ 3,743</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 3,472</u>	<u>\$ 3,699</u>
0.25% decrease	<u>(\$ 3,376)</u>	<u>(\$ 3,595)</u>

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2025	2024
Expected contributions to the plans for the next year	<u>\$ 3,500</u>	<u>\$ 3,600</u>
Average duration of the defined benefit obligation	8.1 years	8.5 years

16. EQUITY

a. Share capital - ordinary shares

	December 31	
	2025	2024
Number of shares authorized (in thousands)	<u>450,000</u>	<u>450,000</u>
Shares authorized	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>258,253</u>	<u>258,253</u>
Shares issued	<u>\$ 2,582,527</u>	<u>\$ 2,582,527</u>

The issued ordinary shares with a par value at \$10 are entitled the right to vote and receive dividends.

b. Capital surplus

The capital surplus for the years ended December 31, 2025 and 2024 were as follows:

	Share Premium	Compensation Costs Related to Share-based Payment	Movements of Capital Surplus for Associates Accounted for Using Equity Method and Subsidiaries	Movements of Capital Surplus due to Transactions of Treasury Shares	Total
Balance on January 1 and December 31, 2025	<u>\$ 346,007</u>	<u>\$ 215,648</u>	<u>\$ 152,036</u>	<u>\$ 24,508</u>	<u>\$ 738,199</u>
Balance on January 1, 2024	\$ 346,007	\$ 215,648	\$ 131,501	\$ 24,508	\$ 717,664
Changes in capital surplus ventures accounted for under equity method	<u>-</u>	<u>-</u>	<u>20,535</u>	<u>-</u>	<u>20,535</u>
Balance on December 31, 2024	<u>\$ 346,007</u>	<u>\$ 215,648</u>	<u>\$ 152,036</u>	<u>\$ 24,508</u>	<u>\$ 738,199</u>

Capital surplus from share premium and the premium from disposal of treasury shares may be utilized to offset against deficit; furthermore, when the Company has no deficit, it may be distributed in cash or capitalized, which however is limited to a certain percentage of the Company's paid-in capital.

The capital surplus from movements of investments in associates and subsidiaries accounted for using equity method and subsequent invalidation from share-based payment transactions may only be utilized to offset deficits.

The change in the equity method recognition of the capital surplus for affiliated companies during the year 2024 was primarily due to the cash capital increase and issuance of new shares by the Senao Networks Company in October 2024, which the Company did not subscribe to in proportion to its shareholding.

c. Retained earnings and dividends policy

Under the Company's dividends policy, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The Company's board of directors shall, with more than two-thirds of the directors present, and the resolution of more than half of the directors present, distribute all or part of the dividends, bonuses, capital reserve or statutory surplus reserve in cash, which shall be reported to the shareholders during their meeting. The requirement for a resolution by the shareholders is not applicable for the above provisions. For the Company's policies on the distribution of employees' compensation and remuneration of directors, refer to Employees' compensation and remuneration of directors in Note 18-f.

In order to meet "the balanced dividend policy" to conform with the Company's current operating environment and the goal of sustainability, the policy on the distribution of dividends emphasizes the need for the Company's stability and growth. No less than 30% of the distributable remaining earnings shall be distributed as stockholders' dividends, of which cash dividends to be distributed shall not be less than 10% of the total amount of dividends to be distributed.

An appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset against deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company should appropriate a special reserve when the net amount of other equity items is negative at the end of reporting period upon the earnings distribution. Distribution can be made out of any subsequent reversal of the debit to other equity items.

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

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Fiscal Year 2024	For Fiscal Year 2023	For Fiscal Year 2024	For Fiscal Year 2023
Legal reserve	\$ 49,709	\$ 71,938		
(Reversal) provision of special reserve	(22,685)	32,003		
Cash dividends	426,117	516,505	\$1.65	\$2.00

The above appropriations for cash dividends have been resolved by the Company's board of directors on February 14, 2025 and February 16, 2024, respectively; the other proposed appropriations have been resolved by the shareholders in their meeting held on May 28, 2025 and May 20, 2024, respectively.

The appropriations of earnings for 2025, which were proposed by the Company's board of directors on February 11, 2026, were as follows:

	For the Year Ended December 31, 2025
Legal reserve	<u>\$ 44,760</u>
Special reserve	<u>\$ 19,798</u>
Cash dividends	<u>\$ 400,292</u>
Cash dividends per share (NT\$)	<u>\$ 1.55</u>

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

17. REVENUE

	For the Year Ended December 31	
	2025	2024
Revenue from contracts with customers		
Revenue from sale of goods	\$ 28,658,241	\$ 28,815,161
Revenue from rendering of services	1,175,328	1,377,663
Revenue from repairs and maintenance services	<u>480,988</u>	<u>558,514</u>
	<u>\$ 30,314,557</u>	<u>\$ 30,751,338</u>

Contract Balances

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities - current			
Sale of goods	\$ 98,264	\$ 89,445	\$ 84,046
Others	<u>5,335</u>	<u>5,883</u>	<u>5,643</u>
	<u>\$ 103,599</u>	<u>\$ 95,328</u>	<u>\$ 89,689</u>
Contract liabilities - noncurrent	<u>\$ 2,199</u>	<u>\$ -</u>	<u>\$ -</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's performance and the respective customer's payment.

As of December 31, 2025, the long-term warranty agreements signed between Senao and customers have not been fulfilled. Revenue will be recognized in the following years as the performance obligations are satisfied over time.

