Stock Code：6266

Top Union Electronics Corp. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2026 and 2025 and Independent Auditors' Review Report

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Independent Auditors' Review Report

To Top Union Electronics Corp.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Top Union Electronics Corp. and its subsidiaries as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the periods from January 1 to March 31, 2026 and 2025, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

Except as described in the Basis for Qualified Conclusion section, we conducted our reviews in accordance with Statement of Auditing Standards No. 2410, "Review of Financial Statements." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 10 to the consolidated financial statements, the financial statements for the same periods of certain immaterial subsidiaries included in the consolidated financial statements referred to above were not reviewed by independent auditors. The total assets of these subsidiaries as of March 31, 2026 and 2025 were NT$668,306 thousand and NT$630,607 thousand, respectively, representing 19% and 17%, respectively, of the consolidated total assets. Their total liabilities were NT$114,241 thousand and NT$54,122 thousand, respectively, representing 9% and 4%, respectively, of the consolidated total liabilities. Their total comprehensive income for the periods from January 1 to March 31, 2026 and 2025 amounted to NT$(14,667) thousand and NT$(8,531) thousand, respectively, representing (19)% and (8)%, respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for the possible effects of adjustments, if any, that might have been determined to be necessary had the financial statements of certain immaterial subsidiaries described in the Basis for Qualified Conclusion section been reviewed by independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements are not prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission, so as to present fairly the consolidated financial position of Top Union Electronics Corp. and its subsidiaries as of March 31, 2026 and 2025, and their consolidated financial performance and consolidated cash flows for the periods from January 1 to March 31, 2026 and 2025.

The engagement partners on the audits resulting in this independent auditors' report are Shin-Tung Lin and Ming-Hui Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China
April 30, 2026

Financial-Supervisory-Securities-Auditing-1110348898

Taiwan-Finance-Securities-VI-0930128050

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

Code	ASSETS	March 31, 2026 Amount	%	December 31, 2025 Amount	%	March 31, 2025 Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6 and 24)	$ 303,291	8	$ 277,163	8	$ 584,285	16
1136	Financial assets at amortized cost (Note 7 and24)	1,254,977	35	1,102,975	31	905,576	25
1150	Notes receivable, Net (Note 8 and 24)	7,339	-	8,653	-	6,250	-
1170	Accounts receivable, Net (Notes 8, 19 and 24)	316,278	9	378,718	11	443,309	12
1180	Accounts Receivable—Related Parties, Net (Note 8, 19 and 25)	82,050	2	105,663	3	13,619	-
1220	Current income tax assets (Nots 4 and 21)	180	-	537	-	177	-
130X	Inventories (Note 9)	631,814	18	608,332	17	714,245	19
1479	Other current assets (Note 14)	210,121	6	163,389	4	151,461	4
11XX	Total current assets	2,806,050	78	2,645,430	74	2,818,922	76
	NONCURRENT ASSETS						
1535	Financial assets at amortized cost (Note 7 and 24)	161,321	5	296,062	8	278,953	8
1600	Property, plant and equipment (Note 11 and 26)	565,505	16	578,101	16	545,787	15
1755	Right-of-use assets (Note 12)	25,391	1	14,137	1	30,158	1
1780	Intangible assets (Note 13)	17,005	-	18,649	1	5,838	-
1840	Deferred income tax assets (Note 4 and 21)	6,098	-	9,804	-	5,599	-
1915	Prepayments for equipment	15,906	-	1,248	-	1,597	-
1920	Refundable deposits (Note 24)	5,675	-	5,564	-	5,592	-
15XX	Total noncurrent assets	796,901	22	923,565	26	873,524	24
1XXX	TOTAL	$ 3,602,951	100	$ 3,568,995	100	$ 3,692,446	100

Code	LIABILITIES AND EQUITY	March 31, 2026 Amount	%	December 31, 2025 Amount	%	March 31, 2025 Amount	%
	CURRENT LIABILITIES						
2100	Short-term borrowings (Note 15, 24 and 26)	$ 50,000	1	$ 50,000	2	$ 50,000	1
2130	Contract liabilities (Note 19)	141,403	4	150,501	4	186,336	5
2150	Notes Payable (Note 24)	-	-	75	-	-	-
2170	Accounts payable (Note 24)	394,258	11	459,771	13	451,914	12
2180	Accounts payable to related parties (Notes 24 and 25)	76	-	424	-	-	-
2206	Accrued employee compensation and remuneration to directors (Note 20)	46,544	1	39,513	1	49,399	1
2216	Cash dividends payable (Note 18)	273,892	8	-	-	258,837	7
2230	Income tax payable (Note 4 and 21)	51,708	1	37,833	1	81,357	2
2280	Lease liabilities (Note 12 and 24)	16,185	1	10,087	-	22,669	1
2399	Other payables and other current liabilities (Note 16 and 24)	138,227	4	138,114	4	134,227	4
21XX	Total current liabilities	1,112,293	31	886,318	25	1,234,739	33
	NONCURRENT LIABILITIES						
2570	Deferred income tax liabilities (Note 21)	17,602	1	17,602	1	17,602	1
2580	Lease liabilities (Notes 12 and 24)	9,313	-	4,117	-	8,501	-
2640	Net defined benefit liability (Note 4 and 17)	16,007	-	15,424	-	7,807	-
2645	Guarantee deposits (Note 24)	86,060	2	85,581	2	69,411	2
25XX	Total non-current liabilities	128,982	3	122,724	3	103,321	3
2XXX	Total liabilities	1,241,275	34	1,009,042	28	1,338,060	36
	EQUITY (Note 18)						
	Capital stock						
3110	Ordinary Share Capital	1,538,715	43	1,538,715	43	1,450,067	39
3150	Employee stock dividends to be allocated	-	-	-	-	2,369	-
3100	Total capital stock	1,538,715	43	1,538,715	43	1,452,436	39
3200	Capital surplus	263,443	7	263,443	8	263,443	7
	Retained earnings						
3310	Appropriated as legal capital reserve	300,563	8	300,563	8	262,084	7
3350	Unappropriated earnings	194,893	6	409,366	12	317,323	9
3300	Total retained earnings	495,456	14	709,929	20	579,407	16
3400	Others	64,062	2	47,866	1	59,100	2
3XXX	Total equity	2,361,676	66	2,559,953	72	2,354,386	64
	TOTAL	$ 3,602,951	100	$ 3,568,995	100	$ 3,692,446	100

