

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Review Report
2025 and 2024

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

Independent Auditors' Report

To the Board of Directors and Shareholders of VSO ELECTRONICS CO., LTD.

Opinions

We have audited the accompanying consolidated balance sheets of VSO ELECTRONICS CO., LTD. and its subsidiaries (the "Group") as at December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis of Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2025 consolidated financial

statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2025 consolidated financial statements are stated as follows:

Occurrence of operating revenues

The Group develops, manufactures, and sells a variety of connecting cables for the Internet of Things, cloud, industrial control, medical, and automotive applications. Since the products are customized and developed according to the needs of customers, the occurrence or non-occurrence of the sales transactions related to the operating revenues from specific customers has a significant impact on the consolidated financial statements. Therefore, we have determined that the occurrence of the aforementioned customer-specific revenue is a material adjustment to our consolidated financial statements.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Understand and evaluate the effectiveness of internal control design and implementation in relation to the occurrence of consolidated revenue;
2. Sampling sales revenue details of specific customers, and verifying sales transactions by cross-referencing customer orders, shipping documents, sales invoices, and collection of accounts receivable.

Other Matter

We have audited and expressed an unmodified opinion on the parent company only financial statements of VSO Electronics Co., Ltd. as at and for the years ended December 31, 2025 and 2024.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into

effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of ~6~ not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those

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

Yeh Shu-Chuan

For and on behalf of Deloitte & Touche, Taiwan

March 20, 2026

Huang Kuo-Ning.

Notice to Readers

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

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

VSO ELECTRONICS CO., LTD. and Subsidiaries

Consolidated Balance Sheet

As of December 31, 2025 and 2024

Unit: NT\$ thousand

Code	Assets	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and Cash Equivalents (Notes 4 and 6)	\$ 348,704	12	\$ 320,793	13
1110	Financial assets at fair value through profit or loss-current (Notes 4, 7, and 30)	5,133	-	5,056	-
1136	Financial assets at amortized cost-current (Notes 8 and 30)	378,443	13	338,208	14
1150	Notes receivable (Notes 4, 9, and 23)	8,707	-	8,052	-
1170	Accounts receivable (Notes 4, 9, and 23)	890,080	31	762,301	32
1180	Accounts receivable-related parties (Notes 4, 9, 23, and 31)	37,540	1	41,681	2
1200	Other receivables (Notes 9 and 30)	1,292	-	2,933	-
1220	Current income tax assets (Notes 4 and 25)	1,401	-	2,366	-
130X	Inventories (Notes 4 and 10)	291,184	10	231,983	10
1470	Other current assets (Notes 16 and 21)	19,934	1	26,805	1
11XX	Total Current Assets	<u>1,982,418</u>	<u>68</u>	<u>1,740,178</u>	<u>72</u>
	Total Non-Current Assets				
1550	Investments accounted for using the equity method (Notes 4 and 12)	50,019	2	48,495	2
1600	Property, plant, and equipment (Notes 4, 13, 28, 32, and 33)	718,521	25	417,009	17
1755	Right-of-use assets (Notes 4, 14, and 32)	104,388	4	120,477	5
1780	Intangible assets (Notes 4, 15, and 33)	25,961	1	23,302	1
1840	Deferred income tax assets (Notes 4 and 25)	11,757	-	9,052	1
1900	Other non-current assets (Notes 16 and 32)	13,596	-	42,082	2
15XX	Total Non-Current Assets	<u>924,242</u>	<u>32</u>	<u>660,417</u>	<u>28</u>
1XXX	Total Assets	<u>\$ 2,906,660</u>	<u>100</u>	<u>\$ 2,400,595</u>	<u>100</u>
	Liabilities and Equity				
	Current Liabilities				
2100	Short-term borrowings (Notes 4 and 17)	\$ 228,778	8	\$ 34,750	1
2120	Financial liabilities at fair value through profit or loss—current (Notes 7 and 30)	1,904	-	-	-
2130	Contractual liabilities-current (Notes 23)	913	-	1,042	-
2170	Accounts Payable (Notes 4 and 18)	419,617	15	371,451	16
2180	Accounts Payable-Related Parties (Notes 4 and 31)	123	-	2,531	-
2200	Other payables (Notes 4 and 19)	335,942	12	286,133	12
2220	Other Payables-Related Parties (Notes 4 and 31)	355	-	701	-
2230	Current income tax liability (Notes 4 and 25)	34,770	1	14,148	1
2250	Liabilities and provisions-current (Notes 4 and 20)	2,956	-	2,107	-
2280	Lease liabilities-current (Notes 4 and 14)	9,339	-	7,545	-
2300	Other current liabilities (Notes 4, 19, 23, 28, and 31)	10,239	-	4,774	-
21XX	Total Current Liabilities	<u>1,044,936</u>	<u>36</u>	<u>725,182</u>	<u>30</u>
	Total Non-Current Liabilities				
2540	Long-term borrowings (Notes 4, 17, 28, 29, and 32)	124,294	4	9,853	1
2570	Deferred income tax liabilities (Notes 4 and 25)	78,248	3	74,317	3
2580	Lease liabilities-non-current (Notes 4 and 14)	7,385	-	8,868	-
2640	Other non-current liabilities (Notes 4, 19, and 28)	964	-	105	-
25XX	Total Non-Current Liabilities	<u>210,891</u>	<u>7</u>	<u>93,143</u>	<u>4</u>
2XXX	Total Liabilities	<u>1,255,827</u>	<u>43</u>	<u>818,325</u>	<u>34</u>
	Equity (Note 22)				
	Equity of the Company				
3110	Share Capital-Common Stock	438,488	15	417,165	17
3200	Capital surplus	569,554	20	565,514	24
	Retained earnings				
3310	Legal reserve	105,221	4	86,676	3
3320	Special surplus reserve	34,452	1	52,481	2
3350	Retained earnings	486,799	17	402,057	17
3300	Total retained earnings	<u>626,472</u>	<u>22</u>	<u>541,214</u>	<u>22</u>
3400	Other equity	(51,709)	(2)	(34,451)	(1)
3500	Treasury stock	(28,969)	(1)	-	-
31XX	Total Equity of the Company	1,553,836	54	1,489,442	62
36XX	Non-controlling interests	96,997	3	92,828	4
3XXX	Total Equity	<u>1,650,833</u>	<u>57</u>	<u>1,582,270</u>	<u>66</u>
	Total Liabilities and Equity	<u>\$ 2,906,660</u>	<u>100</u>	<u>\$ 2,400,595</u>	<u>100</u>

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

VSO ELECTRONICS CO., LTD. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2025 and 2024

Unit: NT\$ thousand, except
Earnings per share in NT\$

Code		2025		2024	
		Amount	%	Amount	%
4000	Net Revenue (Notes 4, 23, 31, and 37)	\$ 2,631,512	100	\$ 2,162,996	100
5000	Cost of sales (Notes 4, 10, 15, 24, and 31)	<u>1,917,817</u>	<u>73</u>	<u>1,570,608</u>	<u>73</u>
5900	Gross Profit	<u>713,695</u>	<u>27</u>	<u>592,388</u>	<u>27</u>
	Operating Expenses (Notes 9, 15, 21, 24, and 31)				
6100	Selling expenses	126,295	5	104,168	5
6200	Management expenses	201,208	7	168,970	8
6300	Research and development expenses	125,991	5	95,648	4
6450	Gain on reversal of expected credit losses	(<u>2,112</u>)	<u>-</u>	(<u>1,123</u>)	<u>-</u>
6000	Total operating expenses	<u>451,382</u>	<u>17</u>	<u>367,663</u>	<u>17</u>
6900	Net operating profit	<u>262,313</u>	<u>10</u>	<u>224,725</u>	<u>10</u>
	Non-operating income and expenses				
7100	Interest income (Note 24)	8,900	1	8,374	1
7010	Other income (Notes 4, 24, 28, and 31)	8,059	-	4,222	-
7210	Other gains and losses (Notes 7, 24, and 35)	(18,346)	(1)	23,860	1
7050	Financial expenses (Note 24)	(8,150)	-	(5,134)	-
7060	Share of profit or loss of associates accounted for using the equity method	<u>2,292</u>	<u>-</u>	<u>1,526</u>	<u>-</u>
7000	Total non-operating income and expenses	(<u>7,245</u>)	<u>-</u>	<u>32,848</u>	<u>2</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

Code		2025		2024	
		Amount	%	Amount	%
7900	Pre-tax net profit	\$ 255,068	10	\$ 257,573	12
7950	Income tax expense (Notes 4 and 25)	(51,338)	(2)	(60,258)	(3)
8200	Net profit for the year	<u>203,730</u>	<u>8</u>	<u>197,315</u>	<u>9</u>
	Other comprehensive income (Notes 21, 22, and 25)				
8310	Items not reclassified to profit or loss				
8349	Income taxes related to items not reclassified to profit or loss	-	-	(87)	-
8360	Items that may be reclassified to profit or loss				
8361	Exchange differences arising from the translation of financial statements of foreign operations	(17,163)	(1)	18,295	1
8370	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	<u>293</u>	<u>-</u>	<u>1,583</u>	<u>-</u>
8300	Total other comprehensive income (net)	(16,870)	(1)	<u>19,791</u>	<u>1</u>
8500	Total comprehensive income for the year	<u>\$ 186,860</u>	<u>7</u>	<u>\$ 217,106</u>	<u>10</u>
	Net income attributable to:				
8610	Owners of the Company	\$ 189,549	7	\$ 185,572	9
8620	Non-controlling interests	<u>14,181</u>	<u>1</u>	<u>11,743</u>	<u>-</u>
8600		<u>\$ 203,730</u>	<u>8</u>	<u>\$ 197,315</u>	<u>9</u>
	Total comprehensive income attributable to:				
8710	Owners of the Company	\$ 172,291	6	\$ 203,515	9
8720	Non-controlling interests	<u>14,569</u>	<u>1</u>	<u>13,591</u>	<u>1</u>
8700		<u>\$ 186,860</u>	<u>7</u>	<u>\$ 217,106</u>	<u>10</u>
	Earnings per share (Note 26)				
9710	Basic	<u>\$ 4.34</u>		<u>\$ 4.55</u>	
9810	Dilution	<u>\$ 4.33</u>		<u>\$ 4.52</u>	

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

VSO ELECTRONICS CO., LTD. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2025 and 2024

Unit: NT\$ thousand

		Equity Attributable to Owners of the Company										
Code		Share Capital (Note 22)		Capital surplus (Note 22)	Retained earnings (Notes 22 and 25)			Foreign Operations Financial Statement Translation Exchange differences (Note 22)	Treasury stock (Note 22)	Total	Non-controlling interests (Note 22)	Total Equity
		Number of shares (thousands)	Amount		Legal Reserve	Special Reserve	Retained earnings					
A1	Balance as of January 1, 2024	37,530	\$ 375,302	\$ 227,844	\$ 75,181	\$ 40,666	\$ 315,846	(\$ 52,481)	\$ -	\$ 982,358	\$ 87,594	\$ 1,069,952
	Allocation and Distribution of Fiscal Year 2023 Surplus											
B1	Statutory Surplus Reserve	-	-	-	11,495	-	(11,495)	-	-	-	-	-
B3	Allocation to Special Retained Earnings	-	-	-	-	11,815	(11,815)	-	-	-	-	-
B5	Cash Dividends to Shareholders	-	-	-	-	-	(75,921)	-	-	(75,921)	-	(75,921)
C17	Exercise the right of consolidation	-	-	928	-	-	-	-	-	928	-	928
E1	Cash Capital Increase	3,660	36,600	328,977	-	-	-	-	-	365,577	-	365,577
O1	Subsidiary distributes cash dividends to shareholders of non-controlling interests	-	-	-	-	-	-	-	-	-	(8,400)	(8,400)
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	(43)	-	-	(43)	43	-
N1	Stock-based compensation expense	-	-	2,129	-	-	-	-	-	2,129	-	2,129
N1	Common stock issued under the employee stock option plan	526	5,263	5,636	-	-	-	-	-	10,899	-	10,899
D1	FY 2024 Net Profit	-	-	-	-	-	185,572	-	-	185,572	11,743	197,315
D3	Other Comprehensive Income (Loss) After Tax for Fiscal Year 2023	-	-	-	-	-	(87)	18,030	-	17,943	1,848	19,791
Z1	Balance as of December 31, 2024	41,716	417,165	565,514	86,676	52,481	402,057	(34,451)	-	1,489,442	92,828	1,582,270
	Allocation and Distribution of Surplus for Fiscal Year 2024											
B1	Statutory surplus reserve	-	-	-	18,545	-	(18,545)	-	-	-	-	-
B3	Special Surplus Reserve	-	-	-	-	(18,029)	18,029	-	-	-	-	-
B5	Cash Dividends to Shareholders	-	-	-	-	-	(83,433)	-	-	(83,433)	-	(83,433)
B9	Stock dividends to shareholders	2,086	20,858	-	-	-	(20,858)	-	-	-	-	-
C17	Exercise of the right of set-off	-	-	256	-	-	-	-	-	256	-	256
O1	Subsidiary distributes cash dividends to shareholders holding non-controlling interests	-	-	-	-	-	-	-	-	-	(10,400)	(10,400)
N1	Employee stock option compensation expense	-	-	2,854	-	-	-	-	-	2,854	-	2,854
N1	Common stock issued under the employee stock option plan	46	465	930	-	-	-	-	-	1,395	-	1,395
L1	Purchase of treasury stock	-	-	-	-	-	-	-	(28,969)	(28,969)	-	(28,969)
D1	Net Profit for Fiscal Year 2025	-	-	-	-	-	189,549	-	-	189,549	14,181	203,730
D3	Other Comprehensive Income (Loss) After Tax for Fiscal Year 2025	-	-	-	-	-	-	(17,258)	-	(17,258)	388	(16,870)
Z1	Balance as of December 31, 2025	43,848	\$ 438,488	\$ 569,554	\$ 105,221	\$ 34,452	\$ 486,799	(\$ 51,709)	(\$ 28,969)	\$ 1,553,836	\$ 96,997	\$ 1,650,833

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

VSO ELECTRONICS CO., LTD. and Subsidiaries

Consolidated Statement of Cash Flows

January 1 to December 31, 2025 and 2024

Unit: NT\$ thousand

Code		2025	2024
	Net Cash Flow from Operating Activities		
A10000	Net Income Before Tax for the Current Year	\$ 255,068	\$ 257,573
	Income and Expense Items:		
A20100	Depreciation Expense	69,684	53,213
A20200	Amortization expense	11,335	9,262
A20300	Gain on reversal of expected credit losses	(2,112)	(1,123)
A20400	Net loss on financial assets and liabilities measured at fair value through profit or loss	4,187	729
A20900	Financial expenses	8,150	5,134
A21200	Interest Income	(8,900)	(8,374)
A21900	Equity-based compensation expense	2,854	2,129
A22300	Share of profit or loss of associates accounted for using the equity method	(2,292)	(1,526)
A22500	Gain on disposal of real estate, plant, and equipment	(350)	(475)
A23700	Losses on inventory write-downs and obsolescence	7,163	-
A23800	Gains on Reversal of Inventory Write-downs and Obsolescence	-	(22,327)
A29900	Government grants	(475)	(349)
A29900	Loss on disposal of right-of-use assets	1,385	-
A30000	Net change in operating assets and liabilities		
A31115	Financial assets designated at fair value through profit or loss	7,357	-
A31130	Notes receivable	(585)	(5,928)
A31150	Accounts receivable	(124,548)	(242,585)
A31160	Accounts receivable—related parties	4,124	(5,647)
A31180	Other receivables	925	(1)
A31200	Inventory	(67,956)	(50,479)
A31220	Prepaid pension	-	373
A31240	Other Current Assets	6,273	(16,309)
A31990	Other non-current assets	355	(378)
A32110	Financial liabilities held for trading	(9,717)	(872)
A32125	Contract Liabilities	(128)	666
A32150	Accounts Payable	49,477	99,901
A32160	Accounts Payable – Related Parties	(2,332)	1,884
A32180	Other payables	19,255	40,177

Code		2025	2024
A32190	Other Payables—Related Parties	(312)	55
A32200	Liability Reserves	837	776
A32230	Other current liabilities	<u>5,251</u>	<u>212</u>
A33000	Cash from operating activities	233,973	115,711
A33500	Income tax paid	<u>(28,334)</u>	<u>(65,306)</u>
AAAA	Net cash inflow from operating activities	<u>205,639</u>	<u>50,405</u>
	Cash flows from investing activities		
B00100	Acquisition of financial assets measured at fair value through profit or loss	-	(7,500)
B00200	Disposal of financial assets measured at fair value through profit or loss	-	26,434
B00040	Acquisition of financial assets measured at amortized cost	(1,273,443)	(401,199)
B00050	Disposal of financial assets measured at amortized cost	1,233,208	150,044
B02700	Acquisition of property, plant, and equipment	(307,014)	(103,737)
B02800	Proceeds from the disposal of real estate, plant, and equipment	1,052	1,052
B03700	Increase in security deposits	(185)	-
B03800	Decrease in Margin Deposits	-	2,070
B04500	Acquisition of Intangible Assets	(14,087)	(12,227)
B05350	Acquisition of right-of-use assets	-	(65,411)
B09900	Proceeds from the disposal of right-of-use assets	5,802	-
B07500	Interest received	9,580	8,106
B07600	Dividends received from affiliated companies	<u>1,060</u>	<u>1,097</u>
BBBB	Net cash outflow from investing activities	<u>(344,027)</u>	<u>(401,271)</u>
	Cash Flows from Financing Activities		
C00100	Increase in short-term borrowings	656,728	240,996
C00200	Decrease in short-term borrowings	(462,875)	(389,310)
C01600	Long-term borrowings	115,790	-
C01700	Repayment of Long-Term Loans	-	10,000
C04020	Repayment of Lease Principal	(8,835)	(9,482)
C04500	Cash Dividend Distribution	(83,433)	(75,921)
C04600	Cash Capital Increase	-	365,577
C04800	Exercise of Employee Stock Options	1,395	10,899
C04900	Purchase of Treasury Stock	(28,969)	-
C05600	Interest paid	(7,245)	(5,396)
C05800	Cash dividends paid to shareholders of non-controlling interests	(10,400)	(8,400)
C09900	Exercise of consolidation rights	<u>256</u>	<u>928</u>
CCCC	Net cash inflow from financing activities	<u>172,412</u>	<u>139,891</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

<u>Code</u>		<u>2025</u>	<u>2024</u>
DDDD	Effect of Exchange Rate Fluctuations on Cash and Cash Equivalents	<u>(\$ 6,113)</u>	<u>\$ 8,753</u>
EEEE	Net increase (decrease) in cash and cash equivalents	27,911	(202,222)
E00100	Cash and cash equivalents at the beginning of the year	<u>320,793</u>	<u>523,015</u>
E00200	Cash and cash equivalents at year-end	<u>\$ 348,704</u>	<u>\$ 320,793</u>

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

VSO ELECTRONICS CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

January 1 to December 31, 2025 and 2024

(Amounts are in thousands of New Taiwan Dollars unless otherwise stated)

1. Company History

VSO ELECTRONICS CO., LTD. (hereinafter referred to as the “Company”) was established on August 13, 1994. Its primary business activities consist of the sale of various types of cables for smart IoT, cloud computing, industrial control, medical, and automotive applications.