Revenue recognized in the current year that was included in the contract liabilities at the beginning of the year was as follows:

	For the Year Ended December 31	
	2025	2024
Revenues from the beginning contract liabilities		
Sale of goods	\$ 79,062	\$ 71,260
Others	<u>5,433</u>	<u>5,352</u>
	<u>\$ 84,495</u>	<u>\$ 76,612</u>

18. NET INCOME

a. Other income and expenses

	For the Year Ended December 31	
	2025	2024
Net loss on disposal of property, plant and equipment	(\$ 124)	(\$ 106)
Net gain on lease modification	<u>537</u>	<u>392</u>
	<u>\$ 413</u>	<u>\$ 286</u>

b. Other income

	For the Year Ended December 31	
	2025	2024
Rental income	\$ 76,234	\$ 72,814
Dividend income	1,092	372
Others	<u>18,709</u>	<u>19,682</u>
	<u>\$ 96,035</u>	<u>\$ 92,868</u>

c. Interest expense

	For the Year Ended December 31	
	2025	2024
Interest on lease liabilities	\$ 11,058	\$ 12,238
Interest on bank loans	<u>1,182</u>	<u>223</u>
	<u>\$ 12,240</u>	<u>\$ 12,461</u>

d. Depreciation and amortization expenses

	For the Year Ended December 31	
	2025	2024
Right-of-use assets	\$ 295,658	\$ 298,118
Property, plant and equipment	44,085	40,761
Intangible assets	<u>35,792</u>	<u>22,529</u>
	<u>\$ 375,535</u>	<u>\$ 361,408</u>
An analysis of depreciation by function		
Operating costs	\$ 650	\$ 804
Operating expenses	<u>339,093</u>	<u>338,075</u>
	<u>\$ 339,743</u>	<u>\$ 338,879</u>
An analysis of amortization by function		
Selling expenses	\$ 7,301	\$ 4,616
General and administrative expenses	<u>28,491</u>	<u>17,913</u>
	<u>\$ 35,792</u>	<u>\$ 22,529</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2025	2024
Post-employment benefits (Note 15)		
Defined contribution plans	\$ 70,827	\$ 66,759
Defined benefit plans	(416)	176
	70,411	66,935
Termination benefits	9,870	900
Other employee benefits	<u>1,590,879</u>	<u>1,536,145</u>
Total employee benefits expense	<u>\$ 1,671,160</u>	<u>\$ 1,603,980</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 52,688	\$ 59,100
Operating expenses	<u>1,618,472</u>	<u>1,544,880</u>
	<u>\$ 1,671,160</u>	<u>\$ 1,603,980</u>

f. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. At least 5% of the employees' compensation and remuneration specified above shall be allocated for distribution to frontline employees.

If there is a change in the amounts after the annual parent company only financial statements are authorized for issuance, the differences are recorded as a change in the accounting estimate and will be recognized in the following year.

The employees' compensation and remuneration of directors were as follows:

	For the Year Ended December 31	
	2025	2024
Employees' compensation	<u>\$ 19,145</u>	<u>\$ 21,071</u>
Remuneration of directors	<u>\$ 8,205</u>	<u>\$ 9,030</u>

The employees' compensation and remuneration of directors for the years ended December 31, 2025 and 2024, which had been approved by the Company's board of directors on February 11, 2026 and February 14, 2025, respectively, were as follows:

	For the Year Ended December 31	
	2025	2024
	Cash	Cash
Employees' compensation	<u>\$ 19,145</u>	<u>\$ 21,071</u>
Remuneration of directors	<u>\$ 8,205</u>	<u>\$ 9,030</u>

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2025 and 2024.

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

19. INCOME TAX

- a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	\$ 78,421	\$ 27,694
Income tax on unappropriated earnings	2,198	4,947
Adjustments for prior years	(3,339)	-
Deferred tax		
In respect of the current year	(2,991)	64,193
Adjustments for prior years	61	(3,225)
Income tax expense recognized in profit or loss	<u>\$ 74,350</u>	<u>\$ 93,609</u>

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

	For the Year Ended December 31	
	2025	2024
Income before income tax	<u>\$ 519,642</u>	<u>\$ 571,919</u>
Income tax expense calculated at the statutory rate	\$ 103,928	\$ 114,383
Nondeductible expenses in determining taxable income	6	-
Tax-exempt income - Dividend income	(218)	(74)
Investment gain not recognized in taxable income	(28,286)	(22,422)
Income tax on unappropriated earnings	2,198	4,947
Adjustments for prior years' tax	(3,339)	-
Adjustments for prior years' deferred tax	61	(3,225)
Income tax expense recognized in profit or loss	<u>\$ 74,350</u>	<u>\$ 93,609</u>

According to the Income Tax Act in the ROC, the applicable tax rate used by the Company is 20%.

- b. Income tax recognized in other comprehensive (income) loss

	For the Year Ended December 31	
	2025	2024
<u>Deferred tax</u>		
Remeasurement of defined benefit plan	<u>\$ 388</u>	<u>\$ 4,140</u>

- c. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax assets		
Tax refund receivable and prepaid income tax (accounted for other receivables)	<u>\$ -</u>	<u>\$ 938</u>
Current tax liabilities		
Tax payable	<u>\$ 65,901</u>	<u>\$ 31,405</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2025

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Payables for annual leave	\$ 10,896	\$ 724	\$ -	\$ 11,620
Defined benefit obligation	(4,140)	4,140	(388)	(388)
Unrealized sales discounts and allowances	2,530	1,995	-	4,525
Valuation loss on inventory	3,078	362	-	3,440
Contract liabilities	3,127	739	-	3,866
Others	1,663	(113)	-	1,550
	<u>\$ 17,154</u>	<u>(\$ 7,847)</u>	<u>(\$ 388)</u>	<u>\$ 24,613</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Defined benefit obligation	<u>\$ 1,255</u>	<u>\$ 4,917</u>	<u>\$ -</u>	<u>\$ 6,172</u>

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Payables for annual leave	\$ 10,384	\$ 512	\$ -	\$ 10,896
Defined benefit obligation	(578)	578	(4,140)	(4,140)
Unrealized sales discounts and allowances	1,834	696	-	2,530
Valuation loss on inventory	5,999	(2,921)	-	3,078
Contract liabilities	3,534	(407)	-	3,127
Tax differences in intangible assets	400	(400)	-	-
Others	1,243	420	-	1,663
	22,816	(1,522)	(4,140)	17,154
Loss carryforwards	<u>58,191</u>	<u>(58,191)</u>	<u>-</u>	<u>-</u>
	<u>\$ 81,007</u>	<u>(\$ 59,713)</u>	<u>(\$ 4,140)</u>	<u>\$ 17,154</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Defined benefit obligation	<u>\$ -</u>	<u>\$ 1,255</u>	<u>\$ -</u>	<u>\$ 1,255</u>

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

The Company has no deductible temporary differences not recognized as deferred tax assets in the balance sheet.

f. Information about unused loss carryforwards

The Company has no unused loss carryforwards as of December 31, 2025.

