Stock Code：6266

Top Union Electronics Corp. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 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 June 30, 2026 and 2025, and the related consolidated statements of comprehensive income for the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2026 and 2025, and the notes to the consolidated financial statements, including a summary of material accounting policy information. 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 Standard on Review Engagements No. 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. 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 June 30, 2026 and 2025 were NT$690,345 thousand and NT$592,369 thousand, respectively, representing 18% and 16%, respectively, of consolidated total assets. Their total liabilities were NT$143,865 thousand and NT$67,226 thousand, respectively, representing 11% and 5%, respectively, of consolidated total liabilities. Their total comprehensive income (loss) for the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025 amounted to NT$566 thousand, NT$(13,644) thousand, NT$(14,101) thousand and NT$(22,175) thousand, respectively, representing 1%, 397%, (9)% and (23)%, respectively, of consolidated total comprehensive income (loss).

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 June 30, 2026 and 2025, their consolidated financial performance for the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025, and their consolidated cash flows for the six months ended June 30, 2026 and 2025.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China
August 6, 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)

		June 30, 2026		December 31, 2025		June 30, 2025	
Code	Assets	Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Notes 6 and 24)	$ 660,502	17	$ 277,163	8	$ 523,898	14
1136	Financial assets at amortized cost (Note 7 and 24)	1,007,604	27	1,102,975	31	965,697	27
1150	Notes receivable, net (Notes 8 and 24)	6,373	-	8,653	-	4,344	-
1170	Accounts receivable, net (Notes 8, 19 and 24)	436,433	12	378,718	11	396,395	11
1180	Accounts receivable from related parties, net (Note 8, 19, 24 and 25)	83,930	2	105,663	3	11,476	-
1220	Current income tax assets (Notes 4 and 21)	182	-	537	-	158	-
130X	Inventories (Note 9)	699,859	18	608,332	17	701,939	19
1479	Other current assets (Note 14)	168,472	5	163,389	4	157,298	4
11XX	Total current assets	3,063,355	81	2,645,430	74	2,761,205	75
	Non-current assets						
1535	Financial assets at amortized cost (Note 7 and 24)	79,730	2	296,062	8	253,028	7
1600	Property, plant and equipment (Notes 11 and 26)	578,982	15	578,101	16	521,692	14
1755	Right-of-use assets (Note 12)	49,124	1	14,137	1	25,685	1
1780	Intangible assets (Note 13)	15,233	1	18,649	1	5,250	-
1840	Deferred tax assets (Notes 4 and 21)	5,552	-	9,804	-	7,043	-
1915	Prepayments for equipment	619	-	1,248	-	90,069	3
1920	Refundable deposits (Note 24)	7,279	-	5,564	-	5,115	-
15XX	Total non-current assets	736,519	19	923,565	26	907,882	25
1XXX	TOTAL	$ 3,799,874	100	$ 3,568,995	100	$ 3,669,087	100

		June 30, 2026		December 31, 2025		June 30, 2025	
Code	Liabilities and Equity	Amount	%	Amount	%	Amount	%
	Current liabilities						
2100	Short-term borrowings (Notes 15, 24 and 26)	$ 50,000	1	$ 50,000	2	$ 50,000	1
2130	Contract liabilities (Note 19)	150,632	4	150,501	4	173,318	5
2150	Notes payable (Note 24)	89	-	75	-	-	-
2170	Accounts payable (Note 24)	461,578	12	459,771	13	467,203	13
2180	Accounts payable to related parties (Notes 24 and 25)	607	-	424	-	-	-
2206	Accrued employee compensation and remuneration to directors (Note 20)	55,181	2	39,513	1	56,051	2
2216	Cash dividends payable (Note 18)	273,892	7	-	-	258,837	7
2230	Current tax liabilities (Notes 4 and 21)	32,439	1	37,833	1	42,588	1
2280	Lease liabilities (Notes 12 and 24)	25,665	1	10,087	-	18,291	-
2399	Other payables and other current liabilities (Notes 16 and 24)	155,313	4	138,114	4	149,182	4
21XX	Total current liabilities	1,205,396	32	886,318	25	1,215,470	33
	Non-current liabilities						
2570	Deferred tax liabilities (Notes 4 and 21)	17,602	1	17,602	1	17,602	1
2580	Lease liabilities (Notes 12 and 24)	23,104	1	4,117	-	7,640	-
2640	Net defined benefit liabilities (Notes 4 and 17)	16,613	-	15,424	-	8,011	-
2645	Guarantee deposits received (Note 24)	86,279	2	85,581	2	69,411	2
25XX	Total non-current liabilities	143,598	4	122,724	3	102,664	3
2XXX	Total liabilities	1,348,994	36	1,009,042	28	1,318,134	36
	Equity (Note 18)						
	Capital stock						
3110	Ordinary share capital	1,538,715	40	1,538,715	43	1,538,715	42
3200	Capital surplus	263,443	7	263,443	8	263,443	7
	Retained earnings						
3310	Legal reserve	331,072	9	300,563	8	300,563	8
3350	Unappropriated earnings	246,260	6	409,366	12	250,864	7
3300	Total retained earnings	577,332	15	709,929	20	551,427	15
3400	Other equity	71,390	2	47,866	1	(2,632)	-
3XXX	Total equity	2,450,880	64	2,559,953	72	2,350,953	64
	TOTAL	$ 3,799,874	100	$ 3,568,995	100	$ 3,669,087	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)