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

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Three Months Ended March 31			
		2026		2025	
Code		Amount	%	Amount	%
4100	NET REVENUE (Notes 19 and 25)	$ 741,003	100	$ 778,116	100
5000	OPERATING COSTS (Notes 9 , 20 and 25)	620,611	84	621,843	80
5900	GROSS PROFIT	120,392	16	156,273	20
	OPERATING EXPENSES				
6100	Selling and marketing	13,101	2	12,738	2
6200	General and administrative	31,687	4	33,143	4
6300	Research and development	7,573	1	6,963	1
6000	Total operating expenses	52,361	7	52,844	7
6900	INCOME FROM OPERATIONS	68,031	9	103,429	13
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income	5,632	1	6,493	1
7010	Other income	296	-	296	-
7020	Other gains and losses, net	4,098	-	3,574	-
7050	Finance costs	(374)	-	(451)	-
7000	Total non-operating income and expenses	9,652	1	9,912	1
7900	INCOME BEFORE INCOME TAX	77,683	10	113,341	14
7950	INCOME TAX EXPENSE (Notes 4 and 21)	18,264	2	25,058	3
8200	NET INCOME	59,419	8	88,283	11

(Continued)

(Concluded)

Code		Three Months Ended March 31			
		2026		2025	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations	$ 16,196	2	$ 12,338	2
8500	TOTAL COMPREHENSIVE INCOME	$ 75,615	10	$ 100,621	13
	EARNINGS PER SHARE (NT$, Note 22)				
9750	Basic earnings per share	$ 0.39		$ 0.57	
9850	Diluted earnings per share	$ 0.38		$ 0.57	

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

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

		Capital Stock – Common Stock				Retained Earnings		Others	
Code		Shares (In Thousands)	Amount	Employee stock dividends to be allocated	Capital Surplus	Legal Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Total
A1	BALANCE, JANUARY 1, 2025	145,007	$ 1,450,067	$ -	$ 257,983	$ 262,084	$ 487,877	$ 46,762	$ 2,504,773
	Appropriations and Distribution of earnings for 2024								
B5	Cash dividends to shareholders	-	-	-	-	-	(258,837)	-	(258,837)
D1	Net profit for the three months ended March 31, 2025	-	-	-	-	-	88,283	-	88,283
D3	Other comprehensive (loss) income for the three months ended March 31, 2025	-	-	-	-	-	-	12,338	12,338
D5	Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	-	88,283	12,338	100,621
N1	Employee compensation converted to capital increase	-	-	2,369	5,460	-	-	-	7,829
Z1	BALANCE, MARCH 31, 2025	145,007	$ 1,450,067	$ 2,369	$ 263,443	$ 262,084	$ 317,323	$ 59,100	$ 2,354,386
A1	BALANCE, JANUARY 1, 2026	153,872	$ 1,538,715	$ -	$ 263,443	$ 300,563	$ 409,366	$ 47,866	$ 2,559,953
	Appropriations and Distribution of earnings for 2025								
B5	Cash dividends to shareholders	-	-	-	-	-	(273,892)	-	(273,892)
D1	Net profit for the three months ended March 31, 2026	-	-	-	-	-	59,419	-	59,419
D3	Other comprehensive (loss) income for the three months ended March 31, 2026	-	-	-	-	-	-	16,196	16,196
D5	Total comprehensive income (loss) for the three months ended March 31, 2026	-	-	-	-	-	59,419	16,196	75,615
Z1	BALANCE, MARCH 31, 2026	153,872	$ 1,538,715	$ -	$ 263,443	$ 300,563	$ 194,893	$ 64,062	$ 2,361,676

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

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Code		Three Months Ended March 31 2026	Three Months Ended March 31 2025
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	$ 77,683	$ 113,341
	Adjustments for:		
A20100	Depreciation expense	30,664	29,905
A20200	Amortization expense	1,775	665
A20900	Finance costs	374	451
A21200	Interest income	(5,632)	(6,493)
A22500	Gain on disposal or retirement of property, plant and equipment, net	(295)	(108)
A23700	Reversal of Write-downs of Inventories	(2,377)	(1,892)
A24100	Loss (gain) on foreign exchange, net	1,178	(1,617)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	1,314	(830)
A31150	Accounts receivable	88,696	(34,452)
A31200	Inventories	(21,120)	(41,017)
A31240	Other current assets	(44,566)	(35,703)
A32125	Contract liabilities	(9,098)	(1,946)
A32130	Notes payable	(75)	-
A32150	Accounts Payable	(71,162)	(6,646)
A32180	Accrued profit sharing bonus to employees and compensation to directors	7,031	10,367
A32230	Other payables and other current liabilities	274	(19,454)
A32240	Net defined benefit liability	583	242
A33000	Cash generated from operations	55,247	4,813
A33300	Interest received	(360)	(440)
A33100	Interest paid	3,466	11,275
A33500	Income taxes paid	(326)	(507)
AAAA	Net cash generated by operating activities	58,027	15,141
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	(268,376)	(203,524)
B00050	Disposal of financial assets at amortized cost	263,808	135,350
B02700	Acquisition of Property, Plant and Equipment	(24,515)	(5,359)
B02800	Proceeds from disposal of property, plant and equipment	304	108

(Continued)

(Concluded)

Code		Three Months Ended March 31 2026	2025
B03800	Decrease in Refundable deposits refunded	$ 18	$ -
B04500	Acquisition of intangible assets	(131)	(5,500)
BBBB	Net cash used in investing activities	(28,892)	(78,925)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	50,000	70,000
C00200	Decrease in short-term loans	(50,000)	(50,000)
C03100	Proceeds from guarantee deposits received	-	(4,362)
C04020	Repayment of the principal portion of lease liabilities	(6,516)	(6,116)
CCCC	Net cash used in financing activities	(6,516)	9,522
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	3,509	3,871
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	26,128	(50,391)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	277,163	634,676
E00200	CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 303,291	$ 584,285

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

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2026 and 2025

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

1. GENERAL

Top Union Electronics Corp. (hereinafter referred to as “TUEC”), a Taiwan-based company, was established on February 15, 1990, starting business operation in August of the same year. TUEC is principally engaged in the design, manufacture and technical support of electronic products and communication equipment, as well as providing surface mount technology (SMT) services, processing and international trade business. TUEC’s stocks have been traded on the over-the-counter (OTC) market on the Taipei Exchange since April 2004.

The accompanying consolidated financial statements are expressed in TU’s functional currency, New Taiwan Dollars.

TU and its subsidiaries are hereinafter referred to as the “Company” for the following contents.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on April 30, 2026.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the Financial Supervisory Commission

New, Amended or Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 18, “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19, “Subsidiaries without Public Accountability: Disclosures” (including 2025 amendments)	January 1, 2027

New, Amended or Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IAS 21, "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

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

Note 2: On September 25, 2025, the Financial Supervisory Commission announced that enterprises in Taiwan shall apply IFRS 18 beginning January 1, 2028, and may elect early application after IFRS 18 is endorsed by the Financial Supervisory Commission.

