Senao International Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2026 and 2025 and Independent Auditors' Review Report

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial English from statements have been translated into 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' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Senao International Co., Ltd. and its subsidiaries (collectively, the "Group") as of June 30, 2026 and 2025, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission (FSC). Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
110208 臺北市信義區基隆路一段 333 號 27 樓
27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
T: +886 (2) 2729 6666, F: +886 (2) 2729 6686

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2026 and 2025, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the FSC.

Wang, Ming-I

Wang, Ming-I

Lin, Yung-Chih

Lin, Yung-Chih

For and on behalf of PricewaterhouseCoopers, Taiwan

July 31, 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' review 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. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	June 30, 2026		December 31, 2025		June 30, 2025	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 26)	$ 1,678,988	16	$ 1,885,814	18	$ 2,234,162	22
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	552	-	168	-	535	-
Notes receivable, net (Note 8)	4,155	-	2,812	-	93,033	1
Trade receivables, net (Note 8)	1,290,555	12	1,370,250	13	573,048	6
Trade receivables from related parties (Note 26)	1,101,992	10	1,091,035	10	997,209	10
Other receivables (Note 8)	154,569	1	175,670	2	240,664	2
Other receivables from related parties (Note 26)	216,304	2	154,009	1	217,367	2
Inventories (Note 9)	2,316,594	22	2,324,100	22	2,330,486	22
Prepayments (Note 26)	58,884	1	71,312	1	71,743	1
Other current assets (Note 15)	18,895	-	28,564	-	23,001	-
Total current assets	6,841,488	64	7,103,734	67	6,781,248	66
NONCURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Note 30)	10,725	-	9,753	-	10,978	-
Investments accounted for using equity method (Note 11)	1,982,419	18	2,023,706	19	1,983,154	19
Property, plant and equipment (Notes 12 and 22)	761,274	7	772,109	7	772,115	7
Right-of-use assets (Notes 13, 22 and 26)	917,130	9	526,109	5	590,583	6
Intangible assets (Notes 14 and 22)	84,276	1	91,390	1	88,713	1
Deferred tax assets	29,711	-	29,056	-	25,838	-
Refundable deposits (Note 26)	57,613	1	61,263	1	55,129	1
Net defined benefit assets - noncurrent (Notes 15, 19 and 22)	30,757	-	28,855	-	24,984	-
Other noncurrent assets (Note 15)	47,559	-	47,559	-	47,559	-
Total noncurrent assets	3,921,464	36	3,589,800	33	3,599,053	34
TOTAL	$ 10,762,952	100	$ 10,693,534	100	$ 10,380,301	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 16)	$ 245,000	2	$ 340,000	3	$ -	-
Financial liabilities at fair value through profit or loss - current (Notes 7 and 30)	-	-	3	-	303	-
Contract liabilities (Note 21)	79,132	1	106,904	1	69,861	1
Notes payable (Note 17)	1,199	-	936	-	2,659	-
Trade payables (Note 17)	1,605,078	15	1,854,267	17	1,879,287	18
Trade payables to related parties (Note 26)	306,932	3	176,306	2	269,897	3
Other payables (Note 18)	1,063,989	10	763,157	7	1,056,278	10
Other payables to related parties (Note 26)	177,538	2	276,115	2	182,576	2
Current tax liabilities	38,194	-	74,446	1	33,930	-
Lease liabilities - current (Notes 13, 22 and 26)	257,676	3	225,811	2	255,951	2
Other current liabilities	49,295	-	71,566	1	49,879	-
Total current liabilities	3,824,033	36	3,889,511	36	3,800,621	36
NONCURRENT LIABILITIES						
Contract liabilities - noncurrent (Note 21)	1,946	-	2,199	-	856	-
Deferred tax liabilities	19,397	-	19,114	-	20,930	-
Lease liabilities - noncurrent (Notes 13, 22 and 26)	668,291	6	312,303	3	347,489	4
Guarantee deposits	21,596	-	21,596	-	21,896	-
Other noncurrent liabilities - other	4,118	-	-	-	-	-
Total noncurrent liabilities	715,348	6	355,212	3	391,171	4
Total liabilities	4,539,381	42	4,244,723	39	4,191,792	40
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Share capital - ordinary shares (Note 20)	2,582,527	24	2,582,527	24	2,582,527	25
Capital surplus (Note 20)	738,199	7	738,199	7	738,199	7
Retained earnings (Note 20)						
Legal reserve	1,833,986	17	1,789,226	17	1,789,226	17
Special reserve	29,116	-	9,318	-	9,318	-
Unappropriated earnings	1,058,075	10	1,349,973	13	1,101,832	11
Total retained earnings	2,921,177	27	3,148,517	30	2,900,376	28
Other equity	(26,773)	-	(29,116)	-	(41,659)	-
Equity attributable to shareholders of the parent	6,215,130	58	6,440,127	61	6,179,443	60
NONCONTROLLING INTERESTS (Note 20)	8,441	-	8,684	-	9,066	-
Total equity	6,223,571	58	6,448,811	61	6,188,509	60
TOTAL	$ 10,762,952	100	$ 10,693,534	100	$ 10,380,301	100

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

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 26)								
Sales	$ 8,346,470	98	$ 7,102,224	97	$ 16,934,823	98	$ 14,466,793	97
Less: Sales returns	52,587	1	46,870	-	106,883	1	117,827	1
Sales discounts and allowances	272,233	3	226,078	3	562,437	3	446,930	3
Net sales	8,021,650	94	6,829,276	94	16,265,503	94	13,902,036	93
Service and repairs revenue	500,334	6	468,445	6	969,065	6	967,622	7
Total operating revenues	8,521,984	100	7,297,721	100	17,234,568	100	14,869,658	100
OPERATING COSTS (Notes 9, 19, 22 and 26)								
Cost of goods sold	7,562,806	89	6,398,564	88	15,348,087	89	13,072,134	88
Service and repairs costs	94,762	1	88,008	1	179,474	1	182,741	1
Total operating costs	7,657,568	90	6,486,572	89	15,527,561	90	13,254,875	89
GROSS PROFIT	864,416	10	811,149	11	1,707,007	10	1,614,783	11
OPERATING EXPENSES (Notes 19, 22 and 26)								
Selling and marketing expenses	676,445	8	671,554	9	1,355,991	8	1,328,686	9
General and administrative expenses	95,986	1	92,390	1	196,570	1	178,835	1
Total operating expenses	772,431	9	763,944	10	1,552,561	9	1,507,521	10
NET OTHER INCOME AND EXPENSES (Note 22)	150	-	102	-	(505)	-	443	-
INCOME FROM OPERATIONS	92,135	1	47,307	1	153,941	1	107,705	1
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 22 and 26)	20,383	-	22,360	-	38,496	-	44,287	-
Share of profit of associates accounted for using equity method	13,886	-	25,188	-	15,862	-	75,783	1
Interest income (Note 26)	5,588	-	5,136	-	7,432	-	6,315	-
Net gain on foreign currency exchange	632	-	2,952	-	876	-	2,890	-
Net gain (loss) on financial assets and liabilities at fair value through profit or loss (Note 7)	318	-	(769)	-	387	-	(31)	-
Interest expense (Notes 22 and 26)	(5,800)	-	(2,934)	-	(9,191)	-	(5,944)	-
Miscellaneous disbursements	(13)	-	(37)	-	(49)	-	(122)	-
Total non-operating income and expenses	34,994	-	51,896	-	53,813	-	123,178	1
INCOME BEFORE INCOME TAX	127,129	1	99,203	1	207,754	1	230,883	2
INCOME TAX EXPENSE (Note 23)	19,434	-	15,580	-	35,045	-	31,975	-
NET INCOME	107,695	1	83,623	1	172,709	1	198,908	2

