

Unictron Technologies Corporation
Parent-Company-Only
Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

**Company Address: No.41 Shuei-Keng, Guan-Si, Hsin-Chu 30648 Taiwan
(R.O.C)
Tel:(03)4072728**

The independent auditors' report and the accompanying parent-company-only 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 independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Unictron Technologies Corporation

Opinion

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

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

Basis of opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the 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 Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company's parent-company-only financial statements for the year ended December 31, 2025 are stated as follows :

Revenue recognition

Please refer to Note 4(14) to the parent-company-only financial statements for the accounting policies related to revenue recognition and Note 6(18) to the parent-company-only financial statements for disclosures related to revenue recognition.

Description on the Key Audit Matters:

Unictron Technologies Corporation's sales to customers involve different types of transaction terms. Unictron Technologies Corporation is required to identify the timing of transfer of control of goods to customers based on the sales terms of individual transactions. Therefore, the revenue recognition testing is the important evaluation matters performed in our audit of Unictron Technologies Corporation's parent-company-only financial statements.

Audit procedures:

Our main audit procedures for the above key audit matters included testing the sales and payment collection operations and the internal control related to its financial reporting, and reviewing the sales contracts or evidence of transactions to assess whether the timing of revenue recognition was based on the terms of the transactions with the customers; testing a sample of sales transactions for the period before and after the end of the year to identify the timing at which the control over the goods was transferred to the customer to satisfy the contractual obligations in order to assess whether the timing of revenue recognition was appropriate; reviewing whether significant sales returns and discounts were incurred in the subsequent period to understand and analyze the reasons in order to assess the appropriateness of revenue and related sales returns and discounts in the period in which they are recognized.

Responsibility 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 statements 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 parent-company-only financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends 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 parent-company-only financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- I. 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 or 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.
- II. 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.
- III. Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by management.
- IV. 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- V. 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.
- VI. Obtain sufficient appropriate audit evidence regarding the financial information of the investees 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 remained solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstance, 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 Shi-Chun, Hsu and Ching-Wen, Kao.

KPMG
Taipei, Taiwan
Republic of China
February 26, 2026

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

Unictron Technologies Corporation

Parent-Company-Only Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Current assets:				
1100 Cash and cash equivalents (Note 6(1))	\$ 695,774	36	499,688	25
1110 Financial assets at fair value through profit or loss - current (Note 6(2))	33	-	-	-
1120 Financial assets at fair value through other comprehensive income - current (Note 6(3))	227,335	12	276,323	14
1137 Financial assets measured at amortized cost - current (Notes 6(4) and 8)	14,730	1	159,730	8
1170 Notes and accounts receivable, net (Notes 6(5) and (18))	215,330	11	226,978	11
1180 Accounts receivable - related parties (Notes 6(5), (18) and 7)	43,606	2	34,361	2
1210 Other receivables - related parties (Note 7)	2,282	-	18,530	1
1220 Current income tax assets	-	-	15,766	1
1310 Inventories (Note 6(6))	243,396	13	253,802	12
1410 Prepayments and other current assets	11,303	-	8,435	-
Total current assets	1,453,789	75	1,493,613	74
Non-current assets:				
1550 Investments accounted for using the equity method (Note 6(7))	74,040	4	100,123	5
1600 Property, plant and equipment (Notes 6(8) and 7)	252,555	13	293,346	15
1755 Right-of-use assets (Notes 6(9) and 7)	60,631	3	51,911	3
1780 Intangible assets (Note 6(10))	10,226	1	17,962	1
1840 Deferred income tax assets (Note 6(15))	38,649	2	29,867	1
1915 Prepayments for equipment	27,365	2	18,707	1
1920 Refundable deposits	6,161	-	5,004	-
1975 Non-current prepaid pension cost(Note6(14))	1,460	-	-	-
Total non-current assets	471,087	25	516,920	26
Total assets	\$ 1,924,876	100	2,010,533	100

(Continued)

See accompanying notes to the parent-company-only financial statements

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

Unictron Technologies Corporation

Parent-Company-Only Balance Sheets (continued)

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Liabilities and equity				
Current liabilities:				
2100 Short-term borrowings (Note 6(11))	\$ -	-	23,018	1
2120 Financial liabilities at fair value through profit or loss - current(Note 6(2))	3,055	-	2,237	-
2170 Notes and accounts payable	115,114	6	121,358	6
2180 Accounts payable - related parties (Note 7)	844	-	602	-
2219 Other payables (Note 6(19))	185,308	10	191,966	10
2220 Other payables - related parties (Note 7)	6,376	-	5,763	-
2230 Current tax liabilities	13,471	1	-	-
2252 Provision for liabilities - current (Note 6(13))	329	-	217	-
2280 Lease liabilities-current (Note 6(12) and 7)	28,870	1	21,742	1
2399 Other current liabilities (Note 6(18))	11,054	1	21,493	1
Total current liabilities	364,421	19	388,396	19
Non-current liabilities:				
2570 Deferred income tax liabilities (Note 6(15))	1,419	-	1,187	-
2580 Lease liabilities - current (Notes 6(12) and 7)	34,558	2	30,093	2
2640 Net defined benefit liabilities - non-current (Note 6(14))	-	-	370	-
Total non-current liabilities	35,977	2	31,650	2
Total liabilities	400,398	21	420,046	21
Equity (Notes 6(3) and (16))				
3110 Common stock	478,753	25	478,753	24
3200 Capital surplus	659,704	34	690,174	34
Retained earnings:				
3310 Legal reserve	175,411	9	164,693	8
3320 Special reserve	9,786	1	-	-
3350 Unappropriated earnings	354,683	18	352,578	18
Total Retained earnings	539,880	28	517,271	26
3400 Other equity	(67,934)	(4)	(9,786)	(1)
3500 Treasury stock	(85,925)	(4)	(85,925)	(4)
Total equity	1,524,478	79	1,590,487	79
Total liabilities and equity	\$ 1,924,876	100	2,010,533	100

See accompanying notes to the parent-company-only financial statements

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

Unictron Technologies Corporation
Parent-Company-Only Statements of Comprehensive Income
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

		2025		2024	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Net revenue (Notes 6(18) and 7)	\$ 1,289,521	100	1,202,782	100
5000	Operating costs (Notes 6(6), (8), (9), (10), (12), (13), (14), (19), 7 and 12)	<u>(870,564)</u>	<u>(68)</u>	<u>(868,566)</u>	<u>(72)</u>
	Gross profit	418,957	32	334,216	28
5910	Realized (Unrealized) gain on sales	<u>1,823</u>	<u>1</u>	<u>218</u>	<u>-</u>
	Realized gross profit	420,780	33	334,434	28
	Operating expenses (Notes 6(5), (8), (9), (10), (12), (14), (19), 7 and 12):				
6100	Marketing expenses	(51,542)	(4)	(54,387)	(5)
6200	Administrative expenses	(90,332)	(7)	(101,081)	(8)
6300	Research and development expenses	(140,924)	(11)	(144,135)	(12)
6450	Expected credit impairment (losses) reversal benefit	<u>(144)</u>	<u>-</u>	<u>466</u>	<u>-</u>
6000	Total operating expenses	<u>(282,942)</u>	<u>(22)</u>	<u>(299,137)</u>	<u>(25)</u>
	Operating income	137,838	11	35,297	3
	Non-operating income and expenses (Notes 6(8), (12), (20) and 7):				
7100	Interest income	5,393	-	4,886	1
7010	Other income	19,964	2	25,758	2
7020	Other gains and losses	(8,291)	(1)	47,617	4
7050	Finance costs	(1,741)	-	(1,172)	-
7070	Share of losses of subsidiaries recognized using the equity method	<u>(24,038)</u>	<u>(2)</u>	<u>(7,366)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>(8,713)</u>	<u>(1)</u>	<u>69,723</u>	<u>6</u>
	Income before income tax	129,125	10	105,020	9
7950	Less: Income tax expenses (Note 6(15))	<u>(24,646)</u>	<u>(2)</u>	<u>(6,388)</u>	<u>(1)</u>
	Net income	104,479	8	98,632	8
	Other comprehensive income (Note 6(14) and (16)):				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	769	-	1,768	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>(50,200)</u>	<u>(4)</u>	<u>(67,312)</u>	<u>(5)</u>
8349	Income taxes related to items that may not be reclassified	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(49,431)</u>	<u>(4)</u>	<u>(65,544)</u>	<u>(5)</u>
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange differences on translation of foreign operations	(3,868)	-	1,806	-
8399	Income taxes related to items that may be reclassified	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(3,868)</u>	<u>-</u>	<u>1,806</u>	<u>-</u>
	Other comprehensive income of the period	<u>(53,299)</u>	<u>(4)</u>	<u>(63,738)</u>	<u>(5)</u>
	Total comprehensive income of the period	<u>\$ 51,180</u>	<u>4</u>	<u>\$ 34,894</u>	<u>3</u>
	Earnings per share (Unit: NT\$, Note 6(17))				
9750	Basic earnings per share	<u>\$ 2.23</u>		<u>2.10</u>	
9850	Diluted earnings per share	<u>\$ 2.21</u>		<u>2.09</u>	

See accompanying notes to the parent-company-only financial statements

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

Unictron Technologies Corporation
Parent-Company-Only of Statement of Changes in Equity
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total	Exchange differences on translation of foreign operations	Other equity items		Treasury stock	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings			Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total		
Balance of January 1, 2024	\$ 478,753	690,174	145,073	10,001	423,768	578,842	(927)	63,427	62,500	(85,925)	1,724,344
Net income of the period	-	-	-	-	98,632	98,632	-	-	-	-	98,632
Other comprehensive income of the period	-	-	-	-	1,768	1,768	1,806	(67,312)	(65,506)	-	(63,738)
Total comprehensive income of the period	-	-	-	-	100,400	100,400	1,806	(67,312)	(65,506)	-	34,894
Appropriation and distribution of earnings:											
Legal reserve	-	-	19,620	-	(19,620)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(10,001)	10,001	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(168,751)	(168,751)	-	-	-	-	(168,751)
Disposal of financial Assets at fair value through other comprehensive income	-	-	-	-	6,780	6,780	-	(6,780)	(6,780)	-	-
Balance of December 31, 2024	478,753	690,174	164,693	-	352,578	517,271	879	(10,665)	(9,786)	(85,925)	1,590,487
Net income of the period	-	-	-	-	104,479	104,479	-	-	-	-	104,479
Other comprehensive income of the period	-	-	-	-	769	769	(3,868)	(50,200)	(54,068)	-	(53,299)
Total comprehensive income of the period	-	-	-	-	105,248	105,248	(3,868)	(50,200)	(54,068)	-	51,180
Appropriation and distribution of earnings:											
Legal reserve	-	-	10,718	-	(10,718)	-	-	-	-	-	-
Special reserve	-	-	-	9,786	(9,786)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(86,719)	(86,719)	-	-	-	-	(86,719)
Cash dividends distributed from capital surplus	-	(30,470)	-	-	-	-	-	-	-	-	(30,470)
Disposal of financial Assets at fair value through other comprehensive income	-	-	-	-	4,080	4,080	-	(4,080)	(4,080)	-	-
Balance of December 31, 2025	\$ 478,753	659,704	175,411	9,786	354,683	539,880	(2,989)	(64,945)	(67,934)	(85,925)	1,524,478

See accompanying notes to the parent-company-only financial statements

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

Unictron Technologies Corporation

Parent-Company-Only of Statement of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Income before income tax of the period	\$ 129,125	105,020
Adjustments for:		
Income and expenses items		
Depreciation expenses	114,972	115,944
Amortization expenses	7,736	6,113
Expected credit impairment loss (reversal benefit)	144	(466)
Interest expenses	1,741	1,172
Interest income	(5,393)	(4,886)
Dividend income	(14,725)	(17,452)
Share of losses of subsidiaries recognized using the equity method	24,038	7,366
Gain on disposal of property, plant and equipment	-	(51,964)
Losses on lease termination	6	-
Realized gain on sales between affiliated companies	(1,823)	(218)
Total income and expenses items	<u>126,696</u>	<u>55,609</u>
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Financial assets at fair value through profit or loss	(33)	3,945
Notes and accounts receivable	11,504	10,928
Accounts receivable - related parties	(9,245)	(9,156)
Other receivables - related parties	16,248	(18,530)
Inventories	10,406	69,251
Prepayments and other current assets	(2,855)	(1,016)
Total net changes in assets related to operating activities	<u>26,025</u>	<u>55,422</u>
Net changes in liabilities related to operating activities:		
Financial liabilities at fair value through profit or loss	818	2,224
Notes and accounts payable	(6,244)	21,151
Accounts payable - related parties	242	132
Other payables	(1,478)	(3,790)
Other payables - related parties	613	(313)
Provision for liabilities	112	35
Other current liabilities	(10,439)	11,753
Net defined benefit liabilities	(1,061)	(800)
Total net changes in liabilities related to operating activities	<u>(17,437)</u>	<u>30,392</u>
Total net changes in assets and liabilities related to operating activities	<u>8,588</u>	<u>85,814</u>
Total adjustments	<u>135,284</u>	<u>141,423</u>
Cash inflows from operations	264,409	246,443
Interest received	5,380	4,856
Interest paid	(1,854)	(1,059)
Income taxes paid	(9,690)	(29,295)
Net cash inflows from operating activities	<u>258,245</u>	<u>220,945</u>

