Stock Code:3548

JARLLYTEC CO., LTD.

Parent Company Financial Statements

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

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Independent Auditors' Report

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

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Parent Company Only 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 financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the 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 are 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(f)(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 Company 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 Company’s disclosure for bad debt allowance.

3. Inventory valuation

Please refer to Note 4(g) “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 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 Company's disclosure for inventories.

Responsibilities of Management and Those Charged with Governance for the parent company only Financial Statements

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 parent company only financial statements are intended only to present the 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 parent company only 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 parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

JARLLYTEC CO., LTD.

Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 938,427	10	724,829	9
1110	Current financial assets at fair value through profit or loss (Note 6(b))	30,181	-	60,082	1
1170	Notes and accounts receivables, net (Note 6(c)(s))	848,520	9	918,740	11
1180	Accounts receivables – related parties, net (Note 6(c)(s),7)	3,740	-	2,070	-
1200	Other receivables, net (Note 6(d))	17,796	-	36,047	-
1210	Other receivables 0 related parties (Note 6(d),7)	29,273	-	33,112	-
1220	Current tax assets	2,338	-	1,730	-
130X	Inventories (Note 6(e))	376,451	4	343,667	4
1410	Prepayments and other current assets	57,704	1	38,624	-
	Total current assets	2,304,430	24	2,158,901	25
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b),(l))	750	-	1,200	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	42,524	-	50,834	-
1550	Investments accounted for using equity method (Note 6(f))	5,483,268	58	4,970,578	57
1600	Property, plant and equipment (Note 6(g),8)	1,533,116	16	1,489,131	17
1755	Right-of-use assets (Note 6(h))	15,086	-	204	-
1780	Intangible assets	11,159	-	11,752	-
1840	Deferred income tax assets (Note 6(p))	99,256	1	57,876	1
1915	Prepayments for equipment	56,153	1	27,108	-
1990	Other non-current assets, others	5,350	-	6,502	-
	Total non-current assets	7,246,662	76	6,615,185	75
	Total assets	**$ 9,551,092**	**100**	**8,774,086**	**100**

	Liabilities and Equity	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6(i) and 8)	$ -	-	500,000	6
2170	Notes and accounts payables	174,211	2	167,622	2
2180	Accounts payables - related parties(Note 7)	366,227	4	429,852	5
2200	Other payables (Note 6(j))	330,205	4	704,245	8
2220	Other payables - related parties (Note 7)	7,761	-	240	-
2230	Current income tax liabilities	3,698	-	-	-
2280	Current lease liabilities (Note 6(m))	7,040	-	204	-
2322	Long-term borrowings, current portion (Note 6(k) and 8)	10,827	-	13,995	-
2399	Other current liabilities	15,310	-	33,519	-
	Total current liabilities	915,279	10	1,849,677	21
	Non-Current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (Notes 6(b) and 6(l))	20,513	-	-	-
2531	bonds payables (Note 6(l))	2,158,863	23	765,936	9
2540	Long-term borrowings (Note 6(k) and 8)	31,578	-	54,815	1
2570	Deferred income tax liabilities (Note 6(p))	185,346	2	181,458	2
2580	Non-current lease liabilities (Note 6(o))	8,153	-	-	-
2640	Net defined benefit liability, non-current	37,611	-	37,541	-
	Total non-current liabilities	2,442,064	25	1,039,750	12
	Total liabilities	3,357,343	35	2,889,427	33
	Equity (Note 6(l)(q)):				
	Share capital:				
3110	Ordinary share	677,442	7	660,914	8
3200	Capital surplus	2,154,364	23	1,866,597	21
	Retained earnings:				
3310	Legal reserve	565,006	6	506,588	6
3320	Special reserve	-	-	101,311	1
3350	Unappropriated retained earnings	2,711,359	28	2,666,744	30
	Total retained earnings	3,276,365	34	3,274,643	37
	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	65	5,884,659	67
	Total liabilities and equity	**$ 9,551,092**	**100**	**8,774,086**	**100**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

JARLLYTEC CO., LTD.

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(s) and 7)**	$ 2,562,230	100	$ 2,499,881	100
5000	**Operating costs (Note 6(e)(o) and 7)**	2,429,639	95	2,343,889	94
	Gross profit	132,591	5	155,992	6
5910	Unrealized loss (profit) from sales	(299)	-	76	-
	Net gross profit	132,292	5	156,068	6
	Operating expenses (Note 6(c)(m)(o)(t)):				
6100	Selling expenses	51,573	2	81,302	3
6200	Administrative expenses	181,280	7	230,896	9
6300	Research and development expenses	133,516	5	131,923	6
6450	Expect credit loss (gain)	(927)	-	(2,171)	-
	Total operating expenses	365,442	14	441,950	18
	Net operating income (loss)	(233,150)	(9)	(285,882)	(12)
	Non-operating income and expenses:				
7010	Other income (Note 6(u) and 7)	99,235	4	150,137	6
7020	Other gains and losses, net (Note 6(b)(v) and 7)	(53,769)	(2)	54,410	2
7050	Finance costs (Note 6(l)(m)(u))	(43,246)	(2)	(21,451)	(1)
7070	Share of profit of associates accounted for using equity method	326,920	13	649,164	26
7100	Interest income (Note 6(u))	31,760	1	41,014	2
	Total non-operating income and expenses	360,900	14	873,274	35
7900	**Profit from continuing operations before tax**	127,750	5	587,392	23
7950	Less: Income tax expenses (benefits) (Note 6(p))	(22,990)	(1)	10,630	-
	Profit	150,740	6	576,762	23
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(o))	(311)	-	(941)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(2,552)	-	(4,829)	-
8330	Share of other comprehensive income of subsidiaries accounted for using equity method – items that will not be reclassified to profit or loss	(7,273)	-	7,462	-
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	12,898	1	189,547	8
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	1	189,547	8
8300	**Other comprehensive income, net of tax**	2,762	1	191,239	8
8500	**Total comprehensive income**	**$ 153,502**	**7**	**$ 768,001**	**31**
	Earnings per share (NT dollars) (Note 6(r))				
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 Parent Company Only Financial Statements Originally Issued in Chinese)

JARLLYTEC CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

				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 31, 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)
Reversal of special reserve	-	-	-	-	-	-	-	-	-
Changes in other capital surplus:									
Arising from the recognition of stock warrants as the equity component 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 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 Parent Company Only Financial Statements Originally Issued in Chinese)

JARLLYTEC CO., LTD.