IFRS 18 "Presentation and Disclosure in Financial Statements" and Related Consequential Amendments

IFRS 18 will replace IAS 1, "Presentation of Financial Statements." The main changes introduced by the standard include:

- The Company shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers, and classify income and expenses in the statement of profit or loss into operating, investing, financing, income taxes and discontinued operations categories accordingly.
- The statement of profit or loss shall present operating profit or loss, profit or loss before financing and income taxes, and subtotals and totals of profit or loss.
- Guidance is provided to enhance aggregation and disaggregation requirements. The Company is required to identify assets, liabilities, equity, income, expenses and cash flows arising from individual transactions or other events, and classify and aggregate them based on shared characteristics so

that each line item presented in the primary financial statements has at least one similar characteristic. Items with dissimilar characteristics shall be disaggregated in the primary financial statements and notes. The Company shall label such items as "other" only when no more informative label can be identified.

- Additional disclosures are required for management-defined performance measures. When the Company communicates outside the financial statements and presents management's view of an aspect of the Company's overall financial performance to users of the financial statements, the Company shall disclose related information in a single note to the financial statements, including a description of the measure, how it is calculated, a reconciliation to the subtotal or total specified by IFRS Accounting Standards, and the income tax and non-controlling interests effects of the related reconciling items.

In addition, IAS 7, "Statement of Cash Flows," is subject to the following consequential amendments:

- When preparing cash flows from operating activities using the indirect method, the Company shall use operating profit or loss as the starting point for the reconciliation.
- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. If the Company is assessed as having specified main business activities, the categories in which dividend income, interest income and interest expenses are presented in the statement of profit or loss shall be considered in determining the classification of dividends received, interest received and interest paid in the statement of cash flows; however, each of the above cash flows

may be classified in only one activity in the statement of cash flows.

As of the date the consolidated financial statements were authorized for issue, the Company is continuing to assess the effects of the amendments to the standards and interpretations on its financial position and financial performance. The related effects will be disclosed when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting," as endorsed and issued into effect by the Financial Supervisory Commission. The consolidated financial statements do not include all IFRS Accounting Standards disclosures required for a complete set of annual financial statements.

(2) Basis of Preparation

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

Fair value measurements are categorized into Levels 1 to 3 based on the observability and significance of the relevant inputs:

1) Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that are available at the measurement date.

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

3) Level 3 inputs: unobservable inputs for the asset or liability.

(3) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). Details of subsidiaries, ownership percentages and business activities are set out in Notes 10 and 28(2) and (3).

(4) Other Significant Accounting Policies

Except as described below, please refer to the summary of significant accounting policies in the 2025 annual consolidated financial statements.

1) Defined Benefit Post-employment Benefits

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

2) Income Tax Expense

Income tax expense represents the sum of current income tax and deferred income tax. Income tax for an interim period is assessed on an annual basis and calculated by applying the tax rate expected for total annual earnings to interim profit before tax.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The other significant accounting judgments, estimates and key sources of assumption uncertainty applied in the consolidated financial statements are the same as those applied in the 2025 annual consolidated financial statements.

6. CASH AND CASH EQUIVALENTS

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on Hand and Revolving Funds	$ 144	$ 140	$ 142
Checking and Demand Deposits	298,518	277,023	174,790
Cash Equivalents			
Bank Time Deposits	4,629	-	409,353
	$ 303,291	$ 277,163	$ 584,285

The interest rate ranges of bank deposits as of the balance sheet dates were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Bank Deposits	0.030%~2.050%	0.030%~0.705%	0.010%~4.000%

7. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2026	December 31, 2025	March 31, 2025
Current			
Time deposits with original maturities of more than 3 months	$ 1,196,106	$ 1,045,144	$ 813,930
Restricted bank deposits (Note)	58,871	57,831	91,646
	$ 1,254,977	$ 1,102,975	$ 905,576
Non-current			
Time deposits with original maturities of more than 1 year	$ 161,321	$ 296,062	$ 278,953

Note: Top Union Electronics Corp. was approved by the National Taxation Bureau of the Ministry of Finance to remit US$3,000 thousand under the "Regulations Governing Investment of Repatriated Offshore Funds," and submitted an investment plan to the Ministry of Economic Affairs. Pursuant to such regulations, the funds are restricted to the approved plan and may not be used for other purposes.

The interest rate ranges of financial assets measured at amortized cost as of the balance sheet dates were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Current			
Time deposits with original maturities of more than 3 months	0.67%~3.20%	0.67%~4.00%	1.56%~4.20%
Restricted bank deposits	3.20%	3.20%	4.20%~4.25%
Non-current			
Time deposits with original maturities of more than 1 year	1.15%~2.20%	1.15%~2.20%	1.40%~2.20%

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2026	December 31, 2025	March 31, 2025
Notes Receivable			
Arising from operations	$ 7,339	$ 8,653	$ 6,250
Accounts Receivable			
Measured at amortized cost			
Gross carrying amount	$ 318,278	$ 380,718	$ 445,309
Less: loss allowance	(2,000)	(2,000)	(2,000)
	$ 316,278	$ 378,718	$ 443,309
Accounts Receivable – Related Parties			
Measured at amortized cost			
Gross carrying amount	$ 82,050	$ 105,663	$ 13,619
Less: loss allowance	-	-	-
	$ 82,050	$ 105,663	$ 13,619

The Company’s average credit period for sales of goods is 30 to 60 days, and no interest is charged on accounts receivable. The Company’s policy is to transact with counterparties with comparable credit ratings. Credit rating information is obtained from publicly available financial information and historical transaction records to evaluate major customers. The Company continuously monitors credit exposure and counterparties’ credit ratings, diversifies total transaction amounts among qualified customers with acceptable credit ratings, and regularly reviews and approves credit limits for counterparties to manage credit exposure.

The Company recognizes loss allowances for accounts receivable based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, taking into account customers' past default experience, current financial position, industry economic conditions, and industry outlook. As the Company's historical credit loss experience indicates no significant differences in loss patterns among different customer groups, the provision matrix is not further segmented by customer group and is based solely on the number of days past due for accounts receivable.

The Company measured the loss allowance for accounts receivable under the provision matrix as follows:

March 31, 2026

	Not past due	Past due 1–60 days	Past due 61–90 days	Past due 91–120 days	Past due over 121 days	Total
Gross carrying amount	$ 297,916	$ 19,890	$ 472	$ -	$ -	$ 318,278
Loss allowance (lifetime expected credit losses)	(646)	(1,323)	(31)	-	-	(2,000)
Amortized cost	$ 297,270	$ 18,567	$ 441	$ -	$ -	$ 316,278

December 31, 2025

	Not past due	Past due 1–60 days	Past due 61–90 days	Past due 91–120 days	Past due over 121 days	Total
Gross carrying amount	$ 368,430	$ 12,211	$ 6	$ 71	$ -	$ 380,718
Loss allowance (lifetime expected credit losses)	(799)	(1,187)	(1)	(13)	-	(2,000)
Amortized cost	$ 367,631	$ 11,024	$ 5	$ 58	$ -	$ 378,718

March 31, 2025

	Not past due	Past due 1–60 days	Past due 61–90 days	Past due 91–120 days	Past due over 121 days	Total
Gross carrying amount	$ 434,991	$ 10,318	$ -	$ -	$ -	$ 445,309
Loss allowance (lifetime expected credit losses)	(30)	(1,970)	-	-	-	(2,000)
Amortized cost	$ 434,961	$ 8,348	$ -	$ -	$ -	$ 443,309

The movements in the loss allowance for accounts receivable were as follows:

	Three Months Ended March 31	
	2026	2025
Balance at Beginning and End of Period	$ 2,000	$ 2,000

9. INVENTORIES

	March 31, 2026	December 31, 2025	March 31, 2025
Raw Materials	$ 528,725	$ 531,622	$ 596,817
Work in Process	73,850	60,714	98,437
Finished Goods	29,239	15,996	18,991
	$ 631,814	$ 608,332	$ 714,245

For the periods from January 1 to March 31, 2026 and 2025, the cost of goods sold related to inventories amounted to NT$620,611 thousand and NT$621,843 thousand, respectively. Cost of goods sold included reversal gains on inventory write-downs and obsolescence of (NT$2,377) thousand and (NT$1,892) thousand, respectively.