(Continued)

See accompanying notes to the parent-company-only financial statements

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

Unictron Technologies Corporation

Parent-Company-Only of Statement of Cash Flows (continued)

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(94,916)	(190,598)
Disposal of financial assets at fair value through other comprehensive income	93,704	95,353
Increase in financial assets measured at amortized cost	-	(159,130)
Decrease in financial assets measured at amortized cost	145,000	215,000
Acquisition of investments accounted for using the equity method	-	(80,908)
Acquisition of property, plant and equipment (including prepayments for equipment)	(55,090)	(35,516)
Price for disposal of property, plant and equipment	1,293	239,529
Acquisition of intangible assets	-	(17,918)
Increase in refundable deposits	(1,157)	(1,006)
Dividends received	14,725	17,452
Net cash inflows from investing activities	<u>103,559</u>	<u>82,258</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(23,018)	23,018
Principal repayment of leases	(25,511)	(20,748)
Cash dividends paid	(117,189)	(168,751)
Net cash outflows from financing activities	<u>(165,718)</u>	<u>(166,481)</u>
Increase (decrease) in cash and cash equivalents of the period	196,086	136,722
Balance of cash and cash equivalents at beginning of period	499,688	362,966
Balance of cash and cash equivalents at end of period	<u>\$ 695,774</u>	<u>499,688</u>

See accompanying notes to the parent-company-only financial statements

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

Unictron Technologies Corporation

Notes to Parent-Company-Only Financial Statements

For the Years Ended December 31, 2025 and 2024

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

(I) Company history

Unictron Technologies Corporation (hereinafter referred to as "the Company") was established on April 8, 1988 with the approval of the Ministry of Economic Affairs. Its registered office is at No.41 Shuei-Keng, Guan-Si, Hsin-Chu 30648 Taiwan (R.O.C). The Company's principal business is the manufacture and sale of electronic ceramic components, modules and system products and other electronic parts and components.

(II) The date and procedure for the adoption of the financial statements

The parent-company-only financial statements were approved by the Board of Directors on February 26, 2026.

(III) Application of newly issued and amended standards and interpretations

1. Impact of adopting newly issued and amended standards and interpretations recognized by the Financial Supervisory Commission ("FSC")

From January 1, 2025, the Company adopted the following newly amended IFRS, which did not have a significant impact on the consolidated financial statements.

- Amendments to IFRS21 "Lack of Exchangeability "

2. Impact of not yet adopting the IFRS recognized by the FSC

The Company assesses that the application of the following newly amended IFRS, which are effective from January 1, 2026, will not have a material impact on the consolidated financial statements.

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17
- IFRS 9 and amendments to IFRS 7 "Financial Instruments: Classification and Measurement Amendments"
- Annual improvements to IFRS
- IFRS 9 and amendments to IFRS 7 "Contracts Involving Renewable Energy"

3. Newly issued and amended standards and interpretations not recognized by the FSC

The standards and interpretations that have been issued and revised by the IAS Board, but have not yet been approved by the FSC may be relevant to the Company as follows:

Newly released or revised standards	Main revisions	Effective date issued by the Board of Directors
IFRS 18 " Presentation and Disclosures in Financial Statements"	The new standard introduces three categories of income and expense, two income statement subtotals, and a single note on management's performance measurement. These three revisions and strengthened guidance on how to segment information in financial statements lay the foundation for providing users with better and more consistent information and will impact all companies.	January 1, 2027 Note: On September 25, 2025, the Financial Supervisory Commission (FSC) of the Republic of China issued a press release announcing that the country will adopt International Financial Reporting Standard 18 (IFRS 18) beginning in the fiscal year 2028. If the Company chooses to apply the standard early, it may do so upon approval by the FSC.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

Newly released or revised standards	Main revisions	Effective date issued by the Board of Directors
IFRS 18 "Presentation and Disclosures in Financial Statements"	<ul style="list-style-type: none"> ● More structured income statements: Under current standards, companies use different formats to express their operating results, making it difficult for investors to compare financial performance across companies. The new standard adopts a more structured income statement, introduces a new definition of "operating profit" subtotal, and stipulates that all income and expenses and losses will be classified into three new different categories based on the company's main operating activities. ● Management performance measurement (MPM): The new standard introduces the definition of management performance measurement and requires companies to explain, for each measurement indicator in a single note to the financial statements, why it provides useful information, how it is calculated, and how it combines the measurement indicator. Reconciled with amounts recognized under IFRS accounting standards. ● More granular information: The new standard includes guidance on how companies can enhance the grouping of information in their financial statements. This includes guidance on whether the information should be included in the main financial statements or further broken down in the notes. 	January 1, 2027

The Company is evaluating the impact of adopting the above standards or interpretations on its consolidated financial position and consolidated financial performance. The results will be disclosed after the Company completes the assessment.

The Company does not expect the following other newly issued and amended standards that have not yet been endorsed will have a significant impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 19 "Subsidiaries without Public Accountability: Disclosure" and amendments to IFRS 19
- Amendments to IFRS21 "Translation to a Hyperinflationary Presentation Currency"

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

(IV) Summary of significant accounting policies

The significant accounting policies adopted in the parent-company-only financial statements are summarized as follows. The following accounting policies have been applied consistently to all periods presented in the parent-company-only financial statements.

1. Statement of Compliance

The parent-company-only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial statements by Securities Issuers" (hereinafter referred to as the "Regulations").

2. Basis of Preparation

(1) Basis of Measurement

The parent-company-only financial statements have been prepared on the historical cost basis, except for the significant balance sheet items as follows.

- (a) Financial instruments (including derivative financial instruments) measured at fair value through profit or loss;
- (b) Financial assets at fair value through other comprehensive income;
- (c) The net defined benefit liabilities (asset) are measured at the present value of the defined benefit liabilities less the fair value of pension fund assets and the cap effects.

(2) Functional and Expression Currencies

The Company's functional currency is the currency of the primary economic environment in which it operates. The parent-company-only financial statements are expressed in NT\$, the Company's functional currency. All financial information expressed in NT\$ is in NT\$ thousand unless otherwise stated.

3. Foreign Currency

(1) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on the date. Non-monetary items denominated in foreign currencies measured at fair value are translated into the functional currency using the exchange rate at the date of fair value measurement, while non-monetary items denominated in foreign currencies measured at historical cost are translated using the exchange rate at the date of the transaction.

Translation differences arising from foreign currency translations are generally recognized in profit or loss, except for equity instruments designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(2) Foreign Operating Entities

Assets and liabilities of foreign operating entities, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the parent-company-only financial statements using the exchange rates prevailing at the reporting date; income and expenses items are translated into the presentation currency of the parent-company-only financial statements using the average exchange rates of the period. The resulting exchange differences are recognized in other comprehensive income.

When the disposal of a foreign operating entity results in a loss of control or significant influence, the cumulative translation differences related to the foreign operating entity are reclassified to profit or loss. Upon disposal of a subsidiary that partially contains a foreign operating entity, the related cumulative translation differences are reclassified to non-controlling interests on a pro rata basis. Upon disposal of investment in an affiliate that partially contains a foreign operating entity, the related cumulative translation differences are reclassified to profit or loss on a pro rata basis.

If there is no plan to settle a monetary receivable or payable to a foreign operating entity and it is not likely to be settled in the foreseeable future, the resulting foreign currency exchange profit or loss is recognized as part of the net investment in the foreign operating entity and is recognized as other comprehensive income.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

4. Classification criteria of assets and liabilities as current and non-current

Assets that meet one of the following criteria are classified as current assets, while all other assets that are not current assets are classified as non-current assets:

- (1) the asset is expected to be realized in the normal course of business or is intended to be sold or used;
- (2) the asset is held primarily for transaction purposes;
- (3) the asset is expected to be realized within 12 months after the reporting period; or
- (4) the asset is cash or cash equivalents (as defined in IAS 7), unless the asset is otherwise restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Liabilities that meet one of the following criteria are classified as current liabilities, while all other liabilities that are not current liabilities are classified as non-current liabilities:

- (1) the liability is expected to be settled in the normal course of business;
- (2) the liability is held primarily for transaction purposes;
- (3) the liability is expected to be settled within 12 months after the reporting period; or
- (4) there is no right to defer the settlement of the liability to at least twelve months after the reporting period at the end of the reporting period.

5. Cash and cash equivalents

Cash includes cash on hand, checking deposits and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to a fixed amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments instead of investment or other purposes are reported as cash equivalents.

6. Financial instruments

Accounts receivable and debt securities issued are initially recognized as they are incurred. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual terms of the financial instruments. Financial assets (other than receivables that do not contain significant financial components) or financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

(1) Financial assets

On initial recognition, financial assets are classified as: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. Accounting treatment using transaction date is adopted when financial assets are purchased or sold under usual transaction practices.

The Company reclassifies all affected financial assets from the first day of the next reporting period only when it changes its operating model for managing financial assets.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets the following conditions and is not designated as at fair value through profit or loss:

- The financial asset is held under an operating model whose objective is to collect the contractual cash flows.
- The contractual terms of the financial asset give rise to cash flows at a specific date that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are measured at amortized cost less impairment losses using the effective interest method after initial recognition. Interest income, foreign currency exchange gain or loss and impairment loss are recognized in profit or loss. Upon derecognition, the gain or loss is recognized in profit or loss.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

(b) Financial assets at fair value through other comprehensive income

Investment in debt instruments is measured at fair value through other comprehensive income if it meets the following conditions and is not designated as at fair value through profit or loss:

- The financial asset is held under an operating model whose objective is to collect the contractual cash flows and sale.
- The contractual terms of the financial asset give rise to cash flows at a specific date that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Company may make an irrevocable election to report subsequent changes in the fair value of investment in equity instruments not held for trading in other comprehensive income. The above election is made on an instrument-by-instrument basis.

Investment in debt instruments are subsequently measured at fair value. Interest income, foreign currency translation gain or loss, and impairment loss under the effective interest method are recognized in profit or loss, while the remaining net gain or loss is recognized in other comprehensive income. On derecognition, the amount of other comprehensive income accumulated under equity is reclassified to profit or loss.

Investment in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly represents a partial recovery of investment costs) is recognized in profit or loss. The remaining net gain or loss is recognized as other comprehensive income. Upon derecognition, other comprehensive income accumulated under equity is reclassified to retained earnings and not to profit or loss. Dividend income from equity investments is recognized on the date the Company has the right to receive the dividends (usually the ex-dividend date).

(c) Financial assets at fair value through profit or loss

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. On initial recognition, the Company may irrevocably designate financial assets that meet the criteria to be measured at amortized cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatches.

The net gain or loss (including any dividends and interest income) resulting from the subsequent remeasurement of these assets at fair value is recognized in profit or loss.

(d) Assessment of whether the contractual cash flows are solely the payment of principal and interest on the outstanding principal amount

For evaluation purposes, principal is the fair value of the financial asset at the time of initial recognition. Interest is comprised of the following consideration: time value of the currency, credit risk associated with the principal amount outstanding during a specific period, other fundamental lending risks, and cost and profit margins.

To assess whether the contractual cash flows are solely for the payment of principal and interest on the outstanding principal amount, the Company considers the contractual terms of the financial instrument, including assessing whether the financial asset contains a contractual term that would change the timing or amount of the contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- any contingencies that would change the timing or amount of contractual cash flows;
- any terms that may adjust the contractual coupon rate, including the variable interest rate features;
- early repayment and extension features; and
- terms under which the Company's claim is limited to cash flows from specific assets (e.g., non-recourse features).

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

(e) Impairment of financial assets

The Company recognizes an allowance for expected credit losses on financial assets at amortized cost (including cash and cash equivalents, financial assets carried at amortized cost, notes and accounts receivable and refundable deposits).

Allowance for losses on the following financial assets are measured at 12-month expected credit losses, while the rest are measured at expected credit losses over the duration:

- The credit risk on bank deposits (i.e., the risk of default over the expected duration of the financial instruments) has not increased significantly since the original recognition.

Allowance for losses on accounts receivable is measured by the expected credit loss over the duration.

The expected credit loss over the duration of the instrument is the expected credit loss arising from all possible defaults over the expected duration of the financial instruments. 12-month expected credit losses refer to the expected credit losses arising from possible defaults within 12 months after the reporting date of the financial instruments (or for a shorter period, if the expected duration of the financial instruments is shorter than 12 months).

The maximum period over which expected credit losses are measured is the maximum contractual period over which the Company is exposed to credit risk.

