

Top Union Electronics Corp. and Subsidiaries

Consolidated Financial Statements for the Three
Months Ended March 31, 2025 and 2024 and
Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders

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, 2025 and 2024, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, We conducted our reviews in accordance with the standards on Review Engagements of the Republic of China 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 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 disclosed in Note 10 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2025 and 2024, combined total assets of these non-significant subsidiaries were NT\$630,607 thousand and NT\$642,080 thousand, respectively, representing 17% and 19%, respectively of the consolidated total assets, and combined total liabilities of these non-significant subsidiaries were NT\$54,122 thousand and NT\$66,038 thousand, respectively, representing 4% and 5% respectively, of the consolidated total liabilities. For the three months ended March 31, 2025 and 2024, the amounts of the combined comprehensive income of these non-significant subsidiaries were NT\$(8,531) thousand and NT\$(9,966) thousand, respectively, representing (8)% and (11)%, respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 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 of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China
April 24, 2025

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6 and 24)	\$ 584,285	16	\$ 634,676	18	\$ 1,110,517	32
Financial assets at amortized cost (Note 7, 24 and 26)	905,576	25	977,421	27	370,432	11
Notes receivable, net (Note 8 and 24)	6,250	-	5,420	-	10,215	-
Trade receivables, net (Note 8, 19 and 24)	456,928	12	418,680	12	398,354	12
Current income tax assets (Notes 4 and 21)	177	-	175	-	401	-
Inventories (Note 9)	714,245	19	671,347	19	690,691	20
Other current assets (Note 14)	<u>151,461</u>	<u>4</u>	<u>120,540</u>	<u>3</u>	<u>112,743</u>	<u>3</u>
Total current assets	<u>2,818,922</u>	<u>76</u>	<u>2,828,259</u>	<u>79</u>	<u>2,693,353</u>	<u>78</u>
NONCURRENT ASSETS						
Financial assets at amortized cost (Note 7 and 24)	278,953	8	129,862	4	84,854	3
Property, plant and equipment (Note 11 and 26)	545,787	15	563,885	16	587,503	17
Right-of-use assets (Note 12)	30,158	1	35,962	1	53,331	2
Intangible assets (Note 13)	5,838	-	1,002	-	2,555	-
Deferred income tax assets (Note 4 and 21)	5,599	-	6,032	-	8,068	-
prepayments for equipment	1,597	-	325	-	-	-
Refundable deposits (Note 24)	<u>5,592</u>	<u>-</u>	<u>5,498</u>	<u>-</u>	<u>5,504</u>	<u>-</u>
Total noncurrent assets	<u>873,524</u>	<u>24</u>	<u>742,566</u>	<u>21</u>	<u>741,815</u>	<u>22</u>
TOTAL	<u>\$ 3,692,446</u>	<u>100</u>	<u>\$ 3,570,825</u>	<u>100</u>	<u>\$ 3,435,168</u>	<u>100</u>

