Stock Code:3548

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

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Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors’ Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9～11
(4) Summary of significant accounting policies	11～27
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	27～28
(6) Explanation of significant accounts	28～64
(7) Related-party transactions	64
(8) Pledged assets	65
(9) Commitments and contingencies	65
(10) Losses Due to Major Disasters	65
(11) Subsequent Events	65
(12) Other	65
(13) Other disclosures	
(a) Information on significant transactions	66～68
(b) Information on investees	69
(c) Information on investment in mainland China	69～70
(14) Segment information	70～72

Representation Letter

The entities that are required to be included in the combined consolidated financial statements of Jarllytec Co., Ltd. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Jarllytec Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: Jarllytec Co., Ltd.
Chairman: Chang, Tai-Yuan
Date: March 11, 2026

Independent Auditors' Report

To the Board of Directors of Jarllytec Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Jarllytec Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024 the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 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 ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters we judge that shall be communicated in the audit report are as follows:

1. Revenue recognition

   Please refer to Note 4(m) “Revenue recognition”

   Description of key audit matter:

   The major business of the Group is the development and manufacturing of various hinges which applied in computer, communication and consumer electronics, etc. The Operating Revenue is the main indicator for the investor to evaluate the financial and business performance of the Group. Therefore, it has been identified as a key audit matter.

   How the matter was addressed in our audit:

   Our principal audit procedures included:

   (1) Understanding the design and implementation of internal controls over revenue recognition and verifying the compliance of accounting policy.

   (2) Testing the manual control of sales and collection cycle.

   (3) Analyzing the changes in sales revenue from top ten clients and comparing them with those of the same period in the previous year to confirm whether or not there are significant exceptions or irregular transactions exist.

   (4) Examining the vouchers to determine the appropriate cut offs for revenue recognition within selected periods before and after the balance sheet date to evaluate whether the revenue was recorded in the appropriate period.

2. Impairment evaluation of accounts receivable

   Please refer to Note 4(g)(i)(1) “Financial assets measured at amortized cost”; Note 5(a) Significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(c) Notes and accounts receivables.

   Description of key audit matter:

   The Group measured its accounts receivable by the recoverable amounts due to the provision of bad debt allowance that is subject to the management’s judgement. Therefore, it has been identified as a key audit matter.

   How the matter was addressed in our audit:

   Our principal audit procedures included:

   (1) Assessing the rationality of the provision policy and verifying the compliance of provision policy for accounts receivable allowance.

   (2) Examining the aging analysis table and checking the amount of receivables received after the balance date, as well as discussing with the management to assess the whether or not the provision is reasonable.

   (3) Evaluating the adequacy of the Group’s disclosure for bad debt allowance.

3. Inventory valuation

   Please refer to Note 4(h) “Inventories”; Note 5(b) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(e) “Inventories”.

   Description of key audit matter:

   Inventories are measured at the lower of cost and net realizable value in the financial statements. However, with the rapid development of the consumer market and the volatility of sales, that may result in the cost of inventory and may exceed its net realizable value. Therefore, it has been identified as a key audit matter.

   How the matter was addressed in our audit:

   Our principal audit procedures included:

   (1) Examining the inventory aging report and analyzing the trends of inventory aging.

   (2) Evaluating the rationality of the provision policy and verifying the compliance of provision policy for inventory valuation.

   (3) Assessing the adequacy of the Group’s disclosure for inventories.

Other Matter

Jarllytec Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the 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 with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of 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 members of 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hung, Shih-Kang and Chen, Pei-Chi.

KPMG

Taipei, Taiwan (Republic of China)
March 11 , 2026

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 4,209,246	36	3,275,344	29
1110	Current financial assets at fair value through profit or loss (Note 6(b))	30,181	-	91,752	1
1170	Notes and accounts receivables, net (Note 6(c) and (u))	2,610,782	22	3,622,782	31
1200	Other receivables, net (Note 6(d))	50,797	-	54,764	-
1220	Current income tax assets	2,970	-	1,960	-
130X	Inventories (Note 6(e))	844,313	7	894,239	8
1410	Prepayments and other current assets (Note 6(f))	154,745	2	129,074	1
	Total current assets	7,903,034	67	8,069,915	70
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b) and (n))	750	-	1,200	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	85,538	1	101,036	1
1550	Investments accounted for using the equity method (Note 6(g))	22,707	-	-	-
1600	Property, plant and equipment (Note 6(h) and 8)	3,064,248	26	2,795,061	24
1755	Right-of-use assets (Note 6(i))	221,591	2	288,093	3
1780	Intangible assets (Note 6(j))	26,505	-	24,553	-
1840	Deferred income tax assets (Note 6(r))	157,479	2	60,553	-
1915	Prepayments for equipment	90,310	1	144,061	1
1990	Other non-current assets, others (Note 6(f))	122,260	1	42,226	1
	Total non-current assets	3,791,388	33	3,456,783	30
	Total assets	**$ 11,694,422**	**100**	**11,526,698**	**100**

		December 31, 2025		December 31, 2024	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(k) and 8)	$ 44,960	1	522,390	5
2170	Notes and accounts payables	1,995,069	17	2,631,231	23
2200	Other payables (Note 6(l))	860,146	8	1,194,454	11
2230	Current tax liabilities	40,557	-	53,841	-
2280	Current lease liabilities (Note 6(o))	33,758	-	41,773	-
2322	Long-term borrowings, current portion (Note 6(m) and 8)	10,827	-	13,995	-
2399	Other current liabilities	28,292	-	47,475	-
	Total current liabilities	3,013,609	26	4,505,159	39
	Non-Current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (Notes 6(b) and (n))	20,513	-	-	-
2530	Bonds payable (Note 6(n))	2,158,863	19	765,936	7
2540	Long-term borrowings (Note 6(m) and 8)	31,578	-	54,815	-
2570	Deferred income tax liabilities (Note 6(r))	191,874	2	181,762	2
2580	Non-current lease liabilities (Note 6(o))	44,630	-	93,548	1
2640	Net defined benefit liability, non-current (Note 6(q))	37,611	-	37,541	-
2670	Other non-current liabilities, others	1,995	-	3,278	-
	Total non-current liabilities	2,487,064	21	1,136,880	10
	Total liabilities	5,500,673	47	5,642,039	49
	Equity attributable to owners of the parent (Note 6(n)(s)):				
	Share capital				
3110	Ordinary share	677,442	6	660,914	6
3200	Capital surplus	2,154,364	18	1,866,597	16
	Retained earnings:				
3310	Legal reserve	565,006	5	506,588	4
3320	Special reserve	-	-	101,311	1
3350	Unappropriated retained earnings	2,711,359	23	2,666,744	23
	Total retained earnings	3,276,365	28	3,274,643	28
	Other equity:				
3410	Exchange differences on translation of foreign financial statements	74,340	1	61,442	1
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive income	11,238	-	21,063	-
	Total other equity	85,578	1	82,505	1
	Total equity	6,193,749	53	5,884,659	51
	Total liabilities and equity	**$ 11,694,422**	**100**	**$ 11,526,698**	**100**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2025		2024	
		Amount	%	Amount	%
4000	**Operating revenue (Note 6(u))**	$ 9,405,433	100	$ 9,578,170	100
5000	**Operating costs (Note 6(e)(q))**	8,281,263	88	7,992,045	84
	Net gross profit	1,124,170	12	1,586,125	16
	Operating expenses (Note 6(c)(o)(q)(v)):				
6100	Selling expenses	172,796	2	247,867	3
6200	Administrative expenses	450,292	4	523,455	5
6300	Research and development expenses	246,726	3	268,055	3
6450	Expected credit loss (gain)	2,861	-	(3,478)	-
	Total operating expenses	872,675	9	1,035,899	11
	Net operating income	251,495	3	550,226	5
	Non-operating income and expenses (Note 6(b)(g)(n)(o)(w)):				
7010	Other income	89,739	1	130,063	1
7020	Other gains and losses, net	(87,949)	(1)	85,074	1
7050	Finance cost	(48,128)	(1)	(28,382)	-
7060	Share of profit or loss of associates and joint ventures accounted for using the equity method	(215)	-	-	-
7100	Interest income	63,570	1	75,716	1
	Total non-operating income and expenses	17,017	-	262,471	3
	Profit from continuing operations before tax	268,512	3	812,697	8
7950	Less: Income tax expenses (Note 6(r))	117,772	1	235,935	2
	Profit	150,740	2	576,762	6
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Remeasurements of defined benefit plans (Note 6(q))	(311)	-	(941)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (Note 6(s))	(9,825)	-	2,633	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	(10,136)	-	1,692	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements(Note 6(s))	12,898	-	189,547	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	12,898	-	189,547	2
8300	**Other comprehensive income, net of tax**	2,762	-	191,239	2
8500	**Total comprehensive income**	**$ 153,502**	**2**	**$ 768,001**	**8**
	Profit attributable to:				
8610	Shareholders of parent	**$ 150,740**	**2**	**$ 576,762**	**6**
	Other comprehensive income attributable to:				
8710	Shareholders of parent	**$ 153,502**	**2**	**$ 768,001**	**8**
	Earnings per share (NT dollars) (Note 6(t))				
9750	Basic earnings per share	**$ 2.23**		**8.51**	
9850	Diluted earnings per share	**$ 2.04**		**8.18**	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
				Retained earnings			Other equity		
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Balance at January 1, 2024	$ 648,153	12,761	1,715,423	453,672	47,179	2,487,018	(128,105)	26,794	5,262,895
Profit	-	-	-	-	-	576,762	-	-	576,762
Other comprehensive income	-	-	-	-	-	(941)	189,547	2,633	191,239
Total comprehensive income	-	-	-	-	-	575,821	189,547	2,633	768,001
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	-	52,916	-	(52,916)	-	-	-
Special reserve	-	-	-	-	54,132	(54,132)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(297,411)	-	-	(297,411)
Changes in other capital surplus:									
Arising from the recognition of the equity component — stock warrants — upon issuance of convertible bonds	-	-	151,174	-	-	-	-	-	151,174
Conversion of convertible bonds	12,761	(12,761)	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	8,364	-	(8,364)	-
Balance at December 31, 2024	660,914	-	1,866,597	506,588	101,311	2,666,744	61,442	21,063	5,884,659
Profit	-	-	-	-	-	150,740	-	-	150,740
Other comprehensive income	-	-	-	-	-	(311)	12,898	(9,825)	2,762
Total comprehensive income	-	-	-	-	-	150,429	12,898	(9,825)	153,502
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	-	58,418	-	(58,418)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(132,184)	-	-	(132,184)
Stock dividends of ordinary share	16,523	-	-	-	-	(16,523)	-	-	-
Reversal of special earnings reserve	-	-	-	-	(101,311)	101,311	-	-	-
Changes in other capital surplus:									
Due to recognition of equity component of convertible bonds issued	-	-	287,657	-	-	-	-	-	287,657
Conversion of convertible bonds	5	-	110	-	-	-	-	-	115
Balance at December 31, 2025	**$ 677,442**	**-**	**2,154,364**	**565,006**	**-**	**2,711,359**	**74,340**	**11,238**	**6,193,749**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from operating activities:		
Profit before tax	$ 268,512	$ 812,697
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	413,575	360,301
Amortization expense	35,346	32,972
Expected credit loss (gain)	2,861	(3,478)
Net loss (gain) on financial assets at fair value through profit or loss	8,899	(12,382)
Interest expense	48,128	28,382
Interest revenue	(63,570)	(75,716)
Dividend revenue	(16,005)	(20,059)
Share of loss of associates and joint ventures accounted for using the equity method	215	-
Loss from disposal of property, plant and equipment	1,014	8,001
Gain (loss) on disposal of intangible assets	(831)	-
Total adjustments to reconcile profit (loss)	429,632	318,021
Changes in operating assets and liabilities:		
Current financial assets at fair value through profit or loss	59,714	(66,090)
Non-current financial assets at fair value through profit or loss	-	3,000
Notes receivables	(727)	(1,101)
Accounts receivables	1,009,815	(599,556)
Other receivables	2,029	(15,341)
Inventories	49,926	(27,299)
Prepayments	11,095	(20,735)
Other current assets	(33,375)	(3,298)
Notes payables	1	-
Accounts payables	(636,163)	199,851
Other payables	(465,021)	37,631
Other current liabilities	(19,183)	17,995
Net defined benefit liability	(241)	(667)
Total changes in operating assets and liabilities	(22,130)	(475,610)
Total adjustments	407,502	(157,589)
Cash inflow generated from operations	676,014	655,108
Interest received	65,508	74,343
Interest paid	(8,172)	(12,605)
Income taxes paid	(217,085)	(267,946)
Net cash flows from operating activities	516,265	448,900
Cash flows used in investing activities:		
Disposal of financial assets at fair value through other comprehensive income	-	15,171
Proceeds from refund of paid-up capital of financial assets at fair value through other comprehensive income	5,758	9,616
Acquisition of financial assets at fair value through profit or loss	(1,979,139)	(2,685,233)
Disposal of financial assets at fair value through profit or loss	1,988,297	2,685,233
Acquisition of equity-method investments	(22,338)	-
Acquisition of property, plant and equipment	(178,146)	(315,374)
Disposal of property, plant and equipment	6,952	15,107
Acquisition of intangible assets	(13,891)	(12,928)
Increase in other non-current assets - others	(103,324)	39,936
Increase in prepayments for equipment	(258,932)	(277,783)
Dividends received	16,005	20,059
Net cash flows used in investing activities	(538,758)	(506,196)
Cash flows from financing activities:		
Increase in short-term borrowings	(477,520)	(111,950)
Issuance of bonds	1,645,246	899,237
Repayments of long-term borrowings	(26,405)	(186,111)
Payment of principal of lease liabilities	(54,736)	(50,015)
Increase in other non-current liabilities - others	(1,283)	286
Cash dividends paid	(132,184)	(297,411)
Net cash flows used in financing activities	953,118	254,036
Effect of exchange rate changes on cash and cash equivalents	3,277	111,408
Net increase in cash and cash equivalents	933,902	308,148
Cash and cash equivalents at beginning of period	3,275,344	2,967,196
Cash and cash equivalents at end of period	**$ 4,209,246**	**$ 3,275,344**