In determining whether credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and analysis based on the Company's historical experience, credit evaluations and forward-looking information.

Expected credit losses are weighted estimates of the probability of credit losses over the expected duration of the financial instruments. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows receivable under the Company's contracts and the cash flows expected to be received by the Company. Expected credit losses are discounted at the effective interest rate of the financial assets.

Allowance for losses on financial assets at amortized cost is deducted from the carrying amount of the assets. The amount of allowance or reversal of losses is recognized in profit or loss.

When the Company cannot reasonably expect to recover all or part of a financial asset, the total carrying amount of the financial asset is directly reduced. The timing and amount of the reversal are analyzed individually on the basis of whether recovery is reasonably expected. The Company does not expect a material reversal of the amount written off. However, financial assets that have been written off may still be enforced in order to comply with the Company's procedures for recovering past due amounts. Based on the Group's experience, amounts overdue for more than 21 days are unlikely to be recovered.

(f) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset cease, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to another entity, or when substantially all the risks and rewards of ownership of the asset have neither been transferred nor retained and control of the financial asset has not been retained.

If the Company enters into a transaction to transfer a financial asset and retains all or substantially all the risks and rewards of ownership of the transferred asset, the financial asset is recognized on the balance sheet on an ongoing basis.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

(2) Financial liabilities

(a) Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss. Financial liabilities are classified as at fair value through profit or loss if they are held for trading, derivative instruments or designated at initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value, and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gain or loss are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(b) Derecognition of financial liabilities

Financial liabilities are derecognized by the Company when the contractual obligations are fulfilled, cancelled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and the new financial liability is recognized at fair value based on the modified terms.

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

(3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis only when the Company has a legally enforceable right to do so and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(4) Derivative financial instruments

The Company holds derivative financial instruments to hedge the risk of foreign currency exchange rate fluctuations. Derivatives are initially recognized at fair value, with transaction costs recognized in profit or loss; subsequently, they are measured at fair value, with gains or losses arising from remeasurement recognized directly in profit or loss. When the fair value of a derivative is positive, it is recognized as a financial asset; when the fair value is negative, it is recognized as a financial liability.

7. Inventories

The original cost of inventories is the necessary expenditure incurred to bring the inventories to a condition and location ready for sale or production. Subsequently, inventories are measured at the lower of cost or net realizable value on an item-by-item basis, with the cost of inventories calculated using the weighted average method. Finished goods and work-in-progress inventory costs include manufacturing expenses allocated based on normal production capacity in appropriate proportions. If the actual production volume is not significantly different from the normal capacity, allocation may also be based on actual production volume. The net realizable value based on the estimated selling price under normal operations at the balance sheet date less costs and marketing expenses remaining to be incurred to completion.

8. Investment in subsidiaries

In preparing the parent-company-only financial statements, the Company uses the equity method of accounting for the investees over which it has control. Under the equity method, the apportionment of current profit or loss and other comprehensive income in the parent-company-only financial statements is the same as the apportionment of current profit or loss and other comprehensive income attributable to the owners of the parent company in the consolidated financial statements, and the owners' equity in the parent-company-only financial statements is the same as the equity attributable to the owners of the parent company in the consolidated financial statements.

Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions with the owners.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

Gains or losses resulting from transactions between the Company and its subsidiaries that have not yet been realized are deferred. Gains or losses from transactions are recognized annually over the useful lives of depreciable or amortizable assets, while those from other types of assets are recognized in the year of realization.

9. Property, plant and equipment

(1) Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

If the significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

(2) Subsequent costs

Subsequent expenditures are capitalized only when it is probable that future economic benefits will flow to the Company.

(3) Depreciation

Depreciation is calculated based on the cost of the assets less residual values and is recognized as profit or loss over the estimated useful lives of each component using the straight-line method. Except for land, which is not subject to depreciation, the estimated useful lives of the remaining equipment are as follows: machinery and equipment: 2 to 9 years; transportation equipment: 5 to 6 years; office equipment: 3 to 5 years; and other equipment: 2 to 15 years. In addition, building and construction are depreciated over their estimated useful lives based on their significant components: main buildings, 50 to 51 years; other auxiliary equipment, 1 to 44 years.

The depreciation method, useful lives and residual values are reviewed at each reporting date, and the effects of any changes in estimates are deferred.

10. Leases

The Company assesses whether a contract is a lease or contains a lease at the inception date. If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is a lease or contains a lease.

The Company recognizes a right-of-use asset and a lease liability at the lease inception date. The right-of-use asset is measured initially at cost, which includes the initial measurement amount of the lease liability, adjusted for any lease payments made on or before the lease inception date, plus the original direct costs incurred and the estimated costs to disassemble, remove the subject asset and restore its location or the subject asset, less any lease incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease inception 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 Company periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss incurred, and adjusts the right-of-use asset when the lease liability is remeasured.

Lease liabilities are measured initially at the present value of the lease payments outstanding at the inception date of the lease. If the implied interest rate of a lease is readily determinable, the discount rate is that rate. If it is not readily determinable, the Company's incremental borrowing rate is used. In general, the Company uses the incremental borrowing rate as the discount rate.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

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

- (1) Fixed payments, including in-substance 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 remeasured when:

- (1) There is a change in future lease payments arising from the change in an index or rate;
- (2) There is a change in the Company estimate of the amount expected to be payable under a residual value guarantee;
- (3) There is a change of the Company assessment on whether it will exercise an option to purchase the underlying asset;
- (4) There is a change in the lease term resulting from a change of the Company assessment on whether it will exercise an extension or termination option;
- (5) There is any lease modifications in lease subject, scope of the lease or other terms.

When a lease liability is remeasured as a result of changes in the index or rate used to determine lease payments and changes in the valuation of purchase, extension or termination options as described above, the carrying amount of the right-of-use asset is adjusted accordingly and the remaining remeasurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

The Company presents right-of-use assets and lease liabilities that do not meet the definition of investment property as a separate line item on the balance sheet.

For short-term leases and leases of low-value underlying assets, the Company elects not to recognize right-of-use assets and lease liabilities, and instead recognizes the related lease payments as expenses on a straight-line basis over the lease term.

11. Intangible assets

Software purchased is initially recognized at cost and subsequently measured at cost less accumulated amortization and accumulated impairment. The amortization is based on the cost of the asset less its residual value and is amortized using the straight-line method over the estimated useful lives of 1 to 5 years. Amortization recognized in profit or loss.

The Company reviews the residual value, useful life and amortization method of intangible assets at each reporting date and makes appropriate adjustments when necessary.

12. Impairment of non-financial assets

For non-financial assets other than inventories, deferred income tax assets and assets arising from employee benefits, the Company assesses at each reporting date whether an impairment loss has occurred and estimates the recoverable amount for the assets for which there is an indication of impairment. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs for the purpose of assessing impairment.

The recoverable amount is the higher of the fair value of the individual asset or cash generating unit less costs to sell and its value in use. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the individual asset or cash generating unit is adjusted downward to its recoverable amount and an impairment loss is recognized. An impairment loss is recognized immediately in profit or loss.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

The Company reassesses at each reporting date whether there is any indication of impairment. If an impairment loss recognized in prior years for a non-financial asset other than goodwill no longer exists or has decreased, the impairment loss is reversed to increase the carrying amount of the individual asset or cash generating unit to its recoverable amount. However, it should not exceed the carrying amount after deducting the depreciation or amortization if no impairment loss had been recognized for the individual asset or cash generating unit in prior years.

13. Provision for liabilities

Provisions for liabilities are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources with economic benefits will be required to settle the obligation in the future, and the amount of the obligation can be reliably estimated.

The provision for warranty liabilities is recognized upon the sale of goods. The provision for such liabilities is estimated based on the historical warranty information of similar products.

14. Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled as a result of the transfer of goods. Revenue is recognized when the Company has fulfilled its performance obligations by transferring control of the goods to the customer.

(1) Sales of goods

The Company recognizes revenue when control of the goods is transferred to the customer. The transfer of control of the goods means that the goods has been delivered to the customer and there is no outstanding obligation that would affect the customer's acceptance of the goods. Delivery is the point at which the customer has accepted the goods in accordance with the terms of the transaction, the risk of obsolescence and loss has been transferred to the customer, and the Company has objective evidence that all conditions for acceptance have been met.

The Company recognizes accounts receivable upon delivery of goods because the Company has the unconditional right to receive consideration at that timing.

(2) Financial components

The Company does not adjust the time value of currency of the transaction price because the interval between the time of transfer of goods to customers and the time of payment for the goods is expected to be less than one year.

15. Government grants

The Company recognizes unconditional government grants as other income when the grants are available. For other asset-related grants, the Company recognizes deferred income at fair value when it can be reasonably assured that the conditions attached to the government grant will be complied with and that the grant will be received, and recognizes the deferred income as other income over the useful life of the asset on a systematic basis. Government grants to compensate for expenses or losses incurred by the Company are recognized in profit or loss on a systematic basis over the same period as the related expenses.

16. Employee benefits

(1) Defined contribution plans

The contribution obligation of the defined contribution pension plan is recognized as employee benefit expense in profit or loss during the period in which the employees render service.

(2) Defined benefit plans

The net obligation under the defined benefit pension plan is calculated as the discounted value of the future benefit amounts to be earned by each benefit plan for each employee's current or prior service, less the fair value of any plan assets. The discount rate is based on the market yield rate at the reporting date for government bonds with maturity dates approximating the maturity of the Company's net obligations and denominated in the same currency as the expected benefit payments. The net obligation of a defined benefit plan is actuarially determined annually by a qualified actuary using the projected unit benefit method.

When benefits under a plan are improved, the related expense is recognized immediately in profit or loss for the portion of the benefit increase attributable to employees' past service.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

The remeasurement of the net defined benefit obligation (asset), which includes actuarial gains and losses, compensation on plan assets (excluding interest) and any change in the asset cap effects (excluding interest) is recognized immediately in other comprehensive income and accumulated in retained earnings.

The Company recognizes a gain or loss on the reduction or settlement of a defined benefit plan when the reduction or settlement occurs. The reduction or settlement gain or loss includes the change in the fair value of any plan assets and the change in the present value of the defined benefit obligation.

(3) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as expenses when the related services are rendered. The amount expected to be paid under short-term cash bonus or dividend plans is recognized as a liability if the Company has a present legal or constructive obligation to pay for the services rendered by employees in the past and the obligation can be reliably estimated.

17. Income taxes

Income taxes include current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except for those related to business combinations, items recognized directly in equity or other comprehensive income.

Current income taxes include estimated income taxes payable or refunds receivable based on current year taxable income (loss) and any adjustments to income taxes payable or refunds receivable in the previous year. The amount reflects the best estimate of the amount expected to be paid or received, measured at the statutory or substantively enacted tax rate at the reporting date, after reflecting uncertainties, if any, related to income taxes.

Deferred income taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred income tax is not recognized for temporary differences arising from:

- (1) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (a) affects neither accounting nor taxable profits (losses) and (b) does not give rise to equal taxable and deductible temporary differences;
- (2) Temporary differences arising from investments in subsidiaries and affiliates where the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future; and
- (3) Taxable temporary differences arising from the original recognition of goodwill.

Deferred income tax is measured at the tax rates that are expected to apply when the temporary differences reverse, based on the statutory or substantive legislative tax rates at the reporting date, and reflecting uncertainties, if any, related to income taxes.

Deferred income tax assets and deferred income tax liabilities are offset only if the following conditions are met at the same time:

- (1) there is a legally enforceable right to offset current income tax assets and current income tax liabilities; and
- (2) the deferred income tax assets and deferred income tax liabilities relate to one of the following taxable entities that are subject to income tax by the same taxing authority:
 - (a) the same taxable entity; or
 - (b) different taxable entities, provided that each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

Deferred income tax assets are recognized for unused tax losses and unused income tax credits in subsequent periods to the extent that it is probable that future taxable income will be available against which the temporary differences can be deducted. Deferred income tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefit will be realized, or to the extent that it becomes probable that sufficient taxable income will

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

be available to allow the reversal of the original reduction.

18. Earnings per share

The Company presents basic and diluted earnings per share attributable to equity holders of the Company's ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company's ordinary shares by the weighted-average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company's ordinary shares by the weighted-average number of ordinary shares outstanding, adjusted for the effect of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares of the Company represents capital increase by cash reserved for employee subscription and optional employee compensation in the form of share issuance.

19. Department information

The Company has disclosed department information in the consolidated financial statements and therefore does not disclose department information in the parent-company-only financial statements.

(V) Major sources of uncertainty in significant accounting judgments, estimates and assumptions

When preparing the individual (parent-company-only) financial statements in accordance with the preparation standards, management is required to make judgments and estimates regarding future events (including climate-related risks and opportunities) that affect the adoption of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Management continuously reviews estimates and underlying assumptions to ensure consistency with the Company's risk management and climate-related commitments. Any changes in estimates are recognized prospectively in the period of change and in future periods affected.