LIABILITIES AND EQUITY	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES						
Short-term borrowings (Note 15, 24 and 26)	\$ 50,000	1	\$ 30,000	1	\$ 55,000	2
Contract liabilities (Note 19)	186,336	5	188,282	5	181,125	5
Accounts payable (Note 24)	451,914	12	454,136	13	404,638	12
Accrued profit sharing bonus to employees and compensation to directors (Note 20)	49,399	1	46,861	1	44,689	1
Cash dividends payable (Note 18)	258,837	7	-	-	203,203	6
Income tax payable (Note 4 and 21)	81,357	2	57,237	2	63,964	2
Lease liabilities (Note 12 and 24)	22,669	1	24,355	1	23,698	1
Other payables and other current liabilities (Note 16 and 24)	<u>134,227</u>	<u>4</u>	<u>153,702</u>	<u>4</u>	<u>154,661</u>	<u>4</u>
Total current liabilities	<u>1,234,739</u>	<u>33</u>	<u>954,573</u>	<u>27</u>	<u>1,130,978</u>	<u>36</u>
NONCURRENT LIABILITIES						
Deferred income tax liabilities (Note 4 and 21)	17,602	1	17,602	1	17,050	-
Lease liabilities (Notes 12 and 24)	8,501	-	12,539	-	30,599	1
Net defined benefit liability (Note 4 and 17)	7,807	-	7,565	-	8,977	-
Guarantee deposits (Note 24)	<u>69,411</u>	<u>2</u>	<u>73,773</u>	<u>2</u>	<u>53,283</u>	<u>2</u>
Total noncurrent liabilities	<u>103,321</u>	<u>3</u>	<u>111,479</u>	<u>3</u>	<u>109,909</u>	<u>3</u>
Total liabilities	<u>1,338,060</u>	<u>36</u>	<u>1,066,052</u>	<u>30</u>	<u>1,240,887</u>	<u>36</u>
EQUITY (Note 18)						
Capital stock						
Common stock	1,450,067	39	1,450,067	41	1,382,333	40
Employee stock dividends to be allocated	<u>2,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital stock	<u>1,452,436</u>	<u>39</u>	<u>1,450,067</u>	<u>41</u>	<u>1,382,333</u>	<u>40</u>
Capital surplus	<u>263,443</u>	<u>7</u>	<u>257,983</u>	<u>7</u>	<u>257,983</u>	<u>8</u>
Retained earnings						
Appropriated as legal capital reserve	262,084	7	262,084	7	231,475	7
Unappropriated earnings	<u>317,323</u>	<u>9</u>	<u>487,877</u>	<u>14</u>	<u>285,165</u>	<u>8</u>
Total retained earnings	<u>579,407</u>	<u>16</u>	<u>749,961</u>	<u>21</u>	<u>516,640</u>	<u>15</u>
Others	<u>59,100</u>	<u>2</u>	<u>46,762</u>	<u>1</u>	<u>37,325</u>	<u>1</u>
Total equity	<u>2,354,386</u>	<u>64</u>	<u>2,504,773</u>	<u>70</u>	<u>2,194,281</u>	<u>64</u>
TOTAL	<u>\$ 3,692,446</u>	<u>100</u>	<u>\$ 3,570,825</u>	<u>100</u>	<u>\$ 3,435,168</u>	<u>100</u>

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

(With Deloitte & Touche review report dated April 24, 2025)

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			
	2025		2024	
	Amount	%	Amount	%
NET REVENUE (Notes 19)	\$ 778,116	100	\$ 761,534	100
COST OF REVENUE (Notes 9 and 20)	<u>621,843</u>	<u>80</u>	<u>639,220</u>	<u>84</u>
GROSS PROFIT	<u>156,273</u>	<u>20</u>	<u>122,314</u>	<u>16</u>
OPERATING EXPENSES (Notes 20)				
Selling and marketing	12,738	2	12,215	1
General and administrative	33,143	4	32,478	4
Research and development	<u>6,963</u>	<u>1</u>	<u>6,248</u>	<u>1</u>
Total operating expenses	<u>52,844</u>	<u>7</u>	<u>50,941</u>	<u>6</u>
INCOME FROM OPERATIONS	<u>103,429</u>	<u>13</u>	<u>71,373</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES (Note 20)				
Interest income	6,493	1	7,180	1
Other income	296	-	289	-
Other gains and losses, net	3,574	-	24,983	3
Finance costs	(<u>451</u>)	-	(<u>670</u>)	-
Total non-operating income and expenses	<u>9,912</u>	<u>1</u>	<u>31,782</u>	<u>4</u>
INCOME BEFORE INCOME TAX	113,341	14	103,155	14
INCOME TAX EXPENSE (Notes 4 and 21)	<u>25,058</u>	<u>3</u>	<u>19,422</u>	<u>3</u>
NET INCOME	88,283	11	83,733	11

(Continued)

	Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 18)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	\$ 12,338	2	\$ 10,967	1
TOTAL COMPREHENSIVE INCOME	\$ 100,621	13	\$ 94,700	12
EARNINGS PER SHARE (NT\$, Note 22)				
Basic earnings per share	\$ 0.61		\$ 0.58	
Diluted earnings per share	\$ 0.61		\$ 0.57	

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated April 24, 2025)