(Continued)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

JARLLYTEC CO., LTD. (the "Company") was legally established with the approval of the Ministry of Economic Affairs, Republic of China, on July 7, 2004. Its registered office is located at No. 13, Wugong 5th Road, Xinzhuang District, New Taipei City, Taiwan, R.O.C. The Company and its subsidiaries (collectively, the "Group") specialize in the development, design, production, assembly, inspection, manufacturing, and sale of stamping parts, hinges, and metal injection molding (MIM) components. These products are widely used in notebook computers, LCD monitors, LCD televisions, and other 3C (computers, communications, and consumer electronics) related products.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 11, 2026.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025.

- Amendments to IAS21"Lack of Exchangeability"

(b) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the (following) new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards and interpretations, which may be relevant to the Group, have been issued by the International Accounting Standards Board ("IASB"), but have yet to be endorsed by the FSC:

Standards or Interpretations	**Content of amendment**	**Effective date per IASB**
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ・A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ・Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ・Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 Note: The Financial Supervisory Commission (FSC) issued a press release on September 25, 2025, announcing that Taiwan will align with IFRS 18 starting from the 2028 fiscal year. If a company wishes to adopt IFRS 18 earlier, it may elect early adoption upon approval by the FSC.

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" and amendments to IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

- Amendments to IAS 21“Translation to a Hyperinflationary Presentation Currency”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, ands SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value; and

3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note4(o).

(ii) Functional and presentation currency

The functional currency of each entity of the Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements encompass the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group is deemed to control an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to influence those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control and is obtained until the date control ceases. Intragroup balances and transactions, as well as any unrealized income and expenses arising from intragroup transactions, are eliminated during the preparation of the consolidated financial statements. The Group allocates profit or loss and each component of other comprehensive income to the owners of the parent and to non-controlling interests, even if this results in a deficit balance for the non-controlling interests.

The Group prepares its consolidated financial statements using consistent accounting policies for similar transactions and events under comparable circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any 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 parent.

(ii) List of subsidiaries in the consolidated financial statements

The consolidated entities were as follows:

Name of Investor	Name of Subsidiary	Principal Activities	2025.12.31	2024.12.31	Note
The company	Great Hinge Trading Ltd. (Great Hinge)	Investments	100%	100%	Note 1
The company	Smart Hinge Holdings Ltd. (Smart Hinge)	Investments	100%	100%	-
The company	Jarwin Investment Co., Ltd. (Jarwin Investment)	Investments	100%	100%	Note 1
The company	Jarllytec Singapore Pte. Ltd. (Jarllytec Singapore)	Computer design and service	100%	100%	Note 1
Great Hinge	Jarllytec (Vietnam) Co., Ltd. (Jarllytec Vietnam)	Production and sales business of precision hinges	100%	100%	Note 1
Smart Hinge	Royal Jarlly Holding Ltd. (Royal Jarlly)	Investments	100%	100%	-
Royal Jarlly	Jarlly Technology (Shanghai) Co., Ltd. (Shanghai Jarlly)	Component equipment for the production and sale of materials business	80.56%	74.07%	Note 3, Note 4
Royal Jarlly	Fu Qing Jarlly Electronics Co., Ltd. (Fu Qing Jarlly)	Production and sales business of precision hinges	100%	100%	Note 1
Royal Jarlly	Dong Guan Jarlly Electronics Co., Ltd. (Dong Guan Jarlly)	Production and sales business of precision hinges	100%	100%	Note 1
Royal Jarlly	Kunshan Jarlly Electronics Ltd. (Kunshan Jarlly)	Production and sales business of precision hinges	100%	100%	Note 1
Royal Jarlly	Jarlly Electronics Technology (Shanghai) Co., Ltd. (Jarlly Electronics Shanghai)	Production and sales business of precision hinges	100%	100%	-
Royal	Xiamen Jarlly Electronics Co., Ltd.	Production and sales	100%	100%	Note 1

Name of Investor	Name of Subsidiary	Principal Activities	2025.12.31	2024.12.31	Note
Jarlly	(Xiamen Jarlly)	business of precision hinges			
Royal Jarlly	Jarlly Technology (Chongqing) Co., Ltd. (Chongqing Jarlly)	Production and sales business of precision hinges	100%	100%	Note 1
Royal Jarlly	Jarllytec (Thailand) Co., Ltd. (Jarllytec Thailand)	Production and sales business of precision hinges	100%	100%	Note 1
Royal Jarlly	Zhejiang Jarlly Precision Technology Co., Ltd. (Zhejiang Jarlly)	Production and sales business of precision hinges	-%	-%	Note 2, Note 5
Fu Qing Jarlly	Shanghai Jarlly	Component equipment for the production and sale of materials business	19.44%	25.93%	Note 3, Note 4
Shanghai Jarlly	Zhejiang Jarlly	Production and sales business of precision hinges	100%	100%	Note 1, Note 2

Note 1: Insignificant subsidiary.

Note 2 :The company's Board of Directors resolved to change the investment structure of its investment in Zhejiang Jarlly Precision Technology Co., Ltd. on January 24, 2024. Jarlly Technology (Shanghai) Co., Ltd. acquired 100% of the shares of Zhejiang Jarlly Precision Technology Co., Ltd. from Royal Jarlly Holding Ltd. The based date is February 1, 2024.

Note 3: The Company has resolved by the board of directors on March 8, 2024 the indirect investment to Royal Jarlly through the 100% held investee, Smart Hinge, and invested US$5 million to Shanghai Jarlly through capital increase by Royal Jarlly. The base date is April 1, 2024. As Fu Qing Jarlly did not increase the investments in accordance in proportion to percentage of ownership, the percentage of ownership has decreased from 41.18% to 25.93%, and the percentage of ownership of Royal Jarlly to Shanghai Jarlly has increased from 58.82% to 74.07%.

Note 4: The Company's Board of Directors resolved on November 12, 2024 to make an indirect investment in Royal Jarlly through its wholly owned investee, Smart Hinge, and invested US$4.5 million in Shanghai Jarlly through a capital increase by Royal Jarlly. The effective date is February 1, 2025. As Fu Qing Jarlly did not increase its investment in proportion to its ownership percentage, its ownership percentage decreased from 25.93% to 19.44%, while Royal Jarlly's ownership percentage in Shanghai Jarlly increased from 74.07% to 80.56%.

Note 5: Zhejiang Jarlly Precision Technology Co., Ltd. changed its name to Jarlly Precision Manufacturing (Zhejiang) Co., Ltd. in June 2025.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates prevailing on the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate as of that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate on the date the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate on the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the New Taiwan Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the New Taiwan Dollars at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes only a part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes only a part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

The Group classifies an asset as current when it meets any of the following criteria; all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7), unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

4) Business model assessment

Financial assets held for trading, as well as those managed and evaluated on a fair value basis, are measured at fair value through profit or loss (FVTPL).

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date；and

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’ which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings.

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial assets because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, loss allowances are recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due. Based on its experience, the overdue amount will not be recovered after 90 days.

6) De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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(ii) Financial Liabilities and Equity Instruments

1) Classification of liabilities or equity

Debt and equity instruments issued by the consolidated company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity transactions

An equity instrument is any contract that evidences a residual interest in the assets of the consolidated company after deducting all of its liabilities. Equity instruments issued by the consolidated company are recognized at the proceeds received, net of direct issue costs.

3) Treasury shares

When the consolidated company reacquires its own equity instruments, the consideration paid, including any directly attributable costs, is recognized as a deduction from equity. The reacquired shares are classified as treasury shares. When treasury shares are subsequently sold or reissued, the amount received is recognized as an increase in equity, and any resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if capital surplus is insufficient to absorb the deficit).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss (“FVTPL”). A financial liability is classified as at FVTPL if it is held for trading, is a derivative, or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value, and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

5) De-recognition of financial liabilities

The consolidated company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. When the terms of a financial liability are modified and the cash flows of the modified liability are substantially different, the original financial liability is derecognized and a new financial liability is recognized at fair value based on the modified terms.

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

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented on a net basis in the balance sheet only when the consolidated company currently has a legally

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enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Joint arrangement

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements include joint operations and joint ventures, and have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11, Joint Arrangements, defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e., activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e., the joint venturers) have rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. A joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28, unless the entity is exempted from applying the equity method under that Standard. For the accounting treatment under the equity method, please refer to Note 6(7).

In assessing the classification of a joint arrangement, the consolidated company considers the structure of the arrangement, the legal form of any separate vehicle, the terms of the contractual arrangement, and other facts and circumstances. When facts and circumstances change, the consolidated company reassesses whether the type of joint arrangement in which it participates has changed.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and construction 3 to 37 years

2) Machinery and equipment 3 to 8 years

3) Molding Equipment 3 years

4) Asset leased to others 20 to 30 years

5) Office and Other equipment 1 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lease

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) Fixed payments;

2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) Amounts expected to be payable under a residual value guarantee; and

4) Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when:

1) There is a change in future lease payments arising from the change in an index or rate; or

2) There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

3) There is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) There is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

5) There is any lease modification

When the lease liability is re-measured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is re-measured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the re-measurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘leases income’.

(l) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-derivative financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue recognition

(i) Revenue from contracts with customers

The Group manufactures various hinges which applied in 3C related products and sells them to computer manufacturers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(Continued)

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) The same taxable entity; or

2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, which affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and, where appropriate, aligned with the Group's risk management and climate-related commitments. Revisions to estimates are recognized prospectively in the period of change and in future periods.

No accounting policies requiring significant judgments that materially affect the recognized amounts in the consolidated financial statements have been identified.