Regarding uncertainties in assumptions and estimates, management believes that there are no significant risks that would result in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

(VI) Description of significant accounting items

1. Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand and working capital	\$ 263	243
Demand deposits and checking deposits	550,532	440,266
Time deposits with original maturities of less than three months	194,979	59,179
	<u>\$ 695,774</u>	<u>499,688</u>

2. Financial assets and liabilities at fair value through profit or loss - current

	December 31, 2025	December 31, 2024
Financial assets at fair value through profit or loss - current:		
Forward foreign exchange contracts	<u>\$ 33</u>	<u>-</u>
Financial liabilities at fair value through profit or loss - current:		
Forward foreign exchange contracts	<u>\$ 3,055</u>	<u>2,237</u>

Please refer to 6(20) for the details of amounts recognized at fair value through profit or loss.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

The Company entered into derivative financial instruments to hedge the exposure to exchange rate risk arising from operating activities and reported them as financial assets or liabilities at fair value through profit or loss because hedge accounting was not applicable. Details of the Company's outstanding derivative financial instruments at the reporting date is as follows:

December 31, 2025			
	Contract amount (in thousands)	Currency	Maturity period
Forward foreign exchange contracts	US\$ <u>5,634</u>	Buy NT\$ / Sell US\$	January 6, 2026~ June 3, 2026
December 31, 2024			
	Contract amount (in thousands)	Currency	Maturity period
Forward foreign exchange contracts	US\$ <u>4,181</u>	Buy NT\$ / Sell US\$	January 6, 2025~May 20, 2025

3. Financial assets at fair value through other comprehensive income - current

	December 31, 2025	December 31, 2024
Equity instruments at fair value through other comprehensive income:		
Domestic listed company shares	<u>\$ 227,335</u>	<u>276,323</u>

The Company sold equity instruments measured at fair value through other comprehensive income in 2025, with a fair value of NT\$93,704 thousand at the time of disposal. The cumulative disposal gain was NT\$4,080 thousand, which has been transferred from other equity to retained earnings.

The Company sold equity instruments measured at fair value through other comprehensive income in 2024, with a fair value of NT\$95,353 thousand at the time of disposal. The cumulative disposal gain was NT\$6,780 thousand, which has been transferred from other equity to retained earnings.

4. Financial assets measured at amortized cost - current

	December 31, 2025	December 31, 2024
Time deposits with original maturities of over three months	\$ -	145,000
Pledged time deposits (Note 8)	14,730	14,730
	<u>\$ 14,730</u>	<u>159,730</u>

The Company assesses that the above assets are held to maturity to collect the contractual cash flows and that the cash flows from these financial assets are solely attributable to the payment of principal and interest on the principal amount outstanding. Therefore, they are therefore reported as financial assets at amortized cost.

Please refer note 8 for details of financial assets pledged and guaranteed by the Group as collateral.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

5. Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes and accounts receivable	\$ 215,694	227,198
Accounts receivable - related parties	43,606	34,361
	259,300	261,559
Less: Allowance for losses	(364)	(220)
	\$ 258,936	261,339

The Company uses a simplified approach to estimate expected credit losses for all notes and accounts receivable (including related parties), which represents that the expected credit losses are measured using the expected credit losses over the life of the instruments and are included in forward-looking information. The expected credit losses on notes and accounts receivable (including related parties) are analyzed as follows:

	December 31, 2025		
	Carrying amounts of notes and accounts receivable (including related parties)	Weighted average expected credit loss ratio	Expected credit losses during the allowance period
Not past due	\$ 236,649	0.01%	29
Less than 30 days past due	17,963	0.85%	152
31 to 60 days past due	3,889	3.03%	118
61-90 days past due	799	8.14%	65
	\$ 259,300		364

	December 31, 2024		
	Carrying amounts of notes and accounts receivable (including related parties)	Weighted average expected credit loss ratio	Expected credit losses during the allowance period
Not past due	\$ 250,516	0.02%	59
Less than 30 days past due	9,738	0.93%	91
31 to 60 days past due	1,237	5.09%	63
61-90 days past due	68	10.29%	7
	\$ 261,559		220

The changes in allowance for losses on notes and accounts receivable (including related parties) are as follows:

	2025	2024
Opening balance	\$ 220	686
Reversal on impairment loss	144	(466)
Closing balance	\$ 364	220

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

6. Inventories

	December 31, 2025	December 31, 2024
Raw materials	\$ 61,984	75,680
Work in process	104,729	113,566
Finished products	69,781	55,502
Goods	6,902	9,054
	<u>\$ 243,396</u>	<u>253,802</u>

Details of operating costs recognized in the current period is as follows:

	2025	2024
Cost of inventories sold	\$ 853,610	847,889
Write-downs of inventories	10,235	13,609
Loss on obsolescence of inventories	6,721	7,070
Inventory gain, net	(2)	(2)
	<u>\$ 870,564</u>	<u>868,566</u>

The above Write-downs of inventories are recognized as inventory losses due to the Group offsetting ending inventory to net realizable value, all of which are recognized under operating costs.

7. Investments accounted for using the equity method

The Company's investments accounted for using the equity method at the reporting date are presented as follows:

	December 31, 2025	December 31, 2024
Subsidiaries	<u>\$ 74,040</u>	<u>100,123</u>

Please refer to the consolidated financial statements for 2025 for information on subsidiaries.

8. Property, plant and equipment

Details of the changes in the cost of property, plant and equipment and accumulated depreciation are as follows:

	Land	Building and construction	Machinery equipment	Transporta tion equipment	Office equipment	Other equipment	Total
Costs:							
Balance of January 1, 2025	\$ 122,635	42,387	347,379	7,932	13,792	184,670	718,795
Additions during the period	-	-	28,819	-	170	1,360	30,349
Disposal during the period	-	-	(4,440)	(470)	(399)	(88)	(5,397)
Reclassified from prepaid equipment	-	-	16,747	-	-	-	16,747
Balance of December 31, 2025	<u>\$ 122,635</u>	<u>42,387</u>	<u>388,505</u>	<u>7,462</u>	<u>13,563</u>	<u>185,942</u>	<u>760,494</u>
Balance of January 1, 2024	\$ 259,080	112,489	336,081	7,932	13,245	167,593	896,420
Additions during the period	-	295	12,580	-	1,159	9,458	23,492
Disposal during the period	(136,445)	(70,397)	(4,476)	-	(712)	-	(212,030)
Reclassified from prepaid equipment	-	-	3,194	-	100	7,619	10,913
Balance of December 31, 2024	<u>\$ 122,635</u>	<u>42,387</u>	<u>347,379</u>	<u>7,932</u>	<u>13,792</u>	<u>184,670</u>	<u>718,795</u>
Accumulated depreciation:							
Balance of January 1, 2025	\$ -	21,093	253,295	7,532	11,851	131,678	425,449
Depreciation during the period	-	1,353	44,986	300	1,183	38,772	86,594
Disposal during the period	-	-	(3,147)	(470)	(399)	(88)	(4,104)
Balance of December 31, 2025	<u>\$ -</u>	<u>22,446</u>	<u>295,134</u>	<u>7,362</u>	<u>12,635</u>	<u>170,362</u>	<u>507,939</u>
Balance of January 1, 2024	\$ -	37,865	206,590	7,027	9,330	94,413	355,225
Depreciation during the period	-	3,749	49,937	505	3,233	37,265	94,689
Disposal during the period	-	(20,521)	(3,232)	-	(712)	-	(24,465)
Balance of December 31, 2024	<u>\$ -</u>	<u>21,093</u>	<u>253,295</u>	<u>7,532</u>	<u>11,851</u>	<u>131,678</u>	<u>425,449</u>
Carrying amounts:							
December 31, 2025	<u>\$ 122,635</u>	<u>19,941</u>	<u>93,371</u>	<u>100</u>	<u>928</u>	<u>15,580</u>	<u>252,555</u>
December 31, 2024	<u>\$ 122,635</u>	<u>21,294</u>	<u>94,084</u>	<u>400</u>	<u>1,941</u>	<u>52,992</u>	<u>293,346</u>

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

On September 6, 2024, the Board of Directors of the Company resolved to dispose of land and buildings located in Tucheng District, New Taipei City, with a carrying amount of NT\$186,321 thousand. The transaction was completed in November 2024, resulting in total net proceeds of NT\$238,285 thousand after deducting related taxes and expenses. A disposal gain of NT\$51,964 thousand was recognized under “Other gains and losses.” Please refer to Note 6(20) for further details. As of December 31, 2024, the related proceeds had been fully received.

9. Right-of-use asset

	<u>Building and construction</u>
Costs of right-to-use assets:	
Balance of January 1, 2025	\$ 77,212
Additions	39,169
Lease terminations	<u>(3,520)</u>
Balance of December 31, 2025	<u>\$ 112,861</u>
Balance of January 1, 2024	\$ 93,925
Additions	50,633
Deductions	<u>(67,346)</u>
Balance of December 31, 2024	<u>\$ 77,212</u>
Accumulated depreciation of right-of-use assets:	
Balance of January 1, 2025	\$ 25,301
Depreciation	28,378
Lease terminations	<u>(1,449)</u>
Balance of December 31, 2025	<u>\$ 52,230</u>
Balance of January 1, 2024	\$ 71,392
Depreciation	21,255
Deductions	<u>(67,346)</u>
Balance of December 31, 2024	<u>\$ 25,301</u>
Carrying amounts:	
December 31, 2025	<u>\$ 60,631</u>
December 31, 2024	<u>\$ 51,911</u>

10. Intangible assets

Details of the changes in the cost and accumulated amortization of intangible assets are as follows:

	<u>Software purchased</u>
Costs:	
Balance of December 31, 2025(Balance as of January 1, 2025)	<u>\$ 45,659</u>
Balance of January 1, 2024	\$ 27,741
Acquired separately	<u>17,918</u>
Balance of December 31, 2024	<u>\$ 45,659</u>
Accumulated amortization:	
Balance of January 1, 2025	\$ 27,697
Amortization during the period	<u>7,736</u>
Balance of December 31, 2025	<u>\$ 35,433</u>
Balance of January 1, 2024	\$ 21,584
Amortization during the period	<u>6,113</u>
Balance of December 31, 2024	<u>\$ 27,697</u>
Carrying amounts:	
Balance of December 31, 2025	<u>\$ 10,226</u>
Balance of December 31, 2024	<u>\$ 17,962</u>

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

Amortization expenses of intangible assets for 2025 and 2024 are reported in the statement of comprehensive income as follows:

	<u>2025</u>	<u>2024</u>
Operating costs	\$ 2	365
Operating expenses	<u>7,734</u>	<u>5,748</u>
	<u>\$ 7,736</u>	<u>6,113</u>

11. Short-term borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unsecured borrowings	<u>\$ -</u>	<u>23,018</u>
Unused balance	<u>\$ 920,000</u>	<u>896,982</u>
Interest rate range	<u>-</u>	<u>5.52%~5.84%</u>

12. Lease liabilities

The carrying amounts of the Company's lease liabilities are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current	<u>\$ 28,870</u>	<u>21,742</u>
Non-current	<u>\$ 34,558</u>	<u>30,093</u>

For maturity analysis, please refer to Note 6(22) financial risk management.

The amounts recognized in profit or loss are as follows:

	<u>2025</u>	<u>2024</u>
Interest expenses on lease liabilities	<u>\$ 1,352</u>	<u>760</u>
Short-term lease payments	<u>\$ 781</u>	<u>1,143</u>

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

	<u>2025</u>	<u>2024</u>
Total cash outflows from leases	<u>\$ 27,644</u>	<u>22,651</u>

(1) Leases of building and construction

The Company leases building and construction for office, factory and warehouses, usually for periods of one to ten years. Among these leases, some of the warehouses leased by the Company have a lease term of one year. The leases are short-term leases and the Company has elected to apply the exemption from recognition and not recognize the related right-of-use assets and lease liabilities.

(2) Other leases

The Company leases office equipment for a period of one year. The leases are short-term leases and the Company has elected to apply the exemption from recognition and not recognize the related right-of-use assets and lease liabilities.

13. Provision for liabilities - current

	<u>2025</u>	<u>2024</u>
Provision for warranty liabilities:		
Balance of January 1	\$ 217	182
Additions during the period	226	222
Use during the period	(114)	(187)
Balance of December 31	<u>\$ 329</u>	<u>217</u>

The provision for warranty liabilities is estimated based on the historical warranty information of similar products.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

14. Employee benefits

(1) Defined benefit plans

A reconciliation of the present value of the Company's defined benefit obligation to the net defined benefit obligation is as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	\$ 8,506	8,592
Fair value of plan assets	(9,966)	(8,222)
Net defined benefit liabilities(asset)	<u>\$ (1,460)</u>	<u>370</u>

The Company's defined benefit plan is contributed to the Bank of Taiwan's special account for labor retirement reserve fund. Retirement payments for each employee under the Labor Standards Act are based on the base figure obtained from years of service and the average salary for the six months prior to retirement.