		For the Three Months Ended June 30				For the Six Months Ended June 30			
		2026		2025		2026		2025	
Code		Amount	%	Amount	%	Amount	%	Amount	%
4100	NET REVENUE (Notes 19 and 25)	$ 809,072	100	$ 853,717	100	$1,550,075	100	$1,631,833	100
5000	COST OF REVENUE (Notes 9 , 20 and 25)	666,763	82	713,262	83	1,287,374	83	1,335,105	82
5900	GROSS PROFIT	142,309	18	140,455	17	262,701	17	296,728	18
	OPERATING EXPENSES								
6100	Selling and marketing	12,882	2	13,071	2	25,983	2	25,809	1
6200	General and administrative	34,413	4	29,042	3	66,100	4	62,185	4
6300	Research and development	7,455	1	7,446	1	15,028	1	14,409	1
6000	Total operating expenses	54,750	7	49,559	6	107,111	7	102,403	6
6900	INCOME FROM OPERATIONS	87,559	11	90,896	11	155,590	10	194,325	12
	NON-OPERATING INCOME AND EXPENSES								
7100	Interest income	4,953	1	6,702	1	10,585	1	13,195	1
7010	Other income	296	-	296	-	592	-	592	-
7020	Other gains and losses, net	3,185	-	(22,762)	(3)	7,283	-	(19,188)	(1)
7050	Finance costs	(570)	-	(427)	-	(944)	-	(878)	-
7000	Total non-operating income and expenses	7,864	1	(16,191)	(2)	17,516	1	(6,279)	-
7900	INCOME BEFORE INCOME TAX	95,423	12	74,705	9	173,106	11	188,046	12
7950	INCOME TAX EXPENSE (Notes 4 and 21)	13,547	2	16,406	2	31,811	2	41,464	3
8200	NET INCOME	81,876	10	58,299	7	141,295	9	146,582	9
	OTHER COMPREHENSIVE INCOME								
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences arising on translation of foreign operations	7,328	1	(61,732)	(7)	23,524	2	(49,394)	(3)
8500	TOTAL COMPREHENSIVE INCOME	$ 89,204	11	($ 3,433)	-	$ 164,819	11	$ 97,188	6
	EARNINGS PER SHARE (NT$, Note 22)								
9750	Basic earnings per share	$ 0.53		$ 0.38		$ 0.92		$ 0.95	
9850	Diluted earnings per share	$ 0.53		$ 0.38		$ 0.91		$ 0.95	

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)

Code		Capital Stock – Common Stock: Shares (In Thousands)	Capital Stock – Common Stock: Amount	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Unappropriated Earnings	Other: 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
	Appropriation and distribution of 2024 earnings							
B1	Legal Reserve	-	-	-	38,479	(38,479)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(258,837)	-	(258,837)
B9	Stock dividends	8,628	86,279	-	-	(86,279)	-	-
D1	Net income for the six months ended June 30, 2025	-	-	-	-	146,582	-	146,582
D3	Other comprehensive loss for the six months ended June 30, 2025	-	-	-	-	-	(49,394)	(49,394)
D5	Total comprehensive income for the six months ended June 30, 2025	-	-	-	-	146,582	(49,394)	97,188
N1	Employee compensation converted to capital increase	237	2,369	5,460	-	-	-	7,829
Z1	BALANCE, JUNE 30, 2025	153,872	$ 1,538,715	$ 263,443	$ 300,563	$ 250,864	($ 2,632)	$ 2,350,953
A1	BALANCE, JANUARY 1, 2026	153,872	$ 1,538,715	$ 263,443	$ 300,563	$ 409,366	$ 47,866	$ 2,559,953
	Appropriation and distribution of 2025 earnings							
B1	Legal Reserve	-	-	-	30,509	(30,509)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(273,892)	-	(273,892)
D1	Net income for the six months ended June 30, 2026	-	-	-	-	141,295	-	141,295
D3	Other comprehensive income for the six months ended June 30, 2026	-	-	-	-	-	23,524	23,524
D5	Total comprehensive income for the six months ended June 30, 2026	-	-	-	-	141,295	23,524	164,819
Z1	BALANCE, JUNE 30, 2026	153,872	$ 1,538,715	$ 263,443	$ 331,072	$ 246,260	$ 71,390	$ 2,450,880