Information about assumptions and estimation uncertainties that pose a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is provided below:

(a) Impairment of accounts receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding possible future credit losses) discounted at the financial asset's original effective interest rate. When the actual future cash flows are less than expected, a material impairment loss may arise. Please refer to note 6(c) for further description of the impairment of accounts receivable.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for further description of the valuation of inventories.

(Continued)

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2025	December 31, 2024
Cash on hand	$	942	561
Demand deposits and checking deposits		1,682,680	2,478,404
Time deposits		2,525,624	796,379
	$	**4,209,246**	**3,275,344**

(b) Financial instrument

(i) Financial assets at fair value through profit or loss:

		December 31, 2025	December 31, 2024
Current mandatorily measured at fair value through profit or loss:			
Stocks of domestic listed companies	$	-	31,670
Beneficiary certificates		30,181	60,082
	$	**30,181**	**91,752**
Non-current mandatorily measured at fair value through profit or loss:			
Convertible bonds redemption right	**$**	**750**	**1,200**

(ii) Financial liabilities measured at fair value through profit or loss

	December 31, 2025	December 31, 2024
Non-current financial liabilities designated at fair value through profit or loss		
Put option on convertible bonds	$ 20,513	

(iii) Financial assets at fair value through other comprehensive income:

	December 31, 2025	December 31, 2024
Equity investments at fair value through other comprehensive income-non-current		
Stocks of domestic unlisted companies	$ 64,272	79,855
Stocks of unlisted companies in Mainland China	21,266	21,181
Total	$ 85,538	101,036

The Group designated the investment shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purpose, instead of for trading purpose.

(iv) For the years ended 2025 and 2024, the net (loss) gain arising from financial instruments at fair value through loss or profit amounted to NT$(8,899) thousand and NT$29,297 thousand, respectively, for the consolidated company, and was recognized under other gains and losses.

(v) As of December 31, 2025 and 2024, the aforementioned financial assets were not pledged as collateral.

(c) Notes and accounts receivables

	December 31, 2025	December 31, 2024
Notes receivable	$ 2,189	1,462
Accounts receivables	2,616,124	3,625,939
Less: loss allowance	(7,531)	(4,619)
	$ 2,610,782	3,622,782

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of life-time expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information.

The analysis of expected credit losses of the notes and accounts receivables of the Group is as follows:

	December 31, 2025		
	Carrying amounts of notes and accounts receivables	Weighted-average loss rate	Life-time expected credit loss
Current	$ 2,516,946	0%~1%	2,787
1 to 30 days past due	1,028	0%~1%	1
31 to 60 days past due	74,006	0%~5%	756
61 to 90 days past due	23,210	0%~10%	2,233
Past due for more than 90 days	3,123	30%~100%	1,754
	$ 2,618,313		7,531

	December 31, 2024		
	Carrying amounts of notes and accounts receivables	Weighted-average loss rate	Life-time expected credit loss
Current	$ 3,597,537	0%~1%	1,815
1 to 30 days past due	975	0%~5%	24
31 to 60 days past due	22,837	0%~10%	1,077
61 to 90 days past due	877	0%~20%	150
Past due for more than 90 days	5,175	30%~100%	1,553
	$ 3,627,401		4,619

The movement in the loss allowance for notes and accounts receivable were as follows:

	For the years ended December 31,	
	2025	2024
Balance at January 1	$ 4,619	7,946
Recognized impairment loss	2,861	-
Impairment losses reversed	-	(3,478)
Foreign exchange gains or losses	51	151
Balance at December 31	$ 7,531	4,619

As of December 31, 2025 and 2024, the notes and account receivable of the Group were not pledged as collaterals.

(Continued)

(d) Other receivables

	December 31, 2025	December 31, 2024
Overpaid business tax returned	$ 37,997	22,284
Interest receivable	2,765	4,703
Others	10,035	27,777
	$ 50,797	54,764

For further credit risk information, please refers to note 6(w).

(e) Inventories

	December 31, 2025	December 31, 2024
Raw materials and supplies	$ 126,959	123,381
Work in process	253,939	328,101
Finished goods	463,415	442,757
	$ 844,313	894,239

(i) For the years ended December 31, 2025 and 2024, costs of inventories recognized as costs and expenses of sales amounted to $8,087,995 thousand and $7,899,348 thousand, respectively.

(ii) For the year ended December 31, 2025 and December 31, 2024, the inventory valuation losses of $32,371 thousand and $46,135 thousand for writing off the costs of inventories to the net realizable value have been recognized as costs of goods sale.

(iii) As of December 31, 2025 and 2024, the inventories were not pledged as collaterals.

(f) Prepayments, other current assets and other non-current assets

Components of prepayments, other current assets, and other non-current assets were listed below:

	December 31, 2025	December 31, 2024
Prepayment for mold	$ 23,892	44,336
Other prepayments	46,145	48,555
Offset against business tax payable	3,405	-
Excess input VAT credit	38,906	27,161
Others	42,397	9,022
Total prepayments and other current assets	$ 154,745	129,074
Other deferred expenses	$ 20,392	27,903
Refundable deposits	8,643	9,866
Other financial assets - others	91,177	1,311
Others	2,048	3,146
Total other non-current assets	$ 122,260	42,226

(Continued)

(g) Equity-method investments

The consolidated company's investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2025	December 31, 2024
Joint venture	$ 22,707	-

1. Joint venture：

Kunshan Liang Precision Mould Technology Co., Ltd. ("Kunshan Liang") is the only joint arrangement in which the consolidated company participates. Kunshan Liang is a non-public company and serves as a strategic supplier to the consolidated company. Its principal business is the manufacture of moulds in China. The joint venture accounted for using the equity method by the consolidated company is individually immaterial. Its aggregate financial information is summarized below, representing the amounts included in the consolidated financial statements of the consolidated company:

	December 31, 2025	December 31, 2024
Aggregate carrying amount, at year-end, of individually immaterial associates	$ 44,524	-

	For the years ended December 31	
	2025	2024
Share attributable to the consolidated company:		
Net loss for the period	$ (215)	-
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	$ (215)	-

(Continued)

(h) Property, plant and equipment

The cost and accumulated depreciation and impairments of the property, plant and equipment of the Group as of and for the years ended December 31, 2025 and 2024 were as follows:

	Land	Buildings and construction	Machine and equipment	Mold equipment	Rental equipment	Other facilities	Construction in progress and testing equip	Total
Cost:								
Balance at January 1, 2025	$ 1,057,375	836,690	2,217,799	3,022	103,008	280,921	31,888	4,530,703
Additions	-	16,109	285,893	-	-	33,392	286,887	622,281
Reclassifications	-	38,293	15,756	-	(30,547)	5,400	(28,902)	-
Disposals	-	-	(112,844)	-	-	(8,700)	-	(121,544)
Effect of movements in exchange	1,709	(234)	7,914	3	(735)	131	14,114	22,902
Balance at December 31, 2025	$ 1,059,084	890,858	2,414,518	3,025	71,726	311,144	303,987	5,054,342
Balance at January 1, 2024	$ 1,054,812	756,865	1,789,834	3,001	100,285	231,190	80,081	4,016,068
Additions	-	5,485	464,138	-	-	31,476	19,038	520,137
Reclassifications	-	47,218	24,040	-	(777)	18,896	(71,513)	17,864
Disposals	-	-	(85,356)	-	-	(8,569)	(138)	(94,063)
Effect of movements in exchange	2,563	27,122	25,143	21	3,500	7,928	4,420	70,697
Balance at December 31, 2024	$ 1,057,375	836,690	2,217,799	3,022	103,008	280,921	31,888	4,530,703
Accumulated depreciation:								
Balance at January 1, 2024	$ -	342,709	1,186,857	2,959	47,129	155,988	-	1,735,642
Depreciation	-	48,918	266,104	-	-	41,826	-	356,848
Reclassifications	-	12,687	167	-	(12,687)	(167)	-	-
Disposals	-	-	(105,737)	-	-	(7,750)	-	(113,487)
Effect of movements in exchange	-	1,575	6,149	2	(288)	3,653	-	11,091
Balance at December 31, 2025	$ -	405,889	1,353,540	2,961	34,154	193,550	-	1,990,094
Balance at January 1, 2024	$ -	278,137	1,016,049	2,940	42,869	135,918	-	1,475,913
Depreciation	-	45,520	224,400	-	-	36,138	-	306,058
Reclassifications	-	10,277	2,074	-	2,764	(11,322)	-	3,793
Disposals	-	-	(62,415)	-	-	(8,018)	-	(70,433)
Effect of movements in exchange	-	8,775	6,749	19	1,496	3,272	-	20,311
Balance at December 31, 2024	$ -	342,709	1,186,857	2,959	47,129	155,988	-	1,735,642
Carrying amount:								
Balance at December 31, 2025	$ 1,059,084	484,969	1,060,978	64	37,572	117,594	303,987	3,064,248
Balance at January 1, 2024	$ 1,054,812	478,728	773,785	61	57,416	95,272	80,081	2,540,155
Balance at December 31, 2024	$ 1,057,375	493,981	1,030,942	63	55,879	124,933	31,888	2,795,061

(Continued)

As of December 31, 2025 and 2024, the property, plant and equipment of the Group had been pledged as collateral for bank borrowings. Please refer to Note 8.

(i) Right-of-use assets

Information about leases for which the Group as a lessee was presented below:

	Land	Buildings and structures	Other equipment	Total
Cost:				
Balance at January 1, 2025	$ 164,367	354,404	1,022	519,793
Additions	-	20,586	242	20,828
Disposal	-	(59,983)	(1,022)	(61,005)
Others	-	(2,247)	-	(2,247)
Effect of movement in exchange	(3,457)	1,438	-	(2,019)
Balance at December 31, 2025	**$ 160,910**	**314,198**	**242**	**475,350**
Balance at January 1, 2024	$ 149,203	254,726	777	404,706
Additions	-	92,177	245	92,422
Effect of movement in exchange	15,164	7,501	-	22,665
Balance at December 31, 2024	**$ 164,367**	**354,404**	**1,022**	**519,793**
Accumulated depreciation:				
Balance at January 1, 2025	$ 21,601	209,281	818	231,700
Depreciation	3,875	52,624	228	56,727
Disposal	-	(35,989)	(1,022)	(37,011)
Effect of movement in exchange	(154)	2,497	-	2,343
Balance at December 31, 2025	**$ 25,322**	**228,413**	**24**	**253,759**
Balance at January 1, 2024	$ 16,427	153,433	561	170,421
Depreciation	3,818	50,168	257	54,243
Effect of movement in exchange	1,356	5,680	-	7,036
Balance at December 31, 2024	**$ 21,601**	**209,281**	**818**	**231,700**
Carrying amount:				
Balance at December 31, 2025	**$ 135,588**	**85,785**	**218**	**221,591**
Balance at January 1, 2024	**$ 132,776**	**101,293**	**216**	**234,285**
Balance at December 31, 2024	**$ 142,766**	**145,123**	**204**	**288,093**

(Continued)

(j) Intangible assets

Changes in intangible assets are as follows:

		Software
Costs:		
Balance at January 1, 2025	$	122,095
Separate acquisition		13,891
Effect of movement in exchange		487
Balance at December 31, 2025	**$**	**136,473**
Balance at January 1, 2024	$	108,246
Separate acquisition		12,928
Disposal		(507)
Effect of movement in exchange		1,428
Balance at December 31, 2024	**$**	**122,095**
Accumulated amortization:		
Balance at January 1, 2025	$	97,542
Amortization		12,056
Effect of movement in exchange		370
Balance at December 31, 2025	**$**	**109,968**
Balance at January 1, 2024	$	86,600
Amortization		10,391
Disposal		(507)
Effect of movement in exchange		1,058
Balance at December 31, 2024	**$**	**97,542**
Carrying amount:		
Balance at December 31, 2025	**$**	**26,505**
Balance at January 1, 2024	**$**	**21,646**
Balance at December 31, 2024	**$**	**24,553**

As of December 31, 2025 and 2024, none of the consolidated company's intangible assets had been pledged as collateral.