(2) Composition of plan assets

The Company's pension fund under the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", for the use of funds, the minimum income to be distributed annually shall not be less than the income calculated based on the interest rate of two-year time deposits in local banks.

As of December 31, 2025 and 2024, the balances of the Bank of Taiwan's special account for labor retirement reserve fund were NT\$9,966 thousand and NT\$8,222 thousand, respectively. For information on the use of the labor pension funds assets (including fund yield and fund asset allocation), please refer to the information on the website of the Bureau of Labor Funds for details.

(3) Changes in present value of defined benefit obligation

	2025	2024
Defined benefit obligation on January 1	\$ 8,592	9,694
Current interest	129	121
Net defined benefit liability (asset) remeasurement		
- Actuarial gain due to experience adjustments	(312)	(962)
- Actuarial loss (gain) due to changes in financial assumptions	97	(143)
Benefits paid by the plan	-	(118)
Defined benefit obligation on December 31	<u>\$ 8,506</u>	<u>8,592</u>

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

(4) Changes in fair value of plan assets

	<u>2025</u>	<u>2024</u>
Fair value of plan assets on January 1	\$ 8,222	6,756
Interest income	130	89
Net defined benefit liability (asset) remeasurement		
- Return on plan assets (excluding current interest)	554	663
Amounts contributed to the plan	1,060	832
Benefits paid by the plan	-	(118)
Fair value of plan assets on December 31	<u>\$ 9,966</u>	<u>8,222</u>

(5) Changes in asset cap effects

For 2025 and 2024, the Company had no asset cap effects on the defined benefit plan.

(6) Expenses recognized in profit or loss

	<u>2025</u>	<u>2024</u>
Net interest on the net defined benefit liabilities	<u>\$ (1)</u>	<u>32</u>
Operating costs	\$ (1)	24
Marketing expenses	-	1
Administrative expenses	-	2
Research and development expenses	-	5
	<u>\$ (1)</u>	<u>32</u>

(7) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation as of the reporting date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.30%	1.50%
Future salary increase rate	4.00%	4.00%

The Company expects to make a contribution of NT\$1,060 thousand to the defined benefit plan in the year following the reporting date in 2025. The weighted-average duration of the defined benefit plans is 8.3 years.

(8) Sensitivity analysis

The effect of changes in the major actuarial assumptions used on the present value of the defined benefit obligation is as follows:

	<u>Effect on the defined benefit obligation</u>	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate		
Increase of 0.25%	\$ (122)	(138)
Decrease of 0.25%	125	143
Expected rate of salary increase		
Increase of 1.00%	503	579
Decrease of 1.00%	(465)	(530)

The sensitivity analysis above analyzes the effect of changes in a single assumption with other assumptions held constant. In practice, changes in many assumptions may be correlated. The sensitivity analysis is consistent with the methodology used to calculate the net pension liability on the balance sheet.

The methodology and assumptions used in preparing the sensitivity analysis are the same as those used in the previous period.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

(9) Defined contribution plans

The Company's defined contribution plan is based on the Labor Pension Act, under which the Company contributes 6% of a worker's monthly wages to a personal pension account of the Bureau of Labor Insurance. Under the plan, the Company has no legal or constructive obligation to pay additional amounts after making a fixed contribution to the Bureau of Labor Insurance.

For 2025 and 2024, the Company made contributions of NT\$14,930 thousand and NT\$15,444 thousand, respectively, to the Bureau of Labor Insurance under the defined pension contribution plan.

15. Income taxes

(1) Details of the Company's income tax expenses:

Income tax expenses during the period

	<u>2025</u>	<u>2024</u>
Income tax expenses during the period		
Generated during the period	\$ 32,273	10,157
Adjustments to income tax during the period for prior periods	923	(408)
	<u>33,196</u>	<u>9,749</u>
Deferred income tax benefits		
Occurrence and reversal of temporary differences	(8,550)	(3,361)
Income tax expense	<u>\$ 24,646</u>	<u>6,388</u>

There was no income tax expense recognized directly in equity or other comprehensive income for 2025 and 2024.

A reconciliation of income tax expenses to net income before tax is as follows:

	<u>2025</u>	<u>2024</u>
Income before income tax	<u>\$ 129,125</u>	<u>105,020</u>
Income tax calculated at the domestic tax rate of the Company's location	\$ 25,825	21,004
Real estate transaction tax	14,000	-
Investment tax credit	(8,304)	(6,892)
Adjustments to income tax for prior periods	923	(408)
Tax exemption income	(2,945)	(11,347)
Others	(4,853)	4,031
Income tax expense	<u>\$ 24,646</u>	<u>6,388</u>

(2) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

Deferred income tax assets:

	Allowance for inventory falling price loss	Compensati on for unused leave	Share of loss of investments accounted for using the equity method	Warranty provision and refund liabilities	Unrealize d Accrued expenses	Others	Total
January 1, 2025	\$ 20,867	2,579	5,292	682	-	447	29,867
(Debit) credit income statement	2,047	156	4,808	22	1,591	158	8,782
December 31, 2025	<u>\$ 22,914</u>	<u>2,735</u>	<u>10,100</u>	<u>704</u>	<u>1,591</u>	<u>605</u>	<u>38,649</u>
January 1, 2024	\$ 18,145	2,425	3,819	1,087	-	1,438	26,914
(Debit) credit income statement	2,722	154	1,473	(405)	-	(991)	2,953
December 31, 2024	<u>\$ 20,867</u>	<u>2,579</u>	<u>5,292</u>	<u>682</u>	<u>-</u>	<u>447</u>	<u>29,867</u>

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

Deferred income tax liabilities:

	Bargain purchase interest	Unrealized exchange profits	Others	Total
January 1, 2025	\$ 388	723	76	1,187
(Debit) credit income statement	<u>(388)</u>	<u>255</u>	<u>365</u>	<u>232</u>
December 31, 2025	\$ -	978	441	1,419
January 1, 2024	\$ 776	-	819	1,595
(Debit) credit income statement	<u>(388)</u>	<u>723</u>	<u>(743)</u>	<u>(408)</u>
December 31, 2024	\$ 388	723	76	1,187

(3) Income tax approval

The Company's profit-seeking enterprise annual income tax return has been submitted to the tax collecting authorities for approval until 2023.

16. Capital and other equity

(1) Common stock

As of December 31, 2025 and 2024, the Company's total authorized capital was NT\$800,000 thousand with a par value of NT\$10 per share and 80,000 thousand shares, of which 47,875 thousand shares were issued. After deducting 1,000 thousand treasury shares, the number of outstanding shares remained at 46,875 thousand.

(2) Capital surplus

The balance of the Company's capital surplus is as follows:

	December 31, 2025	December 31, 2024
Premium on issuance of shares	\$ 635,713	666,183
Difference between actual acquisition of price and carrying amount of equity of subsidiaries	<u>23,991</u>	<u>23,991</u>
	\$ 659,704	690,174

Under the Company Act, capital surplus must be used to cover losses before new shares or cash can be issued based on the realized capital surplus in proportion to the shareholders' original shares. The realized capital surplus referred to in the preceding paragraph includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus that may be capitalized each year may not exceed 10% of the paid-in capital.

(3) Retained earnings

In accordance with the Company's Articles of Incorporation, if there is any surplus in the annual final accounts, the Company shall first pay taxes to make up for prior years' deficits, and then set aside 10% of the legal reserve. After setting aside or reversing the special reserve as required by laws and regulations, the Board of Directors shall prepare an earnings distribution proposal and submit it to the shareholders' meeting for resolution if there are any earnings together with unappropriated earnings accumulated in previous years. If all or part of the dividends and bonuses payable are intended to be paid in cash, the Board of Directors is authorized to resolve and report to the shareholders' meeting.

The Company's dividend policy will depend on factors such as current and future development plans, investment environment, capital needs, domestic and foreign competition conditions, and capital budgets, while taking the interests of shareholders and the Company's long-term financial planning into account. The Board drafts a profit distribution proposal for the distributable earnings above; of which, the distribution of shareholders' dividend bonuses of each year should not be less than 10% of distributable earnings for the year; however, where the accumulated distributable earnings are less than 10% of the paid-in share capital, the distribution may be exempted; when distributing the shareholders' dividend bonuses, such may be distributed in the form of cash or shares, and the cash dividends shall not be less than 10% of the total dividends; provided that the actual distribution percentage shall be handled pursuant to the resolution of the shareholders' meeting.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

(a) Legal reserve

If the Company has no deficit, it may issue new shares or cash from the legal reserve by resolution of the shareholders' meeting, provided that the amount of such reserve exceeds 25% of the paid-in capital. If the above is issued in cash, in accordance with the Company Act and the Company's Articles of Incorporation, the Board of Directors is authorized to resolve and report to the shareholders' meeting.

(b) Special reserve

In accordance with the requirements issued by the FSC, when the Company distributes distributable earnings, a special reserve in the same amount should be provided from current profit or loss and unappropriated earnings in prior periods for the net decrease in other shareholders' equity that occurred during the year; the special reserve in the same amount is not distributable from prior unappropriated earnings for the decrease in other shareholders' equity accumulated in prior periods. If there is a subsequent reversal in the amount of the reduction in other shareholders' equity, the reversed portion of the earnings may be distributed.

(4) Earnings distribution

On February 27, 2025 and February 27, 2024, the Board of Directors resolved the cash dividends of earnings distribution proposals for 2024 and 2023 as follows:

	2024		2023	
	Dividends per share (NT\$)	Amount	Dividends per share (NT\$)	Amount
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 1.85	<u>86,719</u>	3.60	<u>168,751</u>

On February 27, 2025, the Board of Directors resolved to distribute cash dividends of NT\$30,470 thousand from capital surplus, at NT\$0.65 per share.

On February 26, 2026, the Board of Directors resolved the cash dividends of earnings distribution proposals for 2025 as follows:

	2025	
	Dividends per share (NT\$)	Amount
Dividends distributed to ordinary shareholders:		
cash dividends	\$ 1.50	<u>70,313</u>

Additionally, on February 26, 2026, the Board of Directors resolved to distribute cash dividends of NT\$46,875 thousand from capital surplus, at NT\$1 per share.

The above information is available on the website MOPS.

(5) Treasury stock

During the period from July to August 2022, the Company repurchased a total of 1,000 thousand shares of treasury stock in a total amount of NT\$85,925 thousand for the purpose of transferring shares to employees in accordance with Article 28-2 of the Securities and Exchange Act. As of December 31, 2025 and 2024, none of the shares had been transferred to employees or cancelled.

In accordance with the Securities and Exchange Act, treasury stock cannot be pledged and are not entitled to shareholders' rights until they are transferred. In addition, the percentage of number of shares repurchased by the Company shall not exceed 10% of the total number of shares issued by the Company. The total amount of shares repurchased shall not exceed the amount of retained earnings plus share premiums and realized capital surplus.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

(6) Other equity (net amount after tax)

	Exchange differences on translation of foreign operations	Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income	Total
January 1, 2025	\$ 879	(10,665)	(9,786)
Exchange differences arising from the translation of net assets of foreign operating institutions	(3,868)	-	(3,868)
Unrealized valuation losses on financial assets at fair value through other comprehensive income	-	(50,200)	(50,200)
Disposal of financial assets at fair value through other comprehensive income	-	(4,080)	(4,080)
December 31, 2025	<u>\$ (2,989)</u>	<u>(64,945)</u>	<u>(67,934)</u>
January 1, 2024	\$ (927)	63,427	62,500
Exchange differences arising from the translation of net assets of foreign operating institutions	1,806	-	1,806
Unrealized valuation losses on financial assets at fair value through other comprehensive income	-	(67,312)	(67,312)
Disposal of financial assets at fair value through other comprehensive income	-	(6,780)	(6,780)
December 31, 2024	<u>\$ 879</u>	<u>(10,665)</u>	<u>(9,786)</u>

17. Earnings per share

(1) Basic earnings per share

	2025	2024
Net income attributable to equity holders of the Company's ordinary shares	<u>\$ 104,479</u>	<u>98,632</u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>46,875</u>	<u>46,875</u>
Basic earnings per share (NT\$)	<u>\$ 2.23</u>	<u>2.1</u>

(2) Diluted earnings per share

	2025	2024
Net income attributable to equity holders of the Company's ordinary shares	<u>\$ 104,479</u>	<u>98,632</u>
Weighted-average number of ordinary shares outstanding (basic) (in thousands)	46,875	46,875
Effect of dilutive potential ordinary shares (in thousands):		
Effect of employee compensation	316	228
Weighted-average number of ordinary shares outstanding (diluted) (in thousands)	<u>47,191</u>	<u>47,103</u>
Diluted earnings per share (NT\$)	<u>\$ 2.21</u>	<u>2.09</u>

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

18. Revenue from customer contracts

(1) Breakdown of revenue

	<u>2025</u>	<u>2024</u>
Major regional markets:		
Taiwan	\$ 518,699	504,834
Mainland China	278,466	280,941
The U.S.	269,053	220,626
Others	223,303	196,381
	<u>\$ 1,289,521</u>	<u>1,202,782</u>
Major products and services:		
Electronic ceramic components	\$ 769,141	726,138
Module and system products	420,748	357,505
Other electronic parts and components	99,632	119,139
	<u>\$ 1,289,521</u>	<u>1,202,782</u>

(2) Contract balances

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Notes and accounts receivable (including related parties)	\$ 259,300	261,559	263,331
Less: Allowance for losses	(364)	(220)	(686)
	<u>\$ 258,936</u>	<u>261,339</u>	<u>262,645</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Contractual liabilities (included in other current liabilities)	<u>\$ (6,404)</u>	<u>(12,477)</u>	<u>(3,465)</u>

Notes and accounts receivable (including related parties) and impairment loss are disclosed in Note 6(5).