(Continued)

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified to profit or loss:								
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	$ 993	-	$ 135	-	$ 972	-	($ 113)	-
	993	-	135	-	972	-	(113)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising from the translation of the foreign operations	(227)	-	-	-	(227)	-	-	-
Share of exchange differences arising from the translation of the foreign operations of associates	(1,255)	-	(35,266)	-	1,598	-	(32,228)	-
	(1,482)	-	(35,266)	-	1,371	-	(32,228)	-
Total other comprehensive (loss) income, net of income tax	(489)	-	(35,131)	-	2,343	-	(32,341)	-
COMPREHENSIVE INCOME	$ 107,206	1	$ 48,492	1	$ 175,052	1	$ 166,567	2
NET INCOME ATTRIBUTABLE TO：								
Shareholders of the parent	$ 107,882	1	$ 83,893	1	$ 172,952	1	$ 199,463	1
Noncontrolling interests	(187)	-	(270)	-	(243)	-	(555)	-
	$ 107,695	1	$ 83,623	1	$ 172,709	1	$ 198,908	1
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO：								
Shareholders of the parent	$ 107,393	1	$ 48,762	1	$ 175,295	1	$ 167,122	1
Noncontrolling interests	(187)	-	(270)	-	(243)	-	(555)	-
	$ 107,206	1	$ 48,492	1	$ 175,052	1	$ 166,567	1
EARNINGS PER SHARE (Note 24)								
Basic	$ 0.42		$ 0.32		$ 0.67		$ 0.77	
Diluted	$ 0.42		$ 0.32		$ 0.67		$ 0.77	

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

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)
(Reviewed, Not Audited)

	Equity Attributable to Stockholders of the Parent									
			Retained Earnings (Note 20)			Other Equity				
	Share Capital - Ordinary Shares (Note 20)	Capital Surplus (Note 20)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Noncontrolling Interests (Note 20)	Total Equity
BALANCE, JANUARY 1, 2025	$ 2,582,527	$ 738,199	$ 1,739,517	$ 32,003	$ 1,355,510	($ 8,410)	($ 908)	$ 6,438,438	$ 9,621	$ 6,448,059
Appropriations of 2024 earnings										
Legal reserve	-	-	49,709	-	(49,709)	-	-	-	-	-
Special reserve	-	-	-	(22,685)	22,685	-	-	-	-	-
Cash dividends distributed by the Company - $1.65 per share	-	-	-	-	(426,117)	-	-	(426,117)	-	(426,117)
	-	-	49,709	(22,685)	(453,141)	-	-	(426,117)	-	(426,117)
Net income for the six months ended June 30, 2025	-	-	-	-	199,463	-	-	199,463	(555)	198,908
Other comprehensive loss for the six months ended June 30, 2025	-	-	-	-	-	(32,228)	(113)	(32,341)	-	(32,341)
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	199,463	(32,228)	(113)	167,122	(555)	166,567
BALANCE, JUNE 30, 2025	$ 2,582,527	$ 738,199	$ 1,789,226	$ 9,318	$ 1,101,832	($ 40,638)	($ 1,021)	$ 6,179,443	$ 9,066	$ 6,188,509
BALANCE, JANUARY 1, 2026	$ 2,582,527	$ 738,199	$ 1,789,226	$ 9,318	$ 1,349,973	($ 26,870)	($ 2,246)	$ 6,440,127	$ 8,684	$ 6,448,811
Appropriations of 2025 earnings										
Legal reserve	-	-	44,760	-	(44,760)	-	-	-	-	-
Special reserve	-	-	-	19,798	(19,798)	-	-	-	-	-
Cash dividends distributed by the Company - $1.55 per share	-	-	-	-	(400,292)	-	-	(400,292)	-	(400,292)
	-	-	44,760	19,798	(464,850)	-	-	(400,292)	-	(400,292)
Net income for the six months ended June 30, 2026	-	-	-	-	172,952	-	-	172,952	(243)	172,709
Other comprehensive income for the six months ended June 30, 2026	-	-	-	-	-	1,371	972	2,343	-	2,343
Total comprehensive income (loss) for the six months ended June 30, 2026	-	-	-	-	172,952	1,371	972	175,295	(243)	175,052
BALANCE, JUNE 30, 2026	$ 2,582,527	$ 738,199	$ 1,833,986	$ 29,116	$ 1,058,075	($ 25,499)	($ 1,274)	$ 6,215,130	$ 8,441	$ 6,223,571

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

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 207,754	$ 230,883
Adjustments for:		
Depreciation expense	173,546	173,434
Amortization expense	21,784	20,813
Expected credit (gain) loss	(2,511)	2,233
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(387)	31
Interest expense	9,191	5,944
Interest income	(7,432)	(6,315)
Dividend income	-	(1,092)
Share of profit of associates accounted for using equity method	(15,862)	(75,783)
Net loss on disposal of property, plant and equipment	699	15
Net gain on lease modification	(194)	(458)
Provision for allowance for inventory obsolescence	7,624	1,046
Net (gain) loss on foreign currency exchange	(131)	8
Changes in operating assets and liabilities:		
Notes receivable	(1,343)	(37,664)
Trade receivables	82,206	58,023
Trade receivables from related parties	(10,957)	5,686
Other receivables	20,925	36,420
Other receivables from related parties	(3,548)	6,530
Inventories	(118)	267,054
Prepayments	12,428	11,164
Other current assets	9,669	(5)
Contract liabilities	(28,025)	(24,996)
Notes payable	263	(837)
Trade payables	(249,189)	(7,976)
Trade payables to related parties	130,626	25,799
Other payables	(99,661)	(69,070)
Other payables to related parties	(98,577)	(69,053)
Other current liabilities	(22,271)	427
Net defined benefit assets - noncurrent	(1,902)	(1,954)
Cash from operations	134,607	550,307
Interest paid	(8,974)	(5,944)
Income tax paid	(71,517)	(34,672)
Net cash generated from operating activities	54,116	509,691

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SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2026	2025
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	($ 11,765)	($ 16,594)
Decrease (increase) in refundable deposits	3,650	(291)
Acquisition of intangible assets	(14,670)	(10,520)
Interest received	7,456	6,286
Net cash used in investing activities	(15,329)	(21,119)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	660,000	-
Repayment of short-term loans	(755,000)	-
Decrease in guarantee deposits	-	(651)
Repayment of the principal portion of lease liabilities	(150,517)	(151,155)
Net cash used in financing activities	(245,517)	(151,806)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	(96)	(8)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(206,826)	336,758
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,885,814	1,897,404
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,678,988	$ 2,234,162

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

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

1. GENERAL

Senao International Co., Ltd. ("Senao"; Senao and subsidiaries are hereinafter collectively referred to as "the Group") was incorporated in the Republic of China ("ROC") on May 18, 1979. On January 12, 2001, Senao 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 reorganization and professional operation of all kinds of businesses, Senao 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.

Senao 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 June 30, 2026, Chunghwa's ownership interest in Senao was 27.79%.

The consolidated financial statements are presented in Senao's functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on July 31, 2026.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed by the Financial Supervisory Commission (FSC) and set effective from 2026.

   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. The IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28, 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined by IASB
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027 (Note 2)
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
IFRS 20, 'Regulatory assets and regulatory liabilities'	January 1, 2029

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IAS 21, ‘Translation to a hyperinflationary presentation currency’	January 1, 2027
Amendments to IAS 28, ‘Amendments to the fair value option in IAS 28, ‘Investments in associates and joint ventures’	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 on February 6, 2026 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 consolidated 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 Group’s financial condition and financial performance based on the Group’s assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements as required by IFRSs endorsed and issued into effect by the FSC.