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	$ 127,750	$ 587,392
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	144,546	138,418
Amortization expense	15,255	11,768
Expected credit loss (gain)	(927)	(2,171)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	16,361	558
Interest expense	43,246	21,451
Interest revenue	(31,760)	(41,014)
Dividend revenue	(12,064)	(14,792)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	(326,920)	(649,543)
Gain from disposal of property, plant and equipment	(2,811)	(203)
Unrealized loss (gain) from sales	299	(76)
Total adjustments to reconcile profit (loss)	(154,775)	(535,604)
Changes in operating assets and liabilities:		
Current financial assets at fair value through profit or loss	29,740	(60,000)
Notes receivables	835	(1,102)
Accounts receivables	70,312	(212,777)
Accounts receivables-related parties	(1,670)	(1,363)
Other receivables	17,864	(14,166)
Other receivable-related parties	3,839	48,805
Inventories	(32,784)	(74,920)
Prepayments	(4,672)	(6,058)
Other current assets	(14,408)	(4,628)
Notes payables	1	-
Accounts payables	6,588	42,030
Accounts payables-related parties	(63,625)	29,960
Other payables	(380,134)	(14,730)
Other payables-related parties	7,521	(8,708)
Other current liabilities	(18,209)	19,705
Net defined benefit liability	(241)	(667)
Total changes in operating assets and liabilities	(379,043)	(258,619)
Total adjustments	(533,818)	(794,223)
Cash inflow generated from operations	(406,068)	(206,831)
Interest received	32,147	41,321
Interest paid	(3,309)	(5,576)
Income taxes paid	(11,412)	(22,294)
Net cash flows from operating activities	(388,642)	(193,380)
Cash flows used in investing activities:		
Proceeds from refund of paid-up capital of financial assets at fair value through other comprehensive income	5,758	7,198
Acquisition of investments accounted for using equity method	(191,460)	(415,865)
Acquisition of property, plant and equipment	(60,433)	(45,004)
Disposal of property, plant and equipment	6,438	1,029
Acquisition of intangible assets	(4,974)	(5,518)
Net cash receipts from acquisitions of subsidiaries and other business units	-	38,669
Increase in prepayments for equipment	(148,451)	(40,131)
Increase in other non-current assets - others	(8,536)	(6,722)
Dividends received	23,080	16,690
Net cash flows used in investing activities	(378,578)	(449,654)
Cash flows from financing activities:		
decrease in short-term borrowings	(500,000)	-
Issuance of corporate bonds	1,645,246	899,237
Repayments of long-term borrowings	(26,405)	(186,111)
Payment of principal of lease liabilities	(5,839)	(303)
Cash dividends paid	(132,184)	(297,411)
Net cash flows from financing activities	980,818	415,412
Net increase (decrease) in cash and cash equivalents	213,598	(227,622)
Cash and cash equivalents at beginning of period	724,829	952,451
Cash and cash equivalents at end of period	**$ 938,427**	**$ 724,829**

See accompanying notes to financial statements.

JARLLYTEC CO., LTD.

Notes to the Financial Statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

JARLLYTEC CO., LTD.

Notes to the 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 financial statements:

These parent company only 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 Company 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 issued by the FSC but not yet effective

The Company 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"

JARLLYTEC CO., LTD.

Notes to the Financial Statements

(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 a single note on management performance measures. These changes, combined with enhanced guidance on information disaggregation, provide a foundation for improved and more consistent information for users, impacting all entities. · **A more structured income statement**: Currently, companies use varied formats to present their results, complicating investors' ability to compare financial performance across entities. IFRS 18 establishes a more structured income statement, introducing a defined "operating profit" subtotal and requiring all income and expenses to be classified into three distinct categories based on a company's primary business activities. · **Management performance measures (MPMs)**: The standard defines management performance measures and mandates that companies include a single note in the financial statements explaining why each measure is useful, how it is calculated, and how it reconciles to amounts determined under IFRS Accounting Standards. · **Greater disaggregation of information**: IFRS 18 provides enhanced guidance on grouping information in financial statements, including whether information should be presented in the primary financial statements or 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 Company 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 Company 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"

(Continued)

- 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 material accounting policies:

The accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language parent company only financial statements, the Chinese version shall prevail.

The material accounting policies presented in the 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 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).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the 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 (asset) 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 the Company entity is determined based on the primary economic environment in which the entity operates. The 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) Foreign currency

(i) Foreign currency transactions

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

(Continued)

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 Company 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 Company 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.

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

An asset is classified as current under one of the following criteria, and 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 cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified 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 Company does not have any unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments that do not affect its classification.

(e) 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.

(f) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(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 Company 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 Company 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.

(Continued)

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 Company'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 (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Company 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.

4) Impairment of financial assets

The Company 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 Company 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 Company 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 Company's historical experience and informed credit assessment as well as forward-looking information.

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

The Company 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 Company in full.

The Company 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company 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 Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company 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 Company 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 Company's procedures for recovery of amounts due. Based on its experience, the overdue amount will not be recovered after 90 days.

5) De-recognition of financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as 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 instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

Interest related to the financial liability is recognized in profit or loss, and included in non-operating income and expenses. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

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4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and 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 Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On de-recognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (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 the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Company 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.

(g) 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.

(Continued)

(h) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in a parent’s ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(i) 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 Company.

(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	3 to 37 years
5)	Office and Other equipment	1 to 15 years

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

(j) Leases

At inception of a contract, the Company 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 Company 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.

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 Company's incremental borrowing rate. Generally, the Company 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 Company'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 Company 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 Company 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 Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

(k) 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 Company 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 Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(Continued)

(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.

(l) Impairment of non-derivative financial assets

At each reporting date, the Company 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.

(m) Revenue recognition

Revenue from contracts with customers

(i) Sell goods

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer.

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JARLLYTEC CO., LTD.

Notes to the Financial Statements

The Company manufactures various hinges which applied in 3C related products and sells them to computer manufacturers. The Company 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 Company 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 Company has a right to an amount of consideration that is unconditional.

(ii) Financial Components

The Company expects that the interval between the time it transfers goods or services to customers and the time customers pay for those goods or services will not exceed one year for all customer contracts. Therefore, the Company does not adjust the transaction price for the time value of money component.

(n) 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 Company'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 Company, 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 Company 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 Company 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 Company 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.

(o) 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 Company 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 Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(Continued)

(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.

(p) Earnings per share

The Company 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.

(q) Operating segment

The Company discloses the operating segments information in the consolidated financial statements. Therefore, the Company does not disclose such information in the parent company only financial statements.

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

The preparation of financial statements in accordance with the Regulations and IFRSs endorsed by the FSC requires management to make judgments and estimates about the future, including climate-related risks and opportunities, which impact 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 continuously 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 regarding 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 Company 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 Company 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.

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Company 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	$ 290	147
Demand deposits and checking deposits	466,687	298,477
Time deposits	471,450	426,205
	$ 938,427	724,829

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Notes to the Financial Statements

(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		
Beneficiary Certificate	$ 30,181	60,082

	December 31, 2025	December 31, 2024
Equity investments at fair value through profit or loss-non-current		
Convertible bonds redemption right	$ 750	1,200

(ii) Non-current financial liabilities 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	$ 42,524	50,834

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

(iv) For the years ended 2025 and 2024, the Company recognized net losses of NT$16,361 thousand and NT$415 thousand, respectively, from financial instruments at fair value through profit or loss, which were presented under other gains and losses.

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

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(c) Notes and accounts receivables

		December 31, 2025	December 31, 2024
Notes receivable	$	627	1,462
Accounts receivables		849,643	919,955
Accounts receivables-related parties		3,740	2,070
Less: loss allowance		(1,750)	(2,677)
	$	**852,260**	**920,810**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime 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 Company is as follows:

	December 31, 2025			
		Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$	784,886	0%~1%	-
1 to 90 days past due		68,223	0%~20%	1,480
More than 90 days past due		901	30%~100%	270
	$	**854,010**		**1,750**

	December 31, 2024			
		Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$	894,961	0%~1%	228
1 to 90 days past due		24,417	0%~20%	1,217
More than 90 days past due		4,109	30%~100%	1,232
	$	**923,487**		**2,677**

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

	For the years ended December 31,		
		2025	**2024**
Balance at January 1	$	2,677	4,848
Reversal of impairment loss		(927)	(2,171)
Balance at December 31	**$**	**1,750**	**2,677**

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

JARLLYTEC CO., LTD.

Notes to the Financial Statements

(d) Other receivables

		December 31, 2025	December 31, 2024
Income tax refund receivable	$	10,336	11,742
Interest receivables		2,091	2,478
Other receivables-related parties		29,273	33,112
Others		5,369	21,827
	$	47,069	69,159

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

(e) Inventories

		December 31, 2025	December 31, 2024
Raw materials and supplies	$	71,059	43,665
Work in process		213,941	207,274
Finished goods		91,451	92,728
	$	376,451	343,667

For the years ended December 31, 2025, and 2024, the costs of inventories recognized as cost of sales amounted to $2,348,848 thousand and $2,311,523 thousand, respectively.