The reversal gains on inventory write-downs and obsolescence were mainly due to the clearance of inventories.

10. SUBSIDIARIES

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

			% of Ownership			
Investor	Investee	Main Business	March 31, 2026	December 31, 2025	March 31, 2025	Remark
The Company	ALLIED ORIENTAL INTERNATIONAL LTD. (ORIENTAL)	Investment	100%	100%	100%	-
ORIENTAL Company	TOP UNION ELECTRONICS (SHANGHAI) CORP. (TOP UNION SHANGHAI)	Manufacture of Electronic Products and Communication Equipment, Technical Support and SMT Processing, etc.	100%	100%	100%	Note
	TOP UNION ELECTRONICS (SUZHOU) CORP. (TOP UNION SUZHOU)	Manufacture of Electronic Products and Communication Equipment, Technical Support and SMT Processing, etc.	100%	100%	100%	Note

Note: For the periods from January 1 to March 31, 2026 and 2025, these were non-significant subsidiaries, and their financial statements were not reviewed by the accountants.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings & Structures	Machinery & Equipment	Transportation Equipment	Operating Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
Balance at January 1, 2026	$ 80,113	$ 454,522	$1,081,207	$ 25,924	$ 39,464	$ 26,554	$ 69,048	$1,776,832
Additions	-	4,000	3,795	-	404	642	1,016	9,857
Disposals	-	-	(2,543)	(2,300)	(184)	-	(88)	(5,115)
Net exchange differences	-	-	14,431	296	445	794	872	16,838
Balance at March 31, 2026	$ 80,113	$ 458,522	$1,096,890	$ 23,920	$ 40,129	$ 27,990	$ 70,848	$1,798,412
Accumulated Depreciation								
Balance at January 1, 2026	$ -	$ 228,071	$ 848,639	$ 17,189	$ 29,978	$ 22,427	$ 52,427	$1,198,731
Depreciation expense	-	3,980	17,593	595	645	363	1,099	24,275
Disposals	-	-	(2,543)	(2,300)	(175)	-	(88)	(5,106)
Net exchange differences	-	-	13,026	180	339	668	794	15,007
Balance at March 31, 2026	$ 80,113	$ 232,051	$ 876,715	$ 15,664	$ 30,787	$ 23,458	$ 54,232	$1,232,907
Net amount at December 31, 2025 and January 1, 2026	$ 80,113	$ 226,451	$ 232,568	$ 8,735	$ 9,486	$ 4,127	$ 16,621	$ 578,101
Net amount at March 31, 2026	$ 80,113	$ 226,471	$ 220,175	$ 8,256	$ 9,342	$ 4,532	$ 16,616	$ 565,505
Cost								
Balance at January 1, 2025	$ 80,113	$ 454,522	$1,023,139	$ 26,362	$ 33,950	$ 25,767	$ 69,471	$1,713,324
Additions	-	-	673	-	3,141	-	273	4,087
Disposals	-	-	(1,361)	-	-	-	(45)	(1,406)
Net exchange differences	-	-	10,301	221	286	547	638	11,993
Balance at March 31, 2025	$ 80,113	$ 454,522	$1,032,752	$ 26,583	$ 37,377	$ 26,314	$ 70,337	$1,727,998
Accumulated Depreciation								
Balance at January 1, 2025	$ -	$ 212,150	$ 821,644	$ 17,673	$ 28,315	$ 21,703	$ 47,954	$1,149,439
Depreciation expense	-	3,980	17,040	527	471	315	1,421	23,754
Disposals	-	-	(1,361)	-	-	-	(45)	(1,406)
Net exchange differences	-	-	8,995	172	223	464	570	10,424
Balance at March 31, 2025	$ -	$ 216,130	$ 846,318	$ 18,372	$ 29,009	$ 22,482	$ 49,900	$1,182,211
Net amount at March 31, 2025	$ 80,113	$ 238,392	$ 186,434	$ 8,211	$ 8,368	$ 3,832	$ 20,437	$ 545,787

Property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings	10 to 36 years
Machinery and Equipment	5 to 6 years
Transportation Equipment	5 to 6 years
Operating Equipment	5 to 6 years
Other Equipment	5 to 6 years
Leasehold Improvements	5 to 6 years

All of the Company's property, plant and equipment are used for its own operations.

Please refer to Note 26 for the carrying amounts of property, plant and equipment pledged by the Company as collateral for borrowing facilities.

12. LEASE ARRANGEMENTS

(1) Right-of-use assets

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amounts of right-of-use assets			
Buildings	$ 24,579	$ 13,912	$ 29,410
Production equipment	812	225	748
	$ 25,391	$ 14,137	$ 30,158

	Three Months Ended March 31	
	2026	2025
Additions to right-of-use assets	$ 17,390	$ -
Depreciation expense of right-of-use assets		
Buildings	$ 6,217	$ 5,977
Production equipment	172	174
	$ 6,389	$ 6,151

Except for the additions and depreciation expenses recognized above, the Company did not have any significant subleases or impairment of right-of-use assets for the periods from January 1 to March 31, 2026 and 2025.

(2) Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amounts of lease liabilities			
Current	$ 16,185	$ 10,087	$ 22,669
Non-current	$ 9,313	$ 4,117	$ 8,501

The ranges of discount rates for lease liabilities were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Buildings	1.43%~4.30%	1.43%~4.30%	1.43%~4.30%
Production equipment	1.16%~2.08%	0.99%~1.16%	0.99%~1.16%

(3) Significant leasing activities and terms

Top Union Shanghai leased the factory building from Shanghai Interknitted Co., Ltd. in the form of operating lease, and the lease period is 1 – 2 years. Top Union Suzhou leased the factory building from Suzhou Xincheng Economic Development company in the form of operating lease, and the lease period is 3 years; Top Union Suzhou also leased houses and dormitories, and the lease period is 2 – 3 years. TU leased houses and dormitories from individuals in the form of operating lease, and the lease period is 4 – 5 years. When the contractual lease period is terminated, the Company has no preferential purchase rights for the factory buildings, houses and dormitories previously leased.