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Capital Stock - Common Stock			Capital Surplus	Retained Earnings		Others	Total
	Shares (In Thousands)	Amount	Employee stock dividends to be allocated		Legal Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	
BALANCE, JANUARY 1, 2024	138,233	\$ 1,382,333	\$ -	\$ 257,983	\$ 231,475	\$ 404,635	\$ 26,358	\$ 2,302,784
Appropriations of earnings								
Cash dividends to shareholders	-	-	-	-	-	(203,203)	-	(203,203)
Net profit for the three months ended March 31, 2024	-	-	-	-	-	83,733	-	83,733
Other comprehensive (loss) income for the three months ended March 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,967</u>	<u>10,967</u>
Total comprehensive income (loss) for the three months ended March 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,733</u>	<u>10,967</u>	<u>94,700</u>
BALANCE, MARCH 31, 2024	<u>138,233</u>	<u>\$ 1,382,333</u>	<u>\$ -</u>	<u>\$ 257,983</u>	<u>\$ 231,475</u>	<u>\$ 285,165</u>	<u>\$ 37,325</u>	<u>\$ 2,194,281</u>
BALANCE, JANUARY 1, 2025	145,007	\$ 1,450,067	\$ -	\$ 257,983	\$ 262,084	\$ 487,877	\$ 46,762	\$ 2,504,773
Appropriations of earnings								
Cash dividends to shareholders	-	-	-	-	-	(258,837)	-	(258,837)
Net profit for the three months ended March 31, 2025	-	-	-	-	-	88,283	-	88,283
Other comprehensive (loss) income for the three months ended March 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,338</u>	<u>12,338</u>
Total comprehensive income (loss) for the three months ended March 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,283</u>	<u>12,338</u>	<u>100,621</u>
Employee compensation converted to capital increase	<u>-</u>	<u>-</u>	<u>2,369</u>	<u>5,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,829</u>
BALANCE, MARCH 31, 2025	<u>145,007</u>	<u>\$ 1,450,067</u>	<u>\$ 2,369</u>	<u>\$ 263,443</u>	<u>\$ 262,084</u>	<u>\$ 317,323</u>	<u>\$ 59,100</u>	<u>\$ 2,354,386</u>

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

(With Deloitte & Touche review report dated April 24, 2025)

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 113,341	\$ 103,155
Adjustments for:		
Depreciation expense	29,905	31,963
Amortization expense	665	534
Finance costs	451	670
Interest income	(6,493)	(7,180)
Loss on disposal or retirement of property, plant and equipment, net	(108)	-
Property, plant and equipment transfer expenses	-	129
Loss for market price decline and obsolete and slow-moving inventories (reversal gain)	(1,892)	(4,083)
Loss (gain) on foreign exchange, net	(1,617)	(2,549)
Changes in operating assets and liabilities		
Notes receivable	(830)	4,642
Trade receivables	(34,452)	(16,067)
Inventories	(41,017)	46,632
Other current assets	(35,703)	(22,728)
Contract liabilities	(1,946)	29,699
Accounts payable	(6,646)	13,291
Accrued profit sharing bonus to employees and compensation to directors	10,367	9,311
Other payables and other current liabilities	(19,454)	(8,698)
Net defined benefit liability	242	169
Cash generated from operations	4,813	178,890
Interest paid	(440)	(685)
Interest received	11,275	5,743
Income taxes paid	(507)	(613)
Net cash generated by operating activities	<u>15,141</u>	<u>183,335</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(203,524)	(46,417)
Disposal of financial assets at amortized cost	135,350	53,037
Property, plant and equipment	(4,087)	(4,075)
Proceeds from disposal of property, plant and equipment	108	-
Acquisition of intangible assets	(5,500)	-
Refundable deposits paid	-	(288)
Refundable deposits refunded	-	109
Increase in prepaid equipment payments	(1,272)	-
Net cash used in investing activities	<u>(78,925)</u>	<u>2,366</u>

(Continued)

	Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	70,000	80,000
Decrease in short-term loans	(50,000)	(125,000)
Decrease in guarantee deposits received	(4,362)	(28,139)
Repayment of the principal portion of lease liabilities	(<u>6,116</u>)	(<u>5,557</u>)
Net cash used in financing activities	<u>9,522</u>	(<u>78,696</u>)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>3,871</u>	<u>3,983</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(50,391)	110,988
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>634,676</u>	<u>999,529</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 584,285</u>	<u>\$ 1,110,517</u>

(Concluded)

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

(With Deloitte & Touche review report dated April 24, 2025)

TOP UNION ELECTRONICS CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(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 TUEC’s functional currency, New Taiwan Dollars.