For the year ended December 31, 2025, due to the elimination of factors causing the net realizable value of inventories to be lower than their cost, reversal gains on inventory valuation losses of $873 thousand were recognized.

For the year ended December 31, 2024, inventory valuation losses of $2,111 thousand, resulting from writing down the cost of inventories to their net realizable value, were recognized as part of the cost of goods sold.

As of December 31, 2025, and 2024, no inventories were pledged as collateral.

(f) Investments accounted for using equity method

The components of the investments accounted for using equity method were as follows:

		December 31, 2025	December 31, 2024
Subsidiaries	$	5,483,268	4,970,578

(i) Please refer to the consolidated financial statements for the year ended December 31, 2025 for the relevant information on subsidiaries of the Company.

(ii) The Company has resolved by the board of directors on November 10, 2023 to merge Jarson Precision Technology Co., Ltd. (Jarson Precision) by a short-form merger. The based date of the combination is January 1, 2024. After the combination, the Company is the surviving company, and Jarson Precision is the dissolved company, and the Company generally assumes all rights and obligations of Jarson Precision. Information regarding the consolidated net assets is as follows:

JARLLYTEC CO., LTD.

Notes to the Financial Statements

	January 1, 2024
Assets：	
Cash and cash equivalents	$ 38,669
Notes and accounts receivables	4,670
Accounts receivable due from related parties	14,620
Other receivables	604
Other receivables due from related parties	1,024
Current tax assets	6,117
Inventories	61,690
Other current assets	363
Property, plant and equipment	121,701
Right-of-use assets	18,959
Intangible assets	3,627
Other non-current assets	1,477
Subtotal	273,521
Liabilities：	
Accounts payable	(3,227)
Other payables	(38,949)
Other payables to related parties	(21,142)
Current lease liabilities	(9,084)
Other current liabilities	(2,603)
Non-current lease liabilities	(10,048)
Subtotal	(85,053)
Net Assets	**$ 188,468**

(ii) As of December 31, 2025 and 2024, the Company's investment using the equity method were not pledged as collaterals.

(Continued)

JARLLYTEC CO., LTD.

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(g) Property, plant and equipment

The cost and accumulated depreciation and impairments of the property, plant and equipment of the Company 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 equipment	Total
Cost or deemed cost:								
Balance at January 1, 2025	$ 1,016,280	424,691	1,130,380	2,388	-	88,805	-	2,662,544
Additions	-	13,599	157,468	-	-	7,541	7,604	186,212
Reclassifications	-	2,204	-	-	-	5,400	(7,604)	-
Disposals	-	-	(75,080)	-	-	(2,770)	-	(77,850)
Balance at December 31, 2025	$ 1,016,280	440,494	1,212,768	2,388	-	98,976	-	2,770,906
Balance at January 1, 2024	$ 720,246	305,220	846,281	2,388	366,358	68,297	295	2,309,085
Acquisition by merger	-	37,789	255,108	-	-	18,443	-	311,340
Additions	-	3,552	57,427	-	-	6,201	7,511	74,691
Reclassifications	296,034	78,130	-	-	(366,358)	-	(7,806)	-
Disposals	-	-	(28,436)	-	-	(4,136)	-	(32,572)
Balance at December 31, 2024	$ 1,016,280	424,691	1,130,380	2,388	-	88,805	-	2,662,544
Accumulated depreciation:								
Balance at January 1, 2025	$ -	193,529	904,979	2,388	-	72,517	-	1,173,413
Additions	-	31,484	97,057	-	-	10,059	-	138,600
Reclassifications	-	-	-	-	-	-	-	-
Disposals	-	-	(71,478)	-	-	(2,745)	-	(74,223)
Balance at December 31, 2025	$ -	225,013	930,558	2,388	-	79,831	-	1,237,790
Balance at January 1, 2024	$ -	114,883	670,606	2,388	33,968	55,885	-	877,730
Acquisition by merger	-	13,041	164,229	-	-	11,998	-	189,268
Additions	-	31,637	97,754	-	-	8,770	-	138,161
Reclassifications	-	33,968	-	-	(33,968)	-	-	-
Disposals	-	-	(27,610)	-	-	(4,136)	-	(31,746)
Balance at December 31, 2024	$ -	193,529	904,979	2,388	-	72,517	-	1,173,413
Carrying amount:								
Balance at December 31, 2025	$ 1,016,280	215,481	282,210	-	-	19,145	-	1,533,116
Balance at January 1, 2024	$ 720,246	190,337	175,675	-	332,390	12,412	295	1,431,355
Balance at December 31, 2024	$ 1,016,280	231,162	225,401	-	-	16,288	-	1,489,131

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

JARLLYTEC CO., LTD.

Notes to the Financial Statements

(h) Right-of-use assets

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

		Buildings and construction	Transportation equipment	Total
Cost:				
Balance at January 1, 2025	$	-	1,022	1,022
Additions		20,586	242	20,828
Reduction		-	(1,022)	(1,022)
Balance at December 31, 2025	**$**	**20,586**	**242**	**20,828**
Balance at January 1, 2024	$	-	777	777
Reductions		-	245	245
Balance at December 31, 2024	**$**	**-**	**1,022**	**1,022**
Accumulated depreciation:				
Balance at January 1, 2025	$	-	818	818
Depreciation		5,718	228	5,946
Balance at December 31, 2025		-	(1,022)	(1,022)
Balance at January 1, 2024	**$**	**5,718**	**24**	**5,742**
Depreciation	$	-	561	561
Reductions		-	257	257
Balance at December 31, 2024	**$**	**-**	**818**	**818**
Carrying amount:				
Balance at December 31, 2025	**$**	**14,868**	**218**	**15,086**
Balance at January 1, 2024	**$**	**-**	**216**	**216**
Balance at December 31, 2024	**$**	**-**	**204**	**204**

(Continued)

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Notes to the Financial Statements

(i) Short-term borrowings

	December 31, 2025	December 31, 2024
Unsecured bank loans	$ -	300,000
Unused short-term credit lines	-	200,000
	$ -	**500,000**
Unused credit lines	**$ 1,016,000**	**518,000**
Range of interest rates	**-**	**1.825%~1.95%**

Please refer to Note 8 for the assets pledged as collaterals for bank borrowings.

(j) Other payables

	December 31, 2025	December 31, 2024
Processing fee payables	$ 89,476	136,555
Payroll payables	106,744	154,538
Others	133,985	413,152
	$ 330,205	**704,245**

(k) Long-term borrowings

The details were as follows:

	December 31, 2025			
	Currency	**Interest range**	**Expiration**	**Amount**
Secured bank loans	TWD	1.285%	118	$ 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 the assets pledged as collaterals for bank borrowings.

(Continued)

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Notes to the Financial Statements

(l) 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 Company’s rights and obligations to the outstanding unsecured convertible bonds issued are as follows:

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	(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

maturity	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 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

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	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 Company’s convertible bonds was adjusted from NT$170 to NT$162.8.