(k) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2025	December 31, 2024
Secured bank loans	$ -	300,000
Unsecured bank loans	44,960	222,390
	$ 44,960	**522,390**
Unused credit lines	**$ 1,384,672**	**531,434**
Range of interest rates	**2.90%**	**1.825%~3.10%**

Please refer to Note 8 for details of the assets pledged as collateral for bank borrowings.

(l) Other payables

	December 31, 2025	December 31, 2024
Payroll payables	$ 175,536	227,621
Payables for equipment	215,824	84,851
Others	468,786	881,982
	$ 860,146	**1,194,454**

(m) Long-term borrowings

The details were as follows:

	December 31, 2025			
	Currency	**Interest range**	**Expiration**	**Amount**
Secured bank loans	TWD	1.285%	2029	$ 42,405
Less: current portion				(10,827)
Total				**$ 31,578**
Unused credit lines				**$ -**

	December 31, 2024			
	Currency	**Interest range**	**Expiration**	**Amount**
Secured bank loans	TWD	1.285%	118	$ 68,810
Less: current portion				**$ (13,995)**
Total				**$ 54,815**
Unused credit lines				**$ -**

Please refer to Note 8 for details of the assets pledged as collateral for bank borrowings.

(n) Bonds payable

The details of bonds payables are as follows:

	December 31, 2025	December 31, 2024
Total amount of convertible bonds	$ 2,300,000	800,000
Unamortized balance of discount on bonds payable	(141,037)	(34,064)
Accumulated redemption amount	-	-
Accumulated converted amount	(100)	-
Bonds payable, ending balance	$ 2,158,863	765,936
Embedded derivative-redemption rights (classified as non-current financial assets at fair value through profit or loss)	$ 750	1,200
Embedded derivative-redemption rights (classified as non-current financial liabilities at fair value through profit or loss)	$ 20,513	-
Equity component-conversion rights (classified as capital surplus)	$ 438,831	151,174

	2025	2024
Gains (losses) on remeasurement of embedded derivative instruments at fair value	$ (16,200)	(640)
Interest expenses	$ (40,216)	(16,033)

The Group's rights and obligations to the issuance of unsecured convertible bonds outstanding:

Item	3rd domestic unsecured convertible corporate bonds
Total amount issued	NT$1,500,000 thousand
Issue date	February 25, 2025
Issue period	February 25, 2025 ~ February 25, 2030
Coupon rate	0%
Trustee	KGI Bank Co., Ltd.
Terms of repayment	Unless the bonds are converted to ordinary shares of the Company in accordance with Article 10 of these Regulations, or the Company redeems in advance in accordance with Article 18 of these Regulations, or Exercise a put option in accordance with Article 19 of these Regulations, or the Company buys back from the TPEx for the cancellation, the Company shall repay in cash one lump sum according to the band face value when the convertible bonds mature. Payments shall be made within five business days (including the fifth business day) after the due date.
Terms of redemption prior to maturity	(1) From the day following the three-month period after the issuance of the convertible bonds (May 26, 2025) to 40 days before the expiry of the issuance period (January 16, 2030), when the closing price of the Company's ordinary shares exceeds the current conversion price by 30% (inclusive) for 30 consecutive business days, the Company may, within the next 30 business days, send the "Bond Redemption Notice" expiring 30 days by registered mail (the aforesaid period starts from the date the Company sends the letter, and the expiry date of the period is the base date for bond redemption, and the

(Continued)

	aforesaid period shall not be the conversion closure period) to the bond holders (subject to the name list of bond holders on the fifth business day prior to the date of dispatch of the “Bond Redemption Notice”; for bond holders who acquire the convertible bonds due to trading or other reasons thereafter, the announcement shall be followed). The redemption price is set as the denomination of the bonds, and all the bonds will be redeemed in cash, and a notification letter will be delivered to the TPEx for the announcement. When the Company executes the redemption request, it shall redeem the convertible bonds in cash within seven business days from the bond redemption base date. (2) From the day following the three-month period after the issuance of the convertible bonds (May 26, 2025) to 40 days before the expiry of the issuance period (January 16, 2030), when the outstanding balance of the convertible bonds is lower than 10% of the original total issued amount, the Company may, at any time thereafter, send the “Bond Redemption Notice” expiring 30 days by registered mail (the aforesaid period starts from the date the Company sends the letter, and the expiry date of the period is the base date for bond redemption, and the aforesaid period shall not be the conversion closure period) to the bond holders (subject to the name list of bond holders on the fifth business day prior to the date of dispatch of the “Bond Redemption Notice”; for bond holders who acquire the convertible bonds due to trading or other reasons thereafter, the announcement shall be followed). The redemption price is set as the denomination of the bonds, and all the bonds will be redeemed in cash, and a notification letter will be delivered to the TPEx for the announcement. When the Company executes the redemption request, it shall redeem the convertible bonds in cash within seven business days from the bond redemption base date. (3) If the creditor fails to reply in writing to the Company’s stock transfer agent before the bond redemption base date as stated in the “Bond Redemption Notice” (it will take effect immediately upon delivery, and the postmark date shall be used as the basis for the post mails), the Company will redeem the convertible bonds in cash at the bond par value within seven business days after the bond redemption base date. (4) If the Company executes the redemption request, the deadline for bond holders to request for conversion is the second business day after the trading day on TPEx of the converted bonds is terminated.
Put option	From the day following the three-month period after the issuance of the convertible bonds (February 25, 2028) shall be the put option exercise date for bondholders to request early redemption. The Company shall, forty days prior to the put option exercise date (January 16, 2028), send a "Put Option Exercise Notice" via registered mail to bondholders (based on the bondholder register as of the fifth business day prior to the dispatch date of the "Put Option Exercise Notice." For bondholders who acquire these convertible bonds through trading or other means thereafter, public announcement will be made). The Company shall also officially request the Taipei Exchange to announce the exercise of the put option by holders of these convertible bonds. Holders of these convertible bonds may, within forty days prior to the put option exercise date, provide written notice to the Company's stock transfer agent (effective upon delivery; for mailed notices, the postmark date will be used as proof) to request the Company redeem their convertible bonds at face value. Upon receiving a redemption request, the Company shall redeem these convertible bonds in cash within seven business days (inclusive of the seventh business day) after the put option exercise date. If the aforementioned date falls on a day when the Taipei Exchange is closed, it shall be postponed to the next business day.
Conversion period	From the day following the three-month period after the issuance of the convertible bonds (May 26, 2025) to the maturity date (February 25, 2030), the bond holders may, through the original trading securities company, notify Taiwan Depository & Clearing Corporation (hereinafter referred to as “TDCC”) to the Company’s stock transfer agent

	to request the conversion of the convertible bonds into the Company's ordinary shares in accordance with these Regulations and the provisions of Article 10, Article 11, Article 13 and Article 15 of these Regulations; except (1) the book closure period of the ordinary shares according to law; (2) from the 15 business days prior to the closure date of the Company's stock dividends, the closure date of cash dividends, or the closure date of cash capital increase subscription, to the ex-dividend date; (3) from the capital reduction base date to the day before the trading day of producing the new stock certificates due to the capital reduction; (4) from the starting date of the conversion (subscription) closure date for changing the denomination of the stock to the day before the trading day of producing the new stock certificates. The starting date the conversion closure date for changing the denomination of the stock in the preceding paragraph is the business day before applying to the Ministry of Economic Affairs for the change registration. The Company shall announce four business days before the starting date of the conversion closure period.
Conversion price	NT$162.8(Note)

Note: Effective September 13, 2025, the conversion price of the consolidated company's convertible bonds was adjusted from NT$170 to NT$162.8.

Item	**2nd domestic unsecured convertible corporate bonds**
Total amount issued	NT$800,000 thousand
Issue date	January 8, 2024
Issue period	January 8, 2024 ~ January 8, 2027
Coupon rate	0%
Trustee	Bank Sinpac Co., Ltd.
Terms of repayment	Unless the bonds are converted into the Company's ordinary shares in accordance with Article 10 of these Regulations, or are redeemed early in accordance with Article 18 of these Regulations, or are repurchased by the Company on the TPEx for cancellation, the Company shall repay the bonds in cash in a lump sum at face value upon maturity. Payment shall be made within five business days after the maturity date.
Terms of redemption prior to maturity	(1) From the day following the three-month period after the issuance of the convertible bonds (April 9, 2024) to 40 days before the expiry of the issuance period (November 29, 2026), if the closing price of the Company's ordinary shares exceeds the then-current conversion price by 30% (inclusive) for 30 consecutive business days, the Company may, within the subsequent 30 business days, send a "Bond Redemption Notice" to bondholders by registered mail with a 30-day notice period. The notice period starts from the date the Company sends the notice, and its expiry date will be the bond redemption record date (the "bond redemption base date"), which shall not fall within the conversion closure period specified in Article 9. The redemption price shall be the face value of the bonds, and all bonds will be redeemed in cash. The Company will also notify the TPEx for public announcement. The Company shall redeem the convertible bonds in cash within five business days from the bond redemption base date. (2) From the day following the three-month period after the issuance of the convertible bonds (April 9, 2024) to 40 days before the expiry of the issuance period (November 29, 2026), when the outstanding balance of the convertible bonds is lower than 10% of the original total issued amount, the Company may, at any time thereafter, send the "Bond Redemption Notice" expiring 30 days by registered mail (the aforesaid period starts from the date the Company sends the letter, and the expiry date of the period is the base date for bond redemption, and the aforesaid period shall not be the conversion closure period as stated in Article 9) to the bond holders

	(subject to the name list of bond holders on the fifth business day prior to the date of dispatch of the "Bond Redemption Notice"; for bond holders who acquire the convertible bonds due to trading or other reasons thereafter, the announcement shall be followed). The redemption price is set as the denomination of the bonds, and all the bonds will be redeemed in cash, and a notification letter will be delivered to the TPEx for the announcement. When the Company executes the redemption request, it shall redeem the convertible bonds in cash within five business days from the bond redemption base date. (3) If the creditor fails to reply in writing to the Company's stock transfer agent before the bond redemption base date as stated in the "Bond Redemption Notice" (it will take effect immediately upon delivery, and the postmark date shall be used as the basis for the post mails), the Company will redeem the convertible bonds in cash at the bond par value within five business days after the bond redemption base date. (4) If the Company executes the redemption request, the deadline for bond holders to request for conversion is the second business day after the trading day on TPEx of the converted bonds is terminated.
Conversion period	From the day following the three-month period after the issuance of the convertible bonds (April 9, 2024) to the maturity date (January 8, 2027), the bond holders may, through the original trading securities company, notify Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC") to the Company's stock transfer agent to request the conversion of the convertible bonds into the Company's ordinary shares in accordance with these Regulations and the provisions of Article 10, Article 11, Article 13 and Article 15 of these Regulations; except (1) the book closure period of the ordinary shares according to law; (2) from the 15 business days prior to the closure date of the Company's stock dividends, the closure date of cash dividends, or the closure date of cash capital increase subscription, to the ex-dividend date; (3) from the capital reduction base date to the day before the trading day of producing the new stock certificates due to the capital reduction; (4) from the starting date of the conversion (subscription) closure date for changing the denomination of the stock to the day before the trading day of producing the new stock certificates. The starting date the conversion closure date for changing the denomination of the stock in the preceding paragraph is the business day before applying to the Ministry of Economic Affairs for the change registration. The Company shall announce four business days before the starting date of the conversion closure period.
Conversion price	NT$186(Note1)

Note1: Effective September 13, 2025, the conversion price of the consolidated company's convertible bonds was adjusted from NT$194.2 to NT$186.

(o) Lease liabilities

	December 31, 2025	**December 31, 2024**
Current	$ 33,758	41,773
Non-current	$ 44,630	93,548

For the maturity analysis, please refer to Note 6(w).