(4) Other lease information

	Three Months Ended March 31	
	2026	2025
Short-term lease expenses	$ 760	$ 900
Total cash outflow for leases	$ 7,395	$ 7,226

The Company leases the wealth generating equipment that is classified as a short-term lease, applicable for using recognition exemption, the lease of which is not to be recognized as the relevant right-of-use assets and lease liabilities.

13. Intangible Assets

	Three Months Ended March 31	
	2026	2025
Cost		
Beginning balance	$ 50,566	$ 30,009
Additions	131	5,500
Net exchange differences	112	78
Ending balance	$ 50,809	$ 35,587
Accumulated amortization		
Beginning balance	$ 31,917	$ 29,007
Amortization expense	1,775	665
Net exchange differences	112	77
Ending balance	$ 33,804	$ 29,749
Net carrying amount	$ 17,005	$ 5,838

Amortization expenses are calculated on a straight-line basis over the item with its estimated useful life as follows:

software	3 years

14. Other Current Assets

	March 31, 2026	December 31, 2025	March 31, 2025
Offsets against business tax payable	$ 124,532	$ 89,383	$ 88,291
Business Tax Receivable Refund	17,899	22,717	18,854
Prepayments for goods	14,355	11,627	2,947
Interest receivable	10,882	8,715	8,711
Temporary payments	2,955	401	2,092
Others	39,498	30,546	30,566
	$ 210,121	$ 163,389	$ 151,461

15. Short-term Borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
Secured borrowings			
Bank borrowings	$ 10,000	$ 10,000	$ 10,000
Unsecured borrowings			
Bank borrowings	$ 40,000	$ 40,000	$ 40,000

The interest rates on revolving bank borrowings were 1.98% to 2.24%, 1.98% to 2.24%, and 1.96% to 2.24% as of March 31, 2026, December 31, 2025, and March 31, 2025, respectively.

16. Other Payables and Other Current Liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Salaries and bonuses payable	$ 56,784	$ 71,543	$ 65,209
Temporary receipts and receipts under custody	14,043	9,680	9,615
Others	67,400	56,891	59,403
	$ 138,227	$ 138,114	$ 134,227

17. Post-employment Benefit Plans

(1) Defined Contribution Plans

TU adopted the pension plan under the "Labor Pension Act (LPA)", which is a government-managing defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension account at 6% of monthly salaries and wages.

(2) Defined Benefit Plans

The pension expenses related to defined benefit plans recognized for the periods from January 1 to March 31, 2026 and 2025 were calculated based on the pension cost rates actuarially determined as of December 31, 2025 and 2024, respectively, and amounted to NT$2,695 thousand and NT$1,161 thousand, respectively.

18. Equity

(1) Ordinary share capital

	March 31, 2026	December 31, 2025	March 31, 2025
Authorized shares (in thousands)	180,000	180,000	180,000
Authorized share capital	$ 1,800,000	$ 1,800,000	$ 1,800,000

	March 31, 2026	December 31, 2025	March 31, 2025
Issued and fully paid shares (in thousands)	153,872	153,872	145,007
Issued share capital	$ 1,538,715	$ 1,538,715	$ 1,450,067

The par value of issued common shares is NT$10 per share. A holder of common shares has one vote for each common share and is entitled to receive dividends.

The authorized shares include 3,800 thousand shares allocated for the exercise of employee stock options.

On May 23, 2025, the shareholders' meeting of Top Union Electronics Corp. (TU) resolved to distribute stock dividends of NT$86,279 thousand from 2024 earnings and to capitalize employee compensation of NT$7,829 thousand through the issuance of new shares, totaling 8,865 thousand new shares. The capital increase was approved for effective registration by the Securities and Futures Bureau of the Financial Supervisory Commission. The Board of Directors resolved to set June 26, 2025 as the ex-rights record date, and the amendment registration was completed with the Ministry of Economic Affairs on July 15, 2025.

(2) Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
Available for offsetting deficits, distribution in cash, or capitalization as share capital (Note)			
Share premium	$ 241,286	$ 241,286	$ 241,286
Employee stock options	7,700	7,700	7,700
Treasury share transactions	14,457	14,457	14,457
	$ 263,443	$ 263,443	$ 263,443

Note: This type of capital surplus may be used to offset deficits and, when the Company has no accumulated deficit, may also be distributed in cash or capitalized as share capital; however, the amount capitalized as share capital each year is subject to a certain percentage of paid-in capital.

(3) Retained earnings and dividend policy

In accordance with the earnings distribution policy set forth in the Articles of Incorporation of Top Union Electronics Corp. (TU), if TU has net income after tax for the year, it shall first offset accumulated deficits, including adjustments to unappropriated retained earnings, and then appropriate 10% as legal reserve as required by law; however, this requirement does not apply when the accumulated legal reserve has reached TU's total paid-in capital. Special reserve shall then be appropriated or reversed in accordance with laws, regulations, or requirements of the competent authorities. The remaining earnings, together with beginning unappropriated retained earnings, including adjustments thereto, shall be proposed by the Board of Directors as an earnings distribution proposal and submitted to the shareholders' meeting for approval of shareholders' dividends and bonuses. Where earnings are distributed in cash, the distribution may be resolved by the Board of Directors and reported to the shareholders' meeting. For TU's employee compensation and directors' remuneration policy under the Articles of Incorporation, please refer to Note 20(7), Employee Compensation and Directors' Remuneration.

In addition, according to TU's Articles of Incorporation, TU's dividend policy is based on profit sharing. Shareholders' dividends shall be distributed at not less than 50% of distributable earnings for the year. Of the dividends distributed for the year, stock dividends shall not exceed 50%, with the remainder distributed as cash dividends.

Legal reserve shall be appropriated until its balance reaches the Company's total paid-in capital. Legal reserve may be used to offset deficits. When the Company has no accumulated deficit, the portion of legal reserve exceeding 25% of paid-in capital may be capitalized as share capital or distributed in cash.

The earnings distribution proposals of TU for 2025 and 2024 were as follows:

	Earnings distribution proposal		Dividend per share (NT$)	
	2025	2024	2025	2024
Legal reserve	$ 30,509	$ 38,479		
Cash dividends	$ 273,892	$ 258,837	$ 1.780	$ 1.785
Stock dividends	$ -	$ 86,279	-	0.595

The above cash dividends were approved by the Board of Directors on March 5, 2026 and February 27, 2025, respectively. The remaining items of the 2024 earnings distribution were approved by the annual shareholders' meeting on May 23, 2025. The remaining items of the 2025 earnings distribution are subject to approval by the annual shareholders' meeting to be held on May 22, 2026.