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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	SinoPac Securities
Terms of repayment	Unless the convertible bonds are converted into the Company's ordinary shares in accordance with Article 10 of these Regulations, redeemed early by the Company pursuant to Article 18 of these Regulations, or repurchased and canceled by the Company through the TPEx, the Company shall repay the convertible bonds in cash in a single lump sum at their par value upon maturity. Payments shall be made within five business days, inclusive, following the maturity date.
Terms of redemption prior to maturity	(1) From April 9, 2024 (the day following the three-month period after the issuance of the convertible bonds) to November 29, 2026 (40 days prior to the expiry of the issuance period), if the closing price of the Company's ordinary shares exceeds the current conversion price by 30% or more for 30 consecutive business days, the Company may, within the subsequent 30 business days, send a "Bond Redemption Notice" with a 30-day expiration period by registered mail to bondholders. The notice period begins on the date the Company sends the mail, with the expiration date serving as the bond redemption base date. This period shall not overlap with the conversion suspension period specified in Article 9. Bondholders are those listed on the bondholders' roster on the fifth business day prior to the dispatch of the "Bond Redemption Notice"; for bondholders who acquire convertible bonds thereafter due to trading or other reasons, a public announcement shall prevail. The redemption price is set at the par value of the bonds, and all bonds shall be redeemed in cash. The Company shall notify the Taipei Exchange (TPEx) via a letter for public announcement. Upon exercising the redemption request, the Company shall redeem the convertible bonds in cash within five business days from the bond redemption base date. (2) From April 9, 2024 (the day following the three-month period after the issuance of the convertible bonds) to November 29, 2026 (40 days prior to the expiry of the issuance period), if the outstanding balance of the convertible bonds falls below 10% of the original total issued amount, the Company may, at any time thereafter, send a "Bond Redemption Notice" with a 30-day expiration period by registered mail to bondholders. The notice period begins on the date the Company sends the mail, with the expiration date serving as the bond redemption base date. This period shall not overlap with the conversion suspension period specified in Article 9. Bondholders are those listed on the bondholders' roster on the fifth business day prior to the dispatch of the "Bond Redemption Notice"; for bondholders who acquire convertible bonds thereafter due to trading or other reasons, a public announcement shall prevail. The redemption price is set at the par value of the bonds, and all bonds shall be redeemed in cash. The Company shall notify the TPEx via a letter for public announcement. Upon exercising the redemption request, the Company shall redeem the convertible bonds in cash within five business days from the bond

Item	2nd domestic unsecured convertible corporate bonds
	redemption base date. (3) If a bondholder fails to respond in writing to the Company's stock transfer agent before the bond redemption base date specified in the "Bond Redemption Notice," the response shall be deemed effective upon delivery, with the postmark date serving as the basis for mailed responses. In such cases, the Company shall redeem the convertible bonds in cash at their par value within five business days after the bond redemption base date. (4) If the Company exercises the redemption request, the deadline for bondholders to request conversion is the second business day following the termination of over-the-counter trading of the convertible bonds on the TPEx.
Conversion period	From April 9, 2024 (the day following the three-month period after the issuance of the convertible bonds) to January 8, 2027 (the maturity date), bondholders may, through their original trading securities company, notify the Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC") and the Company's stock transfer agent to request conversion of the convertible bonds into the Company's ordinary shares, in accordance with these Regulations and the provisions of Articles 10, 11, 13, and 15 thereof. Conversion requests are not permitted during the following periods: (1) the book closure period for ordinary shares as required by law; (2) from the 15th business day prior to the record date for stock dividends, cash dividends, or cash capital increase subscriptions until the ex-dividend date; (3) from the capital reduction base date until the day before the trading date for issuing new stock certificates due to the capital reduction; or (4) from the start of the conversion (subscription) suspension period for changing the stock denomination until the day before the trading date for issuing new stock certificates. The start date of the conversion (subscription) suspension period for changing the stock denomination, as mentioned in the preceding paragraph, is the business day immediately preceding the application to the Ministry of Economic Affairs for the change registration. The Company shall make a public announcement four business days prior to the start of the conversion suspension period.
Conversion price	NT$186(Note 1)

Note 1: Effective September 13, 2025, the conversion price of the Company's convertible bonds was adjusted from NT$194.2 to NT$186.

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(m) Lease liabilities

	December 31, 2025	December 31, 2024
Current	$ 7,040	204
Non-current	$ 8,153	-

For the maturity analysis, please refer to note 6(v) "Financial instruments."

The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2025	2024
Interest on lease liabilities	$ 294	2
Expenses relating to short-term leases	$ 5,650	3,993

The amount recognized in the statement of cash flows for the Company were as follows:

	For the years ended December 31	
	2025	2024
Cash paid for rent under operating activities	$ 5,650	3,993
Cash paid for interest on lease liabilities under operating activities	294	2
Repayment of lease principal under financing activities	5,839	303
Total cash outflow for leases	$ 11,783	4,298

1. The Company leases transportation equipment, which typically run for a period of 3 years.
2. The Company leases transportation equipment, with a lease term of three years.

(n) Operating lease

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

	December 31, 2025	December 31, 2024
Less than one year	$ 91	69
One to two years	23	23
Total undiscounted leases payments	$ 114	92

(o) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were 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 Company 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 Company 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 Company'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
Re-measurements 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
Re-measurements 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) Re-measurement of net defined benefit liability recognized in other comprehensive income

Accumulated re-measurement 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	1.250%~1.375%	1.500%
Future salary increase rate	2.00%	2.00%

The expected allocation payment to be made by the Company 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 impacts 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.

(ii) Defined contribution plans

The Company 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 Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension expenses incurred from the defined contribution plans amounted to $19,400 thousand and $17,205 thousand for the years ended December 31, 2025 and 2024, respectively.

(p) Income taxes

(i) Income tax expense (benefit)

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

	For the years ended December 31	
	2025	**2024**
Current tax expense		
Current period	$ 9,731	4,959
Underestimation of income tax in prior periods	4,771	18,802
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(37,492)	(13,131)
	$ (22,990)	10,630

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	$ 127,750	587,392
Income tax using the Company’s domestic tax rate	$ 25,550	117,478
Undistributed earnings additional tax	6,885	2,374
Underestimation of income tax in prior periods	4,771	18,802
Others	(60,196)	(128,024)
Total	$ (22,990)	10,630

(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 were as follows:

	Inventory valuation losses	Carry-forward of tax losses	Others	Total
Deferred tax assets:				
Balance at January 1, 2025	$ 16,235	23,369	18,272	57,876
Recognized in profit or loss	(174)	40,551	1,003	41,380
Balance at December 31, 2025	**$ 16,061**	**63,920**	19,275	99,256
Balance at January 1, 2024	$ 15,813	4,640	24,276	44,729
Recognized in profit or loss	422	18,729	(6,004)	13,147
Balance at December 31, 2024	**$ 16,235**	**23,369**	18,272	57,876

	Profit or loss of subsidiaries accounted for using equity method and others
Deferred tax liabilities:	
Balance at January 1, 2025	$ 181,458
Recognized in profit or loss	3,888
Balance at December 31, 2025	**$ 185,346**
Balance at January 1, 2024	$ 181,442
Recognized in profit or loss	16
Balance at December 31, 2024	**$ 181,458**

(iii) Assessment of tax

The Company’s tax returns for the years through 2023 were assessed by the Taiwan National Tax Administration.

(q) 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 66,901 thousand of shares, respectively, with a par value of $10 per share.

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

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(Expressed in thousands of shares)	Ordinary shares For the years ended December 31 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. 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**

(Continued)

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 articles of incorporation stipulate that net earnings shall first be used to offset prior years' deficits before paying income taxes. Subsequently, 10% of the remaining balance shall be allocated as a legal reserve, unless the legal reserve has reached the amount of the paid-in capital. Any remaining balance, together with any undistributed retained earnings, shall be set aside as a special reserve in accordance with operational requirements and applicable laws. Up to 90% of the remaining distributable earnings may be proposed by the board of directors as shareholder dividends, which may be distributed as cash or by issuing new shares, subject to approval at the shareholders' meeting.