On September 28, 2022, the Company received approval from the Taiwan Stock Exchange Corporation (TWSE) for the public offering of its shares, and on October 6, 2022, it received approval from the TWSE for trading on the TWSE’s Emerging Market Board. Additionally, the Company’s shares will be listed on the Taiwan Stock Exchange Corporation (TWSE) effective October 1, 2024.

These consolidated financial statements are presented in New Taiwan Dollars, the Company’s functional currency.

2. Date and Procedure for Approval of the Financial Statements

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

3. Application of New and Revised Standards and Interpretations

(1) First-time Adoption of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC), and Statements of Interpretation (SIC) (hereinafter referred to as “IFRS Accounting Standards”) recognized and issued by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

The initial application of IFRS Accounting Standards recognized and issued by the FSC did not result in any significant changes to the accounting policies of the Company and the entities controlled by the Company (hereinafter referred to as the “Consolidated Entities”), nor did it have a material impact on the financial position and financial performance of the Consolidated Entities.

(2) IFRS Accounting Standards Recognized by the Financial Supervisory Commission and Effective in 2026

<u>Newly issued/amended/revised standards and interpretations</u>	<u>Effective Date as Issued by the IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7: “Contracts Involving Natural Gas”	January 1, 2026
"Annual Improvements to IFRS Standards-Volume 11"	January 1, 2026
IFRS 17 “Insurance Contracts” (including amendments from 2020 and 2021)	January 1, 2023

As of the date of approval and issuance of these consolidated financial statements, the consolidated entity has assessed that the amendments to the aforementioned standards and interpretations have no material impact on the consolidated entity’s financial position or financial performance.

(3) IFRS accounting standards issued by the IASB but not yet recognized and issued by the Financial Supervisory Commission

<u>Newly Issued/Amended/Revised Standards and Interpretations</u>	<u>Effective Date as Issued by the IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Disposal of Assets by an Investor to, or Contribution of Assets by an Investor to, an Associate or a Joint Venture”	Not yet
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including amendments effective in 2025)	January 1, 2027
Amendments to IAS 21 “Translation into a Highly Inflationary Currency”	January 1, 2027

Note 1: Unless otherwise stated, the above newly issued, amended, or revised standards or interpretations are effective for annual reporting periods beginning on or after the respective dates.

Note 2: On September 25, 2025, the Financial Supervisory Commission announced that Taiwanese enterprises must adopt IFRS 18 effective January 1, 2028, and may opt to adopt it early once the Financial Supervisory Commission has endorsed IFRS 18.

IFRS 18 “Presentation and Disclosure in Financial Statements” and
Related Amendments

IFRS 18 will replace IAS 1 “Presentation of Financial Statements.” The main changes in this standard include:

- A consolidating entity shall assess whether it engages in specific principal business activities involving investments in specific types of assets and the provision of financing to customers, and shall classify income and expense items in the income statement into operating, investing, financing, income tax, and discontinued operations categories accordingly.
- The income statement shall present operating profit or loss, profit or loss before financing and income taxes, as well as subtotals and totals of profit or loss.
- Guidance is provided to strengthen aggregation and segmentation requirements: A consolidated entity must identify assets, liabilities, equity, revenue, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on common characteristics so that each line item presented in the primary financial statements has at least one similar characteristic. Items with dissimilar characteristics should be segmented in the primary financial statements and notes. A consolidated entity shall classify such items as “other” only when no more informative designation can be identified.
- Disclosure of management-defined performance measures: When a consolidated entity communicates publicly outside of the financial statements, or communicates to users of the financial statements management’s perspective on a specific aspect of the consolidated entity’s overall financial performance, it shall disclose information regarding management-defined performance measures in a single note to the financial statements, including a description of the measure, how it is calculated, its reconciliation to subtotals or totals specified in IFRS, and the income tax and non-controlling interest effects of the relevant reconciling items.

In addition, IAS 7 “Statement of Cash Flows” is amended as follows:

- When a consolidated entity prepares cash flows from operating activities using the indirect method, operating profit or loss shall serve as the starting point for the reconciliation.
- Interest and dividends received by a consolidated entity shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. If a consolidated entity is assessed as having a specific principal operating activity, it must consider the nature of dividend income, interest income, and interest expense reported in the income statement to determine the classification of dividends received, interest received, and interest paid in the statement of cash flows; however, each of these cash flows may be classified only under a single activity in the statement of cash flows.

In addition to the above impacts, as of the date of approval and issuance of these consolidated financial statements, the consolidated company continues to assess the other effects of the amendments to various standards and interpretations on its financial position and financial performance; such effects will be disclosed upon completion of the assessment.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers and the IFRS accounting standards recognized and promulgated by the Financial Supervisory Commission.

(2) Basis of Preparation

Except for financial instruments measured at fair value and net defined benefit assets/liabilities recognized as the present value of defined benefit obligations less the fair value of plan assets, these consolidated financial statements have been prepared on a historical cost basis.

Fair value measurements are classified into Levels 1 through 3 based on the observability of relevant inputs and materiality:

- 1) Level 1 inputs: These are quoted prices (unadjusted) in active markets for identical assets or liabilities as of the measurement date.
 - 2) Level 2 inputs: These are observable inputs for the asset or liability, other than Level 1 quoted prices, that are either directly (i.e., price) or indirectly (i.e., derived from price) observable.
 - 3) Level 3 inputs: Refers to unobservable inputs for the asset or liability.
- (3) Criteria for Classifying Assets and Liabilities as Current or Non-Current

Current assets include:

- 1) Assets held primarily for trading purposes;
- 2) Assets expected to be realized within 12 months after the balance sheet date; and
- 3) Cash and cash equivalents (excluding those restricted for exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

- 1) Liabilities held primarily for trading purposes;
- 2) liabilities due for settlement within 12 months after the balance sheet date; and
- 3) liabilities for which, as of the balance sheet date, there is no substantive right to defer settlement for at least 12 months after the balance sheet date.

Items that do not fall under the above categories of current assets or current liabilities are classified as non-current assets or non-current liabilities.

(4) Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Company and the entities controlled by the Company (subsidiaries). The consolidated statement of comprehensive income includes the operating results of subsidiaries acquired or disposed of during the period, from the date of acquisition to the date of disposal. The financial statements of subsidiaries have been adjusted to align their accounting policies with those of the parent company. In preparing the consolidated financial statements, all intercompany transactions, account balances,

revenues, and expenses have been eliminated. The total comprehensive income of subsidiaries is attributed to the owners of the parent company and non-controlling interests, even if this results in a negative balance for non-controlling interests.

When a change in the consolidated entity's ownership interest in a subsidiary does not result in a loss of control, the transaction is accounted for as an equity transaction. The carrying amounts of the consolidated entity and non-controlling interests have been adjusted to reflect the change in their respective interests in the subsidiary. The difference between the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

For details of subsidiaries, ownership percentages, and business activities, please refer to Note 11 and Schedules 7 and 8.

(5) Business Combinations

Business combinations are accounted for using the acquisition method. Acquisition-related costs are expensed in the period in which they are incurred or the services are rendered.

Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree as of the acquisition date over the net amount of identifiable assets acquired and liabilities assumed as of the acquisition date.

Non-controlling interests that hold a current ownership interest in the acquiree and are entitled to a proportionate share of the acquiree's net assets upon liquidation are measured at the proportionate share of the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at fair value.

(6) Foreign Currency

When an entity prepares financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are translated into the functional currency at the exchange rate prevailing on the transaction date.

Monetary items denominated in foreign currencies are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the period in which they occur.

Non-monetary items denominated in foreign currencies that are measured at fair value shall be translated using the exchange rate prevailing on the date the fair value was determined; resulting exchange differences shall be recognized in profit or loss for the current period, except where changes in fair value are recognized in other comprehensive income, in which case the resulting exchange differences shall be recognized in other comprehensive income.

Non-monetary items denominated in foreign currencies and measured at historical cost are translated at the exchange rate prevailing on the transaction date and are not retranslated.

In preparing the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries and associates whose country of operation or currency of use differs from that of the Company) are translated into New Taiwan Dollars at the exchange rate prevailing on each balance sheet date. Income and expense items are translated at the average exchange rate for the period, and the resulting exchange differences are recognized in other comprehensive income and attributed separately to the owners of the Company and non-controlling interests.

If the Company disposes of all its interests in a foreign operation, or disposes of a portion of its interests in a subsidiary of a foreign operation but loses control, or disposes of a retained interest in a foreign operation that is a financial asset and is accounted for in accordance with the accounting policies for financial instruments, the cumulative translation adjustments attributable to the Company's owners and related to that foreign operation are reclassified to profit or loss.

If a partial disposal of a subsidiary of a foreign operation does not result in a loss of control, the cumulative translation adjustment is included in

equity transactions on a pro rata basis but is not recognized in profit or loss. In the case of any other partial disposal of a foreign operation, the cumulative translation adjustment is reclassified to profit or loss in proportion to the disposal.

(7) Inventories

Inventories include raw materials, finished goods, work in progress, and merchandise. Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted-average method.

(8) Investments in Associates

An associated company is an entity over which the consolidated company exercises significant influence but which is neither a subsidiary nor a joint venture.

The consolidated company accounts for investments in associated companies using the equity method.

Under the equity method, investments in associates are initially recognized at cost, and the carrying amount after the acquisition date increases or decreases in accordance with the consolidated company's share of the associate's profit or loss, other comprehensive income, and profit distributions. In addition, changes in the consolidated company's equity interest in the associate are recognized in proportion to its ownership interest.

Any excess of the cost of acquisition over the consolidated company's share of the net fair value of the associate's identifiable assets and liabilities as of the acquisition date is recognized as goodwill. Such goodwill is included in the carrying amount of the investment and is not amortized; the excess of the consolidated company's share of the net fair value of the associate's identifiable assets and liabilities as of the acquisition date over the cost of acquisition is recognized in profit or loss for the period.

The Company ceases to recognize further losses when its share of losses in an associate equals or exceeds its interest in that associate (including the carrying amount of the investment in the associate under the equity method and other long-term interests that are, in substance, part of the Company's net investment in that associate). The consolidated company recognizes additional losses and liabilities only to the extent that it has a legal obligation, a constructive obligation, or has made payments on behalf of the associate.

When assessing impairment, the consolidated company treats the entire carrying amount of the investment (including goodwill) as a single asset to compare the recoverable amount with the carrying amount; the impairment loss recognized is not allocated to any asset constituting the carrying amount of the investment, including goodwill. Any reversal of an impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The consolidated company ceases to apply the equity method from the date on which the investment ceases to be an associate. The retained interest in the former associate is measured at fair value, and the difference between that fair value and the carrying amount of the investment as of the date of discontinuation of the equity method is recognized in profit or loss for the current period. In addition, all amounts recognized in other comprehensive income relating to the associate are accounted for on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the consolidated company continues to apply the equity method without remeasuring the retained interest.

Gains or losses arising from upstream, downstream, and side-stream transactions between the consolidated company and its associates are recognized in the consolidated financial statements only to the extent that they are unrelated to the consolidated company's equity interest in the associate.

(9) Property, Plant, and Equipment

Property, plant, and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Except for land owned by the Company, which is not depreciated, the remaining property, plant, and equipment are depreciated on a straight-line basis over their useful lives, with depreciation calculated separately for each major component. The Company reviews the estimated useful lives, residual values, and depreciation methods at least at the end of each fiscal year and defers the impact of changes in accounting estimates.

Upon disposal of property, plant, and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Intangible Assets

1) Acquired separately

Intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized on a straight-line basis over their useful lives. The consolidated company reviews the estimated useful lives, residual values, and amortization methods at least at the end of each fiscal year and defers the effects of changes in accounting estimates. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2) Derecognition

Upon the disposal of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the current period.

(11) Impairment of Property, Plant and Equipment, Right-of-Use Assets, and Intangible Assets

At each balance sheet date, the Consolidated Company assesses whether there are any indications that property, plant, and equipment,

right-of-use assets, and intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the lowest level of cash-generating units on a reasonable and consistent basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an individual asset or cash-generating unit is lower than its carrying amount, the carrying amount of that asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years (net of depreciation or amortization). The reversal of an impairment loss is recognized in profit or loss.

(12) Financial Instruments

Financial assets and financial liabilities are recognized on the consolidated balance sheet when the consolidated entity becomes a party to the contractual terms of the instrument.

Upon initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial Assets

Financial assets are generally recognized and derecognized on a trade-date basis.

i. Measurement Categories

The financial assets held by the consolidated company consist of financial assets measured at fair value through profit or loss and financial assets measured at amortized cost.

i) Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets measured at fair value through profit or loss include those mandatorily measured at fair value through profit or loss and those designated as measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include the consolidated company's equity instrument investments not designated as measured at fair value through other comprehensive income, and debt instrument investments that do not qualify for classification as measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value, and gains or losses arising from remeasurements are recognized in other comprehensive income. For the method of determining fair value, please refer to Note 30.

ii) Financial assets measured at amortized cost

The consolidated company's investments in financial assets are classified as financial assets measured at amortized cost if they meet both of the following conditions:

- (a) They are held within a business model whose objective is to hold financial assets to collect contractual cash flows;
- (b) The contractual terms give rise to cash flows on specific dates, and those cash flows consist solely of payments of principal and interest on the outstanding principal amount.

Financial assets measured at amortized cost (including cash and cash equivalents, time deposits and repurchase agreements with original maturities exceeding three months measured at amortized cost, notes receivable, accounts receivable, accounts receivable-related parties, other receivables, and security deposits) are measured at amortized cost-defined as the gross carrying amount determined using the effective interest method less any impairment losses-after initial recognition; any foreign exchange gains or losses are recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets.

A credit-impaired financial asset is one for which the issuer or debtor is experiencing significant financial difficulties, has defaulted, is highly likely to file for bankruptcy or undergo other financial restructuring, or for which an active market has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, can be converted into a fixed amount of cash at any time, and have a low risk of value fluctuation within three months of acquisition, and are used to meet short-term cash commitments.

ii. Impairment of Financial Assets

At each balance sheet date, the consolidated company assesses impairment losses on financial assets (including accounts receivable) measured at amortized cost based on expected credit losses.

Allowances for accounts receivable are recognized based on expected credit losses over the remaining term. For other financial assets, the Group first assesses whether credit risk has increased significantly since initial recognition; if not, an allowance is recognized based on 12-month expected credit losses; if credit risk has increased significantly, an allowance is recognized based on expected credit losses over the remaining term.

Expected credit losses are weighted average credit losses weighted by the probability of default. 12-month expected credit losses represent the expected credit losses arising from potential defaults within 12 months after the reporting date, while lifetime expected credit losses represent the expected credit losses arising from all potential defaults over the expected life of the financial instrument.

For internal credit risk management purposes, the consolidated company determines that a financial asset is in default under the following circumstances, without considering any collateral held:

- i) There is internal or external information indicating that the debtor is unlikely to repay the debt.
- ii) The financial asset is past due by more than 120 days, unless there is reasonable and supportable information indicating that a later default criterion is more appropriate.

Impairment losses on all financial assets are recognized by reducing their carrying amounts through an allowance account.

iii. Derecognition of Financial Assets

The consolidated company derecognizes a financial asset only when its contractual rights to cash flows from the financial asset have expired, or when it has transferred the financial asset and substantially all the risks and rewards of ownership of the asset have been transferred to another entity.

If the consolidated entity has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, and retains control over the asset, it continues to recognize the asset to the extent of its continuing involvement and recognizes a liability for the amount that may be required to be paid. If the consolidated entity retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the asset and recognizes the proceeds received as a secured loan.

When a financial asset measured at amortized cost is derecognized in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss.

2) Equity Instruments

Equity instruments issued by the consolidated company are recognized at the amount of the consideration received, net of direct issuance costs.

3) Financial liabilities

i. Subsequent Measurement

Except as described below, all financial liabilities of the consolidated company are measured at amortized cost using the effective interest method.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include those held for trading.

Financial liabilities held for trading are measured at fair value, with related gains or losses recognized in other comprehensive income.

ii. Derecognition of financial liabilities

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

4) Derivatives

The derivatives entered into by the consolidated companies include forward foreign exchange contracts, which are used to manage the consolidated companies' foreign exchange risk.

Derivatives are initially recognized at fair value upon entering into the derivative contract and are subsequently remeasured at fair value on the balance sheet date. Gains or losses arising from subsequent measurement are recognized directly in profit or loss; however, for

derivatives that are designated and qualify as effective hedging instruments, the timing of recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

If a derivative is embedded in a host contract within the scope of IFRS 9, the classification of the financial asset is determined based on the contract as a whole. If a derivative is embedded in a host contract that is not within the scope of IFRS 9 (such as embedded in a financial liability host contract), and the embedded derivative meets the definition of a derivative, its risks and characteristics are not closely related to the risks and characteristics of the host contract, and the hybrid contract is not measured at fair value through profit or loss, the derivative is treated as a standalone derivative.

(13) Provisions

The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties associated with the obligation. Provisions are measured at the present value of the estimated cash flows required to settle the obligation.

Warranty obligations to ensure that products conform to agreed specifications are recognized when revenue from the related goods is recognized, based on management's best estimate of the expenditure required to settle the Company's obligations.

(14) Revenue Recognition

After identifying performance obligations in customer contracts, the Company allocates the transaction price to each performance obligation and recognizes revenue when each performance obligation is satisfied.

For contracts where the time interval between the transfer of goods and the receipt of consideration is within one year, the transaction price is not adjusted for significant financial components.

Revenue from Sales of Goods

Revenue from sales of goods derives from the sale of various connectivity cable products for smart IoT, cloud computing, industrial control, medical, and automotive applications, as well as optical automotive 3C product applications and engineering plastics. Since, upon fulfillment of the trade terms agreed upon by both parties, the customer has the right to set the price and use the goods, bears the primary responsibility for resale, and assumes the risk of obsolescence, the consolidated company recognizes revenue and accounts receivable at that point in time. Advance payments received for merchandise sales are recognized as contract liabilities prior to product delivery. In accordance with commercial practice, the Consolidated Company estimates the amount of discounts based on the most probable amount, taking into account the transaction history with certain customers over the past year, and recognizes a refund liability accordingly.

(15) Leases

The consolidated company assesses whether a contract is (or includes) a lease on the contract date.

The consolidated company is the lessee

Except for leases of low-value assets eligible for recognition exemptions and short-term leases, where lease payments are recognized as expenses on a straight-line basis over the lease term, all other leases result in the recognition of a right-of-use asset and a lease liability at the commencement of the lease.

A right-of-use asset is initially measured at cost (including the initial measured amount of the lease liability) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with the remeasured amount of the lease liability adjusted accordingly. Right-of-use assets are presented separately in the consolidated balance sheet.