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		Six Months Ended June 30 2026	Six Months Ended June 30 2025
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	$ 173,106	$ 188,046
	Adjustments for:		
A20100	Depreciation expense	61,762	58,066
A20200	Amortization expense	3,546	1,250
A20900	Finance costs	944	878
A21200	Interest income	(10,585)	(13,195)
A22500	Gain on disposal or retirement of property, plant and equipment, net	(813)	(2,542)
A23800	Gain on reversal of inventory write-downs and obsolescence	(1,949)	(1,337)
A24100	Loss (gain) on foreign exchange, net	(1,899)	8,133
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	2,280	1,076
A31150	Accounts receivable	(32,634)	1,997
A31200	Inventories	(89,599)	(29,266)
A31240	Other current assets	(4,201)	(41,471)
A32125	Contract liabilities	131	(14,964)
A32130	Notes payable	14	-
A32150	Accounts payable	(558)	35,384
A32180	Accrued profit sharing bonus to employees and compensation to directors	15,668	17,019
A32230	Other payables and other current liabilities	16,987	(4,361)
A32240	Net defined benefit liability	1,189	446
A33000	Cash generated from operations	133,389	205,159
A33300	Interest paid	(942)	(868)
A33100	Interest received	9,703	17,908
A33500	Income taxes paid	(32,598)	(57,107)
AAAA	Net cash generated by operating activities	109,552	165,092
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	(690,813)	(964,606)
B00050	Disposal of financial assets at amortized cost	1,019,631	808,985
B02700	Acquisition of property, plant and equipment	(46,381)	(99,651)
B02800	Proceeds from disposal of property, plant and equipment	822	2,542

(Continued)

(Concluded)

Code		Six Months Ended June 30 2026	2025
B03700	Increase in refundable deposits paid	($ 2,586)	$ -
B03800	Decrease in refundable deposits	1,059	-
B04500	Acquisition of intangible assets	(131)	(5,500)
B05350	Acquisition of right-of-use assets	(249)	(237)
BBBB	Net cash generated by (used in) investing activities	281,352	(258,467)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term loans	70,000	90,000
C00200	Decrease in short-term loans	(70,000)	(70,000)
C03100	Decrease in guarantee deposits received	-	(4,362)
C04020	Repayment of the principal portion of lease liabilities	(12,977)	(12,175)
CCCC	Net cash used in (generated by) financing activities	(12,977)	3,463
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	5,412	(20,866)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	383,339	(110,778)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	277,163	634,676
E00200	CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 660,502	$ 523,898

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 Six Months Ended June 30, 2026 and 2025

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

1. GENERAL

Top Union Electronics Corp. (hereinafter referred to as "TU"), a Taiwan-based company, was incorporated on February 15, 1990 and commenced operations in August of the same year. TU is principally engaged in the design and manufacture of electronic products and communication equipment, the provision of technical consulting and surface mount technology services, and related import and export activities. TU's shares have been listed and traded on the Taipei Exchange since April 2004.

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

Top Union Electronics Corp. and its subsidiaries are hereinafter collectively referred to as the "Company."

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on August 6, 2026.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) IFRS Accounting Standards endorsed by the FSC for application in 2027

New, Amended or Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
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
Amendments to IAS 21, "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027
Amendments to IAS 28, Fair Value Option for Investments in Associates and Joint Ventures	January 1, 2027 (Note 2)

Note 1: Enterprises in Taiwan shall apply IFRS 18 beginning January 1, 2028 and may elect early application.

Note 2: The amendments shall be applied concurrently with IFRS 18.

(i) IFRS 18, "Presentation and Disclosure in Financial Statements," together with the related consequential amendments, and the amendments to IAS 28 regarding the fair value option for investments in associates and joint ventures.

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.

On initial application of IFRS 18, a venture capital organization, or a mutual fund, unit trust or similar entity, or an entity that holds investments indirectly through such entities, is permitted to change its election for measuring investments in associates or joint ventures from the equity method to fair value through profit or loss. The amendments to IAS 28 clarify that the aforementioned "similar entities" include entities that determine, in accordance with IFRS 18, that investing in a particular type of asset is their main business activity. If the Company meets the above criteria, it may elect to make such change as of the date of initial application.

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.

  The Company does not intend to early apply IFRS 18 and the related consequential amendments.

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.

(2) IFRS Accounting Standards issued by the IASB but not yet endorsed by the FSC

New, Amended or Revised Standards and Interpretations	Effective Date Issued by IASB (Note)
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 20, Regulatory Assets and Regulatory Liabilities	January 1, 2029

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

(i) Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments provide that if the Company sells or contributes assets to an associate or joint venture, or loses control of a subsidiary but retains significant influence or joint control over the former subsidiary, and the assets or former subsidiary meet the definition of a "business" under IFRS 3, Business Combinations, the Company recognizes in full the gain or loss resulting from such transactions.

In addition, if the Company sells or contributes assets to an associate or joint venture, or loses control of a subsidiary in a transaction with an associate or joint venture while retaining significant influence or joint control over the former subsidiary, and the assets or former subsidiary do not meet the definition of a "business" under IFRS 3, the Company recognizes the gain or loss resulting from such transaction only to the extent of the unrelated investors' interests in the associate or joint venture; that is, the Company's share of such gain or loss is eliminated.