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

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on April 24, 2025.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).
 - a) Amendment to IAS 21 "Lack of Convertibility"

The application of the amendment to IAS 21 "Lack of Convertibility" will not result in significant changes to the accounting policies of the consolidated company.
- b. IFRS accounting standards approved by the Financial Supervisory Commission applicable in 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance for the classification of financial assets.	January 1, 2026(Note 1)

Note 1: Applicable to annual reporting periods beginning on or after January 1, 2026, companies may also choose to apply it early starting January 1, 2025.

- a) Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance for the classification of financial assets.

The amendment primarily modifies the classification requirements for financial assets, including:

- (1) If a financial asset includes a contingent feature that changes the timing or amount of contract cash flows, and the nature of the contingent feature is not directly related to changes in the underlying credit risk and costs (such as whether the debtor achieves specific carbon emission reductions), then the contract cash flows of such financial assets will still be solely payments of principal and interest on the outstanding principal amount when the following two conditions are met:
 - The contract cash flows generated under all possible scenarios (whether before or after the occurrence of the contingent feature) are solely payments of principal and interest on the outstanding principal amount; and
 - The contract cash flows generated under all possible scenarios do not differ significantly from the cash flows of a financial instrument with the same contractual terms but without the contingent feature.
- (2) Financial assets with a non-recourse feature refer to the ultimate right of the company to receive cash flows, which are limited by contract to the cash flows generated by specific assets.
- (3) Contractually linked instruments establish multiple tranches of securities through a waterfall payment structure to create a payment priority for financial asset holders, which results in concentrated credit risk and leads to an disproportionate allocation of cash shortfalls from the underlying pool among different tranches of securities.

Upon the initial application of the amendment, it should be applied retrospectively without the need to restate comparative periods, and the impact of the initial application should be recognized on the date of initial application. However, if a company can restate the comparative periods without using hindsight, it may choose to do so.

As of the date of approval for the publication of these consolidated financial statements, the consolidated company continues to assess

the impact of the amendment on its financial position and financial performance.

- c. The IFRS Accounting Standards issued by International Accounting Standards Board (IASB), but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Issued by IASB(Note 1)</u>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Involving Energy-Dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 -Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

As of the date the accompanying consolidated financial statements were issued, the Company continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes its evaluation.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of Compliance

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

endorsed and issued into effect by the FSC (collectively, the “Taiwan-IFRS Accounting Standards”).

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. See Note 10 and 28(1)/(2) for detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, for the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2024.

1) Retirement benefits

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

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

The same material accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2024.

6. CASH AND CASH EQUIVALENTS

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand and Working capital	\$ 142	\$ 140	\$ 94
Checking accounts and Demand deposits	174,790	197,301	443,463
Time deposits	409,353	437,235	666,960
	<u>\$ 584,285</u>	<u>\$ 634,676</u>	<u>\$ 1,110,517</u>

Interest rate ranges for bank deposits on the balance sheet date were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Bank Deposits	0.010%~4.000%	0.002%~4.600%	0.001%~5.000%

7. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Time deposits with original maturities less than 3 months	\$ 813,930	\$ 886,934	\$ 282,112
Restricted Bank Deposits (Note)	91,646	90,487	88,320
	<u>\$ 905,576</u>	<u>\$ 977,421</u>	<u>\$ 370,432</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year	<u>\$ 278,953</u>	<u>\$ 129,862</u>	<u>\$ 84,854</u>

Note: TUEC followed the regulations named "Regulations on Industries Investment from Repatriated Offshore Funds" and obtained approval from National Taxation Bureau, Ministry of Finance, which allowed TUEC to repatriate funds 3,000,000 U.S. Dollars from overseas; and also, an investment plan is required to be submitted to the Ministry of Economic Affairs, R.O.C. Based on the regulations, the repatriated funds shall

only be used to invest according to the approved plan without withdrawing the funds for other purposes outside the approved plan.