When allocating a special reserve as required by law, the Company shall first allocate from the cumulative net amount of other equity deductions from the prior period and the cumulative net increase in the fair value of investment property from the prior period. If these amounts are insufficient to cover the required special reserve, the Company shall, prior to earnings distribution, allocate an additional special reserve equivalent to the amount allocated to undistributed earnings from the prior period. If further insufficiency exists, the allocation shall be made from the after-tax net profit for the current period, plus any items other than after-tax net profit included in the undistributed earnings for the current period.

Pursuant to Article 240, Paragraph 5 of the Company Act, all or part of the distributable dividends and bonuses, or all or part of the legal reserve and capital reserve as stipulated in Article 241, Paragraph 1 of the Company Act, may be paid in cash following a resolution passed by a majority vote at a board of directors' meeting attended by at least two-thirds of the total number of directors. A report of such distribution shall be submitted to the shareholders' meeting.

Before distributing dividends, the Company shall consider its operating environment, industry developments, and the long-term interests of shareholders, as well as its plans to maintain operating efficiency, meet capital expenditure budgets, and achieve financial goals when determining the stock or cash dividends to be paid. After the aforementioned appropriations, any remaining undistributed earnings from the current and prior periods shall be proposed for distribution by the board of directors and approved at the shareholders' meeting. Cash dividends shall not exceed 10% of the total dividends distributed.

(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

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(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**

	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 FVOCI equity instruments:			
Subsidiaries	-	(8,364)	(8,364)
Balance at December 31, 2024	**$ 61,442**	**21,063**	**82,505**

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(r) 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 effect 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
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

Note:The Company issued 1,652 thousand shares through the capitalization of retained earnings in 2025. Accordingly, the number of outstanding common shares for 2024 was retrospectively adjusted to 67,743 thousand shares.

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(s) 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	$ 1,709,857	465,418	2,175,275
America	15,398	114,797	130,195
Thailand	10,422	-	10,422
Taiwan	50,791	10,564	61,355
Vietnam	164,143	-	164,143
Other country	2,310	18,530	20,840
	$ 1,952,921	609,309	2,562,230
Main product/service line:			
Electronic component manufacturing and sales	$ 1,952,921	609,309	2,562,230

	For the year ended December 31, 2024		
	Hinge department	Fiber optic department	Total
Primary geographical markets:			
China	$ 1,969,023	198,039	2,167,062
America	22,676	88,982	111,658
Thailand	1,476	-	1,476
Taiwan	45,089	3,989	49,078
Vietnam	151,725	-	151,725
Other country	11,806	7,076	18,882
	$ 2,201,795	298,086	2,499,881
Main product/service line:			
Electronic component manufacturing and sales	$ 2,201,795	298,086	2,499,881

(Continued)

(ii) Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable	$ 627	1,462	243
Accounts receivables	849,643	919,955	702,626
Accounts receivables-related parties	3,740	2,070	1,051
Less: loss allowance	(1,750)	(2,677)	(4,848)
Total	**$ 852,260**	**920,810**	**699,072**

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

(t) 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 Company 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.

(Continued)

(u) Non-operating income and expenses

(i) Other income

The details of other income are as follows:

	For the years ended December 31	
	2025	**2024**
Management and production technology service income	$ 65,941	70,712
Dividend income	12,064	14,792
Rent income	88	69
Mold income	6,420	6,144
Sample income	2,620	6,667
Other income	12,102	51,753
	$ 99,235	**150,137**

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2025	**2024**
Gains on disposal of property, plant and equipment	$ 2,811	203
Foreign exchange gains (losses)	(25,008)	65,355
Gains (Losses) on financial assets at fair value through profit or loss	(16,361)	(415)
Sample expenses	(10,212)	(7,935)
Mold expenses	(4,069)	(2,798)
Others	(930)	-
	$ (53,769)	**54,410**

(iii) Financial costs

	For the years ended December 31	
	2025	**2024**
Interest on bank loans	$ (2,736)	(5,416)
Interest on lease liabilities	(294)	(2)
Amortization of discount on convertible bonds	(40,216)	(16,033)
	$ (43,246)	**(21,451)**

(Continued)

(iv) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2025	2024
Interest income from bank deposits	$ 31,221	40,647
Other interest income	539	367
Total Interest income	$ 31,760	41,014

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

The major customers of the Company are centralized in the high-tech computer industry. As of December 31, 2025 and 2024, 53% and 54% of the accounts receivable were concentrated on 6 and 5 major customers, respectively. To minimize credit risk, the Company periodically evaluates the Company’s financial positions and the possibility of collecting accounts receivables.

2) 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	$ 174,211	174,211	174,211	-	-	-	-
Notes and accounts payables	366,227	366,227	366,227	-	-	-	-
Accounts payables-related parties	330,205	330,205	330,205	-	-	-	-
Other payables	7,761	7,761	7,761	-	-	-	-
Other payables-related parties	2,158,863	2,299,900	-	-	799,900	1,500,000	-
Lease liabilities	15,193	15,508	3,654	3,613	7,064	1,177	-
Long-term borrowings (current portion included)	42,405	43,953	5,780	5,730	11,313	21,130	-
	$ 3,094,865	3,237,765	887,838	9,343	818,277	1,522,307	-

(Continued)

	Carrying amount	Contractual cash flow	within six months	6-12 months	1-2 years	2-5 years	over 5 years
December 31, 2024							
Non derivative financial liabilities							
Short-term borrowings	$ 500,000	501,473	501,473	-	-	-	-
Notes and accounts payables	167,622	167,622	167,622	-	-	-	-
Accounts payables-related parties	429,852	429,852	429,852	-	-	-	-
Other payables	704,245	704,245	704,245	-	-	-	-
Other payables-related parties	240	240	240	-	-	-	-
Bonds Payable	765,936	800,000	-	-	-	800,000	-
Lease liabilities	204	204	204	-	-	-	-
Long-term borrowings (current portion included)	68,810	71,020	7,421	7,376	14,617	41,606	-
	$ 2,636,909	2,674,656	1,811,057	7,376	14,617	841,606	-

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

(iii) Currency risk

1) Exposure to foreign currency risk

The Company'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	$ 52,204	31.430	1,640,771	50,069	32.785	1,641,511
Financial liabilities						
Monetary items						
USD	16,788	31.430	527,659	25,733	32.785	843,660

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the conversion of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivables, and accounts 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 $55,656 thousand and $39,893 thousand, respectively. The analysis for the two periods were on the same basis.