- g. Information about unused investment tax credit

The Company has no unused investment tax credit as of December 31, 2025.

- h. Income tax assessments

The income tax returns of the Company through 2023 have been assessed by the tax authorities.

20. EARNINGS PER SHARE

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

Net Income for the Year

	For the Year Ended December 31	
	2025	2024
Net income for the year	<u>\$ 445,292</u>	<u>\$ 478,310</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	For the Year Ended December 31	
	2025	2024
Weighted average number of ordinary shares in the computation of basic earnings per share	258,253	258,253
Effect of potentially dilutive ordinary shares:		
Employee compensation	<u>737</u>	<u>751</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>258,990</u>	<u>259,004</u>

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

21. CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

	2025			
	Payables for dividends	Leasehold liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ -	\$ 644,265	\$ 22,547	\$ 666,812
Changes in cash flow from financing activities	(426,117)	(296,124)	(951)	(723,192)
Changes in other non-cash items	<u>426,117</u>	<u>183,227</u>	<u>-</u>	<u>609,344</u>
At December 31	<u>\$ -</u>	<u>\$ 531,368</u>	<u>\$ 21,596</u>	<u>\$ 552,964</u>

	2024			
	Payables for dividends	Leasehold liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ -	\$ 646,496	\$ 22,403	\$ 668,899
Changes in cash flow from financing activities	(516,505)	(296,283)	144	(812,644)
Changes in other non-cash items	<u>516,505</u>	<u>294,052</u>	<u>-</u>	<u>810,557</u>
At December 31	<u>\$ -</u>	<u>\$ 644,265</u>	<u>\$ 22,547</u>	<u>\$ 666,812</u>

22. TRANSACTIONS WITH RELATED PARTIES

a. The Company engages in business transactions with the following related parties:

Company	Relationship
Chunghwa Telecom Co., Ltd. (“Chunghwa Telecom”)	Ultimate parent entity
Fellow subsidiary	
Chunghwa System Integration Co., Ltd.	Chunghwa Telecom’s subsidiary
Spring House Entertainment Tech. Inc.	Chunghwa Telecom’s subsidiary
CHYP Multimedia Marketing & Communications Co., Ltd.	Chunghwa Telecom’s subsidiary
CHT Security Co., Ltd.	Chunghwa Telecom’s subsidiary
CHIEF Telecom Inc.	Chunghwa Telecom’s subsidiary
Smartfun Digital Co., Ltd.	Chunghwa Telecom’s subsidiary
Honghwa International Co., Ltd.	Chunghwa Telecom’s subsidiary
International Integrated Systems, Inc.	Chunghwa Telecom’s subsidiary
Chunghwa Precision Test Tech. Co., Ltd.	Chunghwa Telecom’s subsidiary of a subsidiary
Subsidiary	
Youth Co., Ltd.	The Company’s subsidiary
Aval Technologies Co., Ltd.	The Company’s subsidiary
Senyoung Insurance Agent Co., Ltd.	The Company’s subsidiary
ISPOT Co., Ltd.	Youth’s subsidiary
Wiin Technologies Co., Ltd.	Aval’s subsidiary
Associate	
Senao Networks, Inc. (“Senao Networks”)	Senao’s investment accounted for equity method
Emplus Technologies, Inc.	Senao Networks’s subsidiary
EnGenius Tech. Co., Ltd.	Senao Networks’s subsidiary
EnGenius Networks Japan	Senao Networks’s subsidiary
Other related party	
Senao Technical and Cultural Foundation	A nonprofit organization of which the funds donated by SENAO exceeds one third of its total funds
E-Life Mall Co., Ltd.	Substantial related party
Engenius Technologies Co., Ltd.	Substantial related party
Cheng Keng Investment Co., Ltd.	Substantial related party
Cheng Feng Investment Co., Ltd.	Substantial related party
Hwa Shun Investment Co., Ltd.	Substantial related party
Yu Yu Investment Co., Ltd.	Substantial related party
All Oriented Investment Co., Ltd.	Substantial related party
Kangsin Co., Ltd.	Substantial related party
Tsann Kuen Enterprise Co., Ltd.	Substantial related party

Company	Relationship
Ba Gua Liao Foundation	Substantial related party
Cih Yue Charity Foundation	Substantial related party
KKBOX Taiwan Co., Ltd.	Chunghwa Telecom's investment accounted for equity method
Next Commercial Bank Co., Ltd.	Chunghwa Telecom's investment accounted for equity method
Clickforce Co., Ltd.	Chunghwa Telecom's investment accounted for equity method
UDN DIGITAL Co., Ltd.	Non-controlling shareholders with significant influence over subsidiaries of Chunghwa Telecom Co., Ltd.

- b. Terms of the transactions with related parties were not significantly different from transactions with non-related parties. Details of transactions between the Company and other related parties are disclosed below.