The change in contract liabilities is mainly due to the difference between the point at which the Company transfers goods to customers to satisfy its contractual obligations and the point at which customers pay. The opening balances of contract liabilities as of January 1, 2025 and 2024 were recognized as income of NT\$11,671 thousand and NT\$2,797 thousand for 2025 and 2024.

19. Employees' and directors' and supervisors' remuneration

On May 27, 2025, the shareholders' meeting resolved to amend the Company's Article of Incorporation. Under the amended Articles, if the Company makes profits in a year, 10% to 15% of them shall be provided as employees' remuneration and no more than 3% should be provided as directors' remuneration. However, where the Company has accumulated losses, the amount for compensation shall be set aside first. The allocation of non-executive employees' remuneration shall not be less than 10% of the total employees' remuneration. The recipients of stock or cash distribution for employees' remuneration in the preceding paragraph, may include the employees of the controlling or subordinate companies meeting the conditions set by the board of directors or its authorized persons. Prior to the amendment, the Articles stipulated that if the Company reported profit for the year, it shall allocate 10% to 15% of such profit as employees' remuneration and up to 3% as directors' remuneration. However, if the Company had accumulated deficits, the amount required to offset such deficits shall be retained in advance, accrual of employees' and directors' remuneration on a pro-rata basis. Employees' remuneration could be distributed in the form of shares or cash, and may include employees of controlled or affiliated subsidiaries who meet certain conditions. The conditions and distribution method shall be determined by the Board of Directors or its authorized designee.

For the years ended December 31, 2025 and 2024, the estimated amounts of employee compensation were NT\$14,468 thousand and NT\$11,802 thousand, respectively; the estimated amounts of director compensation were NT\$1,085 thousand and NT\$885 thousand, respectively,

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

which are estimated by multiplying the Company's income before income tax for each period prior to the deduction of employee and director compensation by the percentage of employee and director compensation to be distributed by the Company. Such amounts are reported as operating costs or operating expenses for each period. If the actual distribution amount differs from the estimated amount, the difference is accounted for as a change in accounting estimate and recognized as profit or loss in the following year.

The amount of employee and director compensation resolved by the Board of Directors was not different from the amount estimated in the above 2025 and 2024 parent-company-only financial statements, and was paid in cash. For relevant information, please refer to the website MOPS.

20. Non-operating income and expenses

(1) Interest income

	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	<u>\$ 5,393</u>	<u>4,886</u>

(2) Other income

	<u>2025</u>	<u>2024</u>
Dividend income	\$ 14,725	17,452
Subsidy income	3,776	7,076
Other income-others	1,463	1,230
	<u>\$ 19,964</u>	<u>25,758</u>

(3) Other gains and losses

	<u>2025</u>	<u>2024</u>
Net foreign currency exchange (losses) gains	\$ (7,502)	9,834
Loss on financial instruments at fair value through profit or loss	(785)	(6,169)
Gain on disposal of property, plant and equipment (Note 6(8))	-	51,964
Others	(4)	(8,012)
	<u>\$ (8,291)</u>	<u>47,617</u>

(4) Finance costs

	<u>2025</u>	<u>2024</u>
Interest expenses on bank loans	\$ (398)	(412)
Interest expenses on lease liabilities	(1,352)	(760)
	<u>\$ (1,741)</u>	<u>(1,172)</u>

21. Financial instruments

(1) Types of financial instruments

(a) Financial assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial assets at fair value through profit or loss:		
Mandatory financial assets at fair value through profit or loss - current:		
\$ 33	33	-
Financial assets at fair value through other comprehensive income - current	227,335	276,323
Financial assets measured at amortized cost:		
Cash and cash equivalents	695,774	499,688
Notes and accounts receivable (including related parties)	261,218	279,869
Financial assets measured at amortized cost - current	14,730	159,730
Refundable deposits	6,161	5,004
Subtotal	977,883	944,291
Total	<u>\$ 1,205,251</u>	<u>1,220,614</u>

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

(b) Financial liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial liabilities at fair value through profit or loss	\$ 3,055	2,237
Financial liabilities measured at amortized cost:		
Short-term borrowings	-	23,018
Notes and accounts payable and other payables (including related parties)	307,642	313,958
Lease liabilities (including current and non-current)(including related parties)	<u>63,428</u>	<u>51,835</u>
Subtotal	<u>371,070</u>	<u>388,811</u>
Total	<u>\$ 374,125</u>	<u>391,048</u>

(2) Information on fair value

(c) Financial instruments not measured at fair value

The Company's management believes that the carrying amounts of the Company's financial assets and financial liabilities classified as measured at amortized cost in the parent-company-only financial statements approximate their fair values.

(d) Financial instruments measured at fair value

Financial instruments held by the Company at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The following table provides an analysis of financial instruments measured at fair value after initial recognition and is categorized into Levels 1 to 3 based on the degree of observability of the fair value. Each fair value hierarchy is defined as follows:

- A. Level 1: Publicly quoted prices (unadjusted) for identical assets or liabilities in active markets.
- B. Level 2: Inputs to the asset or liability that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices), other than those included in Level 1 publicly available quotations.
- C. Level 3: Inputs to the asset or liability that are not based on observable market data (unobservable parameters).

	<u>December 31, 2025</u>				
	<u>Carrying amounts</u>	<u>Fair value</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Financial assets at fair value through profit or loss - current:					
derivative financial instruments -					
Forward foreign exchange contracts	<u>\$ 33</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>33</u>
Financial assets at fair value through other comprehensive income - current:					
Domestic listed company shares	<u>\$ 227,335</u>	<u>227,335</u>	<u>-</u>	<u>-</u>	<u>227,335</u>
Financial liabilities at fair value through profit or loss - current:					
derivative financial instruments -					
Forward foreign exchange contracts	<u>\$ 3,055</u>	<u>-</u>	<u>3,055</u>	<u>-</u>	<u>3,055</u>

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

	December 31, 2024				
	Carrying amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income - current:					
Domestic listed company shares	\$ <u>276,323</u>	<u>276,323</u>	-	-	<u>276,323</u>
Financial liabilities at fair value through profit or loss - current:					
derivative financial instruments - Forward foreign exchange contracts	\$ <u>2,237</u>	-	<u>2,237</u>	-	<u>2,237</u>

(3) Fair value measurement techniques used in measuring financial instruments at fair value

The estimates and assumptions used in estimating the fair value of derivative financial instruments approximate those used by market participants in pricing financial instruments, and such information is available to the Company. The fair value of forward foreign exchange contracts is generally based on current forward exchange rates.

The fair value of listed stocks with standard terms and conditions and traded in an active market is determined by reference to quoted market prices.

(4) Transfer between fair value hierarchy

For the years ended December 31, 2025 and 2024, there was no transfer of financial assets and liabilities to the fair value hierarchy.

22. Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk) as a result of its business activities. This note presents information on the Company's exposure to each of these risks, the Company's policies and procedures for measuring and managing these risks, and quantitative disclosures.

The Company's Board of Directors is responsible for developing and controlling the Company's risk management policy. The risk management policy is established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and monitor compliance with the risks and risk caps. The risk management policy and system are reviewed regularly to reflect changes in market conditions and the Company's operations.

The Company monitors and reviews financial activities in accordance with relevant regulations and internal control system. Internal auditors play a supervisory role and report the review results to the Board of Directors on a regular basis.

(1) Credit risk

Credit risk represents the risk of financial loss arising from non-performance of contractual obligations by counterparties to financial assets, mainly from cash and cash equivalents, derivative transactions, receivables from customers and financial assets carried at amortized cost. The carrying amount of the Company's financial assets represents the maximum exposure to credit risk.

The Company's bank deposits and derivative financial instruments classified as cash and cash equivalents, financial assets at amortized cost are all traded with financial institutions with good credit ratings, and therefore should not be exposed to significant credit risk.

The Company has established a credit policy under which each customer is analyzed individually to determine its credit limit. 42% and 59% of the Company's notes and accounts receivable (including related parties) balance as of December 31, 2025 and 2024, respectively, consisted of five customers, resulting in a concentration of credit risk in the Company's accounts receivable. The Company continuously evaluates the financial position of its customers to reduce the risk.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

(2) Liquidity risk

Liquidity risk is the risk that the Company is unable to deliver cash or other financial assets to settle its financial liabilities and unable to meet its obligations. The Company manages liquidity risk by regularly monitoring its current and expected medium- and long-term capital requirements and by maintaining appropriate capital and banking facilities. As of December 31, 2025 and 2024, the Company had unused borrowing facilities of NT\$920,000 thousand and NT\$896,982 thousand, respectively.

The table below presents the contractual maturities of financial liabilities, including the impact of estimated interest, and is prepared based on undiscounted cash flows.

	Contractual cash flow	Within one year	1 to 2 years	More than 2 years
December 31, 2025				
Non-derivative financial liabilities:				
Notes and accounts payable and other payables (including related parties)	\$ 307,642	307,642	-	-
Lease liabilities (including current and non-current) (including related parties)	<u>65,291</u>	<u>29,822</u>	<u>16,489</u>	<u>18,980</u>
	<u>372,933</u>	<u>337,464</u>	<u>16,489</u>	<u>18,980</u>
Derivative financial instruments				
Forward foreign exchange contracts:				
Outflow	157,229	157,229	-	-
Inflow	<u>(154,174)</u>	<u>(154,174)</u>	<u>-</u>	<u>-</u>
	<u>3,055</u>	<u>3,055</u>	<u>-</u>	<u>-</u>
	<u>\$ 375,988</u>	<u>340,519</u>	<u>16,489</u>	<u>18,980</u>
December 31, 2024				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 23,516	23,516	-	-
Notes and accounts payable and other payables (including related parties)	313,958	313,958	-	-
Lease liabilities (including current and non-current)	<u>52,945</u>	<u>22,474</u>	<u>22,322</u>	<u>8,149</u>
	<u>\$ 390,419</u>	<u>359,948</u>	<u>22,322</u>	<u>8,149</u>
Derivative financial instruments				
Forward foreign exchange contracts:				
Outflow	136,512	136,152	-	-
Inflow	<u>(134,275)</u>	<u>(134,275)</u>	<u>-</u>	<u>-</u>
	<u>2,237</u>	<u>2,237</u>	<u>-</u>	<u>-</u>
	<u>\$ 392,656</u>	<u>362,185</u>	<u>22,322</u>	<u>8,149</u>

The Company does not anticipate that the timing of the cash flows for the maturity analysis will be significantly earlier or that the actual amounts will be significantly different.

(3) Market risk

Market risk refers to the risk of changes in market prices, such as changes in exchange rates, interest rates and equity instruments, which may affect the Company's revenue or the value of financial instruments held by the Company. The objective of market risk management is to manage the level of market risk within a tolerable range and to optimize investment returns.

(a) Exchange rate risk

A. Exposure to exchange rate risk

The Company's hedging strategy is to enter into forward foreign exchange contracts to manage the exchange rate risk of net foreign currency positions arising from occurred sales and purchase transactions. The use of such derivative instruments helps the Company reduce, but not completely eliminate, the impact of foreign currency exchange rate fluctuation to a certain extent.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

The Company has entered into derivative financial instruments with maturities less than six months and does not meet the conditions for hedge accounting.

The Company's exchange rate risk arises mainly from cash and cash equivalents, accounts receivable (payable) (including related parties), other receivable (payables) (including related parties) and bank loans that are not denominated in functional currencies, which result in foreign currency exchange gains or losses upon translation.