3) Foreign exchange gain and loss on monetary items

Since the Company 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 $(25,008) thousand and $65,355 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company’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 Company management’s assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 1% basis points, the Company’s net income would have decreased or increased by $8,970 thousand and $5,688 thousand for the years ended December 31, 2025 and 2024, assuming all other variable factors remain constant. This is mainly due to the Company’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%	**$ 425**	**-**	**508**	**-**
Fall by 1%	**$ (425)**	**-**	**(508)**	**-**

(vi) Fair value of financial instruments

1) Types of financial instruments and fair value

The carrying amount and fair value of the Company’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):

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	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	42,524	-	-	42,524	42,524
Loans and receivables					
Cash and cash equivalents	938,427	-	-	-	-
Notes and accounts receivables (related parties included)	852,260	-	-	-	-
Other receivable (related parties included)	47,069	-	-	-	-
Refundable deposits	2,045	-	-	-	-
Subtotal	1,839,801	-	-	-	-
Total	**$1,913,256**	**30,181**	**750**	**42,524**	**73,455**
Financial liabilities at amortized cost					
Non-current financial liabilities at fair value through profit or loss	$20,513	-	20,513	-	20,513
Notes and accounts payable (related parties included)	540,438	-	-	-	-
Other payables (related parties included)	337,965	-	-	-	-
Bonds Payable	2,158,863	-	-	-	-
Lease liabilities	15,193	-	-	-	-
Long term borrowings (current portion included)	42,405	-	-	-	-
Subtotal	3,094,864	-	-	-	-
Total	**$3,115,377**	-	-	-	-

(Continued)

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	December 31, 2024				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	$61,282	60,082	1,200	-	61,282
Financial assets at fair value through other comprehensive income	50,834	-	-	50,834	50,834
Loans and receivables					
Cash and cash equivalents	724,829	-	-	-	-
Notes and accounts receivables (related parties included)	920,810	-	-	-	-
Other receivable (related parties included)	69,159	-	-	-	-
Refundable deposits	2,045	-	-	-	-
Subtotal	1,716,843	-	-	-	-
Total	**$1,828,959**	**60,082**	**1.200**	**50,834**	**112,116**
Financial liabilities at amortized cost					
Short-term borrowings	500,000	-	-	-	-
Notes and accounts payable(related parties included)	597,474	-	-	-	-
Other payables (related parties included)	704,485	-	-	-	-
Bonds Payable	765,936	-	-	-	-
Lease liabilities	204	-	-	-	-
Long term borrowings (current portion included)	68,810	-	-	-	-
Total	**$2,636,909**	-	-	-	-

(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)

4) Details of changes in level 3 fair value measurement

		Measured at fair value through other comprehensive income
Balance at January 1, 2025	$	50,834
Total gains or losses		
Recognized in other comprehensive income		(2,552)
Refund of paid-up capital due to capital decrease		(5,758)
Balance at December 31, 2025	**$**	**42,524**
Balance at January 1, 2024	$	62,861
Total gains or losses		
Recognized in other comprehensive income		(4,829)
Refund of paid-up capital due to capital decrease		(7,198)
Balance at December 31, 2024	**$**	**50,834**

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 Company 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”)	$	-	-
Recognized in other comprehensive income (presented under “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”)		(2,552)	(4,829)

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

The Company's financial instruments classified as Level 3 fair value measurements primarily consist of "financial assets measured at fair value through other comprehensive income - equity investments."

The majority of fair value measurements of the Company 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 Company 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%	-	-	2,126	(2,126)
December 31, 2024						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Discount for lack of marketability	5%	-	-	2,542	(2,542)

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.

(w) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company'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 Company oversees how the managements supervision is in compliance with the Company's risk management policies and procedures. The general manager is responsible for developing and monitoring the Company's risk management policies and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company 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 Company 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 Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company'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 Company also regularly assesses the financial statues of its customers, if necessary, and will require its customers to provide security or guarantee.

The Company 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 Company 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

The Company's policy is to only provide financial guarantees to its wholly owned subsidiaries. As of December 31, 2025 and 2024, no other guarantees were outstanding.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company'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 Company. As of December 31, 2025 and 2024, the Company's unused credit line amounted to $1,016,000 thousand and $518,000 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 Company'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 Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the functional currency of the Company, primarily NTD and USD.

2) Interest rate risk

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

(x) 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 Company's debt-to-equity ratios as of December 31, 2025 and 2024 are as follows:

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Notes to the Financial Statements

	December 31, 2025	December 31, 2024
Total liabilities	$ 3,357,343	2,889,427
Less: cash and cash equivalents	(938,427)	(724,829)
Net liabilities	$ 2,418,916	2,164,598
Total equity	$ 6,193,749	5,884,659
Debt-to-equity ratio	39.05%	36.78%

(y) 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:

			Non-cash changes				
	Jan. 1, 2025	Cash Flows	Acquisition	Exchange rate	Interest expenses	Others	December 31, 2025
Short-term borrowings	$ 500,000	(500,000)	-	-	-	-	-
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	204	(5,839)	20,828	-	-	-	15,193
Total liabilities arising from financing activities	$ 1,334,950	1,113,002	20,828	-	40,216	(292,535)	2,216,461

			Non-cash changes				
	Jan. 1, 2024	Cash Flows	Acquisition	Exchange rate	Interest expenses	Others	December 31, 2024
Short-term borrowings	$ 500,000	-	-	-	-	-	500,000
Long-term borrowings (current portion included)	254,921	(186,111)	-	-	-	-	68,810
Bonds payables	-	899,237	-	-	16,033	(149,334)	765,936
Lease liabilities	262	(303)	245	-	-	-	204
Total liabilities arising from financing activities	$ 755,183	712,823	245	-	16,033	(149,334)	1,334,950

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(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	Relationship with the Company
Jarson Precision Technology Co., Ltd.(Note)	Subsidiary
Jarwin Investment Co., Ltd.	〃
Great Hinge Trading Ltd.	〃
Smart Hinge Holdings Ltd.	〃
Royal Jarlly Holding Ltd.	〃
Jarlly Technology (Shanghai) Co., Ltd.	〃
Fu Qing Jarlly Electronics Co., Ltd.	〃
Dong Guan Jarlly Electronics Co., Ltd.	〃
Kunshan Jarlly Electronics Ltd.	〃
Jarlly Electronics Technology (Shanghai) Co., Ltd.	〃
Xiamen Jarlly Electronics Co., Ltd.	〃
Jarlly Technology (Chongqing) Co., Ltd.	〃
Jarllytec (Thailand) Co., Ltd.	〃
Jarllytec (Vietnam) Co., Ltd.	〃
Jarllytec (Singapore) Co., Ltd.	〃
Jarlly Precision Manufacturing (Zhejiang) Co., Ltd.	The Company’s subsidiaries

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

(b) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Company to its related parties were as follows:

	For the years ended December 31	
	2025	2024
Subsidiary	$ 8,239	2,904

The Company's collection terms for related parties do not significantly differ from those for general customers.. As the Company exclusively sold raw materials and semi-finished goods to its related parties, there is no comparison for the selling price to its related parties from those of its third parties. The Company price its raw material and semi-finished goods using the cost mark-up method.

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(ii) Purchases

The amounts of significant purchases by the Company from its related parties were as follows:

	For the years ended December 31		
		2025	**2024**
Subsidiaries			
Kunshan Jarlly Electronics Ltd.	$	314,564	410,668
Dong Guan Jarlly Electronics Co., Ltd.		118,251	125,492
Jarlly Technology (Chongqing) Co., Ltd.		478,878	517,095
Other subsidiaries		56,574	119,023
	$	968,267	1,172,278

As the Company does not purchase similar goods from other suppliers, there is no base for comoparison. The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

(iv) Other

For the years ended December 31, 2025 and 2024, the amounts of management and production technical services provided by the Company to its subsidiaries were $65,941 thousand and $70,712 thousand which were accounted for as other income.

For the years ended December 31, 2025 and 2024, the amounts of leasing office provided by the Company to its subsidiaries were $23 thousand and $23 thousand, respectively, which were recognized as other income.