As of the balance sheet date, the interest rate intervals of financial assets at amortized cost are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Time deposits with original maturities less than 3 months	1.56%~4.20%	1.56%~4.20%	1.90%~3.25%
Restricted Bank Deposits	4.20%~4.25%	4.20%~4.25%	4.60%~5.00%
Time deposits with original maturities of more than 1 year	1.40%~2.20%	1.70%~2.20%	2.30%~2.55%

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Notes receivable</u>			
Notes receivable - operating	\$ 6,250	\$ 5,420	\$ 10,215
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 458,928	\$ 420,680	\$ 400,354
Allowance for impairment loss	(2,000)	(2,000)	(2,000)
	\$ 456,928	\$ 418,680	\$ 398,354

The average credit period for the Company's merchandise sales ranges from 30 to 60 days, and accounts receivables are not interest-bearing. The policy of conducting transactions adopted by the Company is to trade with the counterparties who have certain good level ratings. Credit rating information is to use publicly available financial information and trading history records to rate major customers. The credit exposure and the credit ratings of the counterparties are continuously monitored by the Company, and the aggregate value of transactions disperses to different customers with the qualified credit ratings. Moreover, credit exposure is controlled by the counterparties' credit ratings that are periodically reviewed and approved by the Company.

The Company recognizes loss allowance of accounts receivables at an amount equal to lifetime expected credit losses (ECLs). The lifetime ECLs uses the provision matrix computation with reference to past default records and current financial position of

customers, general economic conditions of the industry, as well as consideration to industrial prospects. Because the Company's historical credit losses experience indicates that the loss pattern amongst different customer segments does not show outstanding differences, the customer segments are not to be further differentiated by the provision matrix, but only the ratio of ECLs are determined by overdue days of accounts receivables

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

March 31, 2025

	Not Past Due	Past Due Within 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due over 121 Days	Total
Gross carrying amount	\$ 448,610	\$ 10,318	\$ -	\$ -	\$ -	\$ 458,928
Loss allowance	(30)	(1,970)	-	-	-	(2,000)
Amortized cost	<u>\$ 448,580</u>	<u>\$ 8,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 456,928</u>

December 31, 2024

	Not Past Due	Past Due Within 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due over 121 Days	Total
Gross carrying amount	\$ 410,274	\$ 10,406	\$ -	\$ -	\$ -	\$ 420,680
Loss allowance	(751)	(1,249)	-	-	-	(2,000)
Amortized cost	<u>\$ 409,523</u>	<u>\$ 9,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,680</u>

March 31, 2024

	Not Past Due	Past Due Within 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 D a y s	Past Due over 121 Days	Total
Gross carrying amount	\$ 390,938	\$ 9,409	\$ 7	\$ -	\$ -	\$ 400,354
Loss allowance	(864)	(1,129)	(7)	-	-	(2,000)
Amortized cost	<u>\$ 390,074</u>	<u>\$ 8,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,354</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Three Months Ended March 31	
	2025	2024
Balance at January 1 and March 31	<u>\$ 2,000</u>	<u>\$ 2,000</u>

9. INVENTORIES

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	\$ 596,817	\$ 555,150	\$ 596,005
Work in process	98,437	84,728	68,066

	March 31, 2025	December 31, 2024	March 31, 2024
Finished goods	<u>18,991</u>	<u>31,469</u>	<u>26,620</u>
	<u>\$ 714,245</u>	<u>\$ 671,347</u>	<u>\$ 690,691</u>

The costs of inventories recognized as cost of goods sold for the three months ended March 31, 2025 and 2024 were NT\$621,843 thousand and NT\$ 639,220 thousand, respectively. Cost of goods sold includes NT\$1,892 thousand and NT\$4,083 in inventory depreciation and sluggish recovery profits respectively.