The carrying amounts of monetary assets and liabilities that are not denominated in functional currencies at the reporting date and the related sensitivity analysis are as follows:

December 31, 2025						
	Foreign currency	Exchange rate	NT\$	Change in exchange rate	Impact of profit or loss (before tax)	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$	7,683	31.430	241,477	1%	2,415
RMB		4,882	4.4952	21,946	1%	219
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		467	31.430	14,678	1%	147
RMB		663	4.4952	2,980	1%	30
December 31, 2024						
	Foreign currency	Exchange rate	NT\$	Change in exchange rate	Impact of profit or loss (before tax)	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$	8,309	32,785	272,411	1%	2,724
RMB		9,574	4.4915	43,002	1%	430
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		1,231	32,785	40,358	1%	404
RMB		137	4.4915	615	1%	6

B. Exchange gains and losses on monetary items

Information on unrealized exchange gains and losses on monetary items is as follows:

	December 31, 2025		December 31, 2024		
	Unrealized exchange profits (losses)	Exchange rate	Unrealized exchange profits (losses)	Exchange rate	
<u>Financial assets</u>					
USD:NTD	\$	4,074	31.430	4,149	32.785
RMB:NTD		1,127	4.4952	223	4.4915
<u>Financial liabilities</u>					
USD:NTD		(306)	31.430	(806)	32.785
RMB:NTD		(99)	4.4952	4	4.4915

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

(b) Interest rate risk

The Company's measures to address the risk of changes in interest rates on borrowings are to regularly evaluate the interest rates on bank loans and borrowings in various currencies, and to maintain good relationships with financial institutions in order to obtain lower financing costs; and to reduce its dependence on bank loans and diversify the risk of changes in interest rates by strengthening working capital management.

On December 31, 2024, the Company's bank loans were on a floating rate basis. If the annual interest rate on bank loans increases (or decreases) by 1%, the Company's income before income tax would decrease (or increase) by NT\$230 thousand for 2024, with all other variables held constant.

The above sensitivity analysis is based on the interest rate risk of the Company's bank loans on the reporting date. For floating rate liabilities, the analysis is based on the assumption that the amount of liabilities outstanding on the reporting date is outstanding throughout the year.

(c) Other price risk

The Company is exposed to the risk of changes in the market price of equity securities when it holds shares of domestic listed companies. The Company manages and monitors the performance of its investments on a fair value basis.

The sensitivity analysis of the price risk of holding domestic listed stocks (included in financial assets at fair value through other comprehensive income - current) is based on the change in fair value on the reporting date. If the price of the above equity instruments had increased/decreased by 5%, the amount of other comprehensive income would have increased/decreased by NT\$11,367 thousand and NT\$13,816 thousand for 2025 and 2024, respectively.

23. Capital Management

Based on the characteristics of the current operating industry and the future development of the Company, and taking into consideration factors such as changes in the external environment, the Company plans its capital management to ensure that it can meet the needs for working capital, research and development expenses, and dividend payments in future periods.

For the years ended December 31, 2025 and 2024, there was no change in the Company's approach to capital management.

24. Investment and fund-raising activities for non-cash transactions

- (1) For the Company's acquisition of right-of-use asset through leases, please refer to Note 6(9) for details.
- (2) The reconciliation of liabilities from financing activities is as follows:

	January 1, 2025	Cash flow	Changes in non-cash	December 31, 2025
			Increase in lease liabilities	
Short-term borrowings	\$ 23,018	(23,018)	-	-
Lease liabilities (including related parties)	51,835	(25,511)	37,104	63,428
Total liabilities from financing activities	<u>\$ 74,853</u>	<u>(48,529)</u>	<u>37,104</u>	<u>63,428</u>
	January 1, 2024	Cash flow	Changes in non-cash	December 31, 2024
			Increase in lease liabilities	
Short-term borrowings	\$ -	23,018	-	23,018
Lease liabilities (including related parties)	21,950	(20,748)	50,633	51,835
Total liabilities from financing activities	<u>\$ 21,950</u>	<u>2,270</u>	<u>50,633</u>	<u>74,853</u>

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

(3) Investing activities with only partial cash payments:

	<u>2025</u>	<u>2024</u>
Acquisition of property, plant and equipment	\$ 30,349	23,492
Add: Payable for equipment at the beginning of the period	6,976	2,216
Less: Payable for equipment at the end of the period	(7,640)	(6,976)
Add: Prepayments for equipment at the beginning of the period	27,365	18,707
Less: Prepayments for equipment at the beginning of the period	(18,707)	(12,836)
Add: Reclassified from prepaid equipment	16,747	10,913
Cash paid during the period	<u>\$ 55,090</u>	<u>35,516</u>

(VII) Related party transactions

1. Parent company and ultimate controlling party

Darfon Electronics Corp. is the parent company of the Company and the ultimate controlling party of the group to which it belongs. It directly and indirectly owns 46.75% of the outstanding ordinary shares of the Company and has prepared consolidated financial statements for public use.

2. Names and relationships of related parties

The Company's subsidiaries and related parties with whom the Company had transactions during the period covered by the parent-company-only financial statements are as follows:

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Darfon Electronics Corp (Darfon)	The Company's parent company
Unicom Technologies, Inc.	Subsidiary of the Company
Unictron Technologies Vietnam Co., Ltd. (UTV)	Subsidiary of the Company
Unictron Technologies Corporation (Shenzhen) Co., Ltd. (Original WirelessCom Technologies (Shenzhen) Co., Ltd.)	Subsidiary indirectly held by the Company
Suzhou Darfon Electronics Corp (DFS)	A subsidiary of Darfon
Chongqing Darfon Electronics Corp (DFQ)	A subsidiary of Darfon
Darfon America Corp. (DFA)	A subsidiary of Darfon
Qisda Corporation (Qisda)	An individual who has significant influence on Darfon
Hitron Technologies (Hitron)	A subsidiary of Qisda
Alpha Networks Inc. (Alpha Networks)	A subsidiary of Qisda
DFI Inc. (DFI)	A subsidiary of Qisda
Metaage Corporation (MTG)	A subsidiary of Qisda
BenQ Asia Pacific Corp. (BQP)	A subsidiary of Qisda
Action Star Technology Co., Ltd. (Action Star)	A subsidiary of Qisda
Alpha Networks (Hong Kong) Limited (Alpha HK)	A subsidiary of Qisda

3. Significant transactions with related parties

(1) Operating revenue

The amounts of sales to related parties are as follows:

	<u>2025</u>	<u>2024</u>
Subsidiaries	\$ 40,241	24,450
Parent company	48	4
Other related parties	40,567	45,835
	<u>\$ 80,856</u>	<u>70,289</u>

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

The transaction prices of the Company's sales to the above related parties are not significantly different from the normal sales prices, except for some products with different specifications, which are not comparable to the normal transaction prices; the credit period is 90 to 150 days on a monthly basis, which is not significantly different from the normal transactions.

(2) Purchase

The amounts of the Company's purchases from related parties are as follows:

	2025	2024
Subsidiaries	\$ 1,239	1,451
Parent company	767	284
	<u>\$ 2,006</u>	<u>1,735</u>

The prices of the Company's purchases from the above related parties are not significantly different from the normal purchase prices; the payment terms are 90 days on a monthly basis, which are not significantly different from normal transactions.

(3) Leases

The Company leases its plant from its parent company Darfon at a rent that is based on the rental rate in the neighboring areas and is paid monthly. The Company recognized interest expense of NT\$117 thousand and NT\$174 thousand for 2025 and 2024 respectively, and had a lease liability of NT\$7,214 thousand and NT\$11,952 thousand as of December 31, 2025 and 2024 respectively.

(4) Property transactions

In August 2025, the Company sold machinery and equipment to its subsidiary, UTV, at a book value of NT\$1,293 thousand (excluding tax). As of December 31, 2025, the outstanding receivable amount of NT\$1,293 thousand was recorded under other receivables – related parties.

In December 2024, the Company sold machinery and equipment to its subsidiary, UTV, at a book value of NT\$1,244 thousand (excluding tax). As of December 31, 2024, the outstanding receivable amount of NT\$1,244 thousand was recorded under other receivables – related parties

(5) Dividend

The amount of dividend income generated by the company's related parties' securities is as follows:

Item	Type of related parties	2025	2024
Other income	Parent company	\$ 8,000	8,200
Other income	Other related parties	1,516	3,432
		<u>\$ 9,516</u>	<u>11,632</u>

(6) Others

The Company incurred operating costs and operating expenses for miscellaneous purchases from related parties, inspection and testing, and apportionment of utilities, etc. as follows:

Item	Type of related parties	2025	2024
Operating costs	Subsidiaries	\$ -	196
Operating costs	Parent company	10,280	9,704
Operating expenses	Subsidiaries	-	88
Operating expenses	Parent company	7,111	7,622
Operating expenses	Other related parties	28	10
		<u>\$ 17,419</u>	<u>17,620</u>

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

(7) Amounts due from related parties

The Company's receivables from related parties are summarized as follows:

Item	Type of related parties	December 31, 2025	December 31, 2024
Accounts receivable - related parties	Subsidiary – Unictron Shenzhen	\$ 18,031	18,748
Accounts receivable - related parties	Subsidiary - UTV	12,743	1,236
Accounts receivable - related parties	Parent company	41	4
Accounts receivable - related parties	Other related parties	<u>12,791</u>	<u>14,373</u>
		<u>43,606</u>	<u>34,361</u>
Other receivables - related parties	Subsidiary - UTV	<u>2,282</u>	<u>18,530</u>
		<u>\$ 45,888</u>	<u>52,891</u>

(8) Amounts due to related parties

The Company's payables to related parties are summarized as follows:

Item	Type of related parties	December 31, 2025	December 31, 2024
Accounts payable - related parties	Subsidiaries	\$ 622	553
Accounts payable - related parties	Parent company	222	49
Other payables - related parties	Subsidiaries	-	19
Other payables - related parties	Parent company	<u>6,376</u>	<u>5,744</u>
		<u>\$ 7,220</u>	<u>6,365</u>

4. Key management compensation

	2025	2024
Short-term employee benefits	\$ 39,972	42,751
Post-employment benefits	216	265
	<u>\$ 40,188</u>	<u>43,016</u>

(VIII) Pledged assets

The carrying amounts of the assets pledged by the Company are as follows:

Name of assets	Subject of pledge	December 31, 2025	December 31, 2024
Time deposits (included in financial assets measured at amortized cost - current)	Performance Guarantees	\$ 14,130	14,130
Time deposits (included in financial assets measured at amortized cost - current)	Corporate credit card deposits	600	600
		<u>\$ 14,730</u>	<u>14,730</u>

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

(IX) Significant contingent liabilities and unrecognized contractual commitments: None.

(X) Significant catastrophic losses: None.

(XI) Significant subsequent events: None.

(XII) Others

Employee benefits, depreciation and amortization expenses by function are summarized as follows:

By function By nature	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	219,957	160,106	380,063	222,073	171,260	393,333
Labor and health insurance expenses	23,647	13,558	37,205	23,012	13,695	36,707
Pension expenses	8,371	6,558	14,929	9,076	6,400	15,476
Directors' Remuneration	-	7,089	7,089	-	6,945	6,945
Other employee benefit expenses	14,888	6,127	21,015	14,399	5,766	20,165
Depreciation expenses	96,380	18,592	114,972	93,022	22,922	115,944
Amortization expenses	2	7,734	7,736	365	5,748	6,113

Additional information on the number of employees and employee benefit expenses for 2025 and 2024 is as follows:

	2025	2024
Number of employees	<u>494</u>	<u>496</u>
Number of directors who are not employees	<u>7</u>	<u>7</u>
Average employee benefit expenses	<u>\$ 931</u>	<u>952</u>
Average employee salary expenses	<u>\$ 780</u>	<u>804</u>
Adjustment of average employee salary expenses	<u>(2.99)%</u>	<u>5.79%</u>
Supervisors' remuneration	<u>\$ -</u>	<u>-</u>

Information on the Company's compensation policy (including directors, supervisors, managers and employees) is as follows:

A. Description of remunerations to directors and independent directors

The remuneration of the directors is distributed by the board of directors under the authorization pursuant to the Articles of Incorporation, based on the degree of participation and contribution of the directors to the Company's operations while referencing the "Regulations Governing Remuneration for Directors and Functional Committee Members" determined at the domestic and foreign industry standards, and references the results of director performance evaluation. Where the Company makes a profit in a year, the board of directors shall, pursuant to Article 21 of the Company's Articles of Incorporation, determine on the amount of directors' remuneration within 3% of the profit for the year, and submit the report to the shareholders' meeting upon the resolution of the Board.

B. Description of remunerations to presidents and vice presidents

The remuneration of the president(s) and vice president(s) is granted by the Remuneration Committee, based on their positions and duties, pursuant to the "Remuneration Committee Charter" and the "Principles of Managerial Officers' Remuneration Policy", while referring to the general level of peers, the Company's operating revenue, profit situation and performance of individual managerial officer.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

C. Description of employee compensation

The Company's main principle for remuneration is to link duties and performance results, and provide market-competitive remuneration to attract, retain and cultivate talents for a long time. In addition to referring to the Company's overall operating performance, future operating risks and development trends of the industry, reasonable compensation is given based on the individual performance achievement rate and contribution to the Company's performance. The Remuneration Committee and the Board review the performance appraisal and reasonableness of compensation, and the remuneration system is reviewed in a timely manner depending on the actual operating conditions and relevant laws and regulations at any time, seeking to achieve a balance between the Company's sustainable operations and risk control. The short-term profits are not adopted as the only indicator for remuneration and performance evaluation but linking to the long-term shareholder value.