The right-of-use asset is depreciated on a straight-line basis from the lease commencement date until the earlier of the end of its useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments (including fixed payments). If the implicit interest rate of the lease can be readily determined, the lease payments are discounted using that rate. If such a rate cannot be readily determined, the lessee's incremental borrowing rate is used.

Subsequently, the lease liability is measured at amortized cost using the effective interest method, and interest expense is allocated over the lease term. If future lease payments change due to changes in the lease term or in the indices or rates used to determine the lease payments, the consolidated entity remeasures the lease liability and makes a corresponding adjustment to the right-of-use asset; however, if the carrying amount of the right-of-use asset has already been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. The lease liability is presented separately in the consolidated balance sheet.

(16) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the cost of those assets until substantially all activities necessary to bring the assets to their intended use or sale have been completed.

Investment income earned on specific borrowings that are temporarily invested prior to the occurrence of qualifying capital expenditures is deducted from the borrowing costs eligible for capitalization.

Other than the foregoing, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(17) Government Grants

Government grants are recognized only when it is reasonably certain that the consolidated company will comply with the conditions attached to the grant and will receive the grant. Government grants related to revenue are recognized as a reduction of the related costs or as other income on a systematic basis over the period in which the related costs that the grants are intended to compensate are recognized as expenses by the consolidated company. Government grants that are conditional upon

the consolidated company purchasing, constructing, or otherwise acquiring non-current assets are recognized as a reduction in the carrying amount of such non-current assets, and the grant is recognized in profit or loss over the useful life of the asset by reducing the depreciation or amortization expense of the non-current asset.

If a government grant is intended to compensate for expenses or losses already incurred, or is intended to provide immediate financial support to the consolidated company without any future related costs, it is recognized in profit or loss in the period in which it is receivable.

(18) Employee Benefits

1) Short-term employee benefits

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

2) Post-employment Benefits

For defined contribution pension plans, pension costs are recognized as an expense during the period in which the employees render service.

The defined benefit cost of a defined benefit plan (including service cost, net interest, and rereasurement amounts) is calculated using the projected unit credit method. Service cost (including current service cost, past service cost, and settlement gains or losses) and net interest on the net defined benefit liability (asset) are recognized as employee benefit expense when incurred, upon plan amendment or curtailment, or upon settlement. Remeasurements (including actuarial gains and losses, the effect of asset ceilings, and the return on plan assets net of interest) are recognized in other comprehensive income and included in retained earnings when they occur; they are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the funding deficit (surplus) of the defined benefit pension plan. The net defined benefit asset shall not exceed the present value of any refunds of contributions or reductions in future contributions from the plan.

(19) Employee Stock Options

1) Employee stock options granted to employees

Employee stock options are recognized as an expense on a straight-line basis over the vesting period based on the fair value determined at the grant date and the best estimate of the number expected to vest, with a corresponding adjustment to capital surplus—employee stock options. If the options vest immediately upon grant, the entire amount is recognized as an expense at the grant date.

The Company revises its estimate of the number of employee stock options expected to vest at each balance sheet date. If the original estimate is revised, the resulting impact is recognized in profit or loss to bring the cumulative expense in line with the revised estimate, and a corresponding adjustment is made to capital surplus-employee stock options.

2) Equity-settled share-based payment arrangements granted to employees of subsidiaries

Employee stock options granted by the Company to employees of subsidiaries and settled with the Company's equity instruments are treated as capital contributions to the subsidiaries. They are measured at the fair value of the equity instruments on the grant date and recognized as an increase in the carrying amount of the investment in the subsidiary over the vesting period, with a corresponding adjustment to capital surplus-employee stock options.

(20) Income Tax

Income tax expense is the sum of current income tax and deferred income tax.

1) Current Income Tax

The consolidated companies determine current income (loss) in accordance with the laws and regulations of the respective jurisdictions where income tax returns are filed, and calculate the income tax payable (recoverable) based on such determination.

The surtax on undistributed earnings, calculated in accordance with the Income Tax Act of the Republic of China, is recognized in the year of the shareholders' meeting resolution.

Adjustments to prior-year income tax payable are included in current income tax.

2) Deferred Income Tax

Deferred income taxes are calculated based on temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the tax bases used to compute taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when it is highly probable that taxable income will be available against which the deductible temporary differences can be utilized.

Taxable temporary differences related to investments in subsidiaries and associates are recognized as deferred income tax liabilities, except where the consolidated company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets related to deductible temporary differences associated with such investments are recognized only to the extent that it is probable that sufficient taxable income will be available to utilize the temporary differences and that the temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date, and the carrying amount is reduced for those assets for which it is no longer probable that sufficient taxable income will be available to allow for the recovery of all or part of the asset. Items not previously recognized as deferred income tax assets are also reviewed at each balance sheet date, and the carrying amount is increased if it is probable that future taxable income will be available to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rates expected to apply in the period when the liability is settled or the asset is realized, based on tax laws enacted or substantively enacted as of the balance sheet date. Deferred income tax liabilities and assets are measured to reflect the tax consequences of the manner in which the consolidated company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3) Current and Deferred Income Taxes

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity, respectively.

If current or deferred income taxes arise from the acquisition of a consolidated entity, the related income tax effects are included in the accounting treatment of the investment in the consolidated entity.

5. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates, and Assumptions

When adopting accounting policies, management of the consolidated company must make relevant judgments, estimates, and assumptions based on historical experience and other relevant factors for matters where relevant information is not readily available from other sources. Actual results may differ from these estimates.

The accounting policies, estimates, and underlying assumptions adopted by the consolidated company, as assessed by management, do not involve any significant uncertainties regarding accounting judgments, estimates, or assumptions.

6. Cash and Cash Equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and petty cash	\$ 1,007	\$ 685
Bank checking accounts	221,321	167,942
Cash equivalents		
Bank time deposits with original maturity dates of 3 months or less	<u>126,376</u>	<u>152,166</u>

\$ 348,704
\$ 320,793
 The interest rate ranges for bank deposits as of the balance sheet date
 are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bank deposits	0.01%–3.80%	0.002%–4.50%

7. Financial assets measured at fair value through profit or loss

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial Assets—Current</u>		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
– Fund units	<u>\$ 5,133</u>	<u>\$ 5,056</u>
 <u>Financial liabilities—current</u>		
Held for trading		
Derivatives (not designated as hedges)		
– Forward foreign exchange contracts	<u>\$ 1,904</u>	<u>\$ -</u>

The following forward foreign exchange contracts, which were not subject to hedge accounting and had not yet matured as of the balance sheet date, are as follows:

December 31, 2025

	<u>Currency</u>	<u>Maturity Period</u>	<u>Contract Amount (in thousands)</u>
Sell Forward Foreign Exchange	USD/NTD	Jan. 5, 2026 – Mar. 4, 2026	USD 3,050 / NTD 93,795

As of December 31, 2024, the consolidated company had no outstanding forward foreign exchange contracts. The consolidated company enters into forward foreign exchange contracts primarily to hedge against the risk of exchange rate fluctuations affecting foreign currency assets and liabilities; however, since the contracts do not meet the criteria for effective hedging, hedge accounting is not applied.

The net losses on financial assets measured at fair value through profit or loss for the years ended December 31, 2025 and 2024 were NT\$(4,187) thousand and NT\$(729) thousand, respectively.

8. Financial Assets Measured at Amortized Cost

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Time deposits with original maturities exceeding 3 months		
Deposits	\$ 300,443	\$ -
Bonds with call provisions	<u>78,000</u>	<u>338,208</u>
	<u>\$ 378,443</u>	<u>\$ 338,208</u>
Total Book Value	\$ 378,443	\$ 338,208
Allowance for Losses	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 378,443</u>	<u>\$ 338,208</u>

As of December 31, 2025 and December 31, 2024, the coupon rates of the repurchase agreements purchased by the consolidated company were 1.66% and 1.73%, respectively.

As of December 31, 2025, the market interest rates for time deposits with original maturities exceeding three months ranged from 1.70% to 4.10% per annum.

The credit risk associated with financial instruments such as bank deposits and repurchase agreements is assessed and monitored by the finance department. The consolidated company selects counterparties and counterparties with good credit standing, including banks and securities firms.

9. Notes receivable, accounts receivable (including related parties), and other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Notes Receivable</u>		
Arising from operations	\$ 8,707	\$ 8,052
Less: Allowance for losses	<u>-</u>	<u>-</u>
	<u>\$ 8,707</u>	<u>\$ 8,052</u>
<u>Accounts Receivable</u>		
Total Carrying Amount	\$890,614	\$764,984
Less: Allowance for losses	(<u>534</u>)	(<u>2,683</u>)
	890,080	762,301
<u>Accounts receivable—related parties</u>	<u>37,540</u>	<u>41,681</u>
	<u>\$ 927,620</u>	<u>\$ 803,982</u>
<u>Other receivables</u>		
Other	<u>\$ 1,292</u>	<u>\$ 2,933</u>

(1) Notes Receivable

The consolidated company's average collection period for notes receivable is 5 to 85 days. To mitigate credit risk, the consolidated company reviews the recoverable amount of notes receivable on an individual basis as of the balance sheet date to ensure that appropriate impairment losses have been recognized for uncollectible notes receivable. Accordingly, the consolidated company's management believes that the consolidated company's credit risk has been significantly reduced.

The consolidated company recognizes allowance for doubtful accounts for notes receivable based on expected credit losses over the remaining term. Expected credit losses over the remaining term are determined by considering customers' past default records, current financial conditions, and industry economic conditions. As of December 31, 2025 and 2024, none of the notes receivable were past due, and the expected credit loss rate was 0% in both years.

(2) Accounts Receivable

The consolidated company's average credit period for merchandise sales is 30 to 145 days on a monthly settlement basis. Accounts receivable do not accrue interest.

To maintain the quality of receivables, the Consolidated Company has established operational credit risk management procedures. The risk assessment of individual customers by the Consolidated Company considers various factors that may affect a customer's ability to pay, including the customer's financial condition, aging analysis, and historical transaction records. The Consolidated Company also utilizes certain credit enhancement tools, such as requiring customers to prepay for goods, at appropriate times to mitigate credit risk for specific customers.

In addition, the consolidated company reviews the recoverable amount of each receivable at the balance sheet date to ensure that appropriate impairment losses have been recognized for uncollectible receivables.

Based on this, the consolidated company's management believes that the consolidated company's credit risk has been significantly mitigated.

The consolidated company recognizes allowances for accounts receivable based on expected credit losses over the life of the receivables. Expected credit losses during the remaining life of the receivables are calculated using a provision matrix that takes into account the customer's past default history, current financial condition, and industry economic conditions. Since the consolidated company's historical experience with credit losses indicates that there are no significant differences in loss patterns among different customer groups, the provision matrix does not further distinguish between customer groups; instead, expected credit loss rates are determined solely based on the number of days past due for the accounts receivable.

If there is evidence that a counterparty is facing severe financial difficulties and the consolidated company cannot reasonably expect to recover the amount due-for example, if the counterparty is undergoing liquidation-the consolidated company writes off the related accounts receivable directly; however, collection efforts continue, and any amounts recovered through such efforts are recognized in profit or loss.

The consolidated company measures the allowance for doubtful accounts (including related parties) based on the provision matrix as follows:

December 31, 2025

	Not past due	Past due 1-30 days	Past due 31-60 days	Past due 61-90 days	Overdue 91-120 days	Overdue 120 days or more	Total
	0%-0.003%	0%-0.02%	0%-2.52%	0%-11.71%	0%-72.57%	100%	
Expected Credit Loss Rate							
Total Book Value	\$ 804,624	\$ 117,153	\$ 55,329	\$ 587	\$ 61	\$ 400	\$ 928,154
Allowance for Losses (Expected Credit Losses Over the Life of the Loan)	(15)	(20)	(53)	(1)	(45)	(400)	(534)
Amortized cost	<u>\$ 804,609</u>	<u>\$ 117,133</u>	<u>\$ 55,276</u>	<u>\$ 586</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 927,620</u>

December 31, 2024

	Not past due	Past due 1-30 days	Past due 31-60 days	Past due 61-90 days	Overdue 91-120 days	Overdue 120 days or more	T o t a l
	0%-0.66%	0%-7.29%	0%-51.69%	0%-89.95%	0%-100%	100%	
Expected Credit Loss Rate							
Total Book Value	\$ 714,900	\$ 86,672	\$ 3,576	\$ 167	\$ -	\$ 1,350	\$ 806,665
Allowance for Losses (Expected Credit Losses Over the Life of the Loan)	(274)	(114)	(796)	(149)	(-)	(1,350)	(2,683)
Cost after	<u>\$ 714,626</u>	<u>\$ 86,558</u>	<u>\$ 2,780</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 803,982</u>

amortization

Changes in the allowance for doubtful accounts are as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 2,683	\$ 3,691
Less: Reversal of impairment loss for the current year	(2,112)	(1,123)
Foreign currency translation adjustments	(<u>37</u>)	<u>115</u>
Year-end balance	<u>\$ 534</u>	<u>\$ 2,683</u>

(3) Other Receivables

The consolidated company assessed the expected recoverable amount of other receivables based on the debtors' past default records, current financial status, and projected future economic conditions. As the expected recoverable amount is deemed to be approximately equal to the original carrying amount, no allowance for losses is required.

10. Inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Raw Materials	\$ 93,105	\$ 56,693
Work in Progress	53,089	56,811
Finished Goods	93,296	81,394
Merchandise	<u>51,694</u>	<u>37,085</u>
	<u>\$ 291,184</u>	<u>\$ 231,983</u>

The nature of cost of goods sold is as follows:

	<u>2025</u>	<u>2024</u>
Cost of inventory sold	\$ 1,910,654	\$ 1,592,935
Loss (Gain) on Inventory Valuation	<u>7,163</u>	<u>(22,327)</u>
	<u>\$ 1,917,817</u>	<u>\$ 1,570,608</u>

11. Subsidiaries

The entities included in the consolidated financial statements are as follows:

Name of Investee Company	Name of Subsidiary	Nature of Business	Percentage of Equity Held	
			2025 December 31	2024 December 31
VSO Electronics Co., Ltd.	Cable Garden Holdings Limited	Investment Holding Business	100	100
	LINKUPON INTERNATIONAL LIMITED	Sales of engineering plastics for optical automotive and 3C product applications	60	60
	Vsovn Electronics (HANOI) Company Limited	Manufacturing and sales of various connectivity cables for IoT, cloud	100	100

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Name of Investee Company	Name of Subsidiary	Nature of Business	Percentage of Equity Held	
			2025 December 31	2024 December 31
Cable Garden Holdings Limited	VSO (Viet Nam) Electronics Co., LTD.	computing, industrial control, medical, and automotive applications Manufacturing and sales of various connection cables for IoT, cloud computing, industrial control, medical, and automotive applications	100	100
	Ji An VSO Electronics Co., LTD.	Manufacturing and sales of various connection cables for IoT, cloud computing, industrial control, medical, and automotive applications	100	100
Cleveland Investments Limited	Cleveland Investments Limited	Investment holding business	100	100
	VSO Electronics (Suzhou) Co., LTD.	Manufacturing and sales of various types of cables for smart IoT, cloud computing, industrial control, medical, and automotive applications	100	100
LINKUPON INTERNATIONAL LIMITED	Linkupon International Holdings, Limited	Investment holding business	100	100
Linkupon International Holdings, Limited	Zhangjiagang Free Trade Zone Linkupon Material Trading Limited Company	Sales of engineering plastics for optical, automotive, and 3C product applications	100	100

Information on Subsidiaries with Significant Non-Controlling Interests

Subsidiary Name	Principal Place of Business	Percentage of Equity and Voting Rights Held by Non-Controlling Interests	
		December 31, 2025	December 31, 2024
LINKUPON INTERNATIONAL LIMITED	Taiwan	40%	40%

For information regarding the country of the principal place of business and the country of incorporation, please refer to Schedule 7.

Name of Subsidiary	Profit or loss attributable to non-controlling interests		Non-controlling interests	
	FY 2025	FY 2024	December 31, 2025	December 31, 2024
LINKUPON INTERNATIONAL LIMITED	<u>\$ 14,181</u>	<u>\$ 11,743</u>	<u>\$ 96,997</u>	<u>\$ 92,828</u>

LINKUPON INTERNATIONAL LIMITED

	December 31, 2025	December 31, 2024
Current Assets	\$ 350,642	\$ 311,614
Non-current assets	53,742	54,145
Current liabilities	(142,495)	(114,723)
Non-current liabilities	(19,396)	(18,966)
Equity	<u>\$ 242,493</u>	<u>\$ 232,070</u>

Equity attributable to:		
Owners of the Company	\$ 145,496	\$ 139,242
Non-controlling interests	<u>96,997</u>	<u>92,828</u>
	<u>\$ 242,493</u>	<u>\$ 232,070</u>
Revenue	<u>\$ 528,127</u>	<u>\$ 558,874</u>
Net Income for the Year	35,451	29,359
Other comprehensive income	<u>972</u>	<u>4,619</u>
Total comprehensive income	<u>\$ 36,423</u>	<u>\$ 33,978</u>
Net income attributable to:		
Owners of the Company	\$ 21,270	\$ 17,616
Non-controlling interests	<u>14,181</u>	<u>11,743</u>
	<u>\$ 35,451</u>	<u>\$ 29,359</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 21,854	\$ 20,387
Non-controlling interests	<u>14,569</u>	<u>13,591</u>
	<u>\$ 36,423</u>	<u>\$ 33,978</u>

12. Investments accounted for using the equity method

Investments in Associates

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Significant Affiliates		
Zhang Jia Gang Free Trade Zone Mitsui LinkUpon Advanced Material,inc.	<u>\$ 50,019</u>	<u>\$ 48,495</u>

Information on Significant Affiliates

Company Name	Nature of Business	Principal Place of Business	Percentage of Equity and Voting Rights Held	
			2025 December 31, 2025	December 31, 2024 December 31
Zhang Jia Gang Free Trade Zone Mitsui LinkUpon Advanced Material,inc.	Production and Sales of Production and Sales	China	24%	24%

The following summary financial information is prepared based on the consolidated financial statements of each affiliated company in accordance with IFRS and reflects adjustments made under the equity method.

Zhang Jia Gang Free Trade Zone Mitsui LinkUpon Advanced Material,inc.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current Assets	\$ 159,290	\$ 149,490
Non-current assets	66,526	71,295
Current liabilities	(16,667)	(16,926)
Non-current liabilities	(738)	(1,795)
Equity	<u>\$ 208,411</u>	<u>\$ 202,064</u>
Consolidated Company's Ownership Percentage	24%	24%
Equity interest held by the consolidated company	<u>\$ 50,019</u>	<u>\$ 48,495</u>
Revenue	<u>\$ 130,649</u>	<u>\$ 121,529</u>
Net income for the year	\$ 9,551	\$ 6,359
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 9,551</u>	<u>\$ 6,359</u>
Consolidated Company's Ownership Interest	24%	24%
Share of investment income (loss) of the consolidated company	<u>\$ 2,292</u>	<u>\$ 1,526</u>
Dividends received from Zhang Jia Gang Free Trade Zone Mitsui LinkUpon Advanced Material,inc.	<u>\$ 1,060</u>	<u>\$ 1,097</u>

For information regarding the nature of business, principal places of business, and countries of incorporation of the aforementioned related parties, please refer to Appendix 7, "Information on Investee Companies, Locations, and Other Relevant Information."