1) Operating revenues

Line Item	Related Party Category	For the Year Ended December 31	
		2025	2024
Sales	Ultimate parent entity	\$ 7,254,166	\$ 7,404,289
	Fellow subsidiaries	3,081	5,117
	Subsidiaries	270	(6,631)
	Associates	1,760	3,488
	Other related parties	<u>146,308</u>	<u>31,391</u>
		<u>\$ 7,405,585</u>	<u>\$ 7,437,654</u>
Service	Ultimate parent entity	\$ 1,069,764	\$ 1,293,845
	Fellow subsidiaries	958	835
	Subsidiaries	108,486	104,555
	Other related parties	<u>9</u>	<u>-</u>
		<u>\$ 1,179,217</u>	<u>\$ 1,399,235</u>
Repairs and maintenance	Ultimate parent entity	\$ 6,600	\$ 2,665
	Fellow subsidiaries	12	47
	Other related parties	<u>268</u>	<u>163</u>
		<u>\$ 6,880</u>	<u>\$ 2,875</u>

2) Purchases and returns of goods

Related Party Category	For the Year Ended December 31	
	2025	2024
Ultimate parent entity	\$ 4,744,399	\$ 4,564,388
Fellow subsidiaries	13,625	4,299
Subsidiaries	278,578	289,191
Associates	12,844	197
Other related parties	<u>-</u>	<u>(634)</u>
	<u>\$ 5,049,446</u>	<u>\$ 4,857,441</u>

3) Operating expenses

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Ultimate parent entity	\$ 165,866	\$ 169,392
Fellow subsidiaries	916	323
Subsidiaries	1	5
Associates	180	576
Other related parties	15,429	15,420
	<u>\$ 182,392</u>	<u>\$ 185,716</u>

Operating expenses paid to ultimate parent entity pertain mainly to marketing expenses relating to goods sold by the ultimate parent entity for the Company.

4) Non-operating transactions

<u>Line Item</u>	<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Non-operating income	Ultimate parent entity	\$ 416	\$ 759
	Subsidiaries	2,998	2,367
	Associates	1,944	-
	Other related parties	5,595	1,659
		<u>\$ 10,953</u>	<u>\$ 4,785</u>

5) Receivables from related parties

<u>Line Item</u>	<u>Related Party Category</u>	<u>December 31</u>	
		<u>2025</u>	<u>2024</u>
Accounts receivable from related parties	Ultimate parent entity	\$ 1,061,588	\$ 990,466
	Fellow subsidiaries	307	3,153
	Subsidiaries	28,420	29,223
	Associates	121	235
	Other related parties	28,987	9,041
		<u>\$ 1,119,423</u>	<u>\$ 1,032,118</u>

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2025 and 2024, no allowance loss was recognized for receivables from related parties.

6) Other receivables from related parties

<u>Line Item</u>	<u>Related Party Category</u>	<u>December 31</u>	
		<u>2025</u>	<u>2024</u>
Other receivables from related parties	Ultimate parent entity	\$ 153,990	\$ 165,150
	Fellow subsidiaries	19	-
	Subsidiaries	-	244
		<u>\$ 154,009</u>	<u>\$ 165,394</u>

Other receivables represent mainly balances of sales proceeds of goods sold by the ultimate parent entity for the Company.

7) Prepayments

<u>Line Item</u>	<u>Related Party Category</u>	<u>December 31</u>	
		<u>2025</u>	<u>2024</u>
Prepaid rents	Ultimate parent entity	\$ 231	\$ 231

8) Refundable deposits

<u>Line Item</u>	<u>Related Party Category</u>	<u>December 31</u>	
		<u>2025</u>	<u>2024</u>
Refundable deposits	Ultimate parent entity	\$ 450	\$ 450

9) Trade payables to related parties

<u>Line Item</u>	<u>Related Party Category</u>	<u>December 31</u>	
		<u>2025</u>	<u>2024</u>
Trade payables to related parties	Ultimate parent entity	\$ 173,349	\$ 244,098
	Fellow subsidiaries	2,920	1
	Subsidiaries	8,077	28,579
	Associates	37	-
		<u>\$ 184,383</u>	<u>\$ 272,678</u>

The trade payables to related parties were unsecured.

10) Other payables to related parties

<u>Line Item</u>	<u>Related Party Category</u>	<u>December 31</u>	
		<u>2025</u>	<u>2024</u>
Other payables to related parties	Ultimate parent entity	\$ 223,726	\$ 196,191
	Subsidiaries	4	-
	Associates	934	871
	Other related parties	4,423	4,209
		<u>\$ 229,087</u>	<u>\$ 201,271</u>

The balances for the ultimate parent entity were proceeds of goods sold by Senao for the ultimate parent entity and the collection of monthly fees and bills on behalf of the ultimate parent entity. The balances of associates were daily subsistence allowance in Hwa Ya's plants for Senao. The transactions with other related parties were donations to other related parties.

11) Acquisitions of property, plant and equipment

<u>Related Party Category</u>	<u>Purchase Price</u>	
	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Ultimate parent entity	\$ 1,619	\$ -
Subsidiaries	-	267
Associates	-	63
	<u>\$ 1,619</u>	<u>\$ 330</u>

The main transactions pertain to Senao's acquisition of firewall computer equipment from the ultimate parent entity and computer communication equipment from associates.

12) Acquisitions of intangible assets

<u>Related Party Category</u>	<u>Purchase Price</u>	
	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Ultimate parent entity	\$ 6,034	\$ -
Fellow subsidiaries	295	-
	<u>\$ 6,329</u>	<u>\$ -</u>

The main transaction pertain to Senao's acquisition of firewall software from the ultimate parent entity and fellow subsidiaries.

13) Lease arrangements - the Company is lessee

The Company entered into a contract with the ultimate parent entity and the rent was paid monthly or quarterly.

Acquisition of right-of-use assets

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
	Ultimate parent entity	\$ 10,430
Subsidiaries	-	3,323
	<u>\$ 10,430</u>	<u>\$ 73,730</u>

<u>Line Item</u>	<u>Related Party Category</u>	<u>December 31</u>	
		<u>2025</u>	<u>2024</u>
		Lease liabilities - current	Ultimate parent entity
	Subsidiaries	1,116	1,092
		<u>\$ 6,992</u>	<u>\$ 35,098</u>

<u>Line Item</u>	<u>Related Party Category</u>	<u>December 31</u>	
		<u>2025</u>	<u>2024</u>
		Lease liabilities - noncurrent	Ultimate parent entity
	Subsidiaries	757	1,873
		<u>\$ 12,677</u>	<u>\$ 9,913</u>

<u>Line Item</u>	<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
		<u>2025</u>	<u>2024</u>
		Interest expense	Ultimate parent entity
	Subsidiaries	51	26
		<u>\$ 749</u>	<u>\$ 1,080</u>
Lease expense (accounted for operating expense)	Ultimate parent entity	<u>\$ 15,703</u>	<u>\$ 19,541</u>

14) Lease arrangements - the Company is lessor

Senao Networks entered into a contract with the Company to lease a portion of Hwa Ya's plant. The rental income was determined in reference to the rental level of similar assets and was received monthly according to the lease agreement.