Basis of Preparation and Consolidation

a. Refer to principles prepared and used to the consolidated financial statements for the year ended December 31, 2025.

b. See Note 10 and Table 6 for detailed information on subsidiaries, percentages of ownership and main businesses.

Other Material Accounting Policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2025.

a. Defined benefit retirement benefits

   Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

b. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions which are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Refer to the statements of material accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2025.

6. CASH AND CASH EQUIVALENTS

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand and petty cash	$ 111,887	$ 163,678	$ 318,278
Checking accounts and demand deposits	1,043,646	1,294,077	1,397,687
Cash equivalents			
Commercial paper	523,211	428,059	518,197
Stimulus vouchers	244	-	-
	$ 1,678,988	$ 1,885,814	$ 2,234,162

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

	June 30, 2026	December 31, 2025	June 30, 2025
Bank deposits	0.01%-0.705%	0.01%-0.705%	0.01%-0.80%
Commercial paper	1.07%-1.25%	1.07%-1.20%	1.07%-1.20%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets - current			
Financial assets held for trading			
Derivative financial assets			
Forward exchange contracts	$ 552	$ 168	$ 535
Financial liabilities - current			
Financial liabilities held for trading			
Derivative financial liabilities			
Forward exchange contracts	$ -	$ 3	$ 303

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

	Currency	Maturity Date	Notional Amount (In Thousands)
June 30, 2026			
Forward exchange contracts - buy	NTD/USD	2026.07.03~ 2026.07.17	NTD 79,384/ USD 2,512
December 31, 2025			
Forward exchange contracts - buy	NTD/USD	2026.01.02~ 2026.01.16	NTD 30,039/ USD 961
June 30, 2025			
Forward exchange contracts - buy	NTD/USD	2025.07.07~ 2025.07.18	NTD 124,584/ USD 4,197

The Group entered into forward exchange contracts to hedge the exchange rate risk arising from assets and liabilities denominated in foreign currencies. The hedge accounting is not applicable as the criteria for an effective hedge are not met.

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable			
Notes receivable	$ 5,086	$ 3,743	$ 93,964
Less: Allowance for impairment loss	(931)	(931)	(931)
	$ 4,155	$ 2,812	$ 93,033
Trade receivables			
Trade receivables	$1,311,414	$1,393,601	$ 595,644
Less: Allowance for impairment loss	(20,859)	(23,351)	(22,596)
	$1,290,555	$1,370,205	$ 573,048
Other receivables			
Suppliers allowance receivable	$ 119,477	$ 122,378	$ 188,668
Dividends receivable	-	-	1,092
Others	35,092	53,292	50,904
	$ 154,569	$ 175,670	$ 240,664

The average credit terms range from 30 to 90 days.

The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group'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 Group'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 Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group 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 Group 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 Group 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 Group's provision matrix.

June 30, 2026

	Not Past Due	Less than 60 Days	61 to 90 Days	Over 91 Days*	Total
Expected credit loss rate	0%-0.1008%	26.4880%-33.8900%	70.4266%	100%	
Notes receivable and trade receivables	$ 1,294,600	$ 195	$ -	$ 21,705	$ 1,316,500
Less: Loss allowance (Lifetime ECL)	(846)	(66)	-	(20,878)	(21,790)
Amortized cost	$ 1,293,754	$ 129	$ -	$ 827	$ 1,294,710

December 31, 2025

	Not Past Due	Less than 60 Days	61 to 90 Days	Over 91 Days*	Total
Expected credit loss rate	0%-0.1627%	50.2674%-52.8175%	83.3095%	100%	
Notes receivable and trade receivables	$ 1,370,898	$ 4,126	$ 77	$ 22,243	$ 1,397,344
Less: Loss allowance (Lifetime ECL)	(1,445)	(2,101)	(64)	(20,672)	(24,282)
Amortized cost	$ 1,369,453	$ 2,025	$ 13	$ 1,571	$ 1,373,062

June 30, 2025

	Not Past Due	Less than 60 Days	61 to 90 Days	Over 91 Days*	Total
Expected credit loss rate	0%-0.1427%	46.4735%-69.7051%	100%	100%	
Notes receivable and trade receivables	$ 664,180	$ 1,843	$ 1,004	$ 22,581	$ 689,608
Less: Loss allowance (Lifetime ECL)	(606)	(1,058)	(1,004)	(20,859)	(23,527)
Amortized cost	$ 663,574	$ 785	$ -	$ 1,722	$ 666,081

* For those customers who provided the collateral, the Group 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 and trade receivables were as follows:

	For the Six Months Ended June 30	
	2026	2025
Balance at January 1	$ 24,282	$ 21,277
Amounts recovered	19	17
(Reversal of) provision for impairment losses	(2,511)	2,233
Balance at June 30	$ 21,790	$ 23,527

9. INVENTORIES

	June 30, 2026	December 31, 2025	June 30, 2025
Merchandise	$ 2,316,594	$ 2,324,100	$ 2,330,486

a. The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2026 and 2025 were $7,562,806 thousand and $6,398,564 thousand, respectively. The amounts included the profit from inventory recovery due to inventory disposal and market price changes in net realizable value of $5,132 thousand and $3,878 thousand, respectively.

b. The cost of inventories recognized as cost of goods sold for the six months ended June 30, 2026 and 2025 were $15,348,087 thousand and $13,072,134 thousand, respectively. The amounts included the loss from inventory recovery due to inventory disposal and market price changes in net realizable value of $7,624 thousand and $1,046 thousand, respectively.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

			Percentage of Ownership			
Name of Investor	Name of Investee	Nature of Activities	June 30, 2026	December 31, 2025	June 30, 2025	
Senao International Co., Ltd.	Youth Co., Ltd. ("Youth")	Sale of information and communication technologies products	95.79	95.79	95.79	
Senao International Co., Ltd.	Aval Technologies Co., Ltd. ("Aval")	Sale of information and communication technologies products	100.00	100.00	100.00	
	Senyoung Insurance Agent Co., Ltd. ("Senyoung")	Property and liability insurance agency	100.00	100.00	100.00	
	Sakuyo Health Science Co., Ltd.	Health product development and supply chain management	100.00	-	-	Note

Name of Investor	Name of Investee	Nature of Activities	Percentage of Ownership June 30, 2026	December 31, 2025	June 30, 2025
Youth Co., Ltd.	ISPOT Co., Ltd. ("ISPOT")	Sale of information and communication technologies products	100.00	100.00	100.00
Aval Technologies Co., Ltd.	Wiin Technologies Co., Ltd. ("Wiin")	Sale of information and communication technologies products	100.00	100.00	100.00

Note: The subsidiary, Sakuyo Health Science Co., Ltd., was incorporated in March 2026 and 100%-owned by Senao. Senao made the capital contribution in April 2026.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2026	December 31, 2025	June 30, 2025
Investments in associates			
Material associate			
Senao Networks, Inc. ("Senao Networks")	$ 1,982,419	$ 2,023,706	$ 1,983,154

Material associate

	Proportion of Ownership and Voting Rights June 30, 2026	December 31, 2025	June 30, 2025
Senao Networks	33.16%	33.16%	33.16%

Although the Group is the single largest shareholder of Senao Networks, as of June 30, 2026, based on the evaluation of the active participation of other shareholders in Senao Networks' shareholder meetings in the past, the Group 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 Group 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.