The amounts recognized in profit or loss are as follows:

	For the years ended December 31		
	2025		2024
Interest on lease liabilities	$	3,114	3,031
Expenses relating to short-term leases	$	18,856	15,092

The amounts recognized in the statement of cash flows for the Group are as follows:

	For the years ended December 31		
	2025		2024
Cash paid for rent under operating activities	$	18,856	15,092
Cash paid for interest on lease liabilities under operating activities		3,114	3,031
Repayment of lease principal under financing activities		54,736	50,015
Total cash outflow for leases	$	76,706	68,138

(i) Real estate leases

The Group leases buildings for its plant and office use, which typically run for a period of three years.

(ii) Other leases

The Group leases employee dormitory and transportation equipment, with contract terms of one to three years. These leases are short-term or leases of low-value items. Therefore, the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(p) Operating lease

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	December 31, 2025		December 31, 2024
Less than one year	$	76	23,841
One to two years		23	30
	$	99	23,871

(q) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value is as follows:

	December 31, 2025	December 31, 2024
Present value of the defined benefit obligations	$ 62,288	60,621
Fair value of plan assets	(24,677)	(23,080)
Net defined benefit liabilities	**$ 37,611**	**37,541**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle retired employees to receive retirement benefits based on their years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $24,369 thousand as of December 31, 2025. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2025 and 2024 are as follows:

	For the years ended December 31	
	2025	**2024**
Defined benefit obligations at January 1	$ 60,621	57,746
Current service costs and interest cost	908	573
Remeasurements of the net defined benefit obligations		
—Actuarial loss arising from changes in financial assumptions	325	(368)
—Actuarial loss arising from experience adjustments	1,587	3,102
Benefits paid	(1,153)	(432)
Defined benefit obligations at December 31	**$ 62,288**	**60,621**

(Continued)

3) Movements in fair value of plan assets

The movements in the fair value of the plan assets for the years ended December 31, 2025 and 2024 are as follows:

	For the years ended December 31	
	2025	**2024**
Fair value of plan assets at January 1	$ 23,080	20,479
Interest income	352	280
Remeasurements of the net defined benefit liabilities		
－Return on plan assets (excluding interest income)	1,601	1,793
Contributions paid by the employer	797	960
Benefits paid	(1,153)	(432)
Fair value of plan assets at December 31	$ 24,677	23,080

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2025 and 2024 are as follows:

	For the years ended December 31	
	2025	**2024**
Net interest of net liabilities for defined benefit obligations	$ 556	293

	2025	**2024**
Administration expenses	$ 556	293

5) Remeasurement of net defined benefit liability recognized in other comprehensive income

Accumulated remeasurement of the defined benefit liability recognized in other comprehensive income is as follows:

	For the years ended December 31	
	2025	**2024**
Accumulated amount at January 1	$ (13,789)	(12,848)
Recognized during the period	(311)	(941)
Accumulated amount at December 31	$ (14,100)	(13,789)

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2025	December 31, 2024
Discount rate	1.25%~1.375%	1.500%
Future salary increase rate	2.00%	2.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date of 2025 was $469 thousand.

The weighted average lifetime of the defined benefits plans was 6.80 years as of December 31, 2025.

7) Sensitivity analysis

As of December 31, 2025 and 2024, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation are as follows:

	Influences of defined benefit obligations	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2025		
Discount rate	(561)	574
Future salary increasing rate	559	(550)
December 31, 2024		
Discount rate	(724)	741
Future salary increasing rate	725	(712)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis was consistent with the calculation of pension liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis compared with those used in the financial statements of the prior period.

(Continued)

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

Foreign entities of the Group adopt defined contribution plans. The contribution of pension is made in accordance with local regulations, and the pension that shall be provided in the period is recognized as pension expenses in full.

The pension expenses incurred from the defined contribution plans amounted to $80,461 thousand and $74,687 thousand for the years ended December 31, 2025 and 2024, respectively.

(r) Income taxes

(i) Income tax expense

The components of the income tax in the years 2025 and 2024 are as follows:

	For the years ended December 31	
	2025	**2024**
Current tax expense		
Current period	$ 164,038	230,460
Underestimation of income tax in prior periods	38,753	20,979
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(85,019)	(15,504)
	$ 117,772	235,935

Reconciliation of income tax expenses and the profit before income tax for the years ended December 31, 2025 and 2024 is as follows:

	For the years ended December 31	
	2025	**2024**
Profit before income tax	$ 268,512	812,697
Income tax using the Company's domestic tax rate	$ 53,702	162,539
Tax effect of different tax rates applicable in foreign jurisdiction	21,267	52,109
Undistributed earnings additional tax	6,885	2,374
Underestimation of income tax in prior periods	38,753	20,979
Others	(2,835)	(2,066)
	$ 117,772	235,935

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2025 and 2024 are as follows:

		Inventory valuation losses	Carry-forward of tax losses	Others	Total
Deferred tax assets:					
Balance at January 1, 2025	$	16,235	23,369	20,949	60,553
Recognized in profit or loss		(174)	40,551	54,527	94,904
Recognized in profit or loss		-	-	2,022	2,022
Balance at December 31, 2025	$	16,061	63,920	77,498	157,479
Balance at January 1, 2024	$	15,813	4,640	24,276	44,729
Recognized in profit or loss		422	18,729	(3,327)	15,824
Balance at December 31, 2024	$	16,235	23,369	20,949	60,553

		Share of profit or loss of subsidiaries accounted for using equity method and others
Deferred tax liabilities:		
Balance at January 1, 2025	$	181,762
Recognized in profit or loss		9,885
Effect of exchange rate changes		227
Balance at December 31, 2025	$	191,874
Balance at January 1, 2024	$	181,442
Recognized in profit or loss		320
Balance at December 31, 2024	$	181,762

(iii) Assessment of tax

The Company tax returns for the years through 2023 were assessed by the National Taiwan Bureau.

(s) Capital and other equity

As of December 31, 2025 and 2024, the number of authorized ordinary share each consisted were $1,200,000 and $1,200,000, respectively. In addition, the issuance of ordinary shares each consisted of 67,744 thousand and 66,091 thousand of shares, respectively, with a par value of $10 per share.

(Continued)

Reconciliation of the numbers of outstanding shares as of December 31, 2024 and 2025 is as follows:

	Ordinary shares	
	For the years ended December 31	
(Expressed in thousands of shares)	2025	2024
Beginning balance	66,091	64,815
Conversion of convertible bonds	1	1,276
Capitalization of retained earnings	1,652	
Ending balance	**67,744**	**66,091**

(i) Ordinary shares

From January 1 to December 31, 2025, the Company issued 514 new shares upon the exercise of conversion rights by holders of convertible bonds. The shares were issued at par value for a total amount of NT$5 thousand, and the statutory registration procedures had been completed.

On June 19, 2025, the shareholders' meeting approved the distribution of stock dividends of NT$16,523 thousand out of unappropriated earnings. The record date for the capital increase was September 13, 2025, and the statutory registration procedures had been completed.

From January 1 to December 31, 2023, the Company issued 5,970 thousand new shares upon the exercise of conversion rights by holders of convertible bonds. The shares were issued at par value for a total amount of NT$59,700 thousand, of which 4,694 thousand shares (amounting to NT$46,939 thousand) had completed the statutory registration procedures, while the remaining 1,276 thousand shares (amounting to NT$12,761 thousand) were presented under "advance receipts for capital stock" as of December 31, 2023, and the statutory registration procedures were completed on February 27, 2024.

(ii) Capital surplus

The balances of capital surplus are as follows:

	December 31, 2025	December 31, 2024
Additional paid-in capital arising from ordinary share	$ 1,314,010	1,314,010
Additional paid-in capital arising from bond conversion	380,999	380,889
Treasury share transactions	6,195	6,195
Employee share options (including those ceased to be effective)	14,329	14,329
Issuance of convertible bond options	438,831	151,174
Total	**$ 2,154,364**	**1,866,597**

According to the regulation of the Company Act, where a company incurs no loss, it may distribute the income derived from the issuance of new shares at a premium, and the income from endowments received by the Company, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Based on the relevant regulations of Securities and Exchange Act, where a company intends to capitalize the aforementioned capital surplus, the total amount per year shall not exceed 10% of paid-in capital.

(iii) Retained earnings

The Company's article of incorporation stipulate that any Company's net earnings should first be used to offset the prior years' deficits, before paying any income taxes. Then 10% of the remaining balance is to be appropriated as legal reserve, unless such legal reserve has amounted to the paid-in capital. The remainder, if any, should be set aside as special reserve in accordance with the operating requirement and the laws, together with any undistributed retained earnings that can be distributed up to 90% of the shareholder dividend after the board of directors has made the proposal of earnings distribution, wherein the distributable dividend and bonus may be paid by issuing new shares after a resolution has been adopted in the shareholders' meeting.

When the Company allocates special reserve in accordance with law, it shall be allocated from the cumulative net amount of other deductions from equity in the preceding period and the cumulative net amount of increase in investment property fair value in the preceding period. If it is insufficient to make the allocation mentioned above, before earnings distribution, the Company shall allocate an amount of special reserve equal to the amount allocated to undistributed earnings for the preceding period. If there remains any insufficiency, allocate it from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period.

According to Article 240, paragraphs 5 of Company Act, the distributable dividends and bonus, in whole or in part, or the legal reserve and capital reserved, in whole or in part, which are brought in Article 241, paragraphs 1 of Company Act, may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, the current and prior-period earnings that remain undistributed will be proposed for distribution by the board of directors to be approved during the meeting of the shareholders. The cash dividends shall not be more than 10% of total dividends.

(Continued)

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing fund, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

According to the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2024 and 2023 had been approved during the board meetings on May 9, 2025 and May 6, 2024, respectively.

The relevant dividend distributions to shareholders were as follows:

	2024		**2023**	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 2.00	132,184	4.50	297,411
Stock	0.25	16,523	-	-
		$ 148,707		297,411

(iv) Other equity

	Exchange differences on translation of foreign financial statements	**Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income**	**Total**
Balance at January 1, 2025	$ 61,442	21,063	82,505
Exchange differences on foreign operations	12,898	-	12,898
Unrealized losses from financial assets measures at fair value through other comprehensive income:			
The Company	-	(2,552)	(2,552)
Subsidiaries	-	(7,273)	(7,273)
Balance at December 31, 2025	$ 74,340	11,238	85,578

(Continued)

	Exchange differences on translation of foreign financial statements	Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2024	$ (128,105)	26,794	(101,311)
Exchange differences on foreign operations	189,547		189,547
Unrealized losses from financial assets measures at fair value through other comprehensive income:			
The Company	-	(4,829)	(4,829)
Subsidiaries	-	7,462	7,462
Disposal of equity instruments at fair value through other comprehensive income			
Subsidiaries	-	(8,364)	(8,364)
Balance at December 31, 2024	$ 61,442	21,063	82,505

(t) Earnings per share

Basic and diluted earnings per share are calculated as follows:

	For the years ended December 31	
	2025	2024
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	$ 150,740	576,762
Weighted average number of ordinary shares at December 31 (in thousands)	67,744	67,743
Basic earnings per share (in dollars)	$ 2.23	8.51
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (basic)	$ 150,740	576,762
Loss on re-measurement of embedded derivatives at fair value	(15,000)	-
After-tax effects of convertible bonds	18,824	12,826
Profit attributable to ordinary shareholders of the Company (diluted)	$ 154,564	589,588
Weighted average number of ordinary shares (diluted) at December 31 (in thousands)	67,744	67,743
Effect of employee share bonus (in thousands)	146	326
Effect of convertible bonds conversion (in thousands)	7,825	4,041

(Continued)

	For the years ended December 31	
	2025	**2024**
Weighted average number of ordinary shares (after adjusting the effects of dilutive potential ordinary shares) (in thousands)	75,715	72,110
Diluted earnings per share (in dollars)	2.04	8.18

(u) Revenue from contracts with customers

(i) Details of revenue

	For the year ended December 31, 2025		
	Hinge department	**Fiber optic department**	**Total**
Primary geographical markets:			
China	$ 7,943,963	465,418	8,409,381
America	16,914	114,797	131,711
Thailand	464,270	-	464,270
Taiwan	52,381	10,564	62,945
Vietnam	301,619	-	301,619
Other country	16,977	18,530	35,507
	$ 8,796,124	609,309	9,405,433
Main product/service line:			
Electronic component manufacturing and sales	$ 8,796,124	609,309	9,405,433

	For the year ended December 31, 2024		
	Hinge department	**Fiber optic department**	**Total**
Primary geographical markets:			
China	$ 8,865,250	198,039	9,063,289
America	26,196	88,982	115,178
Thailand	167,832	-	167,832
Taiwan	45,719	3,989	49,708
Vietnam	154,853	-	154,853
Other country	20,234	7,076	27,310
	$ 9,280,084	298,086	9,578,170
Main product/service line:			
Electronic component manufacturing and sales	$ 9,280,084	298,086	9,578,170

(ii) Contract balances

		December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable	$	2,189	1,462	361
Accounts receivable		2,616,124	3,625,939	3,026,383
Less: loss allowance		(7,531)	(4,619)	(7,946)
Total	$	2,610,782	3,622,782	3,018,798

Please refer to Note 6(c) for the disclosure on notes and accounts receivables and the impairments.