(XIII) Notes disclosures

1. Relevant information on significant transactions

The information on significant transactions required to be disclosed in accordance with the Company's preparation standards in 2025 is as follows:

- (1) Lending of funds to others: None.
- (2) Endorsement and guarantee for others: None.
- (3) Securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures):

(In thousands of NTD / shares)

Companies held	Type and name of securities	Relationship with the issuer of securities	Accounting subjects	End of period				Remarks
				No. of shares	Carrying amounts	Shareholding ratio	Fair value	
The Company	Darfon shares	The Group's parent company	Financial assets at fair value through other comprehensive income - current	4,000	119,800	1.43%	119,800	-
The Company	UMC shares	-	Financial assets at fair value through other comprehensive income - current:	140	6,895	-	6,895	-
The Company	Quanta shares	-	Financial assets at fair value through other comprehensive income - current:	370	100,640	0.01%	100,640	-

- (4) Purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

2. Relevant information on re-investees:

Information on the Company's re-investees for 2025 is as follows (excluding the investees in Mainland China):

(In thousands of NTD / shares)

Name of investor companies	Name of investees	Location	Main businesses	Original investment amount		Holding at the end of the period			Current Profit or loss of the investees	Investment profit or loss recognized during the period	Remarks
				End of the period	End of last year	No. of shares	percentage	Carrying amounts			
The Company	Unicom Technologies, Inc.	Mauritius	Investment holdings	47,321 (USD1,535)	47,321 (USD1,535)	1,535	100.00%	23,645	(2,550)	(2,550)	Subsidiary of the Company
The Company	Unictron Technologies Vietnam Co., Ltd.	Vietnam	Manufacturing and sales of antennas for wireless communications	80,908 (USD2,500)	80,908 (USD2,500)	Note 1	-	50,395	(21,488)	(21,488)	Subsidiary of the Company

Note 1: As the company is a limited company, no share count information is available.

3. Information on investment in Mainland China:

(1) Name of the investee company in Mainland China, main businesses and other related information:

Name of investees in Mainland China	Main businesses	Paid-up capital	Investment method	Cumulative investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Cumulative investment amount remitted from Taiwan at the end of the period	Investees Profit or loss for the period	Percentage of the Company's direct or indirect investment	Investment (loss) profit recognized during the period	Carrying value of investments at the end of the period	Investment income remitted or recovered as of the end of the period
					Remitted	Recovered						
Unictron Technologies (Shenzhen) Co. Ltd	Design and marketing of antenna and modules for wireless communication	46,265 (USD1,472)	(Note 1)	46,265 (USD1,472)	-	-	46,265 (USD1,472)	(2,395)	100.00%	(2,395) (Note 2)	23,353	-

Note 1: Company established through third-party investments and reinvested in Mainland China.

Note 2: Recognized based on the financial statements of the investee company audited by the parent company's accountants in Taiwan.

Note 3: The above amounts in NTS were translated into NTS at the closing exchange rate of 31.43 on December 31, 2025.

(2) Investment limit in Mainland China:

Company name	Cumulative amount of investment remitted from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	Investment limit in Mainland China in accordance with the regulations of the Investment Commission, Ministry of Economic Affairs
The Company	46,265 (USD1,472)	46,265 (USD1,472)	914,687

(3) Significant transactions with Mainland China investees:

Name of related parties	Relationship between the Company and its related parties	Transaction terms					Notes and accounts receivable (payable)		Unrealized loss (profit)
		Type	Amount	Price	Payment terms	Comparison with general transactions	Balance	Percentage	
Unictron Technologies (Shenzhen) Co. Ltd	Subsidiary indirectly controlled by the Company	Sales	25,745	Price negotiated between both parties	150-day monthly settlement	(Note 1)	18,031	6.96%	2,203
		Purchase	1,239	Price negotiated between both parties	90-day monthly settlement	No significant difference from general transactions	622	0.54%	-

(Note 1): The transaction prices of the Company's sales to the related parties are not significantly different from the normal sales prices, except for some products with different specifications, which are not comparable to the normal transaction prices.

(XIV) Department information

Please refer to the consolidated financial statements for 2025 for details.

Notes to parent-only financial reports of Unictron Technologies Corporation (continued)

Unictron Technologies Corporation
Details of cash and cash equivalents
December 31, 2025

Unit: NT\$ Thousand

Item	Summary	Amount
Cash on hand and working capital		\$ 263
Checking deposits		1,880
Demand deposits		437,235
Foreign currency deposits (Note 1)		61,417
Time deposits with original maturities of less than three months	Annual interest rate of 1.225%~2.5%	194,979
		\$ 695,774

Note 1: Foreign currency deposits are translated at the spot exchange rate on December 31, 2025.

USD 1,785 thousand (US\$: NT\$=1: 31.430)

JPY 2,191 thousand (JPY: NT\$=1: 0.2007)

RMB 868 thousand (RMB:NT\$=1: 4.4952)

EUR 27 thousand (EUR:NT\$=1: 36.896)

Details of financial assets measured at amortized cost - current

Name	Summary	Interest rate	Carrying amounts
Pledged time deposits	First Bank and CTBC Bank	0.66%~1.69%	\$ 14,730

Details of notes and accounts receivable
December 31, 2025

Unit: NT\$ Thousand

Name of customer	Amount
Customer A	\$ 38,340
Customer B	17,911
Customer C	17,551
Customer D	16,697
Customer E	13,204
Customer F	12,675
Others (Note)	99,316
	215,694
Less: Allowance for losses	(364)
	\$ 215,330

Note: None of them reached 5% of this account.

Unictron Technologies Corporation
Details of inventories
December 31, 2025

Unit: NT\$ Thousand

<u>Item</u>	<u>Amount</u>		<u>Remarks</u>
	<u>Carrying amounts</u>	<u>Net realizable value</u>	
Raw materials	\$ 61,984	105,968	Net realizable value at market price
Work in process	104,729	129,565	Net realizable value at market price
Finished products	69,781	100,423	Net realizable value at market price
Goods	6,902	9,792	Net realizable value at market price
	<u>\$ 243,396</u>	<u>345,748</u>	

Details of prepayments and other current assets
December 31, 2025

Unit: NT\$ Thousand

<u>Item</u>	<u>Amount</u>
Prepayments of maintenance fees	\$ 4,944
Business tax paid	2,899
Prepayments of insurance expenses	929
Others (Note)	2,531
	<u>\$ 11,303</u>

Note: None of them reached 5% of this account.

Unictron Technologies Corporation
Details of changes in acquisition of investments accounted for using the equity method
January 1 to December 31, 2025

In thousands of NTD / shares

Name of investees	Opening balance		Increase during the period		Decrease during the period		Share of (losses) profit of subsidiaries recognized using the equity method	Exchange differences on translation of foreign operations	Realized (unrealized) gross profit on sales	Equity method adjustment	Closing balance		Net equity		Provision of guarantees or pledges	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount					No. of shares	Shareholding percentage	Amount	Unit price (NT\$)		Total
UTI	1,535	\$24,568	-	-	-	-	(2,550)	(196)	1,823	-	1,535	100%	23,645	13.97	21,441	None
UTV	-	75,555	-	-	-	-	(21,488)	(3,672)	-	-	-	-	50,395	-	50,395	None
		<u>\$100,123</u>		<u>-</u>		<u>-</u>	<u>(24,038)</u>	<u>(3,868)</u>	<u>1,823</u>	<u>-</u>			<u>74,040</u>		<u>71,836</u>	

Unictron Technologies Corporation
Details of notes and accounts payable
December 31, 2025

Unit: NT\$ Thousand

Name of firm	Amount
Firm A	\$ 15,136
Firm B	10,425
Firm C	8,386
Firm D	6,485
Others (Note)	74,681
	\$ 115,113

Note: The accounts payable to individual firms did not reach 5% of this account.

Details of other payables
December 31, 2025

Unit: NT\$ Thousand

Item	Amount
Salaries and bonuses payable	\$ 82,023
Compensation payable to employees and directors	15,553
Payables for unused vacation bonuses	13,674
Others (Note)	74,058
	\$ 185,308

Note: None of them reached 5% of this account.

Details of other current liabilities
December 31, 2025

Unit: NT\$ Thousand

Item	Amount
Refund liabilities	\$ 3,193
Contract liabilities	6,404
Temporary payments	1,453
Others (Note)	4
	\$ 11,054

Detail of lease liabilities

Item	Lease term	Discount rate	Closing balance
Building and construction	2016/2/1~2026/1/31	1.39%	\$ 5
Building and construction	2022/7/1~2027/6/30	1.20%	7,214
Building and construction	2024/5/1~2027/4/30	1.91%	20,922
Building and construction	2024/10/1~2026/9/30	1.94%	295
Building and construction	2025/3/1~2030/2/28	1.99%	34,992
			\$ 63,428
Current:			
Lease liabilities - current			\$ 24,075
Lease liabilities-current - related parties			\$ 4,795
Non-current:			
Lease liabilities-non-current			\$ 32,139
Lease liabilities - non-current - related parties			\$ 2,419

Unictron Technologies Corporation
Details of operating costs
January 1 to December 31, 2025

Unit: NT\$ Thousand

Item	Amount
Raw materials:	
Raw materials at the beginning of the period	\$ 115,524
Add: Net incoming materials during the period	224,282
Transfer from work in process	75,691
Inventory gain of raw materials	2
Less: Raw materials at the end of the period	(105,843)
Transferred to various expenses	(18,646)
Scrapping of raw materials	(1,645)
Raw materials consumed during the period	289,365
Direct labor	163,498
Manufacturing expenses	377,340
Manufacturing costs	830,203
Work in process at the beginning of the period	145,407
Add: Finished products input	86,450
Net purchases during the period	16,517
Goods inventory input	41
Less: Work in process at the end of the period	(146,528)
Transfer to raw materials	(75,691)
Transferred to various expenses	(264)
Scrapping of work in process	(1,212)
Costs of finished goods	854,923
Finished products at the beginning of the period	81,737
Add: Net purchases during the period	11,623
Transfer from various expenses	10,377
Less: Finished goods at the end of the period	(95,579)
Transfer to work in process	(86,450)
Scrapping of finished products	(683)
Cost of production and sales	775,948
Goods inventory at the beginning of the period	23,341
Add: Purchases during the period	74,472
Transfer from various expenses	961
Less: Inventories at the end of the period	(17,890)
Transfer to work in process	(41)
Inventory Write-off	(3,181)
Production and sales costs	77,662
Sales costs	853,610
Inventory falling price loss	10,235
Loss on obsolescence of inventories	6,721
Inventory gain	(2)
Operating costs	\$ 870,564

Unictron Technologies Corporation
Details of marketing expenses
January 1 to December 31, 2025

Unit: NT\$ Thousand

Item	Amount
Salary expenses	\$ 29,342
Export expenses	7,430
Insurance expense	3,113
Travelling expense	2,935
Other expenses (Note)	8,722
	\$ 51,542

Note: None of them reached 5% of this account.

Details of administrative expenses
January 1 to December 31, 2025

Unit: NT\$ Thousand

Item	Amount
Salary expenses	\$ 55,783
Directors' Remuneration	7,089
Insurance expenses	6,049
Other expenses (Note)	21,411
	\$ 90,332

Note: None of them reached 5% of this account.

Details of research and development expenses
January 1 to December 31, 2025

Unit: NT\$ Thousand

Item	Amount
Salary expenses	\$ 74,981
Depreciation	15,960
Other expenses (Note)	49,983
	\$ 140,924

Note: None of them reached 5% of this account.

Please refer to Note 6(2) in the parent-company-only financial Statements for the details of financial assets and liabilities at fair value through profit or loss - current

Please refer to Note 6(3) in the parent-company-only financial Statements for the details of financial assets at fair value through other comprehensive income - current

Please refer to Note 7 in the parent-company-only financial Statements for the details of accounts receivable - related parties and other receivables - related parties

Please refer to Note 7 in the parent-company-only financial Statements for the details of accounts payable - related parties and other payables - related parties

Please refer to Note 6(8) in the parent-company-only financial Statements for the details of changes in property, plant and equipment

Please refer to Note 6(9) in the parent-company-only financial Statements for the details of changes in right-of-use asset

Please refer to Note 6(10) in the parent-company-only financial Statements for the details of changes in intangible asset

Please refer to Note 6(13) in the parent-company-only financial Statements for the details of provision for liabilities - current

Please refer to Note 6(15) in the parent-company-only financial Statements for the details of deferred income tax assets and liabilities

Please refer to Note 6(14) in the parent-company-only financial Statements for the details of Net defined benefit liabilities - non-current

Please refer to Note 6(18) in the parent-company-only financial Statements for the details of operating revenue

Please refer to Note 6(20) in the parent-company-only financial Statements for the details of other income, other gains and losses and finance costs for non-operating income and expenses