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

	June 30, 2026	December 31, 2025	June 30, 2025
Senao Networks	$ 2,653,423	$ 2,555,510	$ 3,368,182

Summarized financial information in respect of each of the Group's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Senao Networks and its subsidiaries

	June 30, 2026	December 31, 2025	June 30, 2025
Current assets	$ 9,276,055	$ 8,429,284	$ 8,415,784
Noncurrent assets	5,210,867	4,950,789	4,329,497
Current liabilities	(7,293,521)	(5,548,908)	(5,480,161)
Noncurrent liabilities	(913,915)	(1,368,209)	(969,447)
Equity	6,279,486	6,462,956	6,295,673
Noncontrolling interests	(300,489)	(359,438)	(314,459)
	$ 5,978,997	$ 6,103,518	$ 5,981,214
Proportion of the Group's ownership	33.16%	33.16%	33.16%
Equity attributable to the Group (carrying amount of the investment)	$ 1,982,419	$ 2,023,706	$ 1,983,154

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Operating revenue	$ 3,569,389	$ 3,967,827	$ 6,627,594	$ 7,961,953
Net profit for the period	$ 55,242	$ 101,315	$ 75,068	$ 300,308
Other comprehensive (loss) income	(3,798)	(108,860)	4,729	(99,457)
Total comprehensive (loss) income for the period	$ 51,444	($ 7,545)	$ 79,797	$ 200,851

12. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2026	December 31, 2025	June 30, 2025
Assets used by the Group			
Land	$ 172,415	$ 172,415	$ 172,415
Buildings	114,156	113,578	115,801
Machinery and equipment	2,967	3,298	2,477
Computer telecommunications equipment	34,737	40,568	34,219
Office equipment	14,105	14,055	13,800
Leasehold improvements	14,754	15,947	16,883
Other equipment	250	215	349
	353,384	360,076	355,944
Assets leased under operating leases			
Land	149,879	149,879	149,879
Buildings	258,011	262,154	266,292
	407,890	412,033	416,171
	$ 761,274	$ 772,109	$ 772,115

Except for depreciation expenses, there was no significant addition, disposal, and impairment of the property, plant and equipment used by the Group for the six months ended June 30, 2026 and 2025.

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

	Assets Used by the Group	Assets Leased under Operating Leases
Buildings		
Main buildings	50-55 years	55 years
Mechatronic construction	5-15 years	15 years
Decoration construction	3-5 years	3-5 years
Machinery and equipment	5-8 years	-
Computer telecommunications equipment	3-8 years	-
Office equipment	3-7 years	-
Leasehold improvements	3-5 years	-
Other equipment	4-6 years	-

There was no indication that property, plant and equipment was impaired; therefore, the Group did not recognize any impairment loss for the six months ended June 30, 2026 and 2025.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amount			
Buildings	$ 915,832	$ 524,657	$ 589,959
Transportation equipment	1,030	1,288	458
Others	268	164	165
	$ 917,130	$ 526,109	$ 590,583

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Depreciation charge for right-of-use assets				
Buildings	$ 76,165	$ 75,530	$ 151,201	$ 151,000
Transportation equipment	128	126	257	251
Others	94	93	187	186
	$ 76,387	$ 75,749	$ 151,645	$ 151,437

The initial recognition of right-of-use assets and lease liabilities of $556,495 thousand and $130,876 thousand were noncash transactions for the six months ended June 30, 2026 and 2025, respectively.

Except for the addition and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the right-of-use assets of the Group as of June 30, 2026 and 2025.

b. Lease liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amount			
Current	$ 257,676	$ 225,811	$ 255,951
Non-current	$ 668,291	$ 312,303	$ 347,489

Range of discount rates for lease liabilities was as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Buildings	1.30%-3.50%	1.30%-2.65%	1.30%-2.65%
Transportation equipment	2.15%	2.15%	1.80%
Others	2.00%-2.18%	2.18%	1.80%-1.90%

c. Material leasing activities and terms

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

d. Other lease information

Lease under operating leases for the leasing out of freehold property, plant and equipment are set out in Note 12.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Expenses relating to low-value asset leases	$ 965	$ 1,020	$ 1,919	$ 2,022
Interest expense on lease liabilities	$ 4,191	$ 2,934	$ 6,934	$ 5,944
Total cash outflow for leases	$ 80,164	$ 79,640	$ 159,370	$ 159,121

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

14. INTANGIBLE ASSETS

	June 30, 2026	December 31, 2025	June 30, 2025
Assets used by the Group			
Computer software	$ 22,547	$ 26,680	$ 18,101
Licenses and franchises	61,411	63,757	68,050
Trademark	318	953	2,562
	$ 84,276	$ 91,390	$ 88,713

Except for amortization expenses, there was no significant addition, disposal, and impairment of the intangible assets used by the Group for the six months ended June 30, 2026 and 2025.

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

Computer software	1-5 years
Licenses and franchises	20 years
Trademark	11 years

15. OTHER ASSETS

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Trust account deposit (Note)	$ 18,895	$ 28,564	$ 23,001
Non-current			
Net defined benefit assets	$ 30,757	$ 28,855	$ 24,984
Others	47,559	47,559	47,559
	$ 78,316	$ 76,414	$ 72,543

Note：Advance receipts of electronic reward points of Senao are guaranteed by trust delivery. Senao signs a trust contract with the special deposit account bank (Cathay United Bank), and remits the advance receipts of electronic reward points to the trust account according to the trust contract, and the special trust account is recognized as other current assets. The outstanding electronic reward points held in trust are recognized as a contract liability. As of June 30, 2026, December 31, 2025 and June 30, 2025, the amount of the trust were $11,786 thousand, $17,186 thousand and $12,837 thousand, respectively.

The annual yield rates of deposit were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Trust account deposit	0.635%	0.635%	0.635%

16. SHORT-TERM BORROWINGS

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured bank borrowings	$ 245,000	$ 340,000	$ -
Interest rate	2.05%~2.148%	2.05%~2.08%	-

17. NOTES PAYABLE AND TRADE PAYABLES

	June 30, 2026	December 31, 2025	June 30, 2025
Notes payable			
Operating	$ 1,199	$ 936	$ 2,659
Trade payables			
Operating	$ 1,605,078	$ 1,854,267	$ 1,879,287

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 Group has set up financial risk management policies in place to ensure that all payables will be paid within the pre-agreed credit terms.

18. OTHER PAYABLES

	June 30, 2026	December 31, 2025	June 30, 2025
Payables for dividends	$ 400,292	$ -	$ 426,117
Payables for salaries	160,126	161,081	153,483
Payables for bonuses	92,710	172,144	88,944
Accrued marketing compensation	49,709	53,765	35,662
Accrued compensation to employees and remuneration to directors	34,214	31,869	36,589
Others	326,938	344,298	315,483
	$ 1,063,989	$ 763,157	$ 1,056,278

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Senao, Youth, ISPOT, Aval, Wiin and Senyoung within the Group adopted a pension plan under the Labor Pension Act (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 plans

For the three months and six months ended June 30, 2026 and 2025, the pension expenses of defined benefit plans were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2025 and 2024.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Operating costs (reversal)	$ -	($ 9)	$ -	($ 18)
Operating expenses (reversal)	-	(95)	-	(190)
Interest income	(115)	-	(230)	-
	($ 115)	($ 104)	($ 230)	($ 208)

20. EQUITY

a. Share capital - ordinary shares

	June 30, 2026	December 31, 2025	June 30, 2025
Number of shares authorized (in thousands)	450,000	450,000	450,000
Shares authorized	$ 4,500,000	$ 4,500,000	$ 4,500,000
Number of shares issued and fully paid (in thousands)	258,253	258,253	258,253
Shares issued	$ 2,582,527	$ 2,582,527	$ 2,582,527

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 six months ended June 30, 2026 and 2025 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, 2026 and June 30, 2026	$ 346,007	$ 215,648	$ 152,036	$ 24,508	$ 738,199
Balance on January 1, 2025 and June 30, 2025	$ 346,007	$ 215,648	$ 152,036	$ 24,508	$ 738,199

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

c. Retained earnings and dividends policy

Under the Senao's dividends policy, where Senao 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 of 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 Senao'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. Senao'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, shall 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 provisions of the above paragraph which should be subject to the resolution of the shareholders is not applicable. For Senao's policies on the distribution of employees' compensation and remuneration of directors, refer to Employees' compensation and remuneration of directors in Note 22-f.