For the 2025 and 2024 fiscal years, the Company's share of profit or loss and other comprehensive income from investments accounted for using the equity method and consolidated subsidiaries was recognized based on the audited financial statements of the affiliated companies for the same periods.

13. Property, Plant, and Equipment

<u>Cost</u>	<u>Land</u>	<u>Buildings and Structures</u>	<u>Machinery and equipment</u>	<u>Transportatio n Equipment</u>	<u>Other equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance as of January 1, 2025	\$ 65,705	\$ 171,386	\$334,183	\$ 6,356	\$ 65,405	\$ 2,712	\$ 645,747
Increase	31,872	14,026	109,313	3,788	25,705	187,529	372,233
Government grants (Note 28)	-	(154)	(8,452)	-	-	-	(8,606)
Disciplinary Action	-	-	(15,808)	-	(2,214)	-	(18,022)
Reclassify	-	-	26,690	-	2,350	(29,040)	-
Net exchange differences	-	(588)	(2,890)	11	(398)	(459)	(4,324)
Balance as of December 31, 2025	<u>\$ 97,577</u>	<u>\$ 184,670</u>	<u>\$ 443,036</u>	<u>\$ 10,155</u>	<u>\$ 90,848</u>	<u>\$ 160,742</u>	<u>\$ 987,028</u>

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<u>Accumulated depreciation</u>							
Balance as of January 1, 2025	\$ -	(\$ 26,278)	(\$ 170,650)	(\$ 1,955)	(\$ 29,855)	\$ -	(\$ 228,738)
Depreciation expense	-	(5,426)	(41,820)	(1,574)	(9,739)	-	(58,559)
Disciplinary Action	-	-	15,106	-	2,214	-	17,320
Net exchange difference	-	(192)	1,608	1	53	-	1,470
Balance as of December 31, 2025	<u>\$ -</u>	<u>(\$ 31,896)</u>	<u>(\$ 195,756)</u>	<u>(\$ 3,528)</u>	<u>(\$ 37,327)</u>	<u>\$ -</u>	<u>(\$ 68,507)</u>
Net amount as of December 31, 2025	<u>\$ 97,577</u>	<u>\$ 152,774</u>	<u>\$ 247,280</u>	<u>\$ 6,627</u>	<u>\$ 53,521</u>	<u>\$ 160,742</u>	<u>\$ 718,521</u>
Balance as of January 1, 2024	\$ 65,705	\$ 165,468	\$ 274,144	\$ 4,231	\$ 54,548	\$ 2,539	\$ 566,635
Add	-	16,722	67,286	4,085	6,879	2,922	97,894
Government grants (Note 28)	-	(15,041)	-	-	-	-	(15,041)
Disciplinary Action	-	-	(15,498)	(2,071)	(169)	-	(17,738)
Reclassify	-	-	-	-	2,760	(2,760)	-
Net exchange differences	-	4,237	8,251	111	1,387	11	13,997
Balance as of December 31, 2024	<u>\$ 65,705</u>	<u>\$ 171,386</u>	<u>\$ 334,183</u>	<u>\$ 6,356</u>	<u>\$ 65,405</u>	<u>\$ 2,712</u>	<u>\$ 645,747</u>
<u>Accumulated depreciation</u>							
Balance as of January 1, 2024	\$ -	(\$ 20,732)	(\$ 151,900)	(\$ 2,089)	(\$ 22,967)	\$ -	(\$ 197,688)
Depreciation expense	-	(5,071)	(29,368)	(1,403)	(6,486)	-	(42,328)
Disposition	-	-	15,404	1,588	169	-	17,161
Net exchange difference	-	(475)	(4,786)	(51)	(571)	-	(5,883)
Balance as of December 31, 2024	<u>\$ -</u>	<u>(\$ 26,278)</u>	<u>(\$ 170,650)</u>	<u>(\$ 1,955)</u>	<u>(\$ 29,855)</u>	<u>\$ -</u>	<u>(\$ 228,738)</u>
Net amount as of December 31, 2024	<u>\$ 65,705</u>	<u>\$ 145,108</u>	<u>\$ 163,533</u>	<u>\$ 4,401</u>	<u>\$ 35,550</u>	<u>\$ 2,712</u>	<u>\$ 417,009</u>

Depreciation expense is calculated on a straight-line basis using the following useful lives:

Buildings and structures	30 to 50 years
Machinery and Equipment	2 to 10 years
Transportation equipment	2 to 6 years
Other equipment	2 to 10 years

For the amount of property, plant, and equipment pledged as collateral for loans by the consolidated companies, please refer to Note 32.

14. Lease Agreements

(1) Right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying Amount of Right-of-Use Assets		
Land	\$ 88,703	\$ 104,687
Transportation equipment	1,129	2,150
Buildings	<u>14,556</u>	<u>13,640</u>

	<u>\$ 104,388</u>	<u>\$ 120,477</u>
Additions to right-of-use assets	<u>\$ 9,669</u>	<u>\$ 98,669</u>
Depreciation expense on right-of-use assets		
Land	\$ 1,892	\$ 1,280
Transportation equipment	993	1,841
Buildings	<u>8,240</u>	<u>7,764</u>
	<u>\$ 11,125</u>	<u>\$ 10,885</u>

Land use rights are amortized on a straight-line basis, with useful lives ranging from 2020 to 2072 years and from 2024 to 2073 years, respectively. In addition to the additions and depreciation recognition of the right-of-use assets listed above, the consolidated company's right-of-use assets decreased by NT\$7,187 thousand due to the disposal by its subsidiary, Ji An VSO Electronics Co., LTD. (hereinafter referred to as "Ji An VSO"), of the land use rights located in the High-Tech Zone of Anfu County, Jiangxi Province, China, in February 2025. There were no significant subleases or impairment events involving the consolidated company's right-of-use assets in fiscal years 2025 and 2024.

For information regarding the Group's right-of-use assets pledged as collateral for loans, please refer to Note 32.

(2) Lease Liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount of lease liabilities		
Current	<u>\$ 9,339</u>	<u>\$ 7,545</u>
Non-current	<u>\$ 7,385</u>	<u>\$ 8,868</u>

The discount rate range for lease liabilities is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Buildings	3.00%–4.65%	3.35%–4.65%
Transportation Equipment	1.35%–4.65%	1.35%–4.65%

(3) Significant Leasing Activities and Terms

The consolidated company leases vehicles, warehouses, offices, and factories for terms ranging from 2 to 5 years. Upon termination of the lease term, the consolidated company has no preferential right to purchase the leased vehicles, warehouses, offices, and factories.

(4) Other Lease Information

	<u>2025</u>	<u>2024</u>
Short-term lease expenses and lease expenses for low-value assets	<u>\$ 21,215</u>	<u>\$ 10,010</u>
Total cash (outflow) from leases	<u>(\$ 30,561)</u>	<u>(\$ 20,306)</u>

The consolidated company has elected to apply the recognition exemption for building leases that qualify as short-term leases and for office equipment leases that qualify as low-value asset leases, and does not recognize related right-of-use assets or lease liabilities for such leases. All lease commitments with lease terms commencing after the balance sheet date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Lease Commitment	<u>\$ 101</u>	<u>\$ -</u>

15. Intangible Assets

	<u>Computer Software</u>	<u>Patent Licenses</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2025	\$ 20,773	\$ 21,866	\$ 42,639
Add	4,127	9,960	14,087
Net exchange differences	<u>19</u>	<u>1</u>	<u>20</u>
Balance as of December 31, 2025	<u>\$ 24,919</u>	<u>\$ 31,827</u>	<u>\$ 56,746</u>
<u>Accumulated amortization</u>			
Balance as of January 1, 2025	(\$ 8,659)	(\$ 10,678)	(\$ 19,337)
Amortization expense	(5,285)	(6,050)	(11,335)
Net exchange differences	<u>(110)</u>	<u>(3)</u>	<u>(113)</u>
Balance as of December 31, 2023	<u>(\$ 14,054)</u>	<u>(\$ 16,731)</u>	<u>(\$ 30,785)</u>

Net amount as of December 31, 2025	<u>\$ 10,865</u>	<u>\$ 15,096</u>	<u>\$ 25,961</u>
<u>Cost</u>			
Balance as of January 1, 2024	\$ 18,105	\$ 12,704	\$ 30,809
Add	3,075	9,152	12,227
Disposed	(733)	-	(733)
Net exchange difference	<u>326</u>	<u>10</u>	<u>336</u>
Balance as of December 31, 2024	<u>\$ 20,773</u>	<u>\$ 21,866</u>	<u>\$ 42,639</u>
<u>Accumulated amortization</u>			
Balance as of January 1, 2024	(\$ 4,339)	(\$ 6,365)	(\$ 10,704)
Amortization expense	(4,954)	(4,308)	(9,262)
Disposition	733	-	733
Net exchange difference	(99)	(5)	(104)
Balance as of December 31, 2024	<u>\$ 8,659</u>	<u>(\$ 10,678)</u>	<u>(\$ 19,337)</u>
Net amount as of December 31, 2024	<u>\$ 12,114</u>	<u>\$ 11,188</u>	<u>\$ 23,302</u>

Amortization expenses are calculated on a straight-line basis over the following useful lives:

Computer software	3 to 7 years
Patent licenses	4 to 5 years

Aggregate amortization expense by function:

	<u>2025</u>	<u>2024</u>
Cost of sales	\$ 7,355	\$ 5,477
Operating Expenses		
Selling expenses	344	351
Administrative expenses	1,161	1,031
R&D expenses	<u>2,475</u>	<u>2,403</u>
	<u>\$ 11,335</u>	<u>\$ 9,262</u>

16. Other Assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Prepaid Accounts Payable	\$ 971	\$ 10,646
Prepaid expenses	10,218	7,907
Tax credit	8,734	8,215
Other	<u>11</u>	<u>37</u>
	<u>\$ 19,934</u>	<u>\$ 26,805</u>

<u>Non-current</u>		
Prepaid equipment	\$ 6,119	\$ 19,900
Prepayment for real estate acquisition	-	14,285
Security deposits (Note 32)	6,879	6,904
Other prepaid expenses	598	993
	<u>\$ 13,596</u>	<u>\$ 42,082</u>

17. Loans

(1) Short-term Borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bank Credit Facilities	\$ 201,400	\$ -
Bank-Guaranteed Loans	<u>27,378</u>	<u>34,750</u>
	<u>\$ 228,778</u>	<u>\$ 34,750</u>

As of December 31, 2025, the interest rates on unsecured bank loans ranged from 4.704% to 5.740%. As of December 31, 2025 and 2024, the secured bank loans were guaranteed jointly and severally by Chairman Chien Chung-cheng in his personal capacity, with interest rates of 2.262% and 0.50%, respectively.

In May 2024, the Company entered into a loan agreement with a bank for NT\$35,000 thousand under the “Ministry of Economic Affairs Low-Carbon Smart Grid Project Loan.” The Ministry of Economic Affairs subsidized the floating interest rate on a two-year fixed-term deposit with Chunghwa Post for one year. As of December 31, 2024, the Company’s actual interest rate was 0.50%. The loan term runs from May 13, 2024, to May 13, 2025, with interest paid monthly and principal repaid at maturity.

(2) Long-term Borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Secured Loans</u>		
Bank Loans	\$ 125,790	\$ 10,000
Less: Discount on government grant	(<u>1,496</u>)	(<u>147</u>)
	<u>\$ 124,294</u>	<u>\$ 9,853</u>

In March 2025 and December 2024, the Company entered into loan agreements with banks for NT\$49,249 thousand and NT\$10,000 thousand, respectively, under the "National Development Fund Overseas

Investment Financing Project Loan" program. The loan periods are from March 6, 2025, to December 10, 2029, and from December 10, 2024, to December 10, 2029, respectively. Principal and interest are to be repaid monthly following a 24-month grace period. Chairman Chien Chung-cheng serves as a joint and several guarantor for these loans in his personal capacity.

In December 2025, the Company entered into separate loan agreements with banks for NT\$46,741 thousand and NT\$19,800 thousand under the "National Development Fund's Special Loan Program for Overseas Investment Financing," The loan periods are from December 9, 2025, to December 10, 2029, and from December 29, 2025, to December 10, 2029, respectively. Principal and interest are repaid monthly following a 24-month grace period. Chairman Chien Chung-cheng serves as a joint and several guarantor for these loans in his personal capacity.

As of December 31, 2025, and December 31, 2024, the interest rates on the loans were 1.773784% and 1.772019%, respectively.

18. Accounts Payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Accounts Payable</u>		
Arising from operations	<u>\$ 419,617</u>	<u>\$ 371,451</u>

The average credit period for the consolidated company's purchases of goods is 30 to 120 days on a monthly basis.

19. Other Liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Other Payables		
Accrued salaries and bonuses	\$ 78,101	\$ 68,928
Insurance premiums payable	136,418	130,191
Accrued employee compensation	9,785	8,486
Accrued directors' compensation	3,562	3,748
Sales tax payable	2,078	3,083
Payables for equipment	33,339	4,013
Other	<u>72,659</u>	<u>67,684</u>
	<u>\$ 335,942</u>	<u>\$ 286,133</u>
Other Liabilities		

Lease Payables	\$ 1,645	\$ 75
Deferred Revenue from Government Grants (Notes 17 and 28)	532	292
Refund liabilities (Notes 23 and 31)	6,676	3,041
Other	<u>1,386</u>	<u>1,366</u>
	<u>\$ 10,239</u>	<u>\$ 4,774</u>
<u>Non-current</u> Other Liabilities		
Deferred income from government grants (Notes 17 and 28)	<u>\$ 964</u>	<u>\$ 105</u>

20. Liabilities and Reserves

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u> Warranty	<u>\$ 2,956</u>	<u>\$ 2,107</u>

The warranty liability provision represents the present value of management's best estimate of future economic outflows arising from warranty obligations, as specified in the contracts for the sale of goods. This estimate is based on historical warranty experience and adjusted to account for new raw materials, changes in manufacturing processes, or other factors affecting product quality.

21. Post-employment Benefit Plans

(1) Defined Contribution Plan

The pension system applicable to employees of the Parent Company and its subsidiaries in the Republic of China under the "Labor Pension Act" is a government-administered defined-contribution pension plan, under which 6% of employees' monthly salaries is contributed to individual accounts at the Bureau of Labor Insurance.

Employees of the Merged Company's subsidiaries in Mainland China and Vietnam are members of retirement benefit plans operated by the governments of Mainland China and Vietnam, respectively. These subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit plans to fund them. The Merged Company's obligation regarding these government-operated retirement benefit plans is limited to making the specified contributions.

(2) Defined Benefit Plan

The pension system of the parent company of the consolidated company, administered in accordance with the Republic of China's "Labor Standards Act," is a government-administered defined-benefit pension plan. Pension payments to employees are calculated based on years of service and the average wage for the six months prior to the approved retirement date. The Company contributes 2% of the total monthly payroll to the pension fund, which is deposited into a special account at the Bank of Taiwan in the name of the Labor Retirement Reserve Supervision Committee. If, prior to the end of the fiscal year, the estimated balance in the special account is insufficient to cover the estimated number of employees who will meet the retirement requirements in the following fiscal year, the Company will make a lump-sum contribution to cover the shortfall by the end of March of the following fiscal year. This special account is managed by the Bureau of Labor Fund Management under the Ministry of Labor, and the Company has no authority to influence investment management strategies.

In 2023, the Company reached an agreement with employees covered by the defined benefit pension plan to settle their service years. In January 2024, the competent authority approved the cancellation of the Labor Pension Reserve Fund account, and the settlement of the pension reserve account at Bank of Taiwan was completed in April 2024. Following the settlement, in addition to recovering the prepaid pension of NT\$373 thousand originally recorded as of December 31, 2023, an overpayment of NT\$524 thousand was also recovered, which was recorded as NT\$19 thousand under interest income and NT\$505 thousand under other income.

22. Equity

(1) Share Capital

Common Stock

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Authorized Shares (thousands)	<u>60,000</u>	<u>60,000</u>
Authorized Capital	<u>\$ 600,000</u>	<u>\$ 600,000</u>

Number of shares issued and fully paid (in thousands)	<u>43,848</u>	<u>41,716</u>
Issued capital	<u>\$ 438,488</u>	<u>\$ 417,165</u>

Each issued common share has a par value of NT\$10 and entitles the holder to one vote and the right to receive dividends.

On July 23, 2024, the Company's Board of Directors resolved to conduct a pre-listing cash capital increase by issuing 3,660 thousand shares with a par value of NT\$10 per share. This resolution was approved by the Taiwan Over-the-Counter Securities Market (OTC) on August 9, 2024, pursuant to Letter No.1130007053 ;The aforementioned cash capital increase included shares issued at a premium of NT\$100.73 per share for employee subscription and public offering. The total proceeds, amounting to NT\$365,577 thousand after deducting underwriting fees and related expenses, have been fully received. September 27, 2024, was designated as the record date for the capital increase, and the registration of the change was completed on October 14, 2024.

In fiscal year 2024, the Company recorded 434 thousand shares from the exercise of employee stock options granted on February 1, 2021, 55 thousand shares from options granted on October 1, 2021, and 37 thousand shares from options granted on June 1, 2022, with exercise prices of NT\$20, NT\$20, and NT\$30 per share, respectively. the registration of these changes was completed by December 31, 2024.

In fiscal year 2025, due to the exercise of 46 thousand shares employee stock options granted on June 1, 2022, with a subscription price of NT\$30 per share, the record date for the capital increase was set as July 7, 2025, and the registration of the change was completed on July 17, 2025.

For details regarding the issuance of employee stock options, please refer to Note 27.

(2) Capital Surplus

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Available for offsetting losses, cash distribution, or capitalization (Note)</u>		

Share Premium	\$ 565,260	\$ 563,750
<u>Available for offset against losses</u>		
Other—Exercise of reclassification rights	1,184	928
<u>Cannot be used for any purpose</u>		
Employee stock options	<u>3,110</u>	<u>836</u>
	<u>\$ 569,554</u>	<u>\$ 565,514</u>

Note: This category of capital surplus may be used to offset losses, or, when the company has no losses, to distribute cash or be transferred to capital stock; however, when transferred to capital stock, the amount is limited to a certain percentage of paid-in capital stock each year.