<u>Line Item</u>	<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Non-operating income	Ultimate parent entity	\$ 2,400	\$ 2,400
	Subsidiaries	399	409
	Associates	47,891	47,131
	Other related parties	<u>2</u>	<u>2</u>
		<u>\$ 50,692</u>	<u>\$ 49,942</u>

15) Transactions with Next Commercial Bank Co., Ltd

<u>Line Item</u>	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Bank deposit, Time deposits	<u>\$ 15,979</u>	<u>\$ 70,402</u>

<u>Line Item</u>	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Interest income	<u>\$ 609</u>	<u>\$ 416</u>

c. Endorsements/guarantees provided

<u>Related Party Category</u>	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries		
Endorsement/guarantee amount	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Actual borrowing amount	<u>\$ 500,000</u>	<u>\$ 500,000</u>

d. Compensation of key management personnel

The remuneration of directors and members of key management personnel for the years ended December 31, 2025 and 2024 was as follows:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 51,834	\$ 51,570
Post-employment benefits	<u>5,657</u>	<u>731</u>
	<u>\$ 57,491</u>	<u>\$ 52,301</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

23. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments of the Company as of balance sheet dates were as follows:

The Company applied for post-release duty payment to the customs. As of December 31, 2025 and 2024, the amount of bank guarantees for the application amounted to \$10,000 thousand.

24. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2025

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Liabilities denominated in foreign currencies</u>			
Monetary items			
USD	\$ 966	1:31.43 (USD:NTD)	\$ 30,371

December 31, 2024

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Liabilities denominated in foreign currencies</u>			
Monetary items			
USD	\$ 1,408	1:32.785 (USD:NTD)	\$ 46,153

The Company does not have significant assets denominated in foreign currencies and unrealized foreign exchange gain or loss.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company and its subsidiaries will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

26. FINANCIAL INSTRUMENTS

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

The carrying amounts of the Company's financial assets and liabilities not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

December 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVPL				
Derivatives				
Forward foreign exchange contracts	\$ -	\$ 168	\$ -	\$ 168
Financial assets at FVOCI				
Investments in equity instruments at FVOCI				
Domestic non-listed shares	\$ -	\$ -	\$ 9,753	\$ 9,753
Financial liabilities at FVPL				
Derivatives				
Forward foreign exchange contracts	\$ -	\$ 3	\$ -	\$ 3

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVPL				
Derivatives				
Forward foreign exchange contracts	\$ -	\$ 263	\$ -	\$ 263
Financial assets at FVOCI				
Investments in equity instruments at FVOCI				
Domestic non-listed shares	\$ -	\$ -	\$ 11,091	\$ 11,091

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

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

Derivative instruments are valued based on the foreign exchange rates provided by the financial institutions' quotation systems. The fair value of individual forward foreign exchange contracts is calculated using the forward exchange rates on their respective maturity dates. The estimates and assumptions used in valuation methods are consistent with the information used by market participants when pricing financial instruments.

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

The fair values of non-listed domestic equity investments were determined using the balance sheet approach.

In the balance sheet approach, the total value, including all specific assets and liabilities of the evaluation target, is considered to reflect the entity's integrated value. A decrease in discount for lack of marketability would result in increase in fair value.

c. Categories of financial instruments

	December 31	
	2025	2024
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 3,996,110	\$ 3,729,873
Financial assets at FVOCI		
Equity investments	9,753	11,091
Designated as at FVPL		
Mandatorily classified as at FVPL	168	263
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	2,570,246	2,601,227
Designated as at FVPL		
Mandatorily classified as at FVPL	3	-

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties, other current assets and refundable deposits.
- 2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, trade payables, trade payables to related parties, other payables to related parties, partial other payables and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments include receivables, payables and lease liabilities. The Company's Finance Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the board of directors, whose purpose was to effectively manage the risks caused by changes in foreign currency rates and interest rates. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Company's Finance Department reports quarterly to the Company's board of directors, which assesses if the report is consistent with the established operating strategies and risk standards.

1) Market risk

The Company's activities expose the Company primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company entered into foreign exchange forward contracts to manage its exposure to foreign currency risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 24.

Sensitivity analysis

The Company was mainly exposed to the fluctuations of USD.

The Company's sensitivity to a 5% increase and decrease in the New Taiwan dollars (i.e. the functional currency) against the relevant foreign currencies serve as the sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The movement in pre-tax profit associated with the New Taiwan dollar strengthening 5% against the USD correspond to the pre-tax profit. For a 5% weakening of the New Taiwan dollars against the relevant currency, the pre-tax profit and the balances below would be an equal and negative change.

The Company does not have significant foreign currency risk.

b) Interest rate risk

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

	December 31	
	2025	2024
Fair value interest rate risk		
Financial assets	\$ 327,869	\$ 324,480
Financial liabilities	531,368	644,265
Cash flow interest rate risk		
Financial assets	1,138,313	994,993

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2025 and 2024 would increase/increase by \$2,846 thousand and \$2,487 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its demand deposits.

c) Other price risk

The Company is exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed related departments, such as finance and investment, to monitor the price risk.

Sensitivity analysis

The sensitivity analysis is based on the exposure to equity price risks at the end of the reporting period. If equity prices of financial assets at FVOCI had increased/decreased by 5%, the pre-tax other comprehensive income would have increase/decreased by \$488 thousand and \$555 thousand.

The Company does not have significant other price risk.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's main credit risk is concentrated on the Company's major clients. The receivables from the major clients composed 54% and 57% of the total trade receivables as of December 31, 2025 and 2024, respectively. The clients mentioned above have good credit records, no material default risk was assessed; material credit risk did not exist.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest rate risk table

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities.