(v) Receivables from Related Parties

Receivables from related parties were as follows

Account	Relationship		December 31, 2025	December 31, 2024
Accounts receivables	Subsidiary	$	3,740	2,070
Other receivables	Subsidiary	$	29,273	33,112

(Continued)

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(vi) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2025	December 31, 2024
Accounts payables	Kunshan Jarlly Electronics Ltd.	$ 95,390	110,381
Accounts payables	DongGuan Jarlly Electronics Ltd.	31,997	49,799
Accounts payables	Jarlly Technology (Chongqing) Co., Ltd.	210,987	210,211
Accounts payables	Other subsidiaries	27,853	59,461
		$ 366,227	429,852
Other payables	Subsidiaries	$ 7,761	240

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2025	2024
Short-term employee benefits	$ 17,786	25,618
Post-employment benefits	733	822
	$ 18,519	26,440

(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

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(9) Commitments and contingencies:

The Company's significant contractual commitments were as follows:

	December 31, 2025	December 31, 2024
Acquisition of property, plant and equipment	$ 54,268	15,165

(10) Losses Due to Major Disasters: None

(11) Significant 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	266,164	184,951	451,115	220,587	230,767	451,354
Labor and health	28,283	19,969	48,252	22,693	18,537	41,230
Pension	9,616	10,340	19,956	8,096	9,402	17,498
Remuneration of directors	-	3,752	3,752	-	14,754	14,754
Other employee benefits	14,872	8,214	23,086	10,655	6,568	17,223
Depreciation	113,928	30,618	144,546	116,581	21,837	138,418
Amortization	9,017	6,238	15,255	8,968	2,800	11,768

The information on the Company's employee and employee for the years ended 2025 and 2024 were as follow:

	For the years ended December 31	
	2025	2024
Number of employees	737	646
Number of non-employee directors	5	5
The average employee benefit	$ 741	823
The average salaries and wages	$ 616	704
Adjustment of average salaries	(12.50)%	5.86%
Supervisors compensation	$ -	-

(Continued)

The remuneration policy (including directors, managers and employees) is as follows:

The remuneration at the company is including salary, year-end bonuses, and bonuses (variable compensation). As job grades increase, so does the responsibility for company performance, resulting in a larger proportion of variable compensation.

According to Article 22, Chapter 6 of the Company's Article of Incorporation, bonuses to directors are not more than 2% of the current year net profit. When allocating the net profits for each fiscal year, the Company shall first offset its losses in previous years.

On June 19, 2025, the shareholders' meeting of the Company resolved to amend the Articles of Incorporation. Under the amended Articles, if there is profit for the year, the Company shall appropriate no less than 2% of such profit as employee compensation (of which no less than 20% shall be allocated to grassroots employees) and no more than 2% as directors' compensation. However, if the Company still has accumulated losses, an amount sufficient to cover such losses shall first be reserved.

In addition, pursuant to the Company's "Board Performance Evaluation Rules," directors' compensation is determined based on an evaluation of the extent of their participation in the Company's operations and the value of their contributions (for example, their interaction with the management team and their understanding of the industry in which the Company operates), with reference to domestic and international industry standards, so as to provide reasonable remuneration. The relevant performance assessments and the reasonableness of compensation are reviewed by the Remuneration Committee and the Board of Directors, and the compensation system is reviewed in a timely manner in light of the actual operating conditions and applicable laws and regulations.

Remuneration for the President and Vice Presidents includes salary, bonuses, and employee compensation. The salary structure comprises base salary, grade allowance, managerial allowance, meal allowance, professional allowance, and other items. The Board of Directors has authorized the Chairman to approve such remuneration with reference to the nature and responsibilities of the positions held, while also taking into account factors such as academic background, professional experience, skills, development potential, KPI performance evaluation results, and whether any risk events that could negatively affect the Company's reputation have occurred (for example, improper internal management or employee misconduct).

The total amount of employee compensation is appropriated based on annual EPS performance, resolved by the Board of Directors, and reported to the shareholders' meeting. Thereafter, the compensation to be distributed to each individual employee is determined based on such employee's job performance, years of service, job grade, and special contributions. In addition, the Company also makes appropriate adjustments after considering changes in the global economy and industry conditions, as well as its projected future operational development, profitability, and operating risks.

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(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 Company:

(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 (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)	Other receivables	Yes	89,920	89,920	35,968	3%	2	-	Operating turnover	-		-	1,226,782	1,226,782
3	Jarlly Technology (Chongqing) Co., Ltd.	Jarlly Precision Manufacturing (Zhejiang)	Other receivables	Yes	89,920	89,920	89,920	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	0%	2	-	Operating turnover	-		-	3,058,416	3,058,416

Note 1: Loan limit from the Company:

(a) The total amount available for financing purposes shall not exceed 40% of the Company's net worth.

(b) The total amount to one entity which has business transactions with the Company shall not exceed one third of the Company's loanable amount or 40% of the net transaction amount (the amount of purchasing or selling, whichever is higher) in recent year, whichever is lower.

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

Note 2: Loan limit from 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) The total amount to one entity which has business transactions with the Company shall not exceed one third of the Company's loanable amount or 60% of the net transaction amount (the amount of purchasing or selling, whichever is higher) in recent year, whichever is lower.

(c) For short-term financing needs, the amount available for financing of each entity shall not exceed one third 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.

(ii) Guarantees and endorsements for other parties: None

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(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				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	-
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	-
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	-
Fu Qing Jarlly	Chongqing Jelly Plastics Co., Ltd.	-	Current financial assets at fair value through profit or loss	-	2,428	18.00 %	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	-
Xiamen Jarlly	Xiamen Jinli Hardware Products Co., Ltd.	-	Current financial assets at fair value through profit or loss	-	4,271	19.00 %	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	-
The Company	Franklin Templeton SinoAm Money Market Fund	-	Current financial assets at fair value through profit or loss	2,757	30,181	- %	30,181	-

(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
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

(Continued)

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(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		
Jarlly Technology (Chongqing) Co., Ltd.	The Company	Associates	210,987	2.27	-	-	60,546	-

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2024 (excluding information on investees in Mainland China):

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

(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, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income (losses) of the investee	Percentage of ownership	Invest income (losses) (Note 2)	Carrying amount	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	**(b)**	289,297	-	-	289,297	309,355	100.00%	309,388	1,942,001	-
Fu Qing Jarlly Electronics Co., Ltd.	Sale and produce Precision Hinge	240,658	**(b)**	27,370	-	-	27,370	51,380	100.00%	54,362	662,806	-
Dong Guan Jarlly Electronics Co., Ltd.	Sale and produce Precision Hinge	81,466	**(b)**	81,466	-	-	81,466	(37,510)	100.00%	(37,232)	85,285	15,366
Kunshan Jarlly Electronics Ltd.	Sale and produce Precision Hinge	71,906	**(b)**	65,369	-	-	65,369	12,292	100.00%	12,278	251,418	-
Jarlly Electronics Technology (Shanghai) Co., Ltd.	Sale and produce Precision Hinge	473,450	**(b)**	386,330	-	-	386,330	5,128	100.00%	5,128	496,381	-
Xiamen Jarlly Electronics Co., Ltd.	Sale and produce Precision Hinge	43,801	**(b)**	29,281	-	-	29,281	12,171	100.00%	11,411	130,645	-
Jarlly Technology (Chongqing) Co., Ltd.	Sale and produce Precision Hinge	61,722	**(b)**	29,500	-	-	29,500	112,559	100.00%	112,449	734,043	-
ZheJiang Zhaowang Precision Technology Co. Ltd.	Sale and produce Powder metallurgy and other metal products	312,038	**(b)**	154,013	-	-	154,013	(110,266)	100.00%	(110,174)	79,828	-
Kunshan Leon Precision Mould Technology Co., Ltd. (Note 3)	Production molds	43,800	**(C)**	-	-	-	-	(421)	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 recognition of gain and loss on investment based on the financial report which was assured by R.O.C. Accountant.

Note 3: On November 11, 2025, the Company's Board of Directors resolved to establish Kunshan Leon Precision Mould Technology Co., Ltd. through Shanghai Zhaowang, its wholly owned investee, together with Kunshan Juang Electronics Technology Co., Ltd. The registered capital of Kunshan Leon Precision Mould Technology Co., Ltd. is RMB15 million, of which Shanghai Zhaowang contributed 51%, or RMB7.65 million.