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

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand and revolving funds	$ 145	$ 140	$ 130
Checking accounts and demand deposits	410,357	277,023	224,479
Cash equivalents			
Bank time deposits	250,000	-	299,289
	$ 660,502	$ 277,163	$ 523,898

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

	June 30, 2026	December 31, 2025	June 30, 2025
Bank Deposits	0.030%~1.585%	0.030%~0.705%	0.010%~1.505%

7. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Time deposits with original maturities of more than three months	$ 949,000	$ 1,045,144	$ 884,829
Restricted bank deposits (Note)	58,604	57,831	80,868
	$ 1,007,604	$ 1,102,975	$ 965,697
Non-current			
Time deposits with original maturities of more than 1 year	$ 79,730	$ 296,062	$ 253,028

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:

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Time deposits with original maturities of more than 3 months	0.67%~3.20%	0.67%~4.00%	1.26%~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%~1.40%	1.15%~2.20%	1.15%~2.20%

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	June 30, 2026	December 31, 2025	June 30, 2025
Notes Receivable			
Arising from operations	$ 6,373	$ 8,653	$ 4,344
Accounts Receivable			
Measured at amortized cost			
Gross carrying amount	$ 438,433	$ 380,718	$ 398,395
Less: loss allowance	(2,000)	(2,000)	(2,000)
	$ 436,433	$ 378,718	$ 396,395
Accounts Receivable – Related Parties			
Measured at amortized cost			
Gross carrying amount	$ 83,930	$ 105,663	$ 11,476
Less: loss allowance	-	-	-
	$ 83,930	$ 105,663	$ 11,476

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 only with counterparties that have satisfactory credit quality. 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:

June 30, 2026

	Not past due	1–60 days past due	61–90 days past due	91–120 days past due	More than 121 days past due	Total
Gross carrying amount	$ 432,588	$ 5,436	$ 409	$ -	$ -	$ 438,433
Allowance for losses (lifetime expected credit losses)	(378)	(1,508)	(114)	-	-	(2,000)
Amortized cost	$ 432,210	$ 3,928	$ 295	$ -	$ -	$ 436,433

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

June 30, 2025

	Not past due	1–60 days past due	61–90 days past due	91–120 days past due	More than 121 days past due	Total
Gross carrying amount	$ 387,670	$ 10,557	$ 168	$ -	$ -	$ 398,395
Allowance for losses (lifetime expected credit losses)	(113)	(1,857)	(30)	-	-	(2,000)
Amortized cost	$ 387,557	$ 8,700	$ 138	$ -	$ -	$ 396,395

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

	Six Months Ended June 30	
	2026	2025
Balance at Beginning and End of Period	$ 2,000	$ 2,000

9. INVENTORIES

	June 30, 2026	December 31, 2025	June 30, 2025
Raw materials	$ 606,194	$ 531,622	$ 590,848
Work in process	77,055	60,714	97,647
Finished goods	16,610	15,996	13,444
	$ 699,859	$ 608,332	$ 701,939

For the three months ended June 30, 2026 and 2025 and the six months ended June 30, 2026 and 2025, cost of revenue related to inventories amounted to $666,763 thousand, $713,262 thousand, $1,287,374 thousand and $1,335,105 thousand, respectively. Cost of revenue included inventory write-downs and obsolescence losses (reversal gains) of $428 thousand, $555 thousand, $(1,949) thousand and $(1,337) thousand, respectively.

The reversals of inventory write-downs and obsolescence losses were mainly attributable to the subsequent sale or utilization of inventories.

10. SUBSIDIARIES

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

			% of Ownership			
Investor	Investee	Main Business	June 30, 2026	December 31, 2025	June 30, 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 six months ended June 30, 2026 and 2025, these subsidiaries were immaterial subsidiaries whose financial statements were not reviewed by independent auditors.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
Cost								
Balance, January 1, 2026	$ 80,113	$ 454,522	$ 1,081,207	$ 25,924	$ 39,464	$ 26,554	$ 69,048	$ 1,776,832
Additions	-	14,026	21,833	5,198	3,063	759	2,131	47,010
Disposals	-	-	(2,581)	(4,600)	(282)	-	(587)	(8,050)
Net exchange differences	-	-	21,067	431	658	1,160	1,287	24,603
Balance, June 30, 2026	$ 80,113	$ 468,548	$ 1,121,526	$ 26,953	$ 42,903	$ 28,473	$ 71,879	$ 1,840,395
Accumulated depreciation								
Balance, January 1, 2026	$ -	$ 228,071	$ 848,639	$ 17,189	$ 29,978	$ 22,427	$ 52,427	$ 1,198,731
Depreciation expense	-	8,060	35,104	1,229	1,340	740	2,261	48,734
Disposals	-	-	(2,581)	(4,600)	(273)	-	(587)	(8,041)
Net exchange differences	-	-	19,082	266	499	982	1,160	21,989
Balance, June 30, 2026	$ -	$ 236,131	$ 900,244	$ 14,084	$ 31,544	$ 24,149	$ 55,261	$ 1,261,413
Net amount, June 30, 2026	$ 80,113	$ 232,417	$ 221,282	$ 12,869	$ 11,359	$ 4,324	$ 16,618	$ 578,982
Net amount, December 31, 2025 and January 1, 2026	$ 80,113	$ 226,451	$ 232,568	$ 8,735	$ 9,486	$ 4,127	$ 16,621	$ 578,101
Cost								
Balance, January 1, 2025	$ 80,113	$ 454,522	$ 1,023,139	$ 26,362	$ 33,950	$ 25,767	$ 69,471	$ 1,713,324
Additions	-	-	3,907	-	4,898	829	273	9,907
Disposals	-	-	(41,470)	(20)	(141)	(675)	(760)	(43,066)
Net exchange differences	-	-	(41,882)	(901)	(1,217)	(2,237)	(2,551)	(48,788)
Balance, June 30, 2025	$ 80,113	$ 454,522	$ 943,694	$ 25,441	$ 37,490	$ 23,684	$ 66,433	$ 1,631,377
Accumulated depreciation								
Balance, January 1, 2025	$ -	$ 212,150	$ 821,644	$ 17,673	$ 28,315	$ 21,703	$ 47,954	$ 1,149,439
Depreciation expense	-	7,960	32,527	1,025	1,040	625	2,814	45,991
Disposals	-	-	(41,470)	(20)	(141)	(675)	(760)	(43,066)
Net exchange differences	-	-	(36,876)	(707)	(927)	(1,872)	(2,297)	(42,679)
Balance, June 30, 2025	$ -	$ 220,110	$ 775,825	$ 17,971	$ 28,287	$ 19,781	$ 47,711	$ 1,109,685
Net amount, June 30, 2025	$ 80,113	$ 234,412	$ 167,869	$ 7,470	$ 9,203	$ 3,903	$ 18,722	$ 521,692