December 31, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	<u>\$ 2,548,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,596</u>

Information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	Total
Lease liabilities	<u>\$ 230,036</u>	<u>\$ 303,581</u>	<u>\$ 14,174</u>	<u>\$ 547,791</u>

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	\$ 2,578,680	\$ -	\$ -	\$ 22,547

Information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	Total
Lease liabilities	\$ 283,269	\$ 375,552	\$ 2,549	\$ 661,370

The table below presents the liquidity analysis conducted by the consolidated company for derivative instruments. For derivatives that are settled on a gross basis, the analysis is prepared based on the undiscounted total contractual cash inflows and outflows.

December 31, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Gross settlement				
Foreign exchange forward contracts				
Inflows	\$ 30,204	\$ -	\$ -	\$ -
Outflows	30,039	-	-	-
	<u>\$ 165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Gross settlement				
Foreign exchange forward contracts				
Inflows	\$ 46,142	\$ -	\$ -	\$ -
Outflows	45,879	-	-	-
	<u>\$ 263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	December 31	
	2025	2024
Unsecured bank loan facility		
Amount used	\$ -	\$ -
Amount unused	3,010,000	2,660,000
	<u>\$ 3,010,000</u>	<u>\$ 2,660,000</u>

27. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: See Table 1.
- 3) Marketable securities held (excluding investments in subsidiaries and associates): See Table 2.
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 3.
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 4.
- 6) Intercompany relationships and significant intercompany transactions: See Table 5.

b. Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): See Table 6.

c. Information on investments in mainland China:

None.

SENAO INTERNATIONAL CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
YEAR ENDED DECEMBER 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Endorsement/ Guarantee Given by the Company on Behalf of Subsidiaries (Note 5)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of the Company (Note 5)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 5)	Note
		Name	Nature of Relationship (Note 2)											
0	Senao International Co., Ltd.	Aval	b	\$ 644,013	\$ 300,000	\$ 300,000	\$ 300,000	\$ -	4.66%	\$ 3,220,063	Yes	-	-	-
		Wiin	b	644,013	200,000	200,000	200,000	-	3.11%	3,220,063	Yes	-	-	-

Note 1: Significant transactions between the parent and its subsidiaries or among subsidiaries are numbered as follows:

- a. "0" for the parent.
- b. Subsidiaries are numbered from "1".

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

- a. A company with which it does business.
- b. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- c. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- d. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- e. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- f. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- g. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act.

Note 3: The total amount of endorsement or guarantee that the Company is allowed to provide is up to 50% of the net equity of the Company. The limits on endorsement or guarantee amount provided to each guaranteed party is up to 10% of the net equity of the Company.

Note 4: The maximum balance for the year and the ending balance are quota approved by the board of directors.

Note 5: The following circumstances represent "Yes":

- a. Endorsement/guarantee given by parent on behalf of subsidiaries.
- b. Endorsement/guarantee given by subsidiaries on behalf of the Company.
- c. Endorsement/guarantee given on behalf of companies in mainland China.

SENAO INTERNATIONAL CO., LTD.

MARKETABLE SECURITIES HELD (EXCLUDING SUBSIDIARIES AND RELATED PARTIES)

DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2025				Note
				Shares (Thousands/Thousand Units)	Carrying Value	Percentage of Ownership	Fair Value	
Senao International Co., Ltd.	Stocks N.T.U. Innovation Incubation Corporation	-	Financial assets at FVOCI	1,200	\$ 9,753	9.41	\$ 9,753	-

Note: The related information on subsidiaries and associates, refer to Table 6.

SENAO INTERNATIONAL CO., LTD.

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2025
(Amounts in Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 2)		Notes/Trade Payable or Receivable		Note
			Purchase/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Senao International Co., Ltd.	Chunghwa Telecom	Ultimate parent entity	Sales	\$ 8,330,530	25.15	30-90 days	\$ -	-	\$ 1,061,588	43.08	Note 1
			Purchase	4,744,399	16.48	30 days	-	-	(173,349)	(8.53)	
	Aval	Subsidiary	Purchase	264,107	0.92	30 days	-	-	(7,774)	(0.38)	
	Senyoung	Subsidiary	Sales	108,732	0.33	60 days	-	-	28,390	1.15	

Note 1: The sales from Chunghwa Telecom Co., Ltd. include sales revenue, service revenue and repairs and maintenance revenue.

Note 2: Terms of the transactions with related parties were not significantly different from transactions with non-related parties.

SENAO INTERNATIONAL CO., LTD.

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

DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
Senao International Co., Ltd.	Chunghwa Telecom	Ultimate parent entity	\$ 1,215,578 (Note 1)	8.12 (Note 2)	\$ -	-	\$ 212,249	\$ -

Note 1: The receivables from related parties included \$145,048 thousand which is the amount of products sold by Chunghwa Telecom Co., Ltd. for the Company, but not yet collected.

Note 2: The computation of the turnover of average receivables balance had already subtracted the receivables from Chunghwa Telecom Co., Ltd. for products sold for the Company.

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

YEAR ENDED DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms (Note 4)	% of Total Sales or Assets (Note 5)
0	Senao International Co., Ltd.	Aval	a	Cost of goods sold	\$ 264,107	-	1
		Wiin	a	Cost of goods sold	14,471	-	-
		Senyoung	a	Service revenue	108,486	-	-
			a	Trade receivables from related parties	28,390	-	-
1	Aval	Youth	c	Sales revenue	78,773	-	-
		ISPOT	c	Sales revenue	56,470	-	-
2	Wiin	Youth	c	Sales revenue	28,180	-	-

Note 1: Significant transactions between Senao and its subsidiaries or among subsidiaries are numbered as follows:

- a. "0" for the parent.
- b. Subsidiaries are numbered from "1".

Note 2: Related party transactions are divided into three categories as follows (there is no need for repeated disclosure between the entities, i.e., if the parent company discloses a transaction with a subsidiary, the subsidiary does not have to disclose the same information in the financial statements. Also, if a subsidiary discloses a transaction with another subsidiary, the other subsidiary does not have to disclose the same information in the financial statements):

- a. The parent to subsidiaries.
- b. Subsidiaries to the parent.
- c. Subsidiaries to subsidiaries.