The reconciliation of the balances of various capital reserves for the periods from January 1 to December 31, 2025 and 2024 is as follows:

	Share Premium Premium	Employee Stock Options	Other	Total
Balance as of January 1, 2025	\$ 563,750	\$ 836	\$ 928	\$ 565,514
Recognition of equity-based payments	-	2,854	-	2,854
Exercise of stock options by employees	1,510	(580)	-	930
Exercise of the right of reclassification	-	-	256	256
Balance as of December 31, 2025	<u>\$ 565,260</u>	<u>\$ 3,110</u>	<u>\$ 1,184</u>	<u>\$ 569,554</u>
Balance as of January 1, 2024	\$ 223,467	\$ 4,377	\$ -	\$ 227,844
Cash Capital Increase	328,977	-	-	328,977
Recognition of equity-based payments	-	2,129	-	2,129
Exercise of stock options by employees	11,306	(5,670)	-	5,636
Exercise of reclassification rights	-	-	928	928
Balance as of December 31, 2024	<u>\$ 563,750</u>	<u>\$ 836</u>	<u>\$ 928</u>	<u>\$ 565,514</u>

(3) Retained Earnings and Dividend Policy

In accordance with the Company's Articles of Incorporation regarding the distribution of earnings, when distributing earnings, the Company shall first estimate and set aside amounts for taxes payable, then cover any losses in accordance with the law, and next set aside 10% as a statutory reserve fund; however, this provision does not apply if the statutory reserve fund has already reached the amount of paid-in capital. The remainder shall be set aside or reversed as a special reserve in accordance with laws, regulations, and the requirements of the competent authorities; if there are still surpluses after deducting the aforementioned items, the Board of Directors shall draft a resolution on the distribution of such surpluses together with the undistributed surpluses from the beginning of the same period and submit it to the shareholders' meeting for resolution.

If the Company distributes all or part of its dividends and bonuses in cash, the Board of Directors is authorized to make a resolution and report it to the shareholders' meeting.

In addition, pursuant to the Company's Articles of Incorporation, surplus distribution may be made in the form of cash dividends or stock dividends, with the surplus distribution amounting to no less than 35% of the distributable surplus and cash dividends amounting to no less than 20% of the total dividend amount for that distribution. The aforementioned ratio of surplus available for distribution and the ratio of cash dividends to shareholders may be adjusted by resolution of the shareholders' meeting in light of actual profits and capital conditions.

For the Company's policies regarding the distribution of employee compensation and compensation for directors and supervisors as stipulated in the Articles of Incorporation, please refer to Note 24(7) on Employee Compensation and Director Compensation.

The statutory reserve shall be set aside until its balance reaches the total amount of the Company's paid-in capital. The statutory reserve may be used to offset losses. When the Company has no losses, the portion of the statutory reserve exceeding 25% of the total paid-in capital may be distributed in cash, in addition to being capitalized.

When the Company sets aside a special reserve from the net amount of other equity deductions accumulated in prior periods, if the retained earnings from prior periods are insufficient for such allocation, the amount shall be set aside from the current period's net profit after tax plus the amount of items other than net profit after tax included in the current period's retained earnings.

The Company's earnings distribution proposals for fiscal years 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Allocation to Statutory Reserve	<u>\$ 18,545</u>	<u>\$ 11,495</u>
(Reversal) Allocation to Special Reserve	<u>(\$18,209)</u>	<u>\$ 11,815</u>
Cash dividends to shareholders	<u>\$ 83,433</u>	<u>\$ 75,921</u>
Stock dividends to shareholders	<u>\$ 20,858</u>	<u>\$ -</u>
Cash dividend per share (NT\$)	\$ 2.0	\$ 2.0
Stock dividend per share (NT\$)	\$ 0.5	\$ -

The aforementioned cash dividends to shareholders were approved by the Board of Directors on March 13, 2025, and March 28, 2024, respectively, while the remaining items of surplus distribution were approved by the Annual General Meeting of Shareholders on May 12, 2025, and May 15, 2024, respectively.

The aforementioned stock dividends to shareholders were approved by the Annual General Meeting of Shareholders on May 12, 2025, through a resolution to issue 2,086 thousand shares by capitalizing retained earnings, with a par value of NT\$10 per share. The record date for the capital increase was set as July 7, 2025, and the registration of the change was completed on July 17, 2025.

The Company's Board of Directors proposed the following profit distribution plan for the 2025 fiscal year at its meeting on March 12, 2026:

	<u>2025</u>
Allocation to Statutory Reserve	<u>\$ 18,955</u>
Allocation to Special Reserve	<u>\$ 17,258</u>
Cash dividends to shareholders	<u>\$ 108,952</u>

Cash Dividend per Share (NT\$) \$ 2.50

The cash dividends to shareholders mentioned above have been approved by the Board of Directors; the remainder is pending approval at the Annual General Meeting of Shareholders scheduled for May 12, 2026.

(4) Special Reserve

	<u>2025</u>	<u>2024</u>
Beginning Balance	\$ 52,481	\$ 40,666
Allocation (Reversal) of Special Reserve	(18,029)	<u>11,815</u>
Year-end balance	<u>\$ 34,452</u>	<u>\$ 52,481</u>

(5) Exchange differences arising from the translation of financial statements of foreign operations

	<u>2025</u>	<u>2024</u>
Opening balance	(\$ 34,451)	(\$ 52,481)
Exchange differences arising from the translation of financial statements of foreign operations	(17,258)	<u>18,030</u>
Year-end balance	<u>(\$ 51,709)</u>	<u>(\$ 34,451)</u>

(6) Non-controlling interests

	<u>2025</u>	<u>2024</u>
Beginning Balance	\$ 92,828	\$ 87,594
Net income for the year	14,181	11,743
Cash dividends paid by subsidiaries to non-controlling interest shareholders	(10,400)	(8,400)
Other comprehensive income for the current year		
Foreign currency translation adjustments from the financial statements of foreign operations	271	1,215
Share of other comprehensive income of associates accounted for using the equity method	117	633
Equity in subsidiaries Changes	<u>-</u>	<u>43</u>

Year-end balance	<u>\$ 96,997</u>	<u>\$ 92,828</u>
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(7) Treasury Stock

	<u>Shares transferred to employees (thousands)</u>
Number of shares as of January 1, 2025	-
Increase for the Period	<u>268</u>
Number of shares as of December 31, 2025	<u><u>268</u></u>

On April 16, 2025, the Company's Board of Directors resolved to repurchase shares from the centralized market for transfer to employees. The repurchase period was from April 17, 2025, to June 13, 2025. The Company repurchased a total of 268 thousand shares treasury shares at a cost of NT\$28,969 thousand. As of December 31, 2025, the market value of the treasury shares was NT\$31,892 thousand.

In accordance with the Securities and Exchange Act, the treasury shares held by the Company may not be pledged, and the Company is not entitled to dividends or voting rights.

23. Revenue

	<u>2025</u>	<u>2024</u>
Revenue from Customer Contracts		
Revenue from Sales of Goods	\$ 2,614,053	\$ 2,139,911
Compensation Income	<u>17,459</u>	<u>23,085</u>
	<u><u>\$ 2,631,512</u></u>	<u><u>\$ 2,162,996</u></u>

(1) Description of Customer Contract

In accordance with commercial practice, the Group estimates the amount of discounts based on the sales of various connectivity cables for IoT, cloud computing, industrial control, medical, and automotive applications, and considers the transaction history with certain customers over the past year. The Group recognizes a refund liability (classified as other current liabilities) based on the most probable amount. Please refer to Notes 19 and 31.

(2) Contract Balance

<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
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Notes Receivable (Note 9)	<u>\$ 8,707</u>	<u>\$ 8,052</u>	<u>\$ 2,038</u>
Accounts receivable (Note 9)	<u>\$ 890,080</u>	<u>\$ 762,301</u>	<u>\$ 513,176</u>
Accounts receivable—related parties (Notes 9 and 31)	<u>\$ 37,540</u>	<u>\$ 41,681</u>	<u>\$ 35,271</u>
Contract liabilities—current	<u>\$ 913</u>	<u>\$ 1,042</u>	<u>\$ 370</u>

The amounts recognized as revenue during the current period from contract liabilities at the beginning of the year and performance obligations satisfied in prior periods are as follows:

	<u>2025</u>	<u>2024</u>
<u>From contract liabilities at the beginning of the year</u>		
Sales of goods	<u>\$ 1,042</u>	<u>\$ 370</u>

(3) Breakdown of Revenue from Customer Contracts

	<u>2025</u>	<u>2024</u>
AIoT Smart IoT Application Cable Assemblies	\$ 1,142,229	\$ 805,695
Computer and Consumer Electronics Cable Assemblies	199,324	135,992
Engineering-Grade Plastic Materials	524,271	558,874
Other – Cable Assemblies	<u>765,688</u>	<u>662,435</u>
	<u>\$ 2,631,512</u>	<u>\$ 2,162,996</u>

24. Net Income for the Current Year

Net income for the current year includes the following items:

(1) Interest income

	<u>2025</u>	<u>2024</u>
Interest Income		
Bank Deposits	\$ 3,842	\$ 7,335
Bonds with repurchase agreements	5,058	1,016
Interest on security deposits	-	4
Other (Note 21)	-	19
	<u>\$ 8,900</u>	<u>\$ 8,374</u>

(2) Other Income

	<u>2025</u>	<u>2024</u>
Government Grants	\$ 475	\$ 1,914
Other (Note 21)	<u>7,584</u>	<u>2,308</u>
	<u>\$ 8,059</u>	<u>\$ 4,222</u>

(3) Other gains and losses

	<u>2025</u>	<u>2024</u>
Gain on disposal of property, plant, and equipment	\$ 350	\$ 475
Loss on disposal of right-of-use assets	(1,385)	-
Net loss on financial assets and liabilities measured at fair value through profit or loss		
(Note 7)	(4,187)	(729)
Net foreign exchange gains	(12,267)	24,183
Other	(857)	(69)
	<u>(\$ 18,346)</u>	<u>\$ 23,860</u>

(4) Financial Costs

	<u>2025</u>	<u>2024</u>
Interest on Bank Loans	\$ 7,639	\$ 4,320
Interest on lease liabilities	<u>511</u>	<u>814</u>
	<u>\$ 8,150</u>	<u>\$ 5,134</u>

(5) Depreciation and Amortization

	<u>2025</u>	<u>2024</u>
Depreciation Expense by Function		
Cost of Sales	\$ 46,256	\$ 32,454
Operating Expenses	<u>23,428</u>	<u>20,759</u>
	<u>\$ 69,684</u>	<u>\$ 53,213</u>
Amortization Expenses by Function		
Cost of sales	\$ 7,355	\$ 5,477
Operating expenses	<u>3,980</u>	<u>3,785</u>
	<u>\$ 11,335</u>	<u>\$ 9,262</u>

For details on the allocation of amortization expense for intangible assets to individual bank items, please refer to Note 15.

(6) Employee benefit expenses

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 545,258	\$ 433,659
Share-based payments		
Equity settlement	2,854	2,129
Post-retirement benefits		
Defined Contribution Plan	<u>5,446</u>	<u>4,650</u>

Total Employee Benefit Expenses	<u>\$ 553,558</u>	<u>\$ 440,438</u>
Summary by Function		
Cost of Sales	\$ 273,443	\$ 212,767
Operating Expenses	<u>280,115</u>	<u>227,671</u>
	<u>\$ 553,558</u>	<u>\$ 440,438</u>

(7) Employee Compensation and Director Compensation

The Company shall allocate 2% to 10% of the pre-tax profit for the current fiscal year, after setting aside an amount to offset losses and before deducting employee and director compensation, as employee compensation, and shall allocate no more than 2% as director compensation. Pursuant to the amendment to the Securities and Exchange Act in August 2024, the Company passed a resolution at the 2025 Annual General Meeting to amend its Articles of Incorporation, stipulating that no less than 15% of the aforementioned allocation for employee remuneration shall be distributed as remuneration for frontline employees.

The employee and director remuneration for fiscal years 2025 and 2024 were resolved by the Board of Directors on March 12, 2026, and March 13, 2025, respectively, as follows:

Estimated Ratio

	<u>2025</u>	<u>2024</u>
Employee Compensation	4.00%	3.50%
Director Compensation	1.46%	1.55%

Amount

	<u>2025</u>	<u>2024</u>
Employee Compensation (Cash)	<u>\$ 9,741</u>	<u>\$ 8,449</u>
Director compensation (cash)	<u>\$ 3,562</u>	<u>\$ 3,748</u>

If the amounts change after the date of approval and publication of the annual consolidated financial statements, such changes will be treated as changes in accounting estimates and recorded as adjustments in the following fiscal year.

There are no differences between the actual amounts of employee compensation distributed for fiscal years 2024 and 2023 and the amounts recognized in the consolidated financial statements for those years.

For the aforementioned information regarding employee compensation and director compensation as resolved by the Company's Board of Directors, please refer to the "Market Observation Post System" of the Taiwan Stock Exchange.

25. Income Tax

(1) Major components of income tax expense recognized in profit or loss

	<u>2025</u>	<u>2024</u>
Current Income Tax		
Arising in the current year	\$ 51,350	\$ 38,806
Surcharge on undistributed earnings	4,053	800
Adjustments from prior years	(5,203)	<u>440</u>
	<u>50,200</u>	<u>40,046</u>
Deferred income tax		
Arising in the current year	<u>1,138</u>	<u>20,212</u>
Income tax expense recognized in profit or loss	<u>\$ 51,338</u>	<u>\$ 60,258</u>

The reconciliation between taxable income and income tax expense is as follows:

	<u>2025</u>	<u>2024</u>
Net Income Before Tax	<u>\$ 255,068</u>	<u>\$ 257,573</u>
Income tax calculated at the statutory tax rate on pre-tax net income	\$ 59,007	\$ 64,976
Non-deductible expenses	1,754	2,795
Tax-exempt income	(4,035)	(3,575)
Additional Deduction for R&D Expenses	(4,238)	(5,178)
Surcharge on undistributed earnings	4,053	800
Tax Rate Change	-	-
Adjustments to prior-year current income tax expense for the current year	(5,203)	<u>440</u>
Income tax expense recognized in profit or loss	<u>\$ 51,338</u>	<u>\$ 60,258</u>

The tax rate applicable to the consolidated companies under the Income Tax Act of the Republic of China is 20%, and the tax rate applicable to undistributed earnings is 5%.

VSO Electronics (Suzhou) Co., LTD. and Zhangjiagang Free Trade Zone Linkupon Material Trading Limited Company are eligible for the universal income tax reduction policy for small and low-profit enterprises; the applicable tax rate for both companies in 2025 and 2024 was 5%.

Ji An VSO Electronics Co., LTD. was certified as a Chinese high-tech enterprise in November 2022 and December 2025; therefore, the applicable tax rate for the years 2022 through 2028 is 15%.

Tax amounts arising in other jurisdictions are calculated based on the tax rates applicable in those respective jurisdictions.

(2) Income tax expense recognized in other comprehensive income

	<u>2025</u>	<u>2024</u>
<u>Deferred income tax</u>		
Arising in the current period		
– Remeasurement of defined benefit plans	<u>\$ -</u>	<u>(\$ 87)</u>

(3) Deferred Income Tax Assets and Liabilities

	<u>2025</u>				
	Opening Balance	Recognized in profit or loss	Recognized in Other Comprehensive Income	Exchange differences	Year-end balance
<u>Deferred income tax assets</u>					
Temporary differences					
Loss on inventory write-downs	\$ 1,962	\$ 651	\$ -	(\$ 61)	\$ 2,552
Unrealized gross profit on sales	341	24	-	-	365
Lease liabilities	2,372	8	-	1	2,381
Others	<u>4,377</u>	<u>2,060</u>	-	<u>22</u>	<u>6,459</u>
	<u>\$ 9,052</u>	<u>\$ 2,743</u>	<u>\$ -</u>	<u>(\$ 38)</u>	<u>\$ 11,757</u>
<u>Deferred income tax liabilities</u>					
Temporary differences					
Income from investments accounted for using the equity method	\$ 50,833	\$ 3,606	\$ -	\$ -	\$ 54,439
Temporary differences in property, plant, and equipment	10,260	(786)	-	12	9,486
Right-of-use assets	2,372	8	-	1	2,381
Others	<u>10,852</u>	<u>1,053</u>	-	<u>37</u>	<u>11,942</u>
	<u>\$ 74,317</u>	<u>\$ 3,881</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 78,248</u>

2024

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensiv e income	Exchange differences	Year-end balance
<u>Deferred income tax assets</u>					
Temporary differences					
Loss on inventory write-downs	\$ 3,138	(\$ 1,238)	\$ -	\$ 62	\$ 1,962
Unrealized gross profit on sales	307	34	-	-	341
Lease liabilities	2,293	76	-	3	2,372
Others	<u>3,847</u>	<u>526</u>	<u>-</u>	<u>4</u>	<u>4,377</u>
	<u>\$ 9,585</u>	<u>(\$ 602)</u>	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ 9,052</u>
<u>Deferred income tax liabilities</u>					
Temporary differences					
Income from investments accounted for using the equity method	\$ 35,901	\$ 14,932	\$ -	\$ -	\$ 50,833
Temporary differences in property, plant, and equipment	6,472	3,547	-	241	10,260
Defined Benefit Pension Plan	75	(162)	87	-	-
Right-of-use assets	2,293	76	-	3	2,372
Others	<u>9,412</u>	<u>1,217</u>	<u>-</u>	<u>223</u>	<u>10,852</u>
	<u>\$ 54,153</u>	<u>\$ 19,610</u>	<u>\$ 87</u>	<u>\$ 467</u>	<u>\$ 74,317</u>

(4) Current income tax assets and liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current income tax assets		
Tax Refunds Receivable	<u>\$ 1,401</u>	<u>\$ 2,366</u>
Current income tax liability		
Income tax payable	<u>\$ 34,770</u>	<u>\$ 14,148</u>

(5) Income Tax Assessment Status

The Company's corporate income tax returns for fiscal years prior to 2023 have been assessed by the tax authorities.

26. Earnings Per Share

	<u>2025</u>	<u>2024</u>
Basic Earnings Per Share	<u>\$ 4.34</u>	<u>\$ 4.55</u>
Diluted earnings per share	<u>\$ 4.33</u>	<u>\$ 4.52</u>

The impact of the stock dividend has been retroactively adjusted in the calculation of earnings per share, with the record date for the stock dividend set as July 7, 2025. As a result of the retroactive adjustment, the changes in

basic and diluted earnings per share for the period from January 1 to December 31, 2024, are as follows:

	Before retroactive adjustment	After retroactive adjustment
Basic Earnings Per Share	<u>\$ 4.78</u>	<u>\$ 4.55</u>
Diluted earnings per share	<u>\$ 4.74</u>	<u>\$ 4.52</u>

The net income and weighted average number of common shares used to calculate earnings per share are as follows:

Net income for the current year

	2025	2024
Net income used to calculate basic/diluted earnings per share	<u>\$ 189,549</u>	<u>\$ 185,572</u>

Number of shares

Unit: Thousands of shares

	2025	2024
Weighted average number of common shares used to calculate basic earnings per share	43,662	40,765
Impact of dilutive potential common shares:		
Employee stock options	28	202
Employee compensation	<u>94</u>	<u>121</u>
Weighted average number of common shares used to calculate diluted earnings per share	<u>43,784</u>	<u>41,088</u>

If the consolidated company has the option to distribute employee compensation in the form of stock or cash, then when calculating diluted earnings per share, it is assumed that the employee compensation will be distributed in the form of stock, and the weighted average number of shares outstanding is adjusted to include the dilutive effect of such potential common shares for the purpose of calculating diluted earnings per share. When calculating diluted earnings per share prior to the annual shareholders' meeting at which the number of shares to be issued for employee compensation is determined, the dilutive effect of such potential common shares continues to be taken into account.