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
Office 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

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amounts of right-of-use assets			
Buildings	$ 48,418	$ 13,912	$ 25,112
Production equipment	706	225	573
	$ 49,124	$ 14,137	$ 25,685

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Additions to right-of-use assets			$ 47,205	$ 1,939
Depreciation expense of right-of-use assets				
Buildings	$ 6,534	$ 5,749	$ 12,751	$ 11,726
Production equipment	105	175	277	349
	$ 6,639	$ 5,924	$ 13,028	$ 12,075

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 June 30, 2026 and 2025.

(2) Lease liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Carrying amounts of lease liabilities			
Current	$ 25,665	$ 10,087	$ 18,291
Non-current	$ 23,104	$ 4,117	$ 7,640

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

	June 30, 2026	December 31, 2025	June 30, 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 leases a factory building from... under a finance lease arrangement. The lease term ranges from one to two years. Top Union Suzhou leased the factory building from Suzhou Xincheng Economic Development company under finance lease arrangements, 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 under finance lease arrangements, 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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term lease expenses	$ 867	$ 724	$ 1,627	$ 1,624
Total cash outflow for leases			$ 15,026	$ 14,173

The Company applies the recognition exemption for short-term leases to qualifying office equipment leases and, accordingly, does not recognize related right-of-use assets or lease liabilities.

13. INTANGIBLE ASSETS

	Six Months Ended June 30	
	2026	2025
Cost		
Beginning balance	$ 50,566	$ 30,009
Additions	131	5,500
Net exchange differences	164	(319)
Ending balance	$ 50,861	$ 35,190
Accumulated amortization		
Beginning balance	$ 31,917	$ 29,007
Amortization expense	3,546	1,250
Net exchange differences	165	(317)
Ending balance	$ 35,628	$ 29,940
Net carrying amount	$ 15,233	$ 5,250

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3 years

14. Other Current Assets

	June 30, 2026	December 31, 2025	June 30, 2025
VAT credits	$ 78,521	$ 89,383	$ 68,833
VAT refund receivable	18,704	22,717	23,202
Prepayments for goods	18,480	11,627	15,600
Interest receivable	9,598	8,715	8,778
Temporary payments	4,069	401	3,546
Others	39,100	30,546	37,339
	$ 168,472	$ 163,389	$ 157,298

15. Short-term Borrowings

	June 30, 2026	December 31, 2025	June 30, 2025
Secured borrowings			
Bank borrowings	$ 10,000	$ 10,000	$ 10,000
Unsecured borrowings			
Bank borrowings	$ 40,000	$ 40,000	$ 40,000

The interest rates for revolving bank borrowings were 1.98%–2.24% as of June 30, 2026, December 31, 2025, and June 30, 2025.

16. Other Payables and Other Current Liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Salaries and bonuses payable	$ 66,322	$ 71,543	$ 72,016
Temporary receipts and receipts under custody	15,999	9,680	10,947
Others	72,992	56,891	66,219
	$ 155,313	$ 138,114	$ 149,182

17. Post-employment Benefit Plans

(1) Defined Contribution Plans

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

(2) Defined Benefit Plans

For the periods from April 1 to June 30, 2026 and 2025, and from January 1 to June 30, 2026 and 2025, the pension expenses recognized in relation to defined benefit plans 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, and NT$5,390 thousand and NT$2,322 thousand, respectively.

18. Equity

(1) Ordinary share capital

	June 30, 2026	December 31, 2025	June 30, 2025
Authorized shares (in thousands)	180,000	180,000	180,000
Authorized share capital	$ 1,800,000	$ 1,800,000	$ 1,800,000
Issued and fully paid shares (in thousands)	153,872	153,872	153,872
Issued share capital	$ 1,538,715	$ 1,538,715	$ 1,538,715

Each ordinary share has a par value of NT$10 and carries one voting right and the right 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 declared effective 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

	June 30, 2026	December 31, 2025	June 30, 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.