Note 3: The amount was eliminated upon consolidation.

Note 4: The transaction terms related to the related parties are determined by both sides.

Note 5: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of December 31, 2025, while revenues, costs and expenses are shown as a percentage to consolidated revenues for the year ended December 31, 2025.

Note 6: Only related party transactions with an amount of NT\$10 million or more are disclosed.

SENAO INTERNATIONAL CO., LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
 YEAR ENDED DECEMBER 31, 2025
 (Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Net Income (Loss) of the Investee	Recognized Gain (Loss)	Note
				December 31, 2025	December 31, 2024	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value			
Senao International Co., Ltd.	Senao Networks	Taiwan	Telecommunication facilities manufacturing and sales	\$ 578,186	\$ 578,186	19,582	33.16	\$ 2,023,706	\$ 307,052	\$ 101,807	Note 1
	Youth	Taiwan	Sale of information and communication technologies products	427,850	427,850	14,752	95.79	153,943	835	(7,455)	Notes 1 and 2
	Aval	Taiwan	Sale of information and communication technologies products	89,550	89,550	13,740	100.00	155,331	12,611	12,610	Notes 1 and 3
	Senyoung	Taiwan	Property and liability insurance agency	59,000	59,000	8,909	100.00	141,343	34,466	34,466	Note 1
Youth	ISPOT	Taiwan	Sale of information and communication technologies products	53,021	53,021	-	100.00	13,970	537	521	Notes 1 and 4
Aval	Wiin	Taiwan	Sale of information and communication technologies products	29,550	29,550	5,029	100.00	62,124	9,524	9,524	Note 1

Note 1: Calculated for the same period as the period of the audited financial statements.

Note 2: An investment gain of \$800 thousand plus \$14 thousand arising from amortization of the premium and \$16 thousand arising from lease arrangements between the parent entity and subsidiaries, less \$8,285 thousand arising from the amortization of premium and intangible assets.

Note 3: An investment gain of \$12,611 thousand less \$1 thousand arising from lease arrangements between the parent entity and subsidiaries.

Note 4: An investment gain of \$537 thousand less \$16 thousand arising from the amortization of premium and intangible assets.

SENAO INTERNATIONAL CO., LTD.

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SENAO INTERNATIONAL CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2025

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

Item	Description	Amount
Cash in banks and petty cash		\$ 163,430
Checking accounts and demand deposits		1,180,223
Foreign currency deposits	Including US\$5,807.24 @ 31.43	183
Commercial paper	Maturities from 2025.12.26 to 2026.01.09, interest rate of 1.2%	<u>299,138</u>
		<u>\$ 1,642,974</u>

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF NOTES RECEIVABLE, NET

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	\$ 1,095
Client B	1,000
Client C	409
Client D	300
Client E	268
Others (Note)	<u>671</u>
	3,743
Less: Allowance for impairment loss	(<u>931</u>)
	<u>\$ 2,812</u>

Note: The amount for each individual client included in others does not exceed 5% of the account balance.

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF TRADE RECEIVABLES, NET

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client G	\$ 146,368
Client H	102,528
Client I	74,584
Client J	60,630
Client K	54,035
Others (Note)	<u>403,935</u>
	842,080
Less: Allowance for impairment loss	<u>(23,351)</u>
	<u>\$ 818,729</u>

Note: The amount for each individual client included in others does not exceed 5% of the account balance.

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Merchandise inventories	<u>\$ 2,242,962</u>	<u>\$ 2,607,147</u>

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2025		Additions in Investment		Decrease in Investment		Gain or (Loss) on Investment Accounted for Using Equity Method	Adjustment in Using Equity Method	Balance, December 31, 2025			Net Assets Value (Note 5)	Collateral	Note
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount			Shares (In Thousands)	Proportion of Ownership %	Amount			
Senao Networks	19,582	\$ 1,998,346	-	\$ -	-	\$ -	\$ 101,807	(\$ 76,447)	19,582	33.16	\$ 2,023,706	\$ 2,023,706	Nil	Note 1
Youth	14,752	161,398	-	-	-	-	814	(8,269)	14,752	95.79	153,943	152,890	Nil	Note 2
Aval	13,266	142,721	474	-	-	-	12,611	(1)	13,740	100.00	155,331	155,327	Nil	Notes 3 and 4
Senyoung	8,909	137,702	-	-	-	-	34,466	(30,825)	8,909	100.00	141,343	141,343	Nil	
		<u>\$ 2,440,167</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 149,698</u>	<u>(\$ 115,542)</u>			<u>\$ 2,474,323</u>	<u>\$ 2,473,266</u>		

Note 1: The adjustments in using equity method of Senao Networks include the following:

- | | |
|---|--------------------|
| a. Share of exchange differences arising from the translation of the foreign operations of associates accounted for using the equity method through other comprehensive gain or loss. | (\$ 18,460) |
| b. Share of remeasurement of defined benefit plans of associates accounted for using the equity method through other comprehensive gain or loss. | 760 |
| c. Cash dividends paid by investees. | (58,747) |
| | <u>(\$ 76,447)</u> |

Note 2: The difference between balances of December 31, 2025 and net assets value pertains to the unamortized amount between consideration received and receivable and net identifiable assets arising from the acquisition of Youth by the Company.

Note 3: In May 2025, Aval issued 474 thousand shares through capitalization of earnings.

Note 4: The difference between balances of December 31, 2025 and net assets value pertains to the unamortized amount from the lease contracts between parent entity and subsidiaries.

Note 5: The amounts were based on audited financial statements.