(v) Remuneration to employees, and directors

On June 19, 2025, the Company’s shareholders resolved to amend the Articles of Incorporation. If there is profit at the end of each fiscal year, a ratio of no less than 2% of profit of the current year distributable as employees’ compensation (The allocated compensation for non executive employees shall not be less than 20% of the total allocated employee compensation) and no higher than 2% as directors’ compensation shall be appropriated. However, the Company’s accumulated losses shall have been covered first. The employees and non executive employees mentioned above are paid to the stock or cash, including the eligible employees. The Articles of Incorporation prior to the amendment provided that if there is profit at the end of each fiscal year, a ratio of no less than 2% of profit of the current year distributable as employees’ compensation and no higher than 2% as directors’ compensation shall be appropriated. However, the Company’s accumulated losses shall have been covered first. The employees mentioned above are paid to the stock or cash, including the eligible employees.

For the years ended December 31, 2025 and 2024, the Group accrued and recognized its employee remuneration amounting to $8,286 thousand and $52,213 thousand, respectively; as well as its remuneration to directors amounting to $2,071 thousand and $13,053 thousand, respectively. These amounts were calculated by using the Company’s pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements are identical to those of the actual distributions for 2025 and 2024.

(w) Non-operating income and expenses

(i) Other income

The details of other income are as follows:

	For the years ended December 31		
		2025	2024
Rent income	$	22,715	24,882
Dividend income		16,005	20,059
Sample income		2,726	8,678
Mold income		19,128	6,144
Others		29,165	70,300
	$	89,739	130,063

(Continued)

(ii) Other gains and losses

The details of other gains and losses are as follows:

	For the years ended December 31	
	2025	2024
Losses on disposal of property, plant and equipment	$ (1,014)	(8,001)
Net gains (Losses) on financial assets at fair value through profit or loss	(8,899)	29,297
Sample expenses	(10,280)	(9,082)
Mold expenses	(4,070)	(2,798)
Foreign exchange gains	(32,878)	88,070
Others	(30,808)	(12,412)
	$ (87,949)	85,074

(iii) Finance costs

The details of finance costs are as follows:

	For the years ended December 31	
	2025	2024
Interest on bank loans	$ (4,798)	(9,318)
Interest on lease liabilities	(3,114)	(3,031)
Amortization of convertible corporate bond discount	(40,216)	(16,033)
	$ (48,128)	(28,382)

(iv) Interest income

The details of interest income are as follows:

	For the years ended December 31	
	2025	2024
Interest income from bank deposits	$ 63,029	75,347
Other interest income	541	369
	$ 63,570	75,716

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The major customers of the Group are centralized in the high-tech computer industry. As of December 31, 2025 and 2024, 68% and 73%, respectively, of accounts receivable were concentrated on 4 and 5 major customers, respectively. To minimize credit risk, the Group periodically evaluates the Group's financial positions and the possibility of collecting accounts receivables.

3) Credit risk of receivables

For credit risk exposure of note and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost include other receivables. For the details on the provision of loss allowances, please refer to note 6(d).

As all of these financial assets are considered with low risk, and thus, the loss allowances are measured at the amount equal to 12-month expected credit losses.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including the effects of estimated interests.

	Carrying amount	Contractual cash flow	within six months	6-12 months	1-2 years	2-5 years	over 5 years
December 31, 2025							
Non derivative financial liabilities							
Short-term borrowings	$ 44,960	45,550	45,550	-	-	-	-
Notes and accounts payable	1,995,069	1,995,069	1,995,069	-	-	-	-
Other payables	860,146	860,146	860,146	-	-	-	-
Bond payables	2,158,863	2,299,900	-	-	799,900	1,500,000	-
Lease liabilities	78,388	89,200	21,833	21,792	31,416	14,159	-
Long-term borrowings (current portion included)	42,405	43,953	5,780	5,730	11,313	21,130	-
	$ 5,179,831	**5,333,818**	**2,928,378**	**27,522**	**842,629**	**1,535,289**	**-**
December 31, 2024							
Non derivative financial liabilities							
Short-term borrowings	$ 522,390	524,346	501,815	22,531	-	-	-
Notes and accounts payable	2,631,231	2,631,231	2,631,231	-	-	-	-
Other payables	1,194,454	1,194,454	1,194,454	-	-	-	-
Bonds payable	765,936	800,000	-	-	-	800,000	-
Lease liabilities	135,321	152,931	27,805	27,954	44,286	52,886	-
Long-term borrowings (current portion included)	68,810	71,020	7,421	7,376	14,617	41,606	-
	$ 5,318,142	**5,373,982**	**4,362,726**	**57,861**	**58,903**	**894,492**	**-**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2025			December 31, 2024		
	Foreign currency	Exchange rate	New Taiwan Dollars	Foreign currency	Exchange rate	New Taiwan Dollars
Financial assets						
Monetary items						
USD	$ 91,314	31.430	2,869,999	100,628	32.785	3,299,089
Financial liabilities						
Monetary items						
USD	6,948	31.430	218,376	29,313	32.785	961,027

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the conversion of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, loans and borrowings, and accounts and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a weakening or strengthening of 5% of the NTD against the USD as of December 31, 2025 and 2024 would have increased or decreased the net profit before tax by $132,581 thousand and $116,903 thousand, respectively. The analysis for the two periods were on the same basis.

3) Foreign exchange gain and loss on monetary items

Since the Group transacts in different functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2025 and 2024, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(32,878) thousand and $88,070 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with floating interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to the management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

(Continued)

If the interest rate had increased or decreased by 1% basis points, the Group's net income would have decreased or increased by $42,121 thousand and $5,912 thousand for the years ended December 31, 2025 and 2024, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in floating variable rates.

(v) Other price risk

If the price of securities changes at the reporting date (the analysis was performed on the same basis for both periods, and assuming that other factors remained unchanged), the impact on the comprehensive income was as follows:

	2025		2024	
Security price at the report date	**After-tax amount of other comprehensive income**	**Pre-tax profit or loss**	**After-tax amount of other comprehensive income**	**Pre-tax profit or loss**
Rise by 1%	**$ 855**	**-**	**1,010**	**317**
Fall by 1%	**$ (855)**	**-**	**(1,010)**	**(317)**

(vi) Fair value of financial instruments

1) Types of financial instruments and fair value

The carrying amount and fair value of the Group's financial assets and liabilities are as follows (including the information on fair value hierarchy; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required):

	December 31, 2025				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	$ 30,931	30,181	750	-	30,931
Financial assets at fair value through other comprehensive income	85,538	-	-	85,538	85,538
Loans and receivables					
Cash and cash equivalents	4,209,246	-	-	-	-
Notes and accounts receivable	2,610,782	-	-	-	-
Other receivables	50,797	-	-	-	-
Refundable deposits	8,643	-	-	-	-
Subtotal	6,879,468	-	-	-	-
Total	$ 6,995,937	30,181	750	85,538	116,469

(Continued)

	December 31, 2025				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	$ 20,513		20,513		20,513
Financial liabilities at amortized cost:					
Short-term borrowings	44,960	-	-	-	-
Notes and accounts payables	1,995,069	-	-	-	-
Other payables	860,146	-	-	-	-
Bond payables	2,158,863	-	-	-	-
Lease liabilities	78,388	-	-	-	-
Long-term borrowings (current portion included)	42,405	-	-	-	-
Subtotal	5,179,831	-	-	-	-
Total	$ 5,200,344	-	20,513	-	20,513

	December 31, 2024				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 92,952	91,752	1,200		92,952
Financial assets at fair value through other comprehensive income	101,036	-	-	101,036	101,036
Loans and receivables					
Cash and cash equivalents	3,275,344	-	-	-	-
Notes and accounts receivable	3,622,782	-	-	-	-
Other receivables	54,764	-	-	-	-
Refundable deposits	9,866	-	-	-	-
Subtotal	6,962,756	-	-	-	-
Total	$ 7,156,744	91,752	1,200	101,036	193,988
Financial liabilities at amortized cost:					
Short-term borrowings	$ 522,390	-	-	-	-
Notes and accounts payables	2,631,231	-	-	-	-
Other payables	1,194,454	-	-	-	-
Bonds payable	765,936	-	-	-	-
Lease liabilities	135,321	-	-	-	-
Long-term borrowings (current portion included)	68,810	-	-	-	-
Subtotal	5,318,142	-	-	-	-
Total	$ 5,318,142	-	-	-	-

(Continued)

2) Valuation techniques for financial instruments not measured at fair value

The methods and assumptions used for estimating the instruments not measured at fair value are as follows:

(2.1) Financial assets at amortized cost

If public quoted prices in active markets are available, the market prices are the fair value. If there is no market price for reference, the fair value shall be estimated by valuation method or the counterparty prices.

(2.2) Financial assets and liabilities at amortized cost

If quoted prices of deals or market makers are available, fair value shall be evaluated on the basis of the recent deal prices or quoted prices. If there is no market price for reference, fair value shall be estimated by valuation method. The estimates and assumptions used in the valuation method are estimating fair value by the discounted cash flows.

3) Valuation techniques for financial instruments measured at fair value

(3.1) non-derivative financial instruments

If there are public quoted prices in an active market for a financial instrument, the public quoted prices are the fair value of the financial instrument.

The market prices in major exchanges, and the market prices of hot bonds declared by central government bond OTC center are the basis of listed equity instruments and debt instruments with market public quoted prices in active markets.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If the aforementioned conditions do not conform, then the market is regarded as inactive. In general, a market with high bid-ask spreads, significant increase in bid-ask spreads, or low trading volume is indicated as inactive.

Unquoted equity instruments: the fair value shall be estimated by discounted cash flow model, which is assumed on the investors' expected future cash flows that are discounted by the rate of return reflecting time value of money and investment risk.

(3.2) Derivatives

Valuations are based on valuation models widely accepted by market users, such as discounting methods and option pricing models. Forward exchange agreements are usually valued based on the current forward rate. Structured interest rate derivatives are based on an appropriate option pricing model (such as the Black-Scholes model) or other evaluation methods, such as Monte Carlo simulation.