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	$ 273,892	$ 258,837	$ 1.780	$ 1.785
Stock	$ -	$ 86,279	-	0.595

The above cash dividends were approved for distribution by the Board of Directors on March 5, 2026 and February 27, 2025, respectively, while the remaining earnings distribution items were approved at the shareholders' meetings on May 22, 2026 and May 23, 2025, respectively.

(4) Other equity items

Foreign Currency Translation Reserve

	Six Months Ended June 30	
	2026	2025
Beginning balance	$ 47,866	$ 46,762
Recognized during the period		
Exchange differences on translation of foreign operations	23,524	(49,394)
Ending balance	$ 71,390	($ 2,632)

19. NET REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Revenue from contracts with customers				
Sales revenue	$ 511,375	$ 568,530	$ 1,003,095	$ 1,075,096
Processing revenue	297,697	285,187	546,980	556,737
	$ 809,072	$ 853,717	$ 1,550,075	$ 1,631,833

(1) Contract balances

	June 30, 2026	December 31, 2025	June 30, 2025	January 1, 2025
Accounts receivable, including related parties	$ 520,363	$ 484,381	$ 407,87[illegible]	$ 418,680
Contract liabilities - current				
Sales of goods	$ 150,632	$ 150,501	$ 173,31[illegible]	$ 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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Bank deposits	$ 4,953	$ 6,702	$ 10,585	$ 13,195

(2) Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Rental income	$ 296	$ 296	$ 592	$ 592

(3) Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Net foreign exchange gain	$ 500	($ 25,361)	$ 4,291	($ 21,896)
Gain on disposal of property, plant and equipment	518	2,434	813	2,542
Others	2,167	165	2,179	166
	$ 3,185	($ 22,762)	$ 7,283	($ 19,188)

(4) Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Interest on lease liabilities	$ 303	$ 164	$ 422	$ 374
Interest on bank borrowings	267	263	522	504
	$ 570	$ 427	$ 944	$ 878

(5) Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Depreciation expenses summarized by function				
Cost of revenue	$ 27,226	$ 25,020	$ 54,045	$ 50,855
Operating expenses	3,872	3,141	7,717	7,211
	$ 31,098	$ 28,161	$ 61,762	$ 58,066
Amortization expenses summarized by function				
Cost of revenue	$ 1,464	$ 478	$ 2,933	$ 692
Operating expenses	307	107	613	558
	$ 1,771	$ 585	$ 3,546	$ 1,250

(6) Employee benefits expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term employee benefits	$ 167,470	$ 147,478	$ 320,389	$ 295,910
Post-employment benefits				
Defined contribution plans	2,258	2,353	4,432	4,722
Defined benefit plans	2,695	1,161	5,390	2,322
Total employee benefits expenses	$ 172,423	$ 150,992	$ 330,211	$ 302,954
Summarized by function				
Cost of revenue	$ 133,347	$ 117,561	$ 254,367	$ 231,439
Operating expenses	39,076	33,431	75,844	71,515
	$ 172,423	$ 150,992	$ 330,211	$ 302,954

(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 non-managerial employees. The estimated employees' compensation, including compensation for non-managerial employees, and directors' remuneration for the periods from January 1 to June 30, 2026 and 2025 were as follows:

Accrual Rate

	Six Months Ended June 30	
	2026	2025
Employees' compensation	6%	6%
Directors' remuneration	2.3%	2.3%

Amounts

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Employees' compensation	$ 6,243	$ 4,809	$ 11,326	$ 12,304
Directors' remuneration	$ 2,394	$ 1,844	$ 4,342	$ 4,717

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Total foreign exchange gains	$ 8,245	$ 43,965	$ 20,599	$ 53,616
Total foreign exchange losses	(7,745)	(69,326)	(16,308)	(75,512)
Net gain	$ 500	($ 25,361)	$ 4,291	($ 21,896)

21. INCOME TAX

(1) Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Current income tax				
Current period	$ 18,942	$ 19,110	$ 33,500	$ 43,736
Prior-year adjustments	(5,941)	(1,259)	(5,941)	(1,259)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Deferred income tax				
Current period	$ 546	($ 1,445)	$ 4,252	($ 1,013)
Income tax expense recognized in profit or loss	$ 13,547	$ 16,406	$ 31,811	$ 41,464

(2) Current income tax assets and liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Current income tax assets			
Tax refund receivable	$ 182	$ 537	$ 158
Current income tax liabilities			
Income tax payable	$ 32,439	$ 37,833	$ 42,588

(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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Basic earnings per share	$ 0.53	$ 0.38	$ 0.92	$ 0.95
Diluted earnings per share	$ 0.53	$ 0.38	$ 0.91	$ 0.95

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

Net income for the period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
For computation of basic and diluted EPS	$ 81,876	$ 58,299	$ 141,295	$ 146,582

Number of shares (in thousand shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Weighted average number of ordinary shares used in calculating basic earnings per share	153,872	153,872	153,872	153,797
Effect of dilutive potential ordinary shares:				
Employees' compensation	459	407	775	481
Weighted average number of ordinary shares used in calculating diluted earnings per share	154,331	154,279	154,647	154,278

If employees' compensation may be settled in shares or cash, diluted earnings per share is calculated assuming settlement in shares. Potential ordinary shares with a dilutive effect are included in the weighted average number of shares outstanding, including prior to the shareholders' resolution of the following year's employee compensation shares.