27. Share-based Payment Agreements under

(1) Employee Stock Option Plan for Cash Capital Increase

On July 23, 2024, the Company's board of directors resolved to conduct a cash capital increase prior to the initial over-the-counter listing, reserving shares for employee subscription. The number of shares subscribed by employees was 189 thousand shares, and the compensation cost recognized for the 2024 fiscal year was NT\$1,395 thousand.

The Company uses the Black-Scholes valuation model for the employee stock options granted. The input values used in the valuation model are as follows:

Stock price on grant date	NT\$106.77 per share
Exercise price	NT\$100.73 per share
Expected volatility	44.98%
Term	9 days
Risk-free rate	1.3138%

(2) Employee Stock Option Plan

1) On April 14, 2022, the Company's Board of Directors resolved to adopt the "2022 First Employee Stock Option Certificate Issuance and Subscription Rules." On June 1, 2022, the Company granted 200 units of employee stock options to employees, with each unit entitling the holder to subscribe for 1,000 shares of the Company's common stock. Following Board approval, the warrants may be issued in installments and delivered through the issuance of new shares. The recipients are the Company's business and non-business employees who meet specific criteria. The term of the employee stock options is four years. For employees in business units, after one year from the grant date and upon meeting the financial performance targets of their respective departments, the warrant holder may exercise stock options equivalent to one-third of the units granted by the Company; After two years from the grant date and upon meeting the financial performance targets of their respective departments, certificate holders may exercise stock options representing one-third of the units granted by the Company; after three years from the grant date and upon the Company meeting the financial performance targets, certificate

holders may exercise stock options representing one-third of the units granted by the Company; For employees in non-business units, after one year from the grant date, the holder may exercise stock option certificates representing 40% of the units granted by the Company; after two years from the grant date and upon the Company meeting the financial performance criteria, the holder may exercise stock option certificates representing 30% of the units granted by the Company; After three years from the grant date and upon the Company's meeting of financial performance targets, the holder may exercise stock warrants representing 30% of the units granted by the Company. The exercise price is set at NT\$30 per share. Following the issuance of the stock warrants, should the Company's common stock undergo a capital reduction to offset losses, the exercise price shall be adjusted in accordance with the prescribed formula.

- 2) Pursuant to a resolution of the Board of Directors on December 27, 2023, and an amendment to the "Regulations on the Issuance and Exercise of Employee Stock Option Certificates (First Series, 2023)" adopted by the Board of Directors on May 15, 2024, the Company plans to grant a total of 300 units of stock options to employees, with each unit entitling the holder to subscribe for 1,000 shares of the Company's common stock. which may be issued in installments following Board approval and delivered through the issuance of new shares. The recipients are the Company's employees who meet specific eligibility criteria. On October 8, 2024, 130 units of employee stock options were granted. The term of these stock options is four years. Two years after the grant date, the option holder may exercise stock options representing 50% of the total units granted by the Company; After three years from the grant date, the holder may exercise stock options for 50% of the units granted by the Company. The exercise price for the stock options granted on October 8, 2024, is NT\$105 per share. Following the issuance of the stock options, if the Company's common stock undergoes a capital reduction to offset

losses, the exercise price shall be adjusted in accordance with the prescribed formula.

- 3) On March 13, 2025, the Company's Board of Directors resolved to adopt, and on August 11, 2025, amended, the "Regulations Governing the Issuance and Exercise of the First Employee Stock Option Certificates of 2025." The total number of stock options to be granted to employees is expected to be 300 units, with each unit entitling the holder to subscribe for 1,000 shares of the Company's common stock, which may be issued in tranches following Board approval and delivered through the issuance of new shares. The recipients are employees of the Company and its controlled or affiliated companies who meet specific eligibility criteria. On August 20, 2025, 185 units of employee stock options were granted. The term of these stock options is four years. Two years after the grant date, the option holder may exercise stock options representing 50% of the total units granted by the Company; After three years from the grant date, the holder may exercise stock options for 50% of the units granted by the Company. The exercise price for the stock options granted on August 20, 2025, is NT\$75 per share. Following the issuance of the stock options, should there be any changes in the Company's common stock, the exercise price shall be adjusted in accordance with the relevant provisions of the stock option plan.

Relevant information regarding employee stock options is as follows:

Employee Stock Options	2025		2024	
	Quantity (units)	Weighted Average Exercise Price (NTD/share)	Number (units)	Weighted average Exercise Price (CNY/share)
Outstanding Shares at Beginning of Year	176	87.06	631	21.83
Granted during the year	185	75	130	105
Expirations for the current year	-	-	(59)	20
Implemented this year	(46)	30	(526)	20.71
Outstanding at year-end	<u>315</u>	87.38	<u>176</u>	87.06
Exercisable at year-end	<u>-</u>	-	<u>-</u>	-

As of the balance sheet date, information regarding outstanding employee stock warrants is as follows:

130 units granted on October 8, 2024		185 units granted on August 20, 2025	
Exercise price Range (NT\$)	Weighted-average remaining contractual life (years)	Range of Range (NT\$)	Weighted average remaining contract term (years)
\$105	2.83	\$75	3.64

The Company uses the Black-Scholes valuation model to value employee stock options. The input values used in the valuation model are as follows:

	February 1, 2021 2,055 units granted	October 1, 2021 250 units granted	June 1, 2022 200 units granted	October 8, 2024 130 units granted	August 20, 2025 185 units granted
Market price on grant date	NT\$23.58 per share	25.69 NTD per share	NT\$34.24 per share	105.00 per share	109.50 yuan per share
Exercise price	20 yuan per share	20 yuan per share	30 yuan per share	105 yuan per share	75 yuan per share
Expected Volatility	35.04%–36.69%	38.90%–41.42%	41.79%–46.94%	35.80%–37.79%	35.41%–42.04%
Term	4 years	3.33 years	4 years	4 years	4 years
Expected dividend yield	0%	0%	0%	0%	0%
Risk-free rate	0.16%–0.23%	0.25%–0.27%	0.90%–1.02%	1.369%–1.3897%	1.2004%–1.2199%

The Company's recognized compensation costs for fiscal years 2025 and 2024 were NT\$2,854 thousand and NT\$734 thousand, respectively.

28. Government Grants

The Company's subsidiary, Ji An VSO Electronics Co., LTD. received fixed asset investment support funds and interest subsidies on bank loans for plant construction from the People's Government of Anfu County, Ji'an City, Jiangxi Province, Mainland China (Jiangxi Provincial Government) in December 2025, October 2025, February 2025, and January 2024, amounting to RMB 700 thousand (NT\$3,034 thousand), RMB 1,250 thousand (NT\$5,418 thousand), RMB 36 thousand (NT\$154 thousand), and RMB 1,080 thousand (NT\$4,811 thousand), respectively. These government subsidies consist of various tax rebate subsidies granted by local governments pursuant to investment agreements and are recorded as deductions from property, plant, and equipment.

In June 2024, the subsidiary Ji An VSO Electronics Co., LTD. received a subsidy of RMB 2,296 thousand (NT\$10,230 thousand) under the investment promotion preferential policies of Anfu County, Ji'an City, Jiangxi Province, Mainland China. The nature of this government grant is a tax rebate subsidy

granted by the local government pursuant to an investment agreement, and it is recorded as a reduction in property, plant, and equipment.

The consolidated company received government grants during the periods from January 1 to December 31, 2025 and 2024. As these grants were recorded as a reduction in property, plant, and equipment, depreciation expenses were reduced by NT\$1,871 thousand and NT\$1,631 thousand, respectively.

In May 2024, the Company obtained a government-subsidized loan of NT\$35,000 thousand under the “Ministry of Economic Affairs Low-Carbon Smart Grid Project Loan” program. The Ministry of Economic Affairs subsidized the floating interest rate on a two-year fixed-term deposit with Chunghwa Post for one year. Based on the market interest rate of 2.22% at the time of borrowing, the fair value of the loan was estimated at NT\$34,404 thousand million. The difference of NT\$596 thousand between the proceeds received and the fair value of the loan is treated as a government low-interest loan subsidy and recognized as deferred income.

In December 2024, the Company entered into a loan agreement with a bank for NT\$10,000 thousand under the “National Development Fund’s Overseas Investment Financing Program.” Based on the market interest rate of 2.195% at the time of borrowing, the fair value of the loan was estimated at NT\$9,850 thousand. The difference of NT\$150 thousand between the proceeds received and the fair value of the loan is treated as a government low-interest loan subsidy and recognized as deferred income.

In March 2025, the Company entered into a loan agreement with a bank for NT\$49,249 thousand under the “National Development Fund’s Overseas Investment Financing Program.” Based on the prevailing market interest rate of 2.196% at the time of the loan, the fair value of the loan was estimated at NT\$48,532 thousand. The difference of NT\$717 thousand between the proceeds received and the fair value of the loan is treated as a government low-interest loan subsidy and recognized as deferred income.

In December 2025, the Company entered into separate loan agreements with banks totaling NT\$46,741 thousand and NT\$19,800 thousand under the “National Development Fund’s Overseas Investment Financing Program.”

Using the prevailing market interest rate of 2.196% at the time of borrowing, the estimated fair values of the loans were NT\$46,135 thousand and NT\$19,548 thousand, respectively. The differences between the proceeds received and the fair value of the loans, amounting to NT\$605 thousand and NT\$252 thousand, respectively, were treated as government low-interest loan subsidies and recognized as deferred income.

In 2025 and 2024, the Company recognized other income-government grants of NT\$475 thousand and NT\$349 thousand, respectively, and recognized interest expense on these loans of NT\$475 thousand and NT\$471 thousand, respectively.

29. Cash Flow Information and Capital Risk Management

(1) Changes in Liabilities from Financing Activities

2025

	January 1, 2025	Cash Flow	Non-cash Changes				December 31, 2025
			New leases	Lease modifications	Government grants	Exchange Rate Fluctuations	
Short-term borrowings	\$ 34,750	\$ 193,853	\$ -	\$ -	\$ 250	(\$ 75)	\$ 228,778
Long-term debt	9,853	115,790	-	-	(1,349)	-	124,294
Lease liabilities	16,413	(8,835)	9,669	(598)	-	75	16,724
	<u>\$ 61,016</u>	<u>\$ 300,808</u>	<u>\$ 9,669</u>	<u>(\$ 598)</u>	<u>(\$ 1,099)</u>	<u>\$ -</u>	<u>\$ 369,796</u>

2024

	January 1, 2024	Cash Flow	Non-cash changes				December 31, 2024
			New leases	Lease modifications	Government grants	Exchange Rate Fluctuations	
Short-term borrowings	\$ 183,314	(\$ 148,314)	\$ -	(\$ 250)	\$ -	\$ -	\$ 34,750
Long-term debt	-	10,000	-	(147)	-	-	9,853
Lease liabilities	22,544	(9,482)	2,611	-	-	740	16,413
	<u>\$ 205,858</u>	<u>(\$ 147,796)</u>	<u>\$ 2,611</u>	<u>(\$ 397)</u>	<u>\$ -</u>	<u>\$ 740</u>	<u>\$ 61,016</u>

(2) Capital Risk Management

The consolidated company manages its capital to ensure that, on a going-concern basis, shareholder returns are maximized by optimizing the balance of debt and equity.

The consolidated company's capital structure consists of equity (i.e., share capital, capital reserves, retained earnings, and other equity items).

The Combined Entity is not subject to any other external capital requirements.

30. Financial Instruments

(1) Fair Value Information—Financial Instruments Not Measured at Fair Value

Management of the consolidated company believes that the carrying amounts of financial assets and liabilities not measured at fair value approximate their fair values.

(2) Fair Value Information—Financial Instruments Measured at Fair Value on a Recurring Basis

1) Fair Value Hierarchy

December 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss—current</u>				
Fund units	<u>\$ 5,133</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,113</u>
<u>Financial liabilities at fair value through profit or loss—current</u>				
Derivatives	<u>\$ -</u>	<u>\$ 1,904</u>	<u>\$ -</u>	<u>\$ 1,904</u>

December 31, 2024

	<u>Tier 1</u>	<u>Grade 2</u>	<u>Tier 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss—current</u>				
Fund units	<u>\$ 5,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,056</u>

There were no transfers between Level 1 and Level 2 fair value measurements for the years 2025 and 2024.

2) Valuation techniques and inputs for Level 2 fair value measurements

<u>Category of Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives—Forward Foreign Exchange Contracts	Discounted cash flow method: Future cash flows are estimated based on observable forward exchange rates at the end of the period and the exchange rates specified in the contract, and are discounted separately using discount rates that reflect the credit risk of each counterparty.

(3) Types of Financial Instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial Assets</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss (Note 1)	\$ 5,133	\$ 5,056
Financial assets measured at amortized cost (Note 2)	1,671,645	1,480,872
<u>Financial liabilities</u>		
Measured at fair value through profit or loss		
Held for trading (Note 3)	1,904	-
Measured at amortized cost (Note 4)	1,031,008	636,491

Note 1: The balance includes fund certificates.

Note 2: The balance includes cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, accounts receivable—related parties, other receivables, and security deposits, among other financial assets measured at amortized cost.

Note 3: The balance includes forward foreign exchange contracts.

Note 4: The balance includes short-term borrowings, accounts payable, accounts payable—related parties, other payables, other payables—related parties, and long-term borrowings, all of which are financial liabilities measured at amortized cost.

(4) Financial Risk Management Objectives and Policies

The objective of the Combined Company's financial risk management is to manage financial risks associated with operating activities, including market risks (such as foreign exchange risk, interest rate risk, and other price risks), credit risk, and liquidity risk. To mitigate these financial risks, the Combined Company is committed to identifying, assessing, and implementing strategies to hedge against market uncertainties, thereby reducing the adverse impact of market fluctuations on the Combined Company's financial position and financial performance.

The consolidated company's significant financial activities are implemented following resolutions by the Board of Directors. During the execution of financial plans, the company adheres to the provisions of its policies.

1) Market Risk

The primary financial risks to which the Consolidated Company is exposed due to its operating activities are the risk of foreign exchange rate fluctuations (see (1) below) and the risk of interest rate fluctuations (see (2) below; for other price risks, see (3) below).

There have been no changes in the Consolidated Company's exposure to market risks associated with financial instruments or in the methods used to manage and measure such exposures.

i. Foreign Exchange Risk

Several subsidiaries of the Consolidated Company engage in sales and purchase transactions denominated in foreign currencies, thereby exposing the Consolidated Company to exchange rate risk. Approximately 67% of the Consolidated Company's sales are denominated in currencies other than the functional currency of the entity in which the transaction occurred, and approximately 35% of its cost amounts are denominated in currencies other than the functional currency of the entity in which the transaction occurred. For the carrying amounts of the Group's monetary assets and liabilities denominated in non-functional currencies as of the balance sheet date, please refer to Note 35.

Sensitivity Analysis

The consolidated company is primarily affected by fluctuations in the U.S. dollar exchange rate.

The following table details the sensitivity analysis of the consolidated company when the exchange rate of the New Taiwan Dollar (functional currency) against each relevant foreign currency increases or decreases by 1%. The 1% figure is the sensitivity ratio used internally by the consolidated company when reporting

exchange rate risk to senior management, and also represents management's assessment of the reasonably possible range of foreign exchange rate fluctuations. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies, and their closing balances are adjusted by a 1% change in exchange rates. The positive figures in the table below represent the increase in net income before tax that would result from a 1% depreciation of the New Taiwan Dollar against each relevant currency; conversely, a 1% appreciation of the New Taiwan Dollar against each relevant foreign currency would result in a negative impact on net income before tax of the same amount.

		Impact of the U.S. Dollar	
		2025	2024
Loss	Gain	<u>\$ 5,855</u> (i)	<u>\$ 4,906</u> (i)

(i) Primarily attributable to the consolidated company's U.S. dollar-denominated bank deposits, accounts receivable, bank borrowings, and accounts payable that were outstanding as of the balance sheet date and for which no cash flow hedges were in place.

(ii) The consolidated company's sensitivity to exchange rates increased during the current year, primarily due to an increase in net foreign currency assets denominated in U.S. dollars.

ii. Interest Rate Risk

The consolidated company manages interest rate risk by maintaining an appropriate mix of fixed and floating interest rates. The carrying amounts of the Company's financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial assets and liabilities subject to fair value interest rate risk		
— Financial assets	\$ 504,819	\$ 490,374
— Financial	141,018	26,266

liabilities		
Exposed to cash flow		
interest rate risk		
– Financial assets	221,321	167,942
– Financial		
liabilities	228,778	34,750

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate exposure of non-derivative financial instruments as of the balance sheet date. For floating-rate liabilities, the analysis assumes that the outstanding balance of such liabilities as of the balance sheet date remains outstanding throughout the reporting period. The rate of change used by the consolidated company when reporting interest rates to key management is a 1% increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates increased/decreased by 1%, with all other variables held constant, the consolidated company's pre-tax net profit for fiscal years 2025 and 2024 would increase/decrease by NT\$(75) thousand and NT\$1,332 thousand, respectively. This is primarily due to a decrease in the net assets of the consolidated company's variable-rate bank deposits, net of short-term borrowings.

iii. Other Price Risks

The consolidated company is exposed to commodity price risk arising from its investment in fund certificates. However, since price risk and investment performance are regularly assessed in accordance with the consolidated company's procedures for the acquisition and disposal of assets, no significant price risk is expected to arise.

Sensitivity Analysis

The following sensitivity analysis is based on the fund price risk as of the balance sheet date. If the fund price increases/decreases by 1%, the consolidated company's pre-tax net profit for the

years ended 2025 and 2024 would increase/decrease by NT\$51 thousand and NT\$51 thousand, respectively, due to changes in the fair value of financial assets measured at fair value through profit or loss.

2) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the consolidated company. As of the balance sheet date, the consolidated company's maximum credit risk exposure to potential financial loss arising from a counterparty's failure to fulfill its obligations primarily stems from:

- i. The carrying amounts of financial assets recognized in the consolidated balance sheet.
- ii. The maximum amount the consolidated company may be required to pay under financial guarantees it has provided, regardless of the likelihood of occurrence.

The consolidated company's policy is to conduct transactions only with counterparties of excellent credit standing and, where necessary, to obtain adequate collateral to mitigate the risk of financial loss arising from default. The consolidated company continuously monitors credit exposure and the credit ratings of counterparties, and controls credit exposure through credit limits for counterparties that are reviewed and approved annually by management.

To mitigate credit risk, the Group's management is responsible for determining credit limits, approving credit facilities, and implementing other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Combined Company reviews the recoverable amount of each receivable on the balance sheet date to ensure that appropriate impairment losses have been recognized for uncollectible receivables. Accordingly, the Combined Company's management believes that the Combined Company's credit risk has been significantly mitigated.

The consolidated company's credit risk is primarily concentrated on specific customers; as of December 31, 2025 and 2024, the proportion

of accounts receivable attributable to these customers was 19% and 33%, respectively.