10. SUBSIDIARIES

Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2025	December 31, 2024	March 31, 2024	
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: This is an immaterial subsidiary for which financial statements have not been reviewed by the Company's independent accountants.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Wealth Generating Equipment	Lease Improvement	Other Equipment	Total
<u>Cost</u>								
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)
Effects of foreign currency exchange differences	-	-	10,301	221	286	547	638	11,993
Balance at March 31, 2025	<u>\$ 80,113</u>	<u>\$ 454,522</u>	<u>\$ 1,032,752</u>	<u>\$ 26,583</u>	<u>\$ 37,377</u>	<u>\$ 26,314</u>	<u>\$ 70,337</u>	<u>\$ 1,727,998</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2025	\$ -	\$ 212,150	\$ 821,644	\$ 17,673	\$ 28,315	\$ 21,703	\$ 47,954	\$ 1,149,439
Additions	-	3,980	17,040	527	471	315	1,421	23,754
Disposals	-	-	(1,361)	-	-	-	(45)	(1,406)
Effects of foreign currency exchange differences	-	-	8,995	172	223	464	570	10,424
Balance at March 31, 2025	<u>\$ -</u>	<u>\$ 216,130</u>	<u>\$ 846,318</u>	<u>\$ 18,372</u>	<u>\$ 29,009</u>	<u>\$ 22,482</u>	<u>\$ 49,900</u>	<u>\$ 1,182,211</u>
December 31 2024 and January 1, 2025, net	<u>\$ 80,113</u>	<u>\$ 242,372</u>	<u>\$ 201,495</u>	<u>\$ 8,689</u>	<u>\$ 5,635</u>	<u>\$ 4,064</u>	<u>\$ 21,517</u>	<u>\$ 563,885</u>
March 31, 2025, net	<u>\$ 80,113</u>	<u>\$ 238,392</u>	<u>\$ 186,434</u>	<u>\$ 8,211</u>	<u>\$ 8,368</u>	<u>\$ 3,832</u>	<u>\$ 20,437</u>	<u>\$ 545,787</u>
<u>Cost</u>								
Balance at January 1, 2024	\$ 80,113	\$ 454,522	\$ 980,773	\$ 26,706	\$ 32,210	\$ 24,214	\$ 52,789	\$ 1,651,327
Additions	-	-	1,397	1,582	90	804	202	4,075
Disposals	-	-	-	-	(3)	-	(108)	(111)
Reclassifications	-	-	-	-	-	-	(129)	(129)
Effects of foreign currency exchange differences	-	-	8,762	213	215	461	546	10,197

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Wealth Generating Equipment	Lease Improvement	Other Equipment	Total
Balance at March 31, 2024	<u>\$ 80,113</u>	<u>\$ 454,522</u>	<u>\$ 990,932</u>	<u>\$ 28,501</u>	<u>\$ 32,512</u>	<u>\$ 25,479</u>	<u>\$ 53,300</u>	<u>\$1,665,359</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2024	\$ -	\$ 196,229	\$ 738,805	\$ 18,555	\$ 26,923	\$ 19,565	\$ 43,331	\$1,043,408
Additions	-	3,980	19,448	552	345	522	1,111	25,958
Disposals	-	-	-	-	(3)	-	(108)	(111)
Effects of foreign currency exchange differences	-	-	7,404	182	181	371	463	8,601
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 200,209</u>	<u>\$ 765,657</u>	<u>\$ 19,289</u>	<u>\$ 27,446</u>	<u>\$ 20,458</u>	<u>\$ 44,797</u>	<u>\$1,077,856</u>
March 31, 2024, net	<u>\$ 80,113</u>	<u>\$ 254,313</u>	<u>\$ 225,275</u>	<u>\$ 9,212</u>	<u>\$ 5,066</u>	<u>\$ 5,021</u>	<u>\$ 8,503</u>	<u>\$ 587,503</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	10-35 years
Machinery and Equipment	5-6years
Transportation Equipment	5-6 years
Wealth Generating Equipment	5-6 years
Other Equipmen	5-6 years
Lease Improvement	5-6 years

The Company's property, plant and equipment are all for self-use.