In order to meet "the balanced dividend policy" to conform with Senao's current operating environment and the goal of sustainability, the policy on the distribution of dividends emphasizes the need for Senao'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 a legal reserve shall be made until the legal reserve equals Senao's paid-in capital. The legal reserve may be used to offset deficit. If Senao has no deficit and the legal reserve has exceeded 25% of Senao'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 2025 and 2024 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2025	For Fiscal Year 2024	For Fiscal Year 2025	For Fiscal Year 2024
Legal reserve	$ 44,760	$ 49,709		
Provision (reversal) of special reserve	19,798	(22,685)		
Cash dividends	400,292	426,117	$ 1.55	$ 1.65

The above appropriations for cash dividends have been resolved by Senao's board of directors on February 11, 2026 and February 14, 2025, respectively; the other proposed appropriations have been resolved by the shareholders in their meeting held on May 27, 2026 and May 28, 2025.

Information on the appropriation of Senao's earnings approved by the shareholders is available at the Market Observation Post System website.

d. Noncontrolling interests

	For the Six Months Ended June 30	
	2026	2025
Beginning balance	$ 8,684	$ 9,621
Shares attributed to noncontrolling interests		
Net loss for the period	(243)	(555)
Ending balance	$ 8,441	$ 9,066

21. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Revenue from contracts with customers				
Revenue from sales of goods	$ 8,021,650	$ 6,829,276	$ 16,265,503	$ 13,902,036
Revenue from rendering of services	379,973	358,467	736,726	742,202
Revenue from repairs and maintenance services	120,361	109,978	232,339	225,420
	$ 8,521,984	$ 7,297,721	$ 17,234,568	$ 14,869,658

Refer to Note 32 for detailed information relating to disaggregation of revenues.

Contract Balances

	June 30, 2026	December 31, 2025	June 30, 2025	January 1, 2025
Contract liabilities - current				
Sales of goods	$ 72,318	$ 101,569	$ 65,637	$ 89,830
Others	6,814	5,335	4,224	5,883
	$ 79,132	$ 106,904	$ 69,861	$ 95,713

	June 30, 2026	December 31, 2025	June 30, 2025	January 1, 2025
Contract liabilities - noncurrent				
Others	$ 1,946	$ 2,199	$ 856	$ -

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

As of June 30, 2026, 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.

22. NET INCOME

a. Other operating income and expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Net loss on disposal of property, plant and equipment	($ 44)	($ 5)	($ 699)	($ 15)
Net gain on lease modification	194	107	194	458
	$ 150	$ 102	($ 505)	$ 443

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Rental income	$ 19,164	$ 19,029	$ 36,239	$ 37,753
Dividend income	-	1,092	-	1,092
Others	1,219	2,239	2,257	5,442
	$ 20,383	$ 22,360	$ 38,496	$ 44,287

c. Interest expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Interest on lease liabilities	$ 4,191	$ 2,934	$ 6,934	$ 5,944
Interest on bank loans	1,596	-	2,241	-
Others	13	-	16	-
	$ 5,800	$ 2,934	$ 9,191	$ 5,944

d. Depreciation and amortization expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Property, plant and equipment	$ 10,785	$ 11,092	$ 21,901	$ 21,997
Right-of-use assets	76,387	75,749	151,645	151,437
Intangible assets	11,325	10,990	21,784	20,813
	$ 98,497	$ 97,831	$ 195,330	$ 194,247
An analysis of depreciation by function				
Operating costs	$ 145	$ 164	$ 293	$ 338
Operating expenses	87,027	86,677	173,253	173,096
	$ 87,172	$ 86,841	$ 173,546	$ 173,434
An analysis of amortization by function				
Selling and marketing expenses	$ 3,779	$ 3,868	$ 6,432	$ 8,031
General and administrative expenses	7,546	7,122	15,352	12,782
	$ 11,325	$ 10,990	$ 21,784	$ 20,813

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Post-employment benefits (Note 19)				
Defined contribution plans	$ 19,156	$ 18,068	$ 38,397	$ 36,010
Defined benefit plans	(115)	(104)	(230)	(208)
	19,041	17,964	38,167	35,802
Termination benefits	563	867	2,697	871
Other employee benefits	423,927	400,290	850,968	795,450
Total employee benefits expense	$ 443,531	$ 419,121	$ 891,832	$ 832,123
An analysis of employee benefits expense by function				
Operating costs	$ 12,222	$ 13,263	$ 24,122	$ 26,968
Operating expenses	431,424	405,858	867,940	805,155
Interest income	(115)	-	(230)	-
	$ 443,531	$ 419,121	$ 891,832	$ 832,123

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of Senao, Senao 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 consolidated financial statements are authorized for issue, 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 of the Group were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	**2025**	**2026**	**2025**
Employees' compensation	$ 5,263	$ 3,959	$ 8,654	$ 9,227
Remuneration of directors	$ 2,135	$ 1,684	$ 3,519	$ 3,931

The employees' compensation and remuneration of directors of Senao for the years ended December 31, 2025 and 2024, which had been approved by Senao'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	$ 19,145	$ 21,071
Remuneration of directors	$ 8,205	$ 9,030

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

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

23. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	**2025**	**2026**	**2025**
Current tax				
In respect of the current period	$ 23,416	$ 12,551	$ 38,851	$ 32,096
Income tax on unappropriated earnings	1	2,198	1	2,198
Adjustments for prior year	(3,435)	(1,352)	(3,435)	(1,352)
Deferred tax				
In respect of the current period	(601)	2,122	(425)	(1,028)
Adjustments for prior year	53	61	53	61
Income tax expense recognized in profit or loss	$ 19,434	$ 15,580	$ 35,045	$ 31,975

According to the Income Tax Act in the ROC, the applicable tax rate used by the Group is 20%. Tax rates used by entities of the Group in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax assessments

The income tax returns of Youth, ISPOT, Aval and Wiin have been assessed by the tax authorities through 2024.

The income tax returns of Senao and Senyoung have been assessed by the tax authorities through 2023.

24. EARNINGS PER SHARE (EPS)

Net income and weighted average number of ordinary shares used in the calculation of earnings per share were as follows:

Net Income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Net income attributable to the parent	$ 107,882	$ 83,893	$ 172,952	$ 199,463

Weighted Average Number of Shares

(Thousand Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Weighted average number of ordinary shares used in the computation of basic earnings per share	258,253	258,253	258,253	258,253
Effect of potentially dilutive ordinary shares				
Compensation of employees	257	285	408	439
Weighted average number of ordinary shares used in the computation of diluted earnings per share	258,510	258,538	258,661	258,692

Senao may settle the employee compensation in shares or cash; therefore, Senao presumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be 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.

25. CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

	Short-term borrowings	Dividends payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2026	$ 340,000	$ -	$538,114	$ 21,596	$ 899,710
Changes in cash flow from financing activities	(95,000)	-	(150,517)	-	(245,517)
Changes in other non-cash items	-	400,292	538,370	-	938,662
At June 30, 2026	$ 245,000	$400,292	$925,967	$ 21,596	$1,592,855

	Dividends payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2025	$ -	$656,654	$ 22,547	$ 679,201
Changes in cash flow from financing activities	-	(151,155)	(651)	(151,806)
Changes in other non-cash items	426,117	97,941	-	524,058
At June 30, 2025	$426,117	$603,440	$ 21,896	$1,051,453

26. TRANSACTIONS WITH RELATED PARTIES

a. The Group 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
Associate	
Senao Networks, Inc. ("Senao Networks")	Senao's investee using the equity method
Emplus Technologies, Inc.	Senao Networks's subsidiary
EnGenius Networks Inc.	Senao Networks's subsidiary
EnGenius Networks Japan Co., Ltd.	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

Company	Relationship
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
Tsann Kuen Enterprise Co., Ltd.	Substantial related party
Ba Gua Liao Foundation	Substantial related party
Kao-Yuan Vocational High School of Technology & Commerce	Substantial related party
Cih Yue Charity Foundation	Substantial related party
Next Commercial Bank Co., Ltd.	Chunghwa Telecom's investment accounted for equity method
WiAdvance Technology Corporation	Chunghwa Telecom's investment accounted for equity method
Chunghwa Telecom Employees Welfare Committee	A nonprofit organization of which the funds donated by Chunghwa Telecom exceeds one third of its total funds

b. Balances and transactions between Senao and subsidiaries have been eliminated on consolidation and not disclosed in this note. For the information on endorsements and guarantees Senao made for its subsidiaries, refer to Table 1. Terms of the transactions with related parties were not significantly different from transactions with non-related parties. Details of transactions between the Group and other related parties are disclosed below.

1) Operating revenues

		For the Three Months Ended June 30		For the Six Months Ended June 30	
Line Items	**Related Party Category**	**2026**	**2025**	**2026**	**2025**
Sales	Ultimate parent entity	$ 2,028,197	$ 1,842,524	$ 3,905,281	$ 3,591,422
	Fellow subsidiaries	258	452	1,684	2,438
	Associates	-	199	1,734	1,448
	Other related parties	42,838	36,902	98,937	72,078
		$ 2,071,293	$ 1,880,077	$ 4,007,636	$ 3,667,386
Service	Ultimate parent entity	$ 261,467	$ 247,982	$ 516,924	$ 516,681
	Fellow subsidiaries	320	349	626	745
		$ 261,787	$ 248,331	$ 517,550	$ 517,426
Repairs and maintenance	Ultimate parent entity	$ 1,146	$ 1,916	$ 1,249	$ 2,178
	Fellow subsidiaries	-	5	-	8
	Other related parties	-	28	-	147
		$ 1,146	$ 1,949	$ 1,249	$ 2,333

2) Purchases of goods

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Category	**2026**	**2025**	**2026**	**2025**
Ultimate parent entity	$ 1,001,803	$ 929,145	$ 2,378,017	$ 1,906,178
Fellow subsidiaries	10,899	103	20,390	108
Associates	3,404	6,267	4,401	6,533
	$ 1,016,106	$ 935,515	$ 2,402,808	$ 1,912,819

3) Operating expenses

Related Party Category	For the Three Months Ended June 30 2026	For the Three Months Ended June 30 2025	For the Six Months Ended June 30 2026	For the Six Months Ended June 30 2025
Ultimate parent entity	$ 80,003	$ 82,238	$ 157,245	$ 163,185
Fellow subsidiaries	-	99	66	895
Associates	-	-	-	180
Other related parties	3,790	3,477	7,980	7,072
	$ 83,793	$ 85,814	$ 165,291	$ 171,332

Operating expenses paid to ultimate parent entity were mainly the marketing expenses resulting from goods sold by the ultimate parent entity for Senao.

4) Non-operating transactions

Line Items	Related Party Category	For the Three Months Ended June 30 2026	For the Three Months Ended June 30 2025	For the Six Months Ended June 30 2026	For the Six Months Ended June 30 2025
Non-operating income	Ultimate parent entity	$ 163	$ 176	$ 236	$ 180
	Other related parties	243	666	719	1,385
		$ 406	$ 842	$ 955	$ 1,565

5) Receivables from related parties

Line Item	Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Accounts receivable from related parties	Ultimate parent entity	$1,074,597	$1,061,588	$ 971,199
	Fellow subsidiaries	538	307	424
	Associates	-	153	176
	Other related parties	26,857	28,987	25,410
		$1,101,992	$1,091,035	$ 997,209

The outstanding receivables from related parties are unsecured. As of June 30, 2026, December 31, 2025 and June 30, 2025, no allowance loss was recognized for receivables from related parties.

6) Other receivables from related parties

Line Item	Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Other receivables from related parties	Ultimate parent entity	$ 157,492	$ 153,990	$ 158,620
	Fellow subsidiaries	64	19	-
	Associates	58,748	-	58,747
		$ 216,304	$ 154,009	$ 217,367

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

7) Prepayments

Line Item	Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Prepaid rents	Ultimate parent entity	$ 231	$ 231	$ 231

8) Refundable deposits

Line Item	Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Refundable deposits	Ultimate parent entity	$ 512	$ 480	$ 480
	Fellow subsidiaries	500	500	500
	Other related parties	6	-	-
		$ 1,018	$ 980	$ 980

9) Trade payables to related parties

Line Item	Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Trade payables to related parties	Ultimate parent entity	$ 303,545	$ 173,349	$ 265,823
	Fellow subsidiaries	2,354	2,920	-
	Associates	1,033	37	4,074
		$ 306,932	$ 176,306	$ 269,897

The trade payables to related parties were unsecured.

10) Other payables to related parties

Line Item	Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Other payables to related parties	Ultimate parent entity	$ 172,600	$ 270,758	$ 178,144
	Associates	1,261	934	954
	Other related parties	3,677	4,423	3,478
		$ 177,538	$ 276,115	$ 182,576

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

	Purchase Price			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Category	2026	2025	2026	2025
Ultimate parent entity	$ -	$ 1,619	$ -	$ 1,619

The main transactions involve Senao's purchase of firewall computer equipment from the ultimate parent entity.

12) Acquisitions of intangible assets

	Purchase Price			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Category	2026	2025	2026	2025
Ultimate parent entity	$ -	$ 5,143	$ -	$ 5,143

The main transaction involves Senao's purchase of firewall software from the ultimate parent entity.

13) Lease arrangements - the Group is lessee

Senao entered into contracts with the ultimate parent entity and the rent was paid monthly or in quarterly installments.

Acquisition of right-of-use assets

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Category	**2026**	**2025**	**2026**	**2025**
Ultimate parent entity	($ 1,894)	$ 3,070	$ 11,885	$ 11,169

Line Item	Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Lease liabilities - current	Ultimate parent entity	$ 5,472	$ 5,876	$ 20,804
Lease liabilities - noncurrent	Ultimate parent entity	$ 9,282	$ 11,920	$ 14,757

		For the Three Months Ended June 30		For the Six Months Ended June 30	
Line Item	**Related Party Category**	**2026**	**2025**	**2026**	**2025**
Interest expense	Ultimate parent entity	$ 90	$ 196	$ 229	$ 438
Lease expense (accounted for operating expense)	Ultimate parent entity	$ 4,399	$ 3,828	$ 8,400	$ 8,944
	Fellow subsidiaries	20	-	20	-
	Associates	150	-	150	-
		$ 4,569	$ 3,828	$ 8,570	$ 8,944

14) Lease arrangements - the Group is lessor

Senao Networks entered into contracts with Senao to lease part of Hwa Ya's plant. The rental income referred to the rental level of similar assets and was received monthly according to the lease agreement.

		For the Three Months Ended June 30		For the Six Months Ended June 30	
Line Item	**Related Party Category**	**2026**	**2025**	**2026**	**2025**
Non-operating income	Ultimate parent entity	$ 1,260	$ 853	$ 1,260	$ 1,200
	Associates	12,370	11,970	24,351	23,951
	Other related parties	-	-	2	2
		$ 13,630	$ 12,823	$ 25,613	$ 25,153

15) Transactions with Next Commercial Bank Co., Ltd.