(4) Other equity items

Foreign Currency Translation Reserve

	Three Months Ended March 31	
	2026	2025
Beginning balance	$ 47,866	$ 46,762
Recognized during the period		
Exchange differences on translation of foreign operations	16,196	12,338
Ending balance	$ 64,062	$ 59,100

19. NET REVENUE

	Three Months Ended March 31	
	2026	2025
Revenue from contracts with customers		
Sales revenue	$491,720	$506,566
Processing revenue	249,283	271,550
	$741,003	$778,116

(1) Contract balances

	March 31, 2026	December 31, 2025	March 31, 2025	January 1, 2025
Accounts receivable, including related parties	$ 398,328	$ 484,381	$ 456,928	$ 418,680
Contract liabilities - current				
Sales of goods	$ 141,403	$ 150,501	$ 186,336	$ 188,282

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of the performance obligation and the customer's payment.

20. PROFIT BEFORE TAX

(1) Interest income

	Three Months Ended March 31	
	2026	2025
Bank deposits	$ 5,632	$ 6,493

(2) Other income

	Three Months Ended March 31	
	2026	2025
Rental income	$ 296	$ 296

(3) Other gains and losses

	Three Months Ended March 31	
	2026	2025
Net foreign exchange gain	$ 3,791	$ 3,466
Gain on disposal of property, plant and equipment	295	108
Others	12	-
	$ 4,098	$ 3,574

(4) Finance costs

	Three Months Ended March 31	
	2026	2025
Interest on lease liabilities	$ 119	$ 210
Interest on bank borrowings	255	241
	$ 374	$ 451

(5) Depreciation and amortization

	Three Months Ended March 31	
	2026	2025
Depreciation expenses summarized by function		
Cost of goods sold	$ 26,819	$ 25,835
Operating expenses	3,845	4,070
	$ 30,664	$ 29,905
Amortization expenses summarized by function		
Cost of goods sold	$ 1,469	$ 214
Operating expenses	306	451
	$ 1,775	$ 665

(6) Employee benefits expenses

	Three Months Ended March 31	
	2026	2025
Short-term employee benefits	$152,919	$148,432
Post-employment benefits		
Defined contribution plans	2,174	2,369
Defined benefit plans	2,695	1,161
Total employee benefits expenses	$157,788	$151,962
Summarized by function		
Cost of goods sold	$121,020	$113,878
Operating expenses	36,768	38,084
	$157,788	$151,962

(7) Compensation of employees and remuneration of directors

According to TU's Articles of Incorporation, employees' compensation and directors' remuneration shall be appropriated at 6% and no more than 2.3%, respectively, of profit before income tax before deducting employees' compensation and directors' remuneration for the year.

In accordance with the amendment to the Securities and Exchange Act in August 2024, the Company resolved at the 2025 shareholders' meeting to amend its Articles of Incorporation to specify that no less than 10% of the total employees' compensation appropriated for the year shall be allocated as compensation for junior employees. The estimated employees' compensation, including compensation for junior employees, and directors' remuneration for the periods from January 1 to March 31, 2026 and 2025 were as follows:

Accrual Rate

	Three Months Ended March 31	
	2026	2025
Employees' compensation	6%	6%
Directors' remuneration	2.3%	2.3%

Amounts

	Three Months Ended March 31	
	2026	2025
Employees' compensation	$ 5,083	$ 7,495
Directors' remuneration	$ 1,948	$ 2,873

If the amounts change after the annual consolidated financial statements are authorized for issue, the changes shall be accounted for as changes in accounting estimates and adjusted in the following year.

TU held board meetings on March 5, 2026 and February 27, 2025, at which the employees' compensation and directors' remuneration for 2025 and 2024, respectively, were resolved as follows:

	Years Ended December 31			
	2025		2024	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Employees' compensation	$ 25,660	$ -	$ 23,489	$ 7,829
Directors' remuneration	$ 9,837	$ -	$ 12,006	$ -

TU's employees' compensation for 2025 was paid in cash.

TU's employees' compensation for 2024 was 236,900 shares, calculated by dividing the amount resolved by the Board of Directors by the closing price of NT$33.05 on the day preceding the board resolution date.

There was no difference between the actual amounts distributed for employees' compensation and directors' remuneration for 2025 and 2024 and the amounts recognized in the consolidated financial statements for 2025 and 2024.

Information on employees' compensation and directors' remuneration resolved by TU's Board of Directors is available on the Market Observation Post System of the Taiwan Stock Exchange.

(8) Foreign exchange gains and losses

	Three Months Ended March 31	
	2026	2025
Total foreign exchange gains	$ 12,354	$ 9,651
Total foreign exchange losses	(8,563)	(6,185)
Net gain	$ 3,791	$ 3,466

21. INCOME TAX

(1) Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	Three Months Ended March 31	
	2026	2025
Current income tax		
Current period	$ 14,558	$ 24,626
Deferred income tax		
Current period	3,706	432
Income tax expense recognized in profit or loss	$ 18,264	$ 25,058

(2) Current income tax assets and liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Current income tax assets			
Tax refund receivable	$ 180	$ 537	$ 177
Current income tax liabilities			
Income tax payable	$ 51,708	$ 37,833	$ 81,357

(3) Status of income tax assessment

The tax authorities have examined income tax returns of TU through 2024.

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	Three Months Ended March 31	
	2026	2025
Basic earnings per share	$ 0.39	$ 0.57
Diluted earnings per share	$ 0.38	$ 0.57

In calculating earnings per share, the effect of stock dividends has been retrospectively adjusted. The record date for the stock dividends was June 27, 2025. Due to the retrospective adjustment, basic and diluted earnings per share for the period from January 1 to March 31, 2025 changed as follows:

	Before retrospective adjustment	After retrospective adjustment
Basic earnings per share	$ 0.61	$ 0.57
Diluted earnings per share	$ 0.61	$ 0.57

The earnings and weighted average number of ordinary shares used in calculating earnings per share were as follows:

Net income for the period

	Years Ended December 31	
	2026	2025
For computation of basic and diluted EPS	$ 59,419	$ 88,283

Number of shares (in thousand shares)

	Three Months Ended March 31	
	2026	2025
Weighted average number of ordinary shares used in calculating basic earnings per share	153,872	153,635
Effect of dilutive potential ordinary shares:		
Employees' compensation	815	372
Weighted average number of ordinary shares used in calculating diluted earnings per share	154,687	154,007

If TU may elect to settle employees' compensation in shares or cash, diluted earnings per share is calculated assuming that employees' compensation will be settled in shares, and such potential ordinary shares are included in the weighted average number of shares outstanding if they have a dilutive effect. The dilutive effect of such potential ordinary shares is also considered when calculating diluted earnings per share before the shareholders' meeting resolves the number of shares to be issued as employees' compensation in the following year.

23. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's capital management system aims to ensure that the necessary financial resources and operating plan are sufficient to meet the next 12 months' requirements for working capital, capital expenditures, research and development expenses, debt repayment, dividend payments and other needs.