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

4) Details of changes in level 3 fair value measurement

	Measured at fair value through profit or loss	**Measured at fair value through other comprehensive income**
Balance at January 1, 2025	$ -	101,036
Total gains or losses		
Recognized in profit or loss	-	(9,825)
Additions		
Other Refund of paid-up capital	-	(5,758)
Effect of movements in exchange	-	85
Balance at December 31, 2024	**$ -**	**85,538**

	Measured at fair value through profit or loss	**Measured at fair value through other comprehensive income**
Balance at January 1, 2024	$ 254	122,164
Total gains or losses		
Recognized in profit or loss	2,746	-
Recognized in other comprehensive income	-	2,633
Additions	2,685,233	-
Disposals	(2,688,233)	(15,171)
Refund of paid-up capital due to capital decrease	-	(9,616)
Effect of movements in exchange	-	1,026
Balance at December 31, 2024	**$ -**	**101,036**

(Continued)

The aforementioned total gains or losses were presented under “other gains and losses” and “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income.” The portion related to the assets held by the Group as of December 31, 2025 and 2024 is as follows:

	For the year ended December 31, 2025	**For the year ended December 31, 2024**
Total gains or losses		
Recognized in profit or loss (presented under “other gains and losses”)	$ -	2,746
Recognized in other comprehensive income (presented under “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”)	(9,825)	2,633

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments classified as Level 3 fair value measurements primarily consist of "financial assets measured at fair value through profit or loss - equity investments."
The majority of fair value measurements of the Group are classified as Level 3 are with only single significant unobservable input. Only equity investments without active markets are with multiple significant unobservable input. As the significant unobservable inputs are independent with each other, there is no interrelationship among them.

Quantified information of significant unobservable inputs was as follows:

Item	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Financial assets at fair value through other comprehensive income -equity investments without an active market	Net Asset Value Method	· Net asset value · The market illiquidity discount rate (30% on December 31, 2025 and 2024)	· The higher market illiquidity discount, the lower fair value

6) Fair value measurements in Level 3 — sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the Group is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For fair value measurements in Level 3, if the evaluation parameters change, would have the following effects of profit or loss or other comprehensive income:

			Profit or loss		Other comprehensive income	
	Input	Assumptions	Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2025						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Discount for lack of marketability	5%	-	-	4,277	(4,277)
December 31, 2024						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Discount for lack of marketability	5%	-	-	5,052	(5,052)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(y) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the abovementioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Risk management framework

The Group oversees how the managements supervision is in compliance with the Group's risk management policies and procedures. The general manager is responsible for developing and monitoring the Group's risk management policies and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in securities.

1) Accounts and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The credit risk exposure is affected by the individual conditions of each customer. However, the management also considers the basic statistic data of customers, including the industries that the customers operate in, and the default risk of the countries, because those factors may affect credit risk. In order to reduce the credit risk, the Group also regularly assesses the financial statues of its customers, if necessary, and will require its customers to provide security or guarantee.

The Group sets allowance for doubtful accounts to reflect the estimated loss resulted from its accounts and notes receivable. The main portion of allowance for doubtful accounts included specific loss component related to significant exposure and loss component occurred but not recognized on similar group of assets. The allowance for doubtful accounts of the group was based on the statistic information of past payment of similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. As the Group only deals with banks with good credit rating, there is no concern about performance of contracts. Therefore, there is no significant credit risk.

3) Guarantees

As of December 31, 2025 and 2024, the Group did not provide endorsements and guarantees.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities to ensure consistency with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2025 and 2024, the Group's long-term and short-term unused credit line amounted to $1,384,672 thousand and $531,434 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities. The functional currencies of the entities in the Group are primarily NTD, and also USD and CNY. The transactions are primarily denominated in NTD, USD, and CNY.

Interests arising from borrowings are denominated in the currencies of the principal of the borrowings. Generally, the currencies of the borrowings are the same as the currencies of the cash flows generated by the operation of the Group, primarily NTD and USD. Under this condition, as economic hedging is provided, derivative instruments shall not be used. Therefore, hedge accounting is not used.

As for other monetary assets and liabilities denominated in other foreign currencies, when there are short-term unbalances, the Group ensure the net exposure to keep on an acceptable level by purchasing or selling foreign currencies by spot exchange rates.

2) Interest rate risk

The Group maintains an appropriate combination of the fixed and floating interest rate instruments to manage interest rate risk

(z) Capital management

The board of directors' policies are maintaining sound capital base, to maintain the confidence of investors, creditors, and the market, and to support the development of future operation. The capital includes share capital, capital surplus, retained earnings, and non-controlling interests. The board of directors manages the level of dividends of ordinary shares.

The Group's debt-to-equity ratios as of December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
Total liabilities	$ 5,500,673	5,642,039
Less: cash and cash equivalents	(4,209,246)	(3,275,344)
Net liabilities	**$ 1,291,427**	**2,366,695**
Total equity	**$ 6,193,749**	**5,884,659**
Debt-to-equity ratio	**20.85%**	**40.22%**

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(aa) Investment and financing activities from non-cash transactions

Investment and financing activities from non-cash transactions for the years ended December 31, 2025 and 2024 are as follows:

(a) Right-of-use assets acquired through leasing, please refer to Note 6(h).

(b) Reconciliation of assets from financing activities is as follows:

	January 1, 2025	Cash Flows	Non-cash changes: Acquisition	Non-cash changes: Exchange rate	Non-cash changes: Interest expenses	Non-cash changes: Others	December 31, 2025
Short-term borrowings	$ 522,390	(477,520)	-	90	-	-	44,960
Long-term borrowings (current portion included)	68,810	(26,405)	-	-	-	-	42,405
Bonds payables	765,936	1,645,246	-	-	40,216	(292,535)	2,158,863
Lease liabilities	135,321	(54,736)	20,828	656	-	(23,681)	78,388
Total liabilities arising from financing activities	$ 1,492,457	1,086,585	20,828	746	40,216	(316,216)	2,324,616

	January 1, 2024	Cash Flows	Non-cash changes: Acquisition	Non-cash changes: Exchange rate	Non-cash changes: Interest expenses	Non-cash changes: Others	December 31, 2024
Short-term borrowings	$ 629,810	(111,950)	-	4,530	-	-	522,390
Long-term borrowings (current portion included)	254,921	(186,111)	-	-	-	-	68,810
Bonds payables	-	899,237	-	-	16,033	(149,334)	765,936
Lease liabilities	94,505	(50,015)	92,422	(261)	-	(1,330)	135,321
Total liabilities arising from financing activities	$ 979,236	551,161	92,422	4,269	16,033	(150,664)	1,492,457

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

The Group is both the parent company and the ultimate controlling party of the Group.

(b) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31 2025	2024
Short-term employee benefits	$ 20,495	28,674
Post-employment benefits	733	822
	$ 21,228	29,496

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2025	December 31, 2024
Land	Secured loans	$ 684,947	684,947
Buildings	Secured loans	164,957	173,495
		$ 849,904	858,442

(9) Commitments and contingencies:

The Group's significant contractual commitments were as follows:

	December 31, 2025	December 31, 2024
Acquisition of property, plant and equipment	$ 254,254	88,129

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

The employee benefits, depreciation, and amortization expenses categorized by function, were as follows:

By function / By item	2025			2024		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	1,060,426	394,932	1,455,358	1,001,752	450,385	1,452,137
Labor and health insurance	62,368	28,373	90,741	54,573	26,481	81,054
Pension	58,390	22,627	81,017	54,286	20,694	74,980
Remuneration of directors	-	3,752	3,752	-	14,754	14,754
Others	56,857	22,334	79,191	54,898	22,080	76,978
Depreciation	336,061	77,514	413,575	288,960	71,341	360,301
Amortization	15,054	20,292	35,346	13,513	19,459	32,972

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Nature of financing (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1 & 2)	Maximum limit of fund financing (Note 1 & 2)
													Item	Value		
0	The Company	Jarllytec (Vietnam) Co.,Ltd.	Other receivables	Yes	125,720	-	-	3%	2	-	Operating turnover	-		-	825,833	2,477,499
1	Jarlly Electronics Technology (Shanghai) Co., Ltd.	Jarlly Technology (Shanghai) Co., Ltd.	Other receivables	Yes	134,880	-	-	3%	2	-	Operating turnover	-		-	297,828	297,828
2	Jarlly Technology (Shanghai) Co., Ltd.	Jarlly Precision Manufacturing (Zhejiang) Co., Ltd.	Other receivables	Yes	89,920	89,920	35,968 (Note 4)	3%	2	-	Operating turnover	-		-	1,226,782	1,226,782
3	Jarlly Technology (Chongqing) Co., Ltd.	Jarlly Precision Manufacturing (Zhejiang) Co., Ltd.	Other receivables	Yes	89,920	89,920	89,920 (Note 4)	3%	2	-	Operating turnover	-		-	440,492	440,492
4	Smart Hinge Holdings Ltd.	Great Hinge Trading Ltd.	Other receivables	Yes	56,574	56,574	56,574 (Note 4)	0%	2	-	Operating turnover	-		-	3,058,416	3,058,416

Note 1: The total amount available for financing purposes shall not exceed 40% of the Company's net worth. The total amount for short-term financing to one entity shall not exceed one third of the Company's loanable amount or 40% of the net transaction amount in recent year, whichever is lower.

Note 2: Subsidiaries

(a) The total amount available for financing purposes shall not exceed 60% of the subsidiaries' net worth. The total amount for short-term financing to one entity shall not exceed one third of the subsidiaries' loanable amount or 40% of the transaction amount in recent year, whichever is lower.

(b) For the entities that have short-term financing needs but have no business transaction with the Company, the total amount available for financing purposes shall not exceed 40% of the subsidiaries' net worth.

(c) For short-term financing needs, the amount available for financing of each entity shall not exceed 1/3 of the Company's loanable amount.

(d) For those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares the amount available for financing shall not exceed the 60% of the Company's net worth.

Note 3: Financing purpose

(a) 1 for entities the Company has business transactions with.

(b) 2 for entities that have short-term financing needs.

Note 4: The transaction has been eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):

Expressed in thousands of shares/thousands of units

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	WK Technology Fund IX Ltd., stock	-	Non-current financial assets at fair value through other comprehensive income	2,303	42,524	4.61%	42,524	2,879	-
Jarwin Investment Co., Ltd.	Second phase Stock of WK Innovation Ltd.	-	Non-current financial assets at fair value through other comprehensive income	3,000	21,748	2.67%	21,748	3,000	-
Fu Qing Jarlly	Fuqing Jelly Plastic Product Co., Ltd.	-	Current financial assets at fair value through profit or loss	-	3,597	16.00 %	3,597	3,597	-
Fu Qing Jarlly	Chongqing Jelly Plastics Co., Ltd.	-	Current financial assets at fair value through profit or loss	-	2,428	18.00 %	2,428	2,428	-
Fu Qing Jarlly	Chongqing Yuli Hardware Products Co., Ltd.	-	Current financial assets at fair value through profit or loss	-	2,428	18.00 %	2,428	2,428	-
Xiamen Jarlly	Xiamen Jinli Hardware Products Co., Ltd.	-	Current financial assets at fair value through profit or loss	-	4,271	19.00 %	4,271	4,271	-
Xiamen Jarlly	Xiamen Jinyaoli Precision Hardware Co., Ltd	-	Current financial assets at fair value through profit or loss	-	8,542	19.00 %	8,542	8,542	-
The Company	Franklin Templeton SinoAm Money Market Fund	-	Current financial assets at fair value through profit or loss	2,757	30,181	- %	30,181	2,757	-

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Related party	Name of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase / Sale	Amount	Percentage of total purchase/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Dong Guan Jarlly	The Company	Associates	Sale	(117,768)	47.96%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	32,076	31.96%	Note
The Company	Dong Guan Jarlly	Associates	Purchase	117,768	7.18%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(32,076)	5.94%	Note
Kunshan Jarlly	The Company	Associates	Sale	(309,136)	37.25%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	95,390	27.88%	Note
The Company	Kunshan Jarlly	Associates	Purchase	309,136	18.85%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(95,390)	17.65%	Note
Chongqing Jarlly	The Company	Associates	Sale	(473,881)	40.77%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	210,987	49.47%	Note
The Company	Chongqing Jarlly	Associates	Purchase	473,881	28.89%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(210,987)	39.04%	Note
Xiamen Jarlly	Dong Guan Jarlly	Associates	Sale	(139,298)	68.53%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	92,612	78.39%	Note
Dong Guan Jarlly	Xiamen Jarlly	Associates	Purchase	139,298	72.02%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(92,612)	94.71%	Note
Fu Qing Jarlly	Jarllytec Thailand	Associates	Sale	(170,924)	17.38%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	52,453	14.40%	Note

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of company	Related party	Name of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase / Sale	Amount	Percentage of total purchase/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Jarllytec Thailand	Fu Qing Jarlly	Associates	Purchase	170,924	72.59%	150 days	-	Related parties are 150 days, third parties are ranged from 30 to 180 days.	(52,453)	76.77%	Note

Note: The amount was eliminated in the consolidated financial statements.