Line Item	June 30, 2026	December 31, 2025	June 30, 2025
Bank deposits	$ 78,094	$ 15,979	$ 70,845

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Line Item	**2026**	**2025**	**2026**	**2025**
Interest income	$ 91	$ 247	$ 138	$ 490

c. Compensation of key management personnel

The remuneration of directors and members of key management personnel for the three months and six months ended June 30, 2026 and 2025 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term employee benefits	$ 15,594	$ 13,388	$ 27,602	$ 27,029
Termination benefits	147	153	294	317
	$ 15,741	$ 13,541	$ 27,896	$ 27,346

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

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

The Group applied for post-release duty payment to the customs. As of June 30, 2026, December 31, 2025 and June 30, 2025, the amount of bank guarantees for the application was $10,000 thousand.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information is summarized and presented in foreign currencies other than the Company's functional currency. The disclosed exchange rates refer to the rates for converting these foreign currencies into the functional currency. The foreign currency liabilities with significant impact are as follows:

June 30, 2026

	Foreign Currencies	Exchange Rate	Carrying Amount
Liabilities denominated in foreign currencies			
Monetary items			
USD	$ 2,515	1:31.85 (USD:NTD)	$ 80,094

December 31, 2025

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

June 30, 2025

	Foreign Currencies	Exchange Rate	Carrying Amount
Liabilities denominated in foreign currencies			
Monetary items			
USD	$ 4,202	1:29.30 (USD:NTD)	$ 123,110

The Group does not have significant unrealized foreign exchange gain or loss.

29. CAPITAL MANAGEMENT

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

30. FINANCIAL INSTRUMENTS

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

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

b. Financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2026

	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Derivatives				
Forward foreign exchange contracts	$ -	$ 552	$ -	$ 552
Financial assets at FVOCI				
Investments in equity instruments at FVOCI				
Domestic non-listed shares	$ -	$ -	$ 10,725	$ 10,725

December 31, 2025

	Level 1	Level 2	Level 3	Total
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

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVPL				
Derivatives				
Forward foreign exchange contracts	$ -	$ 3	$ -	$ 3

June 30, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Derivatives				
Forward foreign exchange contracts	$ -	$ 535	$ -	$ 535
Financial assets at FVOCI				
Investments in equity instruments at FVOCI				
Domestic non-listed shares	$ -	$ -	$ 10,978	$ 10,978
Financial liabilities at FVPL				
Derivatives				
Forward foreign exchange contracts	$ -	$ 303	$ -	$ 303

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2026 and 2025.

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

Derivative instruments are valued based on the foreign exchange rates displayed by the financial institution's quotation system. The fair value of individual forward foreign exchange contracts is calculated using the forward exchange rate for each contract's maturity date. The estimates and assumptions used in the Company's valuation methods are consistent with those 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

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets			
Financial assets at amortized cost (a)	$ 4,567,615	$ 4,813,809	$ 4,478,004
Financial assets at FVOCI			
Equity instruments	10,725	9,753	10,978
Designated as at FVPL			
Financial assets mandatorily measured at fair value through profit or loss	552	168	535

	June 30, 2026	December 31, 2025	June 30, 2025
Financial liabilities			
Financial liabilities at amortized cost (b)	3,134,282	3,067,283	3,133,576
Designated as at FVPL			
Financial assets mandatorily measured at fair value through profit or loss	-	3	303

Remarks:

a) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables from related parties, partial other receivables, other current assets, refundable deposits and partial other noncurrent assets.

b) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, 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 Group's major financial instruments include receivables, payables and lease liabilities. The Group'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 Group 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 Group 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 Group'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 were reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

1) Market risk

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

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

a) Foreign currency risk

Sensitivity analysis

The Group was mainly exposed to the fluctuations of USD.

The Group's sensitivity to a 5% increase and decrease in the New Taiwan dollars (i.e. the functional currency) against the relevant foreign currencies. 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 is associated with the New Taiwan dollar strengthening 5% against the USD. 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 Group does not have significant foreign currency risk.

b) Interest rate risk

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

	June 30, 2026	December 31, 2025	June 30, 2025
Fair value interest rate risk			
Financial assets	$ 542,902	$ 456,791	$ 541,733
Financial liabilities	925,967	538,115	603,440
Cash flow interest rate risk			
Financial assets	1,001,298	1,251,637	1,357,145
Financial liabilities	245,000	340,000	-

Sensitivity analysis

The sensitivity analysis below was determined based on the Group'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 held constant, the Group's pre-tax profit for the six months ended June 30, 2026 and 2025 would decrease/ increase by $945 thousand and $1,696 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its demand deposits.

c) Other price risk

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

Sensitivity analysis

The sensitivity analysis was 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 increased/decreased by $536 thousand and $549 thousand.

The Group 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 Group. As of the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

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

The Group's main credit risk is concentrated on the Group's major clients. The receivables from the major clients comprised 45%, 44% and 53% of the total trade receivables as of June 30, 2026, December 31, 2025 and June 30, 2025, 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 Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest rate risk table

The following table details the Group'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

June 30, 2026

	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	$ 2,867,485	$ -	$ -	$ 21,596
Floating-rate instruments	195,159	50,042	-	-
	$ 3,062,644	$ 50,042	$ -	$ 21,596

Information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	Total
Lease liabilities	$ 275,383	$ 490,558	$ 221,741	$ 987,682

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	$ 2,705,509	$ -	$ -	$ 21,596
Floating-rate instruments	210,000	130,000	-	-
	$ 2,915,509	$ 130,000	$ -	$ 21,596

Information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	Total
Lease liabilities	$ 235,106	$ 307,611	$ 14,174	$ 556,891

June 30, 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	$ 3,111,680	$ -	$ -	$ 21,896

Information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	Total
Lease liabilities	$ 265,828	$ 344,267	$ 13,645	$ 623,740

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.

June 30, 2026

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Gross settlement				
Forward foreign exchange contracts				
-Provided by	$ 79,936	$ -	$ -	$ -
-Used in	79,384	-	-	-
	$ 552	$ -	$ -	$ -

December 31, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Gross settlement				
Forward foreign exchange contracts				
-Provided by	$ 30,204	$ -	$ -	$ -
-Used in	30,039	-	-	-
	$ 165	$ -	$ -	$ -

June 30, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Gross settlement				
Forward foreign exchange contracts				
-Provided by	$ 124,816	$ -	$ -	$ -
-Used in	124,584	-	-	-
	$ 232	$ -	$ -	$ -

b) Financing facilities

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured bank loan facility			
Amount used	$ 245,000	$ 340,000	$ -
Amount unused	4,085,000	3,540,000	2,730,000
	$ 4,330,000	$ 3,880,000	$ 2,730,000

31. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

1) Financing provided to others: None.

2) Endorsements/guarantees provided: See Table 1.

3) Significant 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.

32. SEGMENT INFORMATION

The Group's reportable segments were sales department and other departments.

Sales department - selling information and communication products and the peripheral products.

Other departments - other unreported operating activities and departments. These departments provide services to support the sales department. Also, the sales made by the subsidiaries were part of other departments.

a. Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments.