JARLLYTEC CO., LTD.

Notes to the Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,062,626 (USD33,434)	1,459,421 (USD46,434)	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:

Please refer to 2025 Consolidated Financial Statements.

JARLLYTEC CO., LTD.

Notes to the Financial Statements

Jarllytec Co., Ltd.

Statement of cash and cash equivalents

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Cash on hand and Petty cash	$ 290
Demand deposits	Demand and check deposits (including foreign demand deposits USD9,133 thousand)	466,687
	Time deposits (foreign time deposits USD15,000 thousand; Current Amount Expired within one year; the annual rate ranges: 3.60%~4.05%)	471,450
Total		**$ 938,427**

Note 1: The ending rates of foreign currency deposits on December 31, 2025 is as follows:
NTD：USD＝1：31.430

Statement of notes receivable

Item	Amount
Client AA	$ 147,387
Client LL	83,516
Client EE	61,241
Client B	60,842
Client HH	51,386
Client A	44,426
Others (less than 5%)	401,472
Subtotal	850,270
Less: loss allowance	(1,750)
Total	**$ 848,520**

JARLLYTEC CO., LTD.

Notes to the Financial Statements

Jarllytec Co., Ltd.

Statement of inventories

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Loss On Valuation	
Raw materials and supplies	$ 71,059	-	Note
Work in process	213,941	-	〃
Finished goods	91,451	103,309	Net realizable value
	$ 376,451		

Note: Raw materials, supplies and work in progress are used for production of finished goods.
Due to net realizable value of finished goods higher than cost, net realizable value of raw materials, supplies and work in progress is higher than cost.

JARLLYTEC CO., LTD.

Notes to the Financial Statements

Jarllytec Co., Ltd.

Statement of movement in investments accounted for using the equity method

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning balance			Increase		Decrease				Investments accounted for using equity method	Other comprehensive for using equity method	Cumulative translation	Ending balance			Market value or net assets value		
	Shares (in thousands)	Percentage of ownership	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Dividends received	Increase (Note)	income (loss)	income (loss)	adjustment	Shares (in thousands)	Percentage of ownership	Amount	Unit price	Total Amounts	Collateral
Accounted for using equity method value:																		
Great Hinge Trading Ltd.	20	100.00	$ 358,077	-	-	-	-	-	-	(17,626)	-	(27,439)	20	100.00	313,012	15,669.15	313,383	NA
Smart Hinge Holdings Ltd.	33,434	100.00	4,519,329	6,270	191,460	-	-	-	(299)	346,012	-	40,318	39,704	100.00	5,096,820	128.06	5,097,361	NA
Jarwin Investment Co., Ltd.	8,000	100.00	92,172	-	-	-	-	(11,016)	-	(1,694)	(7,273)	-	8,000	100.00	72,189	9.02	72,189	NA
Jarllytec Singapore Pte. Ltd.	-	100.00	1,000	-	-	-	-	-	-	228	-	19	-	100.00	1,247	62.35	1,247	NA
Total			$ 4,970,578		191,460		-	(11,016)	(299)	326,920	(7,273)	12,898			5,483,268			

Note1：Unrealized gain on inter-affiliate accounts.

JARLLYTEC CO., LTD.

Notes to the Financial Statements

Jarllytec Co., Ltd.

Statement of prepayments, other current assets and other non-current assets

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Prepayments and Other Current Assets:	
Prepayments	$ 17,968
Temporary debits	22,866
Office supplies	12,650
Others prepayments	4,220
	$ 57,704
Other Non-Current Assets:	
Refundable deposits	$ 2,045
Other non-current financial asset	1,257
Others	2,048
Total	$ 5,350

Statement of movement in intangible assets

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Beginning Balance	Increase	Decrease	Ending Balance	Note
Computer software	$ 11,752	4,974	(5,567)	11,159	-

JARLLYTEC CO., LTD.

Notes to the Financial Statements

Jarllytec Co., Ltd.

Statement of notes and accounts payables

December 31, 2025

Item	Amount
Vendor M	$ 81,196
Vendor K	42,244
Vendor S	9,900
Vendor R	9,455
Others (less than 5%)	31,416
Total	**$ 174,211**

Statement of long-term borrowings

Bank	Amount: Current Amount Expired within one year	Amount: Non-current Amount Expired after one year	Period	Interest Rate	Collateral
Chang Hwa Bank	**$ 10,827**	**31,578**	2019.12.11~2029.11.15	1.285%	Yes

JARLLYTEC CO., LTD.

Notes to the Financial Statements

Jarllytec Co., Ltd.

Statement of operating revenue

For the year ended December 31, 2025

Product	Quantity (KPCS)	Amount
Hinge	25,030	$ 1,952,921
Fiber optic	33,462	609,309
Total		**$ 2,562,230**

JARLLYTEC CO., LTD.

Notes to the Financial Statements

Jarllytec Co., Ltd.

Statement of operating costs

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials and supplies	
Beginning balance of raw materials and supplies	$ 43,665
Add：Purchases	662,574
Others	5
Less：Ending balance of raw materials and supplies	(71,059)
Transferred to manufacturing overhead	(907)
Transferred to operating expenses	(467)
Sold	(20,242)
Raw materials and supplies used	613,569
Direct labor	170,828
Manufacturing overhead	661,755
Total manufacturing cost	1,446,152
Add：Beginning balance of work-in-process inventory	207,274
Purchases	9,744
Less：Ending balance of work-in-process inventory	(213,941)
Transferred to manufacturing overhead	(8,352)
Transferred to operating expenses	(1,104)
Sold	(77,318)
Others	(3,117)
Cost of finished goods	1,359,338
Add：Beginning balance of finished goods	92,728
Purchases	968,233
Others	9,915
Less：Ending balance of finished goods	(91,451)
Transferred to manufacturing overhead	(1,327)
Transferred to operating expenses	(4,707)
Cost of sales-finished goods	2,332,729
Cost of goods sold for raw materials	20,242
Cost of goods sold for work in process	77,318
Other operating costs-other	(308)
Income from sale of scraps	(342)
Operating costs	**$ 2,429,639**

JARLLYTEC CO., LTD.

Notes to the Financial Statements

Jarllytec Co., Ltd.

Statement of selling expenses

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Wages and salaries	$ 22,237
Entertainment expense	7,683
Commissions expense	4,145
Export expense	3,372
Other expenses (less than 5%)	14,136
Total	**$ 51,573**

Statement of administrative expenses

Item	Amount
Wages and salaries	$ 88,128
Employees’ and directors’ compensation	12,038
Depreciations	18,867
Service expenses	11,483
Other expenses (less than 5%)	50,764
Total	**$ 181,280**

JARLLYTEC CO., LTD.

Notes to the Financial Statements

Jarllytec Co., Ltd.

Statement of Research and Development Expenses

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Wages and salaries	$ 66,300
Sample expenses	17,304
Miscellaneous purchases	12,161
Depreciation expense	9,513
Insurance expense	6,776
Other expenses (less than 5%)	21,462
Total	**$ 133,516**

Statement of movement of property, plant and equipment, please refer to 2025 Parent Company Only Financial Statements Notes 6(g).

Statement of movement of accumulated depreciation of property, plant and equipment, please refer to 2025 Parent Company Only Financial Statements Notes 6(g).

Statement of other payables, please refer to 2025 Parent Company Only Financial Statements Notes 6(j).

Statement of bonds payable, please refer to 2025 Parent Company Only Financial Statements Notes 6(l).

Statement of other income, please refer to 2025 Parent Company Only Financial Statements Notes 6(u).