24. FINANCIAL INSTRUMENTS

(1) Fair value information — financial instruments not measured at fair value

The Company's management believed that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

(2) Categories of financial instruments

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets			
Measured at amortized cost			
Cash and cash equivalents	$ 303,291	$ 277,163	$ 584,285
Financial assets measured at amortized cost	1,416,298	1,399,037	1,184,529
Notes receivable	7,339	8,653	6,250
Accounts receivable, net (including related parties)	398,328	484,381	456,928
Refundable deposits	5,675	5,564	5,592
Financial liabilities			
Measured at amortized cost			
Short-term borrowings	50,000	50,000	50,000
Notes payable	-	75	-
Accounts payable (including related parties)	394,334	460,195	451,914
Other payables and other current liabilities	138,227	138,114	134,227
Guarantee deposits received	86,060	85,581	69,411

(3) Financial risk management objectives and policies

The Company's major financial instruments include receivables(including related parties), payables and bank borrowings(including related parties). The Company's financial management department provides services to each business unit, organizes and coordinates business operations for entering domestic and international financial markets, as well as supervising and managing financial risks related to the Company's operations through referring to degree of risks and internal risk reports made with wide analyses of risk exposure; those risks contain market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's operating activities expose it primarily to foreign currency risk (see (1) below) and interest rate risk (see (2) below).

There has been no change in the Company’s exposure to market risks arising from financial instruments or in the manner in which such exposures are managed and measured.

(i) Foreign currency risk

The Company engages in sales and purchases denominated in foreign currencies and is therefore exposed to foreign currency risk.

The carrying amounts of monetary assets and liabilities denominated in non-functional currencies at the balance sheet date (including non-functional currency monetary items eliminated in the consolidated financial statements), as well as derivative instruments exposed to foreign currency risk, are disclosed in Note 27.

Sensitivity analysis

The Company is mainly affected by fluctuations in the U.S. dollar exchange rate.

The sensitivity analysis of foreign currency risk is mainly calculated based on foreign currency monetary items at the end of the reporting period. If the New Taiwan dollar had depreciated by 10% against foreign currencies, the Company’s profit before tax for the periods from January 1 to March 31, 2026 and 2025 would have increased by NT$16,314 thousand and NT$17,655 thousand, respectively.

(ii) Interest rate risk

The Company’s entities borrow funds at floating interest rates and are therefore exposed to interest rate risk.

The carrying amounts of financial assets and financial liabilities exposed to interest rate risk at the balance sheet date are as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Fair value interest rate risk			
- Financial assets	$ 1,420,927	$ 1,399,037	$ 1,593,882
- Financial liabilities	25,498	14,204	31,170
Cash flow interest rate risk			
- Financial assets	298,468	276,973	174,781
- Financial liabilities	50,000	50,000	50,000

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. As of the balance sheet date, the Company’s maximum exposure to credit risk arising from a counterparty’s failure to discharge its obligations (without taking into account collateral or other credit enhancements, and representing the maximum irrevocable exposure) is the carrying amount of financial assets recognized in the consolidated balance sheet.

Except for the Company’s largest customer, Company A, the Company has no significant credit exposure to any single counterparty or any group of counterparties with similar characteristics. Counterparties that are related parties are defined by the Company as counterparties with similar characteristics. As of March 31, 2026, December 31, 2025, and March 31, 2025, the percentages of gross accounts receivable attributable to the aforementioned customer were 45%, 55%, and 54%, respectively.

3) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash positions to support the Group’s operations and mitigate the impact of cash flow fluctuations. Management monitors the utilization of bank credit facilities and ensures compliance with borrowing covenants.

Bank borrowings are an important source of liquidity for the Company. As of March 31, 2026, December 31, 2025, and March 31, 2025, the Company’s unused short-term bank credit facilities are disclosed in (2) Credit facilities below.

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The maturity analysis of non-derivative financial liabilities is prepared based on the earliest date on which the Company can be required to pay, using the undiscounted cash flows of financial liabilities, including principal and estimated interest.

March 31, 2026

	On demand or less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ 151,761	$ 284,300	$ 313,608	$ -	$ -
Lease liabilities	1,364	3,215	11,884	9,384	-
Variable interest rate liabilities	20,000	-	30,000	-	-
	$ 173,125	$ 287,515	$ 355,492	$ 9,384	$ -

Further information on the maturity analysis of the above financial liabilities is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years
Lease liabilities	$ 16,463	$ 9,384	$ -	$ -	$ -	$ -
Variable interest rate liabilities	50,000	-	-	-	-	-
	$ 66,463	$ 9,348	$ -	$ -	$ -	$ -

December 31, 2025

	On demand or less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ 227,766	$ 264,499	$ 34,576	$ -	$ -
Lease liabilities	2,998	1,275	5,955	4,138	-
Variable interest rate liabilities	10,000	40,000	-	-	-
	$ 240,764	$ 305,774	$ 40,531	$ 4,138	$ -

Further information on the maturity analysis of the above financial liabilities is as follows:

	Less than 1 year	1-5 years	5-10 years	1-15 years	1-20 years	More than 20 years
Lease liabilities	$ 10,228	$ 4,138	$ -	$ -	$ -	$ -
Variable interest rate liabilities	50,000	-	-	-	-	-
	$ 60,228	$ 4,138	$ -	$ -	$ -	$ -

March 31, 2025

	On demand or less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ 187,317	$ 278,391	$ 314,061	$ -	$ -
Lease liabilities	3,430	2,012	17,654	8,593	-
Variable interest rate liabilities	20,000	-	30,000	-	-
	$ 210,747	$ 280,403	$ 361,715	$ 8,593	$ -

Further information on the maturity analysis of the above financial liabilities is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years
Lease liabilities	$ 23,096	$ 8,593	$ -	$ -	$ -	$ -
Variable interest rate liabilities	50,000	-	-	-	-	-
	$ 73,096	$ 8,593	$ -	$ -	$ -	$ -

(2) Credit facilities

	March 31, 2026	December 31, 2025	March 31, 2025
Unsecured bank credit facilities			
- Amount used	$ 45,000	$ 45,000	$ 45,000
- Amount unused	655,000	655,000	655,000
	$ 700,000	$ 700,000	$ 700,000
Secured bank credit facilities			
- Amount used	$ 10,000	$ 10,000	$ 10,000
- Amount unused	390,000	390,000	390,000
	$ 400,000	$ 400,000	$ 400,000

25. RELATED PARTY TRANSACTIONS

Intercompany balances and transactions between TU and its subsidiaries, which are related parties of TU, have been eliminated upon consolidation; therefore, those items are not disclosed in this note.

Transactions between the consolidated company and other related parties are as follows:

(1) Name of Related Party and Its Relation with the Company

Names of Related Parties	Relation with the Company
AAEON Technology Inc.	Substantive related party
AAEON Technology (Suzhou) Co., Ltd.	Substantive related party
Onyx Healthcare Inc.	Substantive related party
Apex Dynamics, Inc.	Substantive related party
Jetway Information Co., Ltd.	Substantive related party
Twinhead International Corp.	Substantive related party
Twinhead Technology (Suzhou) Co., Ltd.	Substantive related party
Giada Technology Co., Ltd.	Substantive related party

(2) Operating revenue

Account Item	Related Party Category	Three Months Ended March 31 2026	2025
Revenue	Substantive related party		
	AAEON Technology Inc.	$ 83,134	$ 5,757
	Others	13,784	13,688
		$ 96,918	$ 19,445

The transaction prices and terms of sales between the Company and related parties are determined with reference to cost and market conditions and are comparable to those with non-related parties.