	Sales	Others	Total
For the three months ended June 30, 2026			
Revenue from external customers	$ 6,990,693	$ 1,531,291	$ 8,521,984
Segment income	$ 169,992	$ 19,185	$ 189,177
Share of profit of associates accounted for using the equity method			13,886
Net gain on financial assets and liabilities at fair value through profit or loss			318
Rental income			19,164
Interest income			5,588
Gain on foreign currency exchange			632
Other gain and loss			150
Interest expense			(5,800)
Central administration costs and remuneration to directors			(95,986)
Profit before tax			$ 127,129

	Sales	Others	Total
For the six months ended June 30, 2026			
Revenue from external customers	$ 14,458,111	$ 2,776,457	$ 17,234,568
Segment income	$ 313,184	$ 40,040	$ 353,224
Share of profit of associates accounted for using the equity method			15,862
Net gain on financial assets and liabilities at fair value through profit or loss			387
Rental income			36,239
Interest income			7,432
Gain on foreign currency exchange			876
Other gain and loss			(505)
Interest expense			(9,191)
Central administration costs and remuneration to directors			(196,570)

Profit before tax			$ 207,754

	Sales	Others	Total
For the three months ended June 30, 2025			
Revenue from external customers	$ 6,569,439	$ 728,282	$ 7,297,721
Segment income	$ 134,163	$ 7,634	$ 141,797
Share of profit of associates accounted for using the equity method			25,188
Net loss on financial assets and liabilities at fair value through profit or loss			(769)
Rental income			19,029
Interest income			5,136
Dividend income			1,092
Gain on foreign currency exchange			2,952
Other gain and loss			102
Interest expense			(2,934)
Central administration costs and remuneration to directors			(92,390)
Profit before tax			$ 99,203

	Sales	Others	Total
For the six months ended June 30, 2025			
Revenue from external customers	$ 13,387,542	$ 1,482,116	$ 14,869,658
Segment income	$ 284,485	$ 6,932	$ 291,417
Share of profit of associates accounted for using the equity method			75,783
Net loss on financial assets and liabilities at fair value through profit or loss			(31)
Rental income			37,753
Interest income			6,315
Dividend income			1,092
Gain on foreign currency exchange			2,890
Other gain and loss			443
Interest expense			(5,944)
Central administration costs and remuneration to directors			(178,835)
Profit before tax			$ 230,883

The segment revenues reported above all came from transactions with external customers.

Segment profit represented the profit before tax earned by each segment without share of profit of associates accounted for using the equity method, net gain or loss on financial assets and liabilities at fair value through profit or loss, rental income, interest income, dividend income, exchange gains or losses, other gains and losses, interest expense and central administration costs and remuneration to directors. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The measurement of segment total assets and liabilities is not reported to the chief operating decision maker. Therefore, the information is not disclosed.

c. Disaggregation of revenues from customer contracts

	Sales	Others	Total
For the three months ended June 30, 2026			
Information and communication products	$ 5,783,136	$ 1,040,905	$ 6,824,041
Revenues from services and repairs	379,354	120,980	500,334
Others	828,204	369,405	1,197,609
	$ 6,990,694	$ 1,531,290	$ 8,521,984
For the six months ended June 30, 2026			
Information and communication products	$ 11,941,594	$ 1,804,899	$ 13,746,493
Revenues from services and repairs	740,267	228,798	969,065
Others	1,776,251	742,759	2,519,010
	$ 14,458,112	$ 2,776,456	$ 17,234,568

	Sales	Others	Total
For the three months ended June 30, 2025			
Information and communication products	$ 5,457,982	$ 356,226	$ 5,814,208
Revenues from services and repairs	352,001	116,444	468,445
Others	759,456	255,612	1,015,068
	$ 6,569,439	$ 728,282	$ 7,297,721
For the six months ended June 30, 2025			
Information and communication products	$ 11,012,813	$ 691,865	$ 11,704,678
Revenues from services and repairs	732,209	235,413	967,622
Others	1,642,520	554,838	2,197,358
	$ 13,387,542	$ 1,482,116	$ 14,869,658

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
SIX MONTHS ENDED JUNE 30, 2026
(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 Parent on Behalf of Subsidiaries (Note 5)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (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	$ 621,513	$ 300,000	$ 300,000	$ 300,000	$ -	4.83%	$ 3,107,565	Yes	-	-	
		Wiin	b	621,513	200,000	200,000	200,000	-	3.22%	3,107,565	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 % of the voting shares.
c. A company that directly and indirectly holds more than 50 % 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 parent is allowed to provide is up to 50% of the net equity of the parent. The limits on endorsement or guarantee amount provided to each guaranteed party is up to 10% of the net equity of the parent.

Note 4: The maximum balance for the period 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 parent.
c. Endorsement/Guarantee given on behalf of companies in mainland China.

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARY AND RELATED PARTY)
JUNE 30, 2026
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2026				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	$ 10,725	9.41	$ 10,725	

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

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2026
(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	Units Price	Payment Terms	Ending Balance	% to Total	
Senao International Co., Ltd.	Chunghwa Telecom	Ultimate parent entity	Sales	$ 4,423,454	25.67	30-90 days	$ -	-	$ 1,074,597	44.84	Note 1
			Purchase	2,378,017	15.58	30 days	-	-	(303,545)	(15.87)	

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.

TABLE 4

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2026
(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	$ 1,232,089 (Note 1)	8.28 (Note 2)	$ -	-	$ 185,927	$ -

Note 1: The receivables from related parties included $152,557 thousand which is the amount of products sold by Chunghwa Telecom Co., Ltd. for Senao, 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 Senao.

TABLE 5

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
SIX MONTHS ENDED JUNE 30, 2026
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 3、6)	Payment Terms (Note 4)	% of Total Sales or Assets (Note 5)
0	Senao International Co., Ltd.	Aval	a	Cost of goods sold	$ 84,258	-	-
			a	Trade payables to related parties	22,239	-	-
		Senyoung	a	Service revenue	52,725	-	-
			a	Trade receivables from related parties	30,248	-	-
1	Aval	Youth	c	Sales revenue	46,120	-	-
		ISPOT	c	Sales revenue	29,334	-	-
2	Wiin	Youth	c	Sales revenue	24,639	-	-

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 June 30, 2026, while revenues, costs and expenses are shown as a percentage to consolidated revenues for the six months ended June 30, 2026.

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

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
SIX MONTHS ENDED JUNE 30, 2026
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2026			Net Income (Loss) of the Investee	Recognized Gain (Loss)	Note
				June 30, 2026	December 31, 2025	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	$ 1,982,419	$ 47,841	$ 15,862	Note 1
	Youth	Taiwan	Sale of information and communication technologies products	427,850	427,850	14,752	95.79	151,844	(48)	(2,099)	Notes 1, 2 and 4
	Aval	Taiwan	Sale of information and communication technologies products	89,550	89,550	14,875	100.00	166,857	11,523	11,526	Notes 1, 3 and 4
	Senyoung	Taiwan	Property and liability insurance agency	59,000	59,000	8,909	100.00	127,541	17,201	17,201	Notes 1 and 4
	Sakuyo Health Science Co., Ltd.	Japan	Health product development and supply chain management	10,045	-	5	100.00	9,637	(181)	(181)	Notes 1, 4 and 5
Youth	ISPOT	Taiwan	Sale of information and communication technologies products	53,021	53,021	-	100.00	13,868	381	381	Notes 1 and 4
Aval	Wiin	Taiwan	Sale of information and communication technologies products	29,550	29,550	5,887	100.00	72,328	10,204	10,204	Notes 1 and 4

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

Note 2: An investment loss of $46 thousand less $1 thousand arising from lease arrangements between the parent entity and subsidiaries, and less $2,052 thousand arising from the amortization of premium.

Note 3: An investment gain of $11,523 thousand, plus $3 thousand arising from lease arrangements between the parent entity and subsidiaries.

Note 4: The amount was eliminated upon consolidation.

Note 5: The subsidiary, Sakuyo Health Science Co., Ltd., was incorporated in March 2026 and 100%-owned by Senao. Senao made the capital contribution in April 2026.