23. CAPITAL MANAGEMENT

The Company 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 Company's capital management objective is to ensure that sufficient financial resources are available to meet its working capital, capital expenditure, research and development, debt repayment, dividend payment and other operating needs for the next 12 months.

24. FINANCIAL INSTRUMENTS

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

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

(2) Categories of financial instruments

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets			
Measured at amortized cost			
Cash and cash equivalents	$ 660,502	$ 277,163	$ 523,898
Financial assets measured at amortized cost	1,087,334	1,399,037	1,218,725
Notes receivable	6,373	8,653	4,344
Accounts receivable, net (including related parties)	520,363	484,381	407,871
Refundable deposits	7,279	5,564	5,115
Financial liabilities			
Measured at amortized cost			
Short-term borrowings	50,000	50,000	50,000
Notes payable	89	75	-
Accounts payable (including related parties)	462,185	460,195	467,203
Other payables and other current liabilities	155,313	138,114	149,182
Guarantee deposits received	86,279	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 finance department coordinates access to domestic and international financial markets and monitors and manages financial risks relating to the Company’s operations through internal risk reports that analyze exposures by degree and magnitude of 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.

<u>Sensitivity analysis</u>

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 June 30, 2026 and 2025 would have increased by NT$16,524 thousand and NT$2,693 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:

	June 30, 2026	December 31, 2025	June 30, 2025
Fair value interest rate risk			
- Financial assets	$ 1,337,334	$ 1,399,037	$ 1,518,013
- Financial liabilities	48,769	14,204	25,931
Cash flow interest rate risk			
- Financial assets	410,307	276,973	224,471
- 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 June 30, 2026, December 31, 2025, and

June 30, 2025, the percentages of gross accounts receivable attributable to the aforementioned customer were 57%, 55%, and 55%, 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 June 30, 2026, December 31, 2025, and June 30, 2025, the Company's unused short-term bank credit facilities are disclosed in (2) Credit facilities below.

(i) 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.

June 30, 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	$ 446,708	$ 326,652	$ 51,797	$ -	$ -
Lease liabilities	3,925	2,666	19,956	23,589	-
Variable interest rate liabilities	10,000	10,000	30,000	-	-
	$ 186,741	$ 339,318	$ 375,645	$ 23,589	$ -

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	$ 26,547	$ 23,589	$ -	$ -	$ -	$ -
Variable interest rate liabilities	50,000	-	-	-	-	-
	$ 76,547	$ 23,589	$ -	$ -	$ -	$ -

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

June 30, 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	$ 444,785	$ 314,965	$ 43,456	$ -	$ -
Lease liabilities	3,430	2,564	12,610	7,710	-
Variable interest rate liabilities	20,000	20,000	10,000	-	-
	$ 468,215	$ 337,529	$ 66,066	$ 7,710	$ -

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	$ 18,604	$ 7,710	$ -	$ -	$ -	$ -
Variable interest rate liabilities	50,000	-	-	-	-	-
	$ 68,604	$ 7,710	$ -	$ -	$ -	$ -

(ii) Credit facilities

	June 30, 2026	December 31, 2025	June 30, 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	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2026	2025	2026	2025
Revenue	Substantive related party				
	AAEON Technology Inc	$ 75,337	$ 5,466	$ 158,471	$ 11,223
	Other	18,387	15,297	32,171	28,985
		$ 93,724	$ 20,763	$ 190,642	$ 40,208

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	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Substantive related parties	$ 1,514	$ 3,630	$ 2,104	$ 3,630

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	June 30, 2026	December 31, 2025	June 30, 2025
Accounts Receivable — Related Parties, Net	Substantive related party			
	AAEON Technology Inc.	$ 70,497	$ 87,013	$ 1,162
	Others	13,433	18,650	10,314
		$ 83,930	$ 105,663	$ 11,476

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	June 30, 2026	December 31, 2025	June 30, 2025
Accounts Payable—Related Parties, Net	Substantive related party	$ 607	$ 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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term employee benefits	$ 4,603	$ 6,550	$ 8,775	$ 11,829

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 were pledged as collateral for short-term borrowing facilities, customs duty guarantees on imported raw materials, performance guarantees and letters of credit:

	June 30, 2026	December 31, 2025	June 30, 2025
Property, plant and equipment, net	$ 312,530	$ 306,564	$ 314,525

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information is presented by foreign currency for monetary assets and liabilities denominated in currencies other than the functional currencies of the respective entities within the Company. The exchange rates disclosed represent the rates used to translate such foreign currencies into the respective functional currencies.