(3) Purchases

Related Party Category	Three Months Ended March 31 2026	2025
Subsidiaries	$ 590	$ -

The transaction prices and terms of purchases between the Company and related parties are determined with reference to cost and market conditions and are comparable to those with non-related parties.

(4) Amounts due from related parties

Account Item	Category of Related Party	March 31, 2026	December 31, 2025	March 31, 2025
Accounts Receivable – Related Parties, Net	Substantive related party			
	AAEON Technology Inc.	$ 74,012	$ 87,013	$ 2,971
	Others	8,038	18,650	10,648
		$ 82,050	$ 105,663	$ 13,619

The collection period for receivables from related parties is comparable to that for non-related parties. Outstanding amounts due from related parties are unsecured.

(5) Amounts due to related parties

Account Item	Category of Related Party	March 31, 2026	December 31, 2025	March 31, 2025
Accounts Payable – Related Parties, Net	Substantive related party	$ 76	$ 424	$ -

The payment period for payables to related parties is comparable to that for non-related parties. Outstanding amounts due to related parties are unsecured.

(6) Compensation of key management personnel

	Three Months Ended March 31	
	2026	2025
Short-term employee benefits	$ 4,172	$ 5,279

The remuneration of directors and other key management personnel is determined by the Remuneration Committee with reference to individual performance and market trends.

26. PLEDGED ASSETS

The following assets of the Company were provided as collateral security for short-term loan amount, tariff guarantee for imported raw materials, Performance Letter of Guarantee and Letter of Credit:

	March 31, 2026	December 31, 2025	March 31, 2025
Property, plant and equipment, net	$ 306,584	$ 306,564	$ 318,505

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between the foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

March 31, 2026

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 19,133	31.995	$ 612,160
Financial liabilities			
Monetary items			
USD	14,034	31.995	$ 449,018

December 31, 2025

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 21,540	31.43	$ 677,002
RMB	8	4.496	36
			$ 677,038
Financial liabilities			
Monetary items			
USD	15,938	31.43	$ 500,931

March 31, 2025

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 19,519	33.205	$ 648,128
Financial liabilities			
Monetary items			
USD	14,202	33.205	$ 471,577

The significant unrealized foreign exchange gains (losses) were as follows:

	Three Months Ended March 31			
	2026		2025	
Foreign currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	31.995 （USD：NTD）	($ 1,123)	33.205 （USD：NTD）	$ 1,580
USD	6.919 （USD：RMB）	(55)	7.178 （USD：RMB）	37
		($ 1,178)		$ 1,617

28. ADDITIONAL DISCLOSURES

Except for the items (1) – (3), there are no other significant transactions information, information on investees, information on investment in mainland China and the business relationship between the parent and the subsidiaries and significant transactions between them that should be disclosed. The significant transactions between the parent and the subsidiaries and balances thereof have been all eliminated upon consolidation.

(1) NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEES

(Amounts in Thousands of New Taiwan Dollars or Thousands of Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2026			Net Income (Loss) of the Investee	Net Income (Loss) of the Investee
				End of Current Period	Last Year End	Shares (in Thousands)	%	Carrying Amount		
TU	ORIENTAL	British Virgin Islands	Investment and Sales	$ 401,974	$ 401,974	12,200	100	$ 581,362	($ 14,100)	($ 14,100)

Note: Under relevant regulations, no disclosure of investment gain (loss) is needed.

(2) INFORMATION ON INVESTMENTS IN MAINLAND CHINA

1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: (See the following table for the details.)

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2026	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2026	Net Income (Losses) of the Investee Company	% of Ownership	Share of Profits/Losses(Note 2)	Carrying Amount as of March 31, 2026	Accumulated Repatriation of Investment Income as of March 31, 2026
					Outflow	Inflow						
Top Union Shanghai	Manufacture of Electronic Products and Communication Equipment, Technical Support and SMT Processing, etc.	$ 212,858 US$ 6,659 (In Thousand)	(Note 1)	Cash $ 83,720 Price of Machinery & Equipment 129,138	$ -	$ -	Cash $ 83,720 Price of Machinery & Equipment 129,138	($ 7,397)	100%	($ 7,397)	$ 118,111	$ 105,908
Top Union Suzhou		278,844 US$ 8,500 (In Thousand)	(Note 1)	Cash 230,262 Price of Machinery & Equipment 48,582	-	-	Cash 230,262 Price of Machinery & Equipment 48,582	(7,270)	100%	(7,270)	437,541	88,400

End of Current Period, Remit Cumulated Investment Funds out from Taiwan for Investment in China	Investment Amount approved by MOEAI	Investment Amount approved by MOEAI
Cash $313,982 Price of Machinery & Equipment $177,720	$491,702 US$15,159 thousand	$ 1,417,006

Note 1：Invest China companies after establishing ORIENTAL company located at British Virgin Island.

Note 2：It was recognized and disclosed by Top Union Shanghai and Top Union Suzhou's financial statements audited by auditors for the same period.

2) Significant direct or indirect transactions listed as below with the investee at the third area, and its prices, terms of payment and unrealized gain or loss. (See the item (4 for the details.))

(3) The business relationship between the parent and the subsidiaries and significant transactions between them:

FOR THE THREE MONTHS ENDED MARCH 31, 2026

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

No.	Company Name	Counterparty	Nature of Relationship (Note 3)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	Top Union	TU Suzhou	1	Unrealized Sales Gross Profit	$ 17	Note 1	-
		TU Suzhou	1	Accounts receivable	63,285	Note 2	2%
		TU Suzhou	1	Accounts Payable	8	Note 2	-
		TU Suzhou	1	Operating Revenue	76,249	Note 1	10%

Note 1：Process transactions based on terms and prices contracted by mutual parties.

Note 2：Collect payment temporarily according to funds status of the transaction counterparty during credit period.

Note 3：“1” means transactions by the parent to the subsidiaries; “2” means transactions between subsidiaries.

29. SEGMENT INFORMATION

Segment Revenue, Operating Results and Total Assets and Liabilities of Segments TU’s chief operating decision makers periodically review operating results, used for resource allocation and performance assessment; the Company belongs to one operating segment. The basis for the measurement of income from operations, assets and liabilities is the same as that for the preparation of consolidated financial statements. Therefore, the reportable segment revenue and operating results for the periods from January 1 to March 31, 2026, and 2025, can be referred to in the consolidated statements of comprehensive income. The reportable segment assets as of March 31, 2026, December 31, 2025, and March 31, 2025, can be referred to in the consolidated balance sheets.