3) Liquidity Risk

The Company manages and maintains sufficient cash balances to support its operations and mitigate the impact of cash flow fluctuations. The Company's management monitors the utilization of bank credit facilities and ensures compliance with the terms of loan agreements.

Bank loans represent a significant source of liquidity for the consolidated company. As of December 31, 2025 and 2024, the consolidated company had unused credit facilities; please refer to the notes on credit facilities in (3) below.

i. Table of Liquidity and Interest Rate Risks for Non-Derivative Financial Liabilities

The maturity analysis of non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities, using the earliest date on which the consolidated company could be required to repay the debt. Therefore, bank borrowings for which the consolidated company may be required to repay immediately are listed in the earliest period in the table below, without considering the probability that the bank will exercise that right immediately; the maturity analysis of other non-derivative financial liabilities is prepared in accordance with the agreed repayment dates.

The following table details the remaining contractual maturity analysis of the consolidated company's non-derivative financial liabilities by agreed repayment period, which is prepared based on the earliest date the consolidated company may be required to repay, using the undiscounted cash flows of the financial liabilities (including principal and estimated interest).

December 31, 2025

<u>Non-derivative financial liabilities</u>	<u>Less than 1 year</u>	<u>1–5 years</u>	<u>5–10 years</u>	<u>10–15 years</u>
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Non-interest-bearing liabilities	\$ 677,936	\$ -	\$ -	\$ -
Floating-rate instruments	228,778	-	-	-
Fixed-rate instruments	500	125,790	-	-
Lease liabilities	9,618	7,469	-	-
	<u>\$ 916,832</u>	<u>\$ 133,259</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

Non-derivative financial liabilities	Less than 1 year	1–5 years	5–10 years	10–15 years
Non-interest-bearing debt	\$591,888	\$ -	\$ -	\$ -
Variable-rate instruments	35,086	-	-	-
Fixed-rate instruments	188	10,441	-	-
Lease liabilities	8,442	9,231	-	-
	<u>\$ 635,604</u>	<u>\$ 19,672</u>	<u>\$ -</u>	<u>\$ -</u>

ii. Statement of Liquidity and Interest Rate Risk for Derivative Financial Liabilities

For the liquidity analysis of derivative financial instruments, for derivatives settled on a net basis, the analysis is prepared based on undiscounted net contractual cash inflows and outflows; for derivatives settled on a gross basis, the analysis is prepared based on undiscounted gross cash inflows and outflows. When the amounts payable or receivable are not fixed, the disclosed amounts are determined based on estimated interest rates derived from the yield curve as of the balance sheet date.

December 31, 2025

	Due within one month	1 to 3 months	3 months to 1 year	1–5 years	Total
Net settlement Forward Foreign Exchange	<u>\$ 901</u>	<u>\$ 1,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,904</u>

iii. Credit Limit

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unsecured Bank Loan Limit		
– Amount Utilized	\$ 228,778	\$ -
– Unused Amount	<u>128,352</u>	<u>120,000</u>
	<u>\$ 357,130</u>	<u>\$ 120,000</u>
Secured bank loan facility		
– Amount drawn down	\$ 153,168	\$ 45,000
– Unused Amount	<u>556,048</u>	<u>419,038</u>
	<u>\$ 709,216</u>	<u>\$ 464,038</u>

31. Related-Party Transactions

Transactions, account balances, income, and expenses between the Company and its subsidiaries (which are related parties of the Company) are fully eliminated upon consolidation; therefore, they are not disclosed in this note. Except as disclosed in other notes, transactions between the consolidated entity and other related parties are as follows.

(1) Name of Related Party and Relationship

<u>Name of Related Party</u>	<u>Relationship with the Consolidated Company</u>
Advantech Co., Ltd.	Parent company of a significant investor
Advantech Technology (China) Co., Ltd.	Parent company of a significant investor
LNC Technology Co., Ltd.	Sister company of the investor with significant influence (Note 1)
LNC Dong Guan Co., Ltd.	Affiliated Entities of the Significant Influencer (Note 1)
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd.	Affiliated company of a significant investor
Advantech Corporation (U.S.A.)	Affiliated companies of a significant investor
Advantech Europe B.V.	Affiliated company of a significant investor
LINK UPON ADVANCED MATERIAL CORP.	Significant investor of a subsidiary (LINKUPON INTERNATIONAL LIMITED)
Zhang Jia Gang Free Trade Zone Mitsui LinkUpon Advanced Material, inc.	Affiliated company of a subsidiary
I-SHENG Electric Wire & Cable Company (Vietnam)	Substantial Related Party (Note 2)

Note 1: The parent company of the Group's significant investor lost control over CNC and its subsidiaries in the second quarter of 2024; therefore, as of the second quarter of 2024, it is no longer a related party of the Group.

Note 2: I-SHENG Electric Wire & Cable Company (Vietnam) is an entity wholly owned by the Company's corporate director, I-SHENG Industrial Co., Ltd.; However, following the Company's general shareholders' meeting on May 12, 2025, in which all directors were re-elected, I-SHENG Industrial Co.,

Ltd. no longer serves as a director of the Company; therefore, as of that date, I-SHENG Electric Wire & Cable Company (Vietnam) is no longer a substantial related party of the Company.

(2) Revenue

Category/Name	FY 2025	FY 2024
Parent Company of Significant Investors		
Advantech Co., Ltd.	\$ 53,830	\$ 39,415
Subsidiary of an investor with significant influence		
Advantech (China) Co., Ltd.	84,381	77,375
Associates of the Significant Influencer	353	2,673
Significant investors in subsidiaries		
LINK UPON ADVANCED MATERIAL CORP.	-	25,547
	\$ 138,564	\$ 145,010

From January 1 to December 31, 2025, the Company recognized refund discounts totaling NT\$1,962 thousand from the parent company of a significant investor and the subsidiaries of a significant investor, which were recorded as a reduction in sales revenue.

The transaction prices and credit terms for sales to related parties do not differ significantly from those for non-related parties; if there are special specifications and no other comparable transactions, the sales price is determined based on mutual agreement.

(3) Purchases

Category/Name of Related Party	2025	2024
Significant Investors in Subsidiaries		
LINK UPON ADVANCED MATERIAL CORP.	\$ 2,568	\$ -

The transaction prices and credit terms for purchases from related parties do not differ significantly from those for non-related parties.

(4) Receivables from Related Parties (excluding loans to related parties)

Accounting Item	Category/Name of Related Party	December 31, 2025	December 31, 2024
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Accounts Receivable	Parent company of a significant investor		
Related Party	Advantech Co., Ltd. Subsidiary of an investor with significant influence	\$ 12,808	\$ 13,330
	Advantech (China) Co., Ltd.	24,709	28,259
	Associates of the Significant Investor	23	9
	Significant investors in subsidiaries		
	LINK UPON ADVANCED MATERIAL CORP.	-	83
		<u>\$ 37,540</u>	<u>\$ 41,681</u>

The consolidated company's collection period for transactions with related parties ranges from 30 to 120 days on a monthly basis.

No guarantees have been obtained for outstanding receivables from related parties. As of December 31, 2025 and 2024, no allowance for doubtful accounts has been provided for receivables from related parties.

(5) Payables to Related Parties (excluding borrowings from related parties)

Accounting Item	Category/Name of Related Party	December 31, 2025	December 31, 2024
Accounts Payable— Related parties	Significant Investors in Subsidiaries	<u>\$ 123</u>	<u>\$ 2,531</u>
Other Payables— Related parties	Subsidiary of a Significant Investor	<u>\$ 355</u>	<u>\$ 24</u>

(6) Lease Agreement

Related Party Category/Name	January 1, 2025 to December 31	January 1, 2024 to December 31
<u>Lease Expenses</u>		
Affiliates of subsidiaries	\$ 19	\$ 19
Substantial related parties	<u>9,490</u>	<u>8,000</u>
	<u>\$ 9,509</u>	<u>\$ 8,019</u>
<u>Other Payables – Related Parties</u>	<u>December 31, 2025</u>	<u>December 31, 2014</u>
Lease Payables		

Substantial Related Parties	<u>\$ -</u>	<u>\$ 677</u>
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The consolidated company leases office space from an affiliate of a subsidiary for a term of one year. For the periods from January 1 to December 31, 2025 and 2024, rent expenses were recognized under selling expenses. The rent was determined by reference to the rental rates of similar assets, and fixed lease payments are made annually in accordance with the lease agreement.

The consolidated company leases factory premises from a related party for a term of one year. Rent was determined by reference to the rental rates of similar assets, and fixed lease payments are made monthly in accordance with the lease agreement.

	<u>January 1, 2025 to December 31</u>	<u>January 1, 2024 to December 31</u>
Rental expenses by function		
Operating Costs	\$ 5,333	\$ 5,600
Operating expenses	<u>4,176</u>	<u>2,419</u>
	<u>\$ 9,509</u>	<u>\$ 8,019</u>

Lease expenses represent short-term lease expenses. The total future lease payments for short-term leases are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total future lease payments	<u>\$ 18,888</u>	<u>\$ 19,587</u>

(7) Transactions with Other Related Parties

The consolidated company received mold testing revenue from the parent company of a significant investor, which was recognized as other revenue of NT\$17 thousand in fiscal year 2024.

The consolidated company paid fees to the parent company of a significantly influenced investor for the use of a supply chain e-platform, which were recognized as selling expenses-other expenses in the amounts of NT\$32 thousand and NT\$34 thousand for fiscal years 2025 and 2024, respectively.

(8) Compensation of Key Management Personnel

	<u>2025</u>	<u>2024</u>
Short-term Employee Benefits	\$ 48,955	\$ 52,587

Share-based payments	598	491
Post-employment benefits	<u>1,405</u>	<u>1,603</u>
	<u>\$ 50,958</u>	<u>\$ 54,681</u>

The compensation of directors and other key management personnel is determined by the Compensation Committee based on individual performance and market trends.

32. Assets Pledged as Collateral

The following assets have been pledged as collateral for the consolidated company's long-and short-term bank loans and as security deposits for leased vehicles, warehouses, offices, and factories:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial assets measured at amortized cost—current	\$ 443	\$ -
Land	25,532	25,532
Buildings and Structures	106,176	110,087
Land Use Rights	1,873	9,358
Deposited security deposits	<u>6,879</u>	<u>6,904</u>
	<u>\$ 140,903</u>	<u>\$ 151,881</u>

33. Unrecognized Contractual Commitments

Except as disclosed in other notes, the unrecognized contractual commitments of the consolidated company as of the balance sheet date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Acquisition of property, plant, and equipment	\$ 199,362	\$ 68,360
Acquisition of intangible assets	<u>-</u>	<u>4,942</u>
	<u>\$ 199,362</u>	<u>\$ 73,302</u>

34. Significant Subsequent Events

To support long-term development and strengthen its financial structure, the Company's Board of Directors resolved on November 10, 2025, to issue a domestic unsecured convertible corporate bond with a maximum aggregate principal amount of NT\$450,000 thousand, with a maturity of 3 years, to be issued at par value with a coupon rate of 0%. The issuance was approved by the Financial Supervisory Commission on January 13, 2026, under Letter No. 1140368921 of the Securities and Futures Bureau. The record date for determining the conversion price was set as February 26, 2026, the

conversion price was set at NT\$126 per share, and the full subscription amount of NT\$492,958 thousand was received on March 18, 2026.

35. Information on Foreign Currency Assets and Liabilities with Significant Impact

The following information is presented in a currency other than the functional currency of each entity within the consolidated group. The exchange rates disclosed are those used to convert such foreign currencies into the functional currency. Information regarding foreign currency financial assets and liabilities with a significant impact is as follows:

December 31, 2025

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
U.S. Dollar	\$ 34,899	31.42 (USD: TWD)	\$ 1,096,538
<u>Non-monetary items</u>			
Associates accounted for using the equity method RMB	11,125	4.496 (RMB: TWD)	50,019
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US Dollars	16,265	31.42 (USD: TWD)	511,052

December 31, 2024

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
U.S. Dollar	\$ 18,678	32.78 (USD: TWD)	\$ 612,254
<u>Non-monetary items</u>			
Associates accounted for using the equity method RMB	10,830	4.478 (RMB: TWD)	48,495

Financial liabilities			
<u>Monetary items</u>			
US Dollars	3,720	32.78 (USD: TWD)	121,628

The consolidated company's foreign exchange gains and losses for the years ended 2025 and 2024 were a net loss of NT\$(12,267) thousand and a net gain of NT\$24,183 thousand, respectively. Due to the wide variety of foreign currency transactions, it is not possible to disclose foreign exchange gains and losses by currency for each significant impact.

36. Notes to the Financial Statements

(1) Significant Transactions and Information on Investee Companies:

- 1) Loans to Third Parties: Schedule 1.
- 2) Guarantees provided for others: Schedule 2.
- 3) Significant Marketable Securities Held at the End of the Period (excluding investments in subsidiaries): Schedule 3.
- 4) Transactions with related parties involving purchases or sales of NT\$100 million or more, or 20% or more of paid-in capital: Schedule 4.
- 5) Amounts receivable from related parties reaching NT\$100 million or 20% or more of paid-in capital: Schedule 5.
- 6) Other: Business relationships and significant transactions between the parent company and its subsidiaries, as well as among the subsidiaries, and the amounts involved: Schedule 6.

(2) Information regarding investee companies: Schedule 7.

(3) Information on investments in mainland China:

- 1) Names of investee companies in the Mainland, principal business activities, paid-in capital, investment method, capital remittance status, shareholding ratio, investment gains or losses, carrying amount of investment at the end of the period, repatriated investment gains or losses, and investment limits in the Mainland: Schedule 8.

- 2) Significant transactions with investee companies in Mainland China, whether direct or indirect via a third region, including prices, payment terms, and unrealized gains or losses: Schedules 4, 5, and 6.
- i. Purchases by amount and percentage, and the year-end balance and percentage of related accounts payable.
 - ii. The amount and percentage of sales, and the year-end balance and percentage of related accounts receivable.
 - iii. Amounts of property transactions and the resulting gains or losses.
 - iv. The ending balances of endorsements, guarantees, or collateral provided, and their purposes.
 - v. The maximum balance, ending balance, interest rate range, and total interest for the period of credit facilities.
 - vi. Other transactions that have a material impact on current profit or loss or financial position, such as the provision or receipt of services.

37. Segment Information

Information provided to the chief operating decision-maker for the purpose of allocating resources and assessing segment performance, focusing on the types of products or services delivered or provided. The consolidated company's reportable segments are as follows:

(1) Segment Revenue and Operating Results

The consolidated company's revenue and operating results, analyzed by reportable segment, are as follows:

2025

	Cable Assembly Division	Engineering Plastics Division	Total
Revenue from external customers	\$ 2,107,241	\$ 524,271	\$ 2,631,512
Interdepartmental revenue	<u>1,542,950</u>	<u>132,813</u>	<u>1,675,763</u>
Departmental revenue	3,650,191	657,084	4,307,275
Internal eliminations	<u>(1,542,950)</u>	<u>(132,813)</u>	<u>(1,675,763)</u>
Consolidated Revenue	<u>\$ 2,107,241</u>	<u>\$ 524,271</u>	<u>2,631,512</u>
Segment Profit or Loss	<u>\$ 225,050</u>	<u>\$ 40,825</u>	265,875
Directors' Remuneration			(3,562)

	Cable Assembly Division	Engineering Plastics Division	Total
Interest income			8,900
Other income			8,059
Other gains and losses			(18,346)
Financial expenses			(8,150)
Share of profit or loss of associates accounted for using the equity method			<u>2,292</u>
Profit before tax			<u>\$ 255,068</u>

2024

	Cable Assembly Division	Engineering Plastics Division	Total
Revenue from external customers	\$ 1,604,122	\$ 558,874	\$ 2,162,996
Interdepartmental revenue	<u>1,049,432</u>	<u>106,484</u>	<u>1,155,916</u>
Departmental revenue	2,653,554	665,358	3,318,912
Internal eliminations	(1,049,432)	(106,484)	(1,155,916)
Consolidated Revenue	<u>\$ 1,604,122</u>	<u>\$ 558,874</u>	<u>2,162,996</u>
Segment Profit or Loss	<u>\$ 193,577</u>	<u>\$ 34,896</u>	228,473
Directors' Remuneration			(3,748)
Interest income			8,374
Other income			4,222
Other gains and losses			23,860
Financial expenses			(5,134)
Share of profit or loss of associates accounted for under the equity method			<u>1,526</u>
Profit before tax			<u>\$ 257,573</u>

Inter-segment sales are priced at market rates.

Segment profit refers to the profit earned by each segment, excluding allocable corporate administrative expenses and directors' compensation, the share of profit or loss of associates accounted for using the equity method, other income, net foreign exchange (gains) losses, gains or losses on valuation of financial instruments, finance costs, and income tax expense. This measure is provided to key operating decision-makers for the purpose of allocating resources to segments and evaluating their performance.

(2) Total Assets and Liabilities of the Segment

December 31, 2025December 31, 2024

<u>Department Assets</u>		
Cable Assembly Department	\$ 2,502,275	\$ 2,034,836
Engineering Plastics Division	<u>404,385</u>	<u>365,759</u>
Total Consolidated Assets	<u>\$ 2,906,660</u>	<u>\$ 2,400,595</u>
<u>Department Liabilities</u>		
Cable Assembly Division	(\$ 1,093,935)	(\$ 684,636)
Engineering Plastics Division	<u>(161,892)</u>	<u>(133,689)</u>
Total consolidated liabilities	<u>(\$ 1,255,827)</u>	<u>(\$ 818,325)</u>

The assets of the consolidated company's operating segments are measured based on controllable assets. Liabilities are allocated based on the company's overall cost of capital and funding requirements and are not within the control of individual operating segments; therefore, they are not included in the basis for evaluating segment management performance.