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (In Thousands of New Taiwan Dollars)

	<u>Balance on</u> <u>January 1, 2025</u>	<u>Additions</u>	<u>Decreases</u>	<u>Closing Balance</u>
<u>Cost</u>				
Buildings	\$ 1,217,720	\$ 220,117	(\$ 213,076)	\$ 1,224,761
Transportation equipment	1,503	1,545	(1,502)	1,546
Others	<u>626</u>	<u>185</u>	<u>(626)</u>	<u>185</u>
	<u>1,219,849</u>	<u>221,847</u>	<u>(215,204)</u>	<u>1,226,492</u>
<u>Accumulated depreciation</u>				
Buildings	587,314	294,778	(175,452)	706,640
Transportation equipment	793	508	(1,043)	258
Others	<u>275</u>	<u>372</u>	<u>(626)</u>	<u>21</u>
	<u>588,382</u>	<u>295,658</u>	<u>(177,121)</u>	<u>706,919</u>
	<u>\$ 631,467</u>	<u>(\$ 73,811)</u>	<u>(\$ 38,083)</u>	<u>\$ 519,573</u>

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF TRADE PAYABLES

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor A	\$ 774,307
Vendor B	201,143
Vendor C	195,123
Vendor D	131,641
Vendor E	114,445
Vendor F	87,806
Others (Note)	<u>256,623</u>
	<u>\$ 1,761,088</u>

Note: The amount for each individual vendor in others does not exceed 5% of the account balance.

SENAO INTERNATIONAL CO., LTD.**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Lease Term	Discount Rate (%)	Closing Balance
Buildings	2019.01-2035.04	1.30-2.30	\$ 529,909
Transportation equipment	2025.07-2028.06	2.15	1,295
Others	2025.10-2027.12	2.18	<u>164</u>
			531,368
Less: Current portion			(222,008)
			<u>\$ 309,360</u>

SENAO INTERNATIONAL CO., LTD.

**STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Amount
Sales revenue	\$ 29,811,827
Less: Sales returns	(262,538)
Sales discounts and allowances	(891,048)
Net sales	28,658,241
Revenue from rendering services	1,175,328
Revenue from repairs and maintenance services	480,988
Net revenue	<u>\$ 30,314,557</u>

SENAO INTERNATIONAL CO., LTD.

**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Amount
Merchandise inventories, beginning of year	\$ 2,488,521
Add: Merchandise purchased	28,240,043
Less: Merchandise inventories, end of year	(2,242,962)
Purchase discounts and allowances	(1,841,025)
Transferred to repair costs	(206,215)
Add: Others	426,698
Cost of goods sold	26,865,060
Service and repair costs	371,814
Operating costs	<u>\$ 27,236,874</u>

SENAO INTERNATIONAL CO., LTD.

**STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Amount
Payroll expense	\$ 1,124,352
Depreciation expense	319,213
Business promotion expense	245,748
Insurance expense	145,132
Freight	141,419
Bank commission	129,563
Others (Note)	<u>347,600</u>
	<u>\$ 2,453,027</u>

Note: The amount for each item in others does not exceed 5% of the amount balance.

SENAO INTERNATIONAL CO., LTD.

**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Amount
Payroll expense	\$ 167,863
Amortisation	28,491
Depreciation expense	19,880
Service expense	18,605
Insurance expense	17,183
Others (Note)	91,180
	<u>\$ 343,202</u>

Note: The amount for each item in others does not exceed 5% of the amount balance.

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF EMPLOYEE BENEFIT EXPENSES, DEPRECIATION AND AMORTIZATION BY FUNCTION
 FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	2025			2024		
	Belonging to Operating Costs	Belonging to Operating Expenses	Total	Belonging to Operating Costs	Belonging to Operating Expenses	Total
Employee benefit expenses (Note)						
Payroll expense	\$ 41,539	\$ 1,292,215	\$ 1,333,754	\$ 46,994	\$ 1,238,295	\$ 1,285,289
Labor and health insurance	5,360	148,587	153,947	5,864	138,311	144,175
Pension	2,308	68,103	70,411	2,647	64,288	66,935
Remuneration to directors	-	13,556	13,556	-	14,060	14,060
Others	3,481	96,011	99,492	3,595	89,926	93,521
	<u>\$ 52,688</u>	<u>\$ 1,618,472</u>	<u>\$ 1,671,160</u>	<u>\$ 59,100</u>	<u>\$ 1,544,880</u>	<u>\$ 1,603,980</u>
Depreciation expense	\$ 650	\$ 339,093	\$ 339,743	\$ 804	\$ 338,075	\$ 338,879
Amortization expense	\$ -	\$ 35,792	\$ 35,792	\$ -	\$ 22,529	\$ 22,529

Note 1: For the years ended December 31, 2025 and 2024, the Company had an average of 1,947 and 1,968 employees, including 9 and 8 non-employee directors, respectively.

Note 2: For the years ended December 31, 2025 and 2024, the average employee benefit expense were \$855 thousand and \$811 thousand, respectively. (The average employee benefit expense equals the total remuneration of directors divided by the number of non-employee directors).

Note 3: For the years ended December 31, 2025 and 2024, the average payroll expense were \$688 thousand and \$656 thousand, respectively. (The average payroll expense equals the payroll divided by the number of non-employee directors).

Note 4: The average payroll expense adjustment rate is 4.88%.

Note 5: The Company does not have supervisors; therefore, there is no remuneration to supervisors.

Note 6: The remuneration policy for directors, management personnel and employees are as follows:

- a. The remuneration of directors is paid for each attendance of the board of directors in accordance with the resolutions of the board of directors. Independent directors are paid monthly fixed remuneration, and distribute directors' remuneration in accordance with the Company's policies without paying other related floating remunerations. The remuneration of directors has been fully considered with the Company's operating objectives, financial status and directors' responsibilities, and is linked to the profitability of operating performance. The remuneration of directors is submitted to the board of directors for resolution after reviewed by the remuneration committee.
- b. The salary of managers and employees is divided into fixed salary and variable salary. The fixed salary is handled in accordance with the Company's "Salary and Benefit Management Regulations", and is verified according to the job title and professional ability. Floating salary includes year-end bonus, performance appraisal bonus and employee remuneration, which are issued according to the Company's operating conditions and performances.
- c. The Company grants year-end bonuses, performance appraisal bonuses, and contributes employee remuneration in proportion to annual surplus based on operating performance. The amount allocated is linked to operating performance profits. It is submitted to the board of directors for resolution after review by the remuneration committee.