June 30, 2026

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 20,176	31.850	$ 642,606
RMB	8	4.690	38

	Foreign Currencies	Exchange Rate	Carrying Amount
			$ 642,644
Financial liabilities			
Monetary items			
USD	14,988	31.850	$ 477,368

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

June 30, 2025

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 17,411	29.300	$ 510,142
RMB	8	4.091	33
			$ 510,175
Financial liabilities			
Monetary items			
USD	16,492	29.300	$ 483,216

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

	For the Three Months Ended June 30			
	2026		2025	
Foreign currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	31.850 （USD：NTD）	$ 3,296	29.300 （USD：NTD）	($ 9,693)
USD	6.811 （USD：RMB）	(219)	7.159 （USD：RMB）	(57)
		$ 3,077		($ 9,750)

Foreign currencies	For the Six Months Ended June 30			
	2026		2025	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	31.850 （USD：NTD）	$ 2,173	29.300 （USD：NTD）	($ 8,113)
USD	6.811 （USD：RMB）	(274)	7.159 （USD：RMB）	(20)
		$ 1,899		($ 8,133)

28. ADDITIONAL DISCLOSURES

Except for the information disclosed in items (1) through (5), there are no other significant transactions, information on investees, investments in mainland China, or business relationships and significant transactions between the parent and its subsidiaries that are required to be disclosed.

(1) Endorsements and guarantees provided for others:

Unit: NT$ thousand, unless otherwise stated

No. (Note 1)	Endorser/guarantor	Party for whom endorsement/guarantee is provided		Limit for a single enterprise (Note 1)	Maximum balance during the period	Ending balance	Actual amount drawn	Collateral amount	Ratio to latest net worth (%)	Maximum endorsement /guarantee limit (Note 2)	Parent to subsidiary	Subsidiary to parent	Mainland China endorsement/guarantee	Remark
		Company name	Relationship											
0	The Company	ORIENTAL	A subsidiary directly 100% owned by the Company	$ 1,225,440	$ 100,000	$ 100,000	$ -	$ -	4.08	$ 2,450,880	Y	N	N	—

Note 1: The Company’s limit for endorsements and guarantees provided to a single enterprise shall not exceed 50% of the Company’s net worth for the current year.

Note 2: The Company’s total external endorsements and guarantees shall not exceed 100% of the Company’s net worth for the current period.

(2) Purchases from or sales to related parties amounting to NT$100 million or 20% or more of paid-in capital

Purchasing/selling company	Counterparty	Relationship	Transaction details				Differences from normal transaction terms and reasons		Notes and accounts receivable/payable		Remark
			Purchase/sale	Amount	Ratio to total purchases/sales	Credit term	Unit price	Credit term	Balance	Ratio to total notes/accounts receivable/payable	
The Company	Top Union Suzhou	A subsidiary indirectly 100% owned by the Company	Sales	$143,335	9%	90 days after month-end	$ -	—	$ 51,339	10%	—

(3) 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 June 30, 2026			Net income (loss) of the investee	Investment income (loss) recognized by the Company
				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	$ 589,152	($ 13,548)	($ 13,548)

Note: The investment gain or loss was recognized based on the investee’s financial statements for the same period, which were reviewed by independent auditors.

(4) 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 investment remittances from Taiwan as of January 1, 2026	Investment remittances during the period		Accumulated investment remittances from Taiwan as of June 30, 2026	Net Income (Losses) of the Investee Company	% of Ownership	Share of Profits/Losses (Note 2)	Carrying amount as of June 30, 2026	Accumulated repatriation of investment income as of June 30, 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	($ 11,696	100%	($ 11,696)	$ 115,325	$ 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	(2,405	100%	(2,405)	448,221	88,440

Accumulated investment remittances from Taiwan to mainland China as of June 30, 2026	Investment amount approved by the Investment Commission, MOEA	Upper limit on investments in mainland China prescribed by the Investment Commission, MOEA
Cash $313,982 Price of Machinery & Equipment $177,720	$491,702 US$15,159 thousand	$1,470,528

Note 1： The investments in the mainland China investees were made through ORIENTAL, a company incorporated in the British Virgin Islands.

Note 2: The investment gains or losses were recognized and disclosed based on the financial statements of Top Union Shanghai and Top Union Suzhou for the same period, which were not reviewed by independent auditors.

2) Significant direct or indirect transactions with mainland China investees through a third-area entity, including transaction prices, payment terms and unrealized gains or losses, are disclosed in item (5).

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

For the Six Months Ended June 30

(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 gross profit on sales	($ 73)	Note 1	-
		TU Suzhou	1	Accounts receivable	51,339	Note 2	1%
		TU Suzhou	1	Operating revenue	143,335	Note 1	9%

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

Note 2：Collections are temporarily arranged based on the counterparty’s funding position within the agreed credit period.

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

29. SEGMENT INFORMATION

Based on the operating results regularly reviewed by the chief operating decision maker for the purpose of allocating resources and assessing performance, the Company has a single operating segment. The measurement basis for profit or loss, assets and liabilities of the operating segment is the same as the basis used in preparing the consolidated financial statements. Accordingly, the segment revenue and operating results to be reported for the periods from April 1 to June 30, 2026 and 2025, and from January 1 to June 30, 2026 and 2025 may be referenced to the consolidated statements of comprehensive income; the segment assets to be reported as of June 30, 2026, December 31, 2025 and June 30, 2025 may be referenced to the consolidated balance sheets.