(v) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance (Note)	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Chongqing Jarlly	The Company	Associates	210,987	2.27	-	-	60,546	-

Note: The amount was eliminated in the consolidated financial statements.

(vi) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Chongqing Jarlly	The Company	2	Sales revenue	473,881	Mark up by cost	5.04%
1	Chongqing Jarlly	The Company	2	Accounts receivable	210,987	150 days	1.80%
1	Chongqing Jarlly	Zhejiang Jarlly	3	Other Accounts receivable	89,920	Follow the agreement	0.77%
2	Dong Guan Jarlly	The Company	2	Sales revenue	117,490	Mark up by cost	1.25%
2	Dong Guan Jarlly	The Company	2	Accounts receivable	32,076	150 days	0.27%
3	Fu Qing Jarlly	Kunshan Jarlly	3	Sales revenue	63,271	Mark up by cost	0.67%
3	Fu Qing Jarlly	Kunshan Jarlly	3	Accounts receivable	35,352	150 days	0.30%
3	Fu Qing Jarlly	Jarllytec Thailand	3	Sales revenue	170,924	Mark up by cost	1.82%
3	Fu Qing Jarlly	Jarllytec Thailand	3	Accounts receivable	52,453	150 days	0.45%
4	Kunshan Jarlly	The Company	2	Sales revenue	309,136	Mark up by cost	3.29%
4	Kunshan Jarlly	The Company	2	Accounts receivable	95,390	150 days	0.82%
4	Kunshan Jarlly	Jarllytec Vietnam	3	Sales revenue	82,315	Mark up by cost	0.88%
4	Kunshan Jarlly	Jarllytec Vietnam	3	Accounts receivable	65,575	150 days	0.56%
5	Jarllytec Vietnam	The Company	2	Sales revenue	30,658	Mark up by cost	0.33%
5	Jarllytec Vietnam	The Company	2	Accounts receivable	12,166	150 days	0.10%
6	Xiamen Jarlly	The Company	2	Sales revenue	15,771	Mark up by cost	0.17%
6	Xiamen Jarlly	Dong Guan Jarlly	3	Sales revenue	135,336	Mark up by cost	1.44%
6	Xiamen Jarlly	Dong Guan Jarlly	3	Accounts receivable	92,612	Mark up by cost	0.79%
6	Xiamen Jarlly	Fu Qing Jarlly	3	Processing fees revenue	11,259	Mark up by cost	0.12%
6	Xiamen Jarlly	Fu Qing Jarlly	3	Accounts receivable	11,768	150 days	0.10%
7	Zhejiang Jarlly	Shanghai Jarlly	3		19,225	Mark up by cost	0.20%
7	Zhejiang Jarlly	Shanghai Jarlly	3	Accounts receivable	15,170	150 days	0.13%
8	Shanghai Jarlly	Zhejiang Jarlly	3	Other Accounts receivable	35,968	Follow the agreement	0.31%
9	Smart hinge	Great hinge	3	Other Accounts receivable	56,574	Follow the agreement	0.48%

Note 1: (a) 0 represents The Company

(b) 1 and thereafter represent subsidiaries

Note 2: The relationships between guarantor and guarantee are as follows:

(a) Parent to subsidiary

(b) Subsidiary to parent

(c) Subsidiary to subsidiary

Note 3: Disclose only operating revenue and accounts receivable; related purchase, expense, and prepayment are neglected.

Note 4: The amount was eliminated in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2025 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of December 30, 2025			Highest Percentage of ownership (%)	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 30, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value				
The Company	Great Hinge Trading Ltd.	British Virgin Islands	Investments	322,048	322,048	20	100.00%	313,012	100.00%	(17,859)	(17,626)	Note
The Company	Smart Hinge Holdings Ltd.	British Virgin Islands	Investments	1,254,086	1,062,626	39,704	100.00%	5,096,820	100.00%	345,905	346,012	Note
The Company	Jarwin Investment Co., Ltd.	Republic of China	Investments	80,000	80,000	8,000	100.00%	72,189	100.00%	(1,694)	(1,694)	Note
The Company	Jarllytec Singapore Pte. Ltd.	Singapore	Computer design and service	423	423	-	100.00%	1,247	100.00%	228	228	Note
Great Hinge Trading Ltd.	Jarllytec (Vietnam) Co., Ltd.	Vietnam	Sale and produce Precision Hinge	488,453	488,453	-	100.00%	387,970	100.00%	(17,178)	(17,178)	Note
Smart Hinge Holdings Ltd.	Royal Jarlly Holding Ltd.	Hong Kong	Investments	1,254,086	1,062,626	39,704	100.00%	5,040,414	100.00%	344,346	344,347	Note
Royal Jarlly Holding Ltd.	Jarllytec (Thailand) Co., Ltd.	Thailand	Sale and produce Precision Hinge	545,382	353,922	5,800	100.00%	509,009	100.00%	(17,617)	(17,238)	Note

Note: The amount was eliminated in the consolidated financial statements.

(c) Information on overseas branches and representative offices:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership	Invest income (losses) (Note 2, 4)	Carrying amount (Note 4)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Jarlly Technology (Shanghai) Co., Ltd.	Sale and produce special purpose material of component equipment	567,177	(2)	289,297	-	-	289,297	309,355	100.00%	100.00%	309,388	1,942,001	-
Fu Qing Jarlly Electronics Co., Ltd.	Sale and produce Precision Hinge	240,658	(2)	27,370	-	-	27,370	51,380	100.00%	100.00%	54,362	662,806	-
Dong Guan Jarlly Electronics Co., Ltd.	Sale and produce Precision Hinge	81,466	(2)	81,466	-	-	81,466	(37,510)	100.00%	100.00%	(37,232)	85,285	15,366
Kunshan Jarlly Electronics Ltd.	Sale and produce Precision Hinge	71,906	(2)	65,369	-	-	65,369	12,292	100.00%	100.00%	12,278	251,418	-
Jarlly Electronics Technology (Shanghai) Co., Ltd.	Sale and produce Precision Hinge	473,450	(2)	386,330	-	-	386,330	5,128	100.00%	100.00%	5,128	496,381	-
Xiamen Jarlly Electronics Co., Ltd.	Sale and produce Precision Hinge	43,801	(2)	29,281	-	-	29,281	12,171	100.00%	100.00%	11,411	130,645	-
Jarlly Technology (Chongqing) Co., Ltd.	Sale and produce Precision Hinge	61,722	(2)	29,500	-	-	29,500	112,559	100.00%	100.00%	112,449	734,043	-
Jarlly Precision Manufacturing (Zhejiang) Co., Ltd.	Sale and produce Powder metallurgy and other metal products	312,038	(2)	154,013	-	-	154,013	(110,266)	100.00%	100.00%	(110,174)	79,828	-
Kunshan Liang Precision Mold Technology Co., Ltd.	Production molds	43,800	(2)	-	-	-	-	(421)	51.00%	51.00%	(215)	22,707	-

Note 1: Investments are made through one of three ways:

(1) Direct investment from Mainland China

(2) Indirect investment from third-party country

(3) Others

Note 2: The basis for recognition of investment income or loss was, for certain subsidiaries, the financial statements audited by the Taiwan parent company's independent auditors.

Note 3: On November 11, 2025, the Company's Board of Directors resolved to establish KunSan LiAng Precision Mold Technology Co., Ltd. through Jarlly Technology (Shanghai) Co., Ltd., a wholly owned investee, together with Kunshan Juang Electronics Technology Co., Ltd. The registered capital of KunSan LiAng Precision Mold Technology Co., Ltd. is RMB15,000 thousand, of which Jarlly Technology (Shanghai) Co., Ltd., contributed 51%, or RMB7,650 thousand.

Note 4: Except for the investment accounted for using the equity method in KunSan LiAng Precision Mold Technology Co., Ltd., the remaining transactions had been eliminated in the preparation of the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,062,626 (USD 33,434)	1,459,421 (USD 46,434)	3,716,249

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of financial statements, are disclosed in "Information on significant transactions".

(14) Segment information:

(a) Information on profit or loss of reportable segments, segment assets, segment liabilities, and the basis for measurement and reconciliation

The Group uses the profit or loss before tax of segments (excluding extraordinary gains and losses and exchange gains and losses) in the internal management report reviewed by the chief operating decision maker as the basis for the management to allocate resources and assess performance. As income tax, extraordinary gains and losses, and exchange gains and losses are managed on the basis of the Group, the Group allocate income tax expenses (benefits), extraordinary gains and losses, and exchange gains and losses to reportable segments. In addition, not all the profit or loss of reportable segments include significant non-cash items other than depreciation and amortization. The reported amounts are the same as those in the report used by the chief operating decision maker.

The accounting policies of operating segments are the same as those explained in Note 4 "Explanation of significant accounts."

The Group’s operating segment information and reconciliation were as follows:

	For the year ended December 31, 2025			
	Segment hinge	Segment fiber optic	Reconciliation and elimination	Total
Revenue				
Revenue from external customers	$ 8,796,124	609,309	-	9,405,433
Intersegment revenues	-	-	-	-
Total revenue	$ 8,796,124	609,309	-	9,405,433
Reportable segment profit or loss	**$ 203,791**	**64,721**	**-**	**268,512**

	For the year ended December 31, 2024			
	Segment hinge	Segment fiber optic	Reconciliation and elimination	Total
Revenue				
Revenue from external customers	$ 9,280,084	298,086	-	9,578,170
Intersegment revenues	-	-	-	-
Total revenue	$ 9,280,084	298,086	-	9,578,170
Reportable segment profit or loss	**$ 774,137**	**38,560**	**-**	**812,697**

Note: The amounts of intersegment assets were not provided to the Group, thus, there were no disclosed amounts.

(b) Product and service information

Revenue from the external customers of the Group was as follows:

Product and service	For the years ended December 31, 2025	2024
Hinge	$ 8,796,124	9,280,084
Fiber optic	609,309	298,086
Total	$ 9,405,433	9,578,170

(c) Geographic information

In presenting information on the basis of geography, segment revenue was based on the geographical location of customers, while segment assets were based on the geographical location of the assets.

Geographical information	For the years ended December 31, 2025	2024
Revenue from external customers:		
China	$ 8,409,381	9,063,289
United States	131,711	115,179
Thailand	464,270	167,832
Taiwan	62,945	49,707
Vietnam	301,619	154,853
Other countries	35,507	27,310
	$ 9,405,433	9,578,170

	December 31, 2025	December 31, 2024
Non-current assets:		
Taiwan	$ 1,619,607	1,533,386
China	1,272,696	1,485,070
Other countries	541,434	274,227
Total	$ 3,433,737	3,292,683

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, prepayment for business facilities, and other assets, excluding financial instruments and deferred tax assets.

(d) Major customers

	For the year ended December 31, 2025
F customer of hinge division	$ 4,391,969
A customer of hinge division	974,174
	$ 5,366,143

	For the year ended December 31, 2024
F customer of hinge division	$ 4,627,932
A customer of hinge division	1,067,166
	$ 5,695,098