(3) Revenue from Major Products

The analysis of the consolidated company's revenue from major products is as follows:

	<u>2025</u>	<u>2024</u>
AIoT Smart IoT Application		
Cable Assemblies	\$ 1,142,229	\$ 805,695
Computer and Consumer		
Electronics Cable Assemblies	199,324	135,992
Engineering-Grade Plastic		
Materials	524,271	558,874
Other – Cable Assemblies	<u>765,688</u>	<u>662,435</u>
	<u>\$ 2,631,512</u>	<u>\$ 2,162,996</u>

(4) Geographic Information

Information regarding the consolidated company's revenue from external customers by operating location and non-current assets by geographic location is presented as follows:

	<u>Revenue from external customers</u>		<u>Non-current Assets</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
			<u>December 31</u>	<u>December 31</u>
Mainland China	\$ 765,354	\$ 629,417	\$ 300,392	\$ 335,181
Taiwan	1,817,600	1,473,924	202,446	152,386
Other Regions	<u>48,558</u>	<u>59,655</u>	<u>421,404</u>	<u>172,850</u>
	<u>\$ 2,631,512</u>	<u>\$ 2,162,996</u>	<u>\$ 924,242</u>	<u>\$ 660,417</u>

(5) Major Customer Information

The following customers account for 10% or more of the consolidated company's net operating revenue:

	<u>2025</u>	<u>2024</u>
Company A	<u>\$ 503,767</u>	<u>\$ 478,299</u>

VSO ELECTRONICS CO., LTD. and Subsidiaries

Loans to Others

January 1 to December 31, 2025

Schedule 1

Unit: Unless otherwise specified
, in thousands of New Taiwan Dollars

No.	Company to Which Funds Were Loaned	Borrower	Transaction Type	Is it a Related Party	Highest balance for the period (Note 4)	Ending Balance (Note 4)	Amount Actually Disbursed (Note 4)	Interest Rate Range	Nature of the Loan (Note 1)	Amount of business transactions	Reasons for the Need for Short-Term Financing	Allowance for Doubtful Accounts Amount of bad debt	Collateral		For individual counterparties Loan limit (Note 2)	Loan Total limit (Note 3)	Remarks
													Name	Value			
0	VSO ELECTRONICS CO., LTD.	VSO (Viet Nam) Electronics Co., LTD	Other Receivables - Related parties	Yes	\$ 124,109 (USD 3,950 thousand)	\$ -	\$ -	5.22-5.4	2	\$ -	Working Capital	\$ -	-	\$ -	\$ 621,534	\$ 621,534	
1	VSO ELECTRONICS CO., LTD.	VSO (Viet Nam) Electronics Co., LTD	Other Receivables - Related parties	Yes	28,278 (USD 900 thousand)	28,278 (USD 900 thousand)	28,278 (USD 900 thousand)	4.83	1	328,195	Business Transactions	-	-	-	164,097	621,534	

Note 1: The nature of the loan should be reported as follows:

- (1) Enter 1 for business associates.
- (2) If short-term financing is necessary, enter 2.

Note 2: For individual loan amounts based on business dealings, the limit shall not exceed 50% of the total business dealings between the parties; for individual loan amounts based on the necessity of short-term financing, the limit shall not exceed 40% of the Company's net worth.

Note 3: The total amount of funds lent by the Company shall not exceed 40% of the Company's net worth, and the limit for any individual borrower shall not exceed 40% of the Company's net worth.

Note 4: New Taiwan Dollar amounts are converted based on the year-end exchange rate.

VSO ELECTRONICS CO., LTD. and Subsidiaries
Guarantees Provided for Others
January 1, 2025 to December 31, 2025

Schedule 2

Unit: Unless otherwise specified
in thousands of New Taiwan Dollars

No.	Guarantor Company Name	Endorsement Recipient		Endorsement for a Single Enterprise Guarantee Limit (Note 1)	Maximum Endorsement for the Current Period Outstanding Guarantee Balance (Note 2)	End-of-period Guarantee Balance (Note 2)	Actual Amount Disbursed (Note 2)	Guaranteed by collateral Endorsed guarantee amount	Cumulative Endorsed Guarantee Amount Ratio of (%)	Endorsement guarantees Maximum Limit (Note 1)	Parent Company T subsidiaries Endorsement and Guarantee	Subsidiary To parent company Endorsement and guarantee	Belongs to Mainland China Endorsement and guarantee	Remarks
		Company Name	Relationship											
0	VSO ELECTRONICS CO., LTD.	LINKUPON INTERNATIONAL LIMITED	Companies in which the company directly or indirectly holds more than 60% of the voting rights	\$ 466,150	\$ 150,000	\$ 150,000	\$ 116,833	\$ -	9.65%	\$ 1,243,068	Y	N	N	
		Hongjun Energy Co., Ltd. (Preparatory Office) (Note 2)	Companies in which the Company directly or indirectly holds more than 51% of the voting rights	466,150	30,000	30,000	-	-	1.93%	1,243,068	Y	N	N	
		VSO (Viet Nam) Electronics Co., LTD	A company in which the Company directly and indirectly holds 100% of the voting shares	621,534	172,810 (USD5 ,500thousand)	172,810 (USD5 ,500thousand)	44,300 (USD1 ,410thousand)	-	11.12%	1,243,068	Y	N	N	

Note 1: The aggregate amount of external guarantees provided by the Company and its subsidiaries shall not exceed 80% of the net worth of each company as reflected in its most recent financial statements. The amount of guarantees provided by the Company for any single subsidiary shall not exceed 30% of the net worth of that subsidiary as reflected in its most recent financial statements; the amount of guarantees provided by the Company for any single subsidiary in which it holds 100% of the voting shares, whether directly or indirectly, shall not exceed 40% of the net worth of that subsidiary as reflected in its most recent financial statements.

Note 2: On August 11, 2025, the Company's Board of Directors approved that, to assist the new energy subsidiary "Hongjun Energy Co., Ltd." (currently in preparation) in obtaining a bank credit line to meet its operational needs, the Company will provide a guarantee to facilitate its application to Taipei Fubon Bank for working capital and a letter of credit facility, in the amount of NT\$30,000 thousand, which may only be utilized after the subsidiary is formally established. The subsidiary's name has been provisionally approved and reserved by the Ministry of Economic Affairs; as of December 31, 2025, the subsidiary had not yet been established. Additionally, on March 12, 2026, the Company's Board of Directors approved the cancellation of the plan to establish a new energy subsidiary in Taiwan, "Hongjun Energy Co., Ltd.," and the cancellation of this endorsement guarantee limit.

Note 3: New Taiwan Dollar amounts are converted based on the year-end exchange rate.

Note 4: Intercompany transactions have been fully eliminated in the preparation of the consolidated financial statements.

VSO ELECTRONICS CO., LTD. and Subsidiaries
 Status of Marketable Securities Held at the End of the Period
 December 31, 2025

Schedule 3

Unit: Unless otherwise stated,
in NT\$ thousand

Holding Company	Type and Name of Securities	Relationship with the Issuer of the Securities	Accounting classification	Year-end			Remarks	
				Number of Shares/Units	Carrying Amount	Ownership Percentage (%)		Fair Value
VSO ELECTRONICS CO., LTD.	Callable Bonds P13 China Life 1A (Note)	None	Financial assets measured at amortized cost—current	-	\$ 78,000	-	\$ 78,000	

Note 1: The collateral for the repurchase agreement consists of Cathay Life Insurance Co., Ltd.'s 2024 Series 1 Unsecured Cumulative Subordinated Corporate Bonds.

Note 2: The disclosure standard applies to significant related-party transactions where the transaction amount exceeds 1% of total assets.

VSO Industrial Co., Ltd. and its subsidiaries

Purchases from and sales to related parties amounting to NT\$100 million or more, or 20% or more of paid-in capital

January 1, 2025 to December 31, 2025

Schedule 4

Unit: NT\$ thousand

Purchases (Sales) Company	Name of Counterparty	Relationship	Transaction Details				Transaction terms differ from standard terms Circumstances and Reasons		Notes receivable (payable), accounts receivable (payable)		Remarks
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) Ratio	Credit Period	Unit Price	Credit Period	Balance	Ratio to total notes receivable (payable) and accounts receivable (payable) Ratio	
VSO ELECTRONICS CO., LTD.	Ji An VSO Electronics Co., LTD.	Subsidiary	Purchases	\$ 844,705	68%	60-day monthly settlement	Priced according to internal transfer method	—	(\$ 167,891)	(73%)	—
Ji An VSO Electronics Co., LTD.	VSO ELECTRONICS CO., LTD.	Parent Company	Sales	(844,705)	(69%)	60-day monthly settlement	Pricing based on internal transfer method	—	167,891	58%	—
VSO Electronics (Suzhou) Co., LTD.	Ji An VSO Electronics Co., LTD.	Affiliated Companies	Purchases	164,938	63%	60-day monthly settlement	Priced according to internal transfer pricing method	—	(40,218)	(65%)	—
Ji An VSO Electronics Co., LTD.	VSO Electronics (Suzhou) Co., LTD.	Affiliated Companies	Sales	(164,938)	(13%)	60-day monthly settlement	Priced according to internal transfer pricing method	—	40,218	14%	—
VSO (Viet Nam) Electronics Co., LTD.	Ji An VSO Electronics Co., LTD.	Affiliated Companies	Purchases	100,839	25%	60-day monthly settlement	Priced according to internal transfer pricing method	—	(42,174)	(68%)	—
Ji An VSO Electronics Co., LTD.	VSO (Viet Nam) Electronics Co., LTD.	Affiliated Companies	Sales	(100,839)	(15%)	60-day monthly settlement	Priced according to internal transfer pricing method	—	42,174	17%	—
VSO ELECTRONICS CO., LTD.	VSO (Viet Nam) Electronics Co., LTD.	Subsidiary	Purchases	328,195	26%	60-day net	Priced according to internal transfer pricing method	—	(50,210)	(22%)	—
VSO (Viet Nam) Electronics Co., LTD.	VSO ELECTRONICS CO., LTD.	Parent Company	Sales	(328,195)	(83%)	Monthly settlement, 60 days	Priced based on internal transfer method	—	50,210	81%	—
Zhangjiagang Free Trade Zone Linkupon Material Trading Limited Company	LINKUPON INTERNATIONAL LIMITED	Parent Company	Purchases	132,813	46%	60-day net	Priced according to internal transfer pricing method	—	(22,985)	(47%)	—
LINKUPON INTERNATIONAL LIMITED	Zhangjiagang Free Trade Zone Linkupon Material Trading Limited Company	Subsidiary	Sales	(132,813)	(41%)	60-day monthly settlement	Pricing based on internal transfer method	—	22,985	39%	—

Note: Intercompany transactions have been fully eliminated in the preparation of the consolidated financial statements.

VSO ELECTRONICS CO., LTD. and Subsidiaries

Receivables from related parties amounting to NT\$100 million or more, or 20% or more of paid-in capital

December 31, 2025

Schedule 5

Unit: Unless otherwise stated,
in NT\$ thousand

Company with recorded receivables	Name of Counterparty	Relationship	Amounts due from related parties Balance	Turnover Ratio	Overdue Receivables from Related Parties		Accounts Receivable from Related Parties Amounts recovered after the reporting period	Provision Amount of loss
					Amount	Processing Method		
Ji An VSO Electronics Co., LTD.	VSO ELECTRONICS CO., LTD.	Parent Company	\$ 167,891	5.37	\$ -	-	\$ 167,891	\$ -

Note: Intercompany transactions have been fully eliminated in the preparation of the consolidated financial statements.

VSO ELECTRONICS CO., LTD. and Subsidiaries

Business relationships and significant transactions between the parent company and its subsidiaries, and among the subsidiaries, along with the amounts involved

January 1 to December 31, 2025

Schedule 6

Unit: Unless otherwise stated,
in NT\$ thousand

No. (Note 1)	Name of Counterparty	Counterparty	Relationship Relationship (Note 2)	Details of the Transaction			Percentage of Consolidated Total Revenue or Total Assets (%)
				Account	Amount	Transaction Terms	
0	VSO ELECTRONICS CO., LTD.	Ji An VSO Electronics Co., LTD.	1	Accounts Payable – Related Parties Purchases	\$ 167,891 844,705	60-day monthly settlement Note 4	6% 32%
		VSO (Viet Nam) Electronics Co., LTD.	1	Accounts Payable – Related Parties Purchases	50,210 328,195	60-day monthly settlement Note 4	2% 12%
1	Ji An VSO Electronics Co., LTD.	VSO Electronics (Suzhou) Co., LTD.	3	Accounts Receivable—Related Parties Sales	40,218 164,938	60-day monthly settlement Note 4	1% 6%
		VSO (Viet Nam) Electronics Co., LTD.	3	Accounts Receivable – Related Parties Sales	42,174 100,849	60-day monthly settlement Note 4	1% 4%
2	LINKUPON INTERNATIONAL LIMITED	Zhangjiagang Free Trade Zone Linkupon Material Trading Limited Company	3	Accounts Receivable – Related Parties Sales	27,985 132,813	60-day monthly settlement Note 4	1% 5%

Note 1: Information regarding business transactions between the parent company and its subsidiaries shall be indicated separately in the "Number" column. The method for filling in the numbers is as follows:

1. The parent company enters 0.
2. Subsidiaries shall be numbered sequentially starting with the Arabic numeral 1 for each company.

Note 2: There are three types of relationships with counterparties; simply indicate the applicable category:

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

Note 3: All of the above transactions have been fully offset.

Note 4: In accordance with the Group's transfer pricing policy.

Note 5: The disclosure standard is based on material transactions between consolidated companies amounting to 1% or more of consolidated revenue or total assets.

VSO ELECTRONICS CO., LTD. and Subsidiaries
Information on investee companies, locations, and other relevant details
January 1, 2025 to December 31, 2025

Schedule 7

Unit: Unless otherwise specified
in NT\$ thousand

Name of Investing Company	Name of Investee Company	Location	Principal Business Activities	Initial Investment Amount		Holding at End of Period			Investee Profit (Loss) for the Period	Investment (Gain) or (Loss) Recognized for the Period Investment (Loss) for the Period	Remarks
				Balance at the end of the current period	Number of shares	Number of shares	Ratio	Book Value			
VSO ELECTRONICS CO., LTD.	Cable Garden Holdings Limited	Samoa	Investment holding business	\$ 314,786	\$ 314,786	10,224,804	100%	\$ \$464,663	\$ 14,703	\$ 14,404	Note 1
	LINKUPON INTERNATIONAL LIMITED	Taiwan	Sales of engineering plastics for optical automotive and 3C products	90,000	90,000	9,000,000	60%	145,496	35,451	21,271	
	VSOVN Electronics (HANOI) Co., LTD.	Vietnam	Manufacturing and sales of various types of cables for smart IoT, cloud computing, industrial control, medical, and automotive applications	302,998 (USD 9,500 thousand)	159,606 (USD 5,000 thousand)	-	100%	277,676	(5,054) (VND4,212,560 thousand)	(5,054) (VND4,212,560 thousand)	
Cable Garden Holdings Limited	VSO (Viet Nam) Electronics Co., LTD.	Vietnam	Production and sales of various types of cables for smart IoT, cloud computing, industrial control, medical, and automotive applications	60,847 (USD 2,000 thousand)	60,847 (USD 2,000 thousand)	-	100%	71,384	(5,564) (VND4,637,353 thousand)	(5,018) (VND4,181,331 thousand)	Note 2
	Cleveland Investment Limited	Samoa	Investment holding business	56,101	56,101	1,700,000	100%	97,723	6,724	6,724	
LINKUPON INTERNATIONAL LIMITED	Linkupon International Holdings, Limited	Samoa	Investment holding business	71,444	71,444	2,407,795	100%	156,540	9,668	9,668	

Note 1: The investment loss recognized through 2025 consists of a reversal of the unrealized gross profit of NT\$2,800 thousand from upstream transactions at the beginning of the year, plus the addition of the unrealized gross profit of NT\$3,099 thousand from upstream transactions at the end of the year; the book value is calculated by deducting the unrealized profit of NT\$893 thousand from downstream transactions.

Note 2: The investment gain recognized through the 2025 fiscal year consists of the reversal of an unrealized gross loss on sales of NT\$4 thousand from cross-current transactions at the beginning of the year, plus the addition of an unrealized gross loss of NT\$542 thousand from cross-current transactions at the end of the year.

Note 3: In preparing the consolidated financial statements, the carrying amounts of long-term equity investments, recognized investment gains or losses, and the earnings or losses of investee companies have been fully eliminated.

Note 4: For information regarding investee companies in mainland China, please refer to Schedule 8.

VSO ELECTRONICS CO., LTD. and Subsidiaries
Information on Investments in Mainland China
January 1 to December 31, 2025

Schedule 8

Unit: Unless otherwise specified
in NT\$ thousand

Name of Investee Company in Mainland China	Principal Business Activities	Paid-in Capital	Method of Investment	Balance at the beginning of the period Transferred from T a i w a n C u m u l a t i v e investment amount	Investment Amount Remitted or Recovered During the Period		Balance at the end of the period Remitted from Taiwan Accumulated investment amount	Investee Current period (loss)	Direct or indirect investment by the Company Ownership percentage	Recognized in the current period Investment (Loss) (N o t e 1)	Investment Carrying Value	As of the end of the current period Investment income repatriated	Remarks
					Remitted	Recovered							
Ji An VSO Electronics Co., LTD.	Manufacturing and sales of various types of cables for smart IoT, cloud computing, industrial control, medical, and automotive applications	\$ 175,176 (USD2,800 thousand and RMB17,600 thousand)	Note 4	\$ 83,052 (USD2,800 thousand)	\$ -	\$ -	\$ 83,052 (USD2,800 thousand)	\$ 12,106 (RMB2,793 thousand)	100%	\$ 12,106 (RMB2,793 thousand)	\$ 307,848 (RMB68,472 thousand)	\$ 44,000 (RMB10,000 thousand)	
VSO Electronics (Suzhou) Co., LTD.	Manufacturing and sales of various types of cables for smart IoT, cloud computing, industrial control, medical, and automotive applications	56,101 (USD1,700 thousand)	Note 6	56,101 (USD1,700 thousand)	-	-	56,101 (USD1,700 thousand)	6,724 (RMB1,551 thousand)	100%	6,724 (RMB1,551 thousand)	97,716 (RMB21,734 thousand)	35,200 (RMB8,000 thousand)	
Zhangjiagang Free Trade Zone Linkupon Material Trading Limited Company	Sales of engineering plastics for optical, automotive, and 3C product applications	53,095 (USD1,400 thousand)	Note 5	56,046 (USD1,724 thousand)	-	-	56,046 (USD1,724 thousand)	7,454 (RMB1,720 thousand)	60%	4,472 (RMB1,032 thousand)	108,348 (RMB24,099 thousand)	30,800 (RMB7,000 thousand)	
Zhang Jia Gang Free Trade Zone Mitsui LinkUpon Advanced Material, Inc.	Production and sale of engineering plastic composites	190,371 (USD5,690 thousand)	Note 5	50,066 (USD1,739 thousand)	-	-	50,066 (USD1,739 thousand)	9,551 (RMB2,203 thousand)	24%	2,292 (RMB529 thousand)	50,019 (RMB11,125 thousand)	4,144 (RMB930 thousand)	

Cumulative amount remitted from Taiwan as of the end of this period for investment in the Mainland	Investment Commission, Ministry of Economic Affairs Approved investment amount (Note 2)	Pursuant to the regulations of the Investment Commission of the Ministry of Economic Affairs Investment limit for the Mainland region (Note 3)
\$245,265	\$337,389	\$ 932,301

Note 1: Calculated based on the financial statements audited and certified by the Taiwanese parent company's certified public accountant.

Note 2: The investment amount approved by the Investment Commission of the Ministry of Economic Affairs is USD 10,479,405.55, calculated based on the original remittance exchange rate.

Note 3: Calculated based on the limit of 60% of consolidated net worth, as stipulated in the Investment Commission's letter No. 09704604680.

Note 4: This represents a reinvestment in a mainland China company by Cable Garden Holding Limited, a third-region entity wholly owned by the company.

Note 5: This investment was made by Linkupon International Holdings, Limited, a third-region entity wholly owned by LINKUPON INTERNATIONAL LIMITED (60% owned), into a mainland company.

Note 6: This represents an investment in a Mainland China company by Cleveland Investment Limited a third-region entity wholly owned by the Company.

Note 7: This amount has been fully offset in the preparation of the consolidated financial statements.