For the amount of property, plant and equipment pledged by the Company for loan facilities, please refer to Note 26.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
Carrying amounts			
Buildings	\$ 29,410	\$ 35,040	\$ 51,885
Wealth Generating Equipment	<u>748</u>	<u>922</u>	<u>1,446</u>
	<u>\$ 30,158</u>	<u>\$ 35,962</u>	<u>\$ 53,331</u>

	Three Months Ended March 31	
	2025	2024
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 15,832</u>
Depreciation of right-of-use assets		
Buildings	\$ 5,977	\$ 5,831
Wealth Generating Equipment	<u>174</u>	<u>174</u>
	<u>\$ 6,151</u>	<u>\$ 6,005</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant impairment of right-of-use assets during the three months ended March 31, 2025 and 2024.

b. Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Carrying amounts			
Current portion	<u>\$ 22,669</u>	<u>\$ 24,355</u>	<u>\$ 23,698</u>
Noncurrent portion	<u>\$ 8,501</u>	<u>\$ 12,539</u>	<u>\$ 30,599</u>

Ranges of discount rates for lease liabilities are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Buildings	1.43%~4.30%	1.43%~4.30%	1.43%~4.30%
Wealth Generating Equipment	0.99%~1.16%	0.99%~1.16%	0.99%~1.16%

c. Material terms of right-of-use assets

Top Union Shanghai leased the factory building from Shanghai Interunited Co., Ltd. in the form of operating lease, and the lease period is 2 years. Top Union Suzhou leased the factory building from Suzhou Xiangcheng 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. TUEC 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.

d. Other lease information

	Three Months Ended March 31	
	2025	2024
Expenses relating to short-term leases	<u>\$ 900</u>	<u>\$ 1,517</u>
Total cash outflow for leases	<u>\$ 7,226</u>	<u>\$ 7,438</u>

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	
	2025	2024
<u>Cost</u>		
Balance at the beginning of year	\$ 30,009	\$ 29,884
Additions	5,500	-
Effects of foreign currency exchange differences	<u>78</u>	<u>67</u>
Balance at the end of year	<u>35,587</u>	<u>29,951</u>
<u>Accumulated amortization</u>		
Balance at the beginning of year	29,007	26,797
Additions	665	534
Effects of foreign currency exchange differences	<u>77</u>	<u>65</u>
Balance at the end of year	<u>29,749</u>	<u>27,396</u>
Net	<u>\$ 5,838</u>	<u>\$ 2,555</u>

The above items of amortization expenses are depreciated on a straight-line basis over their estimated useful lives as follows:

Software

3 Years

14. OTHER CURRENT ASSETS

	March 31, 2025	December 31, 2024	March 31, 2024
Offsets against business tax payable	\$ 88,291	\$ 57,518	\$ 43,839
Business Tax Receivable			
Refund	18,854	21,627	18,574
Interest Receivable	8,711	13,491	14,609
Temporary Debits	2,092	1,556	4,991
Prepayment for purchases	2,947	-	2,809
Others	<u>30,566</u>	<u>26,348</u>	<u>27,921</u>
	<u>\$ 151,461</u>	<u>\$ 120,540</u>	<u>\$ 112,743</u>

15. SHORT-TERM BORROWING

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Secured borrowings</u>			
Bank Loans	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Unsecured borrowings</u>			
Bank Loans	<u>\$ 40,000</u>	<u>\$ 30,000</u>	<u>\$ 55,000</u>

The interest rates on revolving bank loans were 1.96% ~ 2.24%, 2.03% ~ 2.24% and 1.75% ~ 2.11% as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

16. OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	March 31, 2025	December 31, 2024	March 31, 2024
Payable for salaries or bonuses	\$ 65,209	\$ 76,153	\$ 59,542
Temporary credits and Receipts under custody	9,615	9,806	33,706
Others	<u>59,403</u>	<u>67,743</u>	<u>61,413</u>
	<u>\$ 134,227</u>	<u>\$ 153,702</u>	<u>\$ 154,661</u>

17. RETIREMENT BENEFIT PLANS

a. Defined Contribution Plans

TUEC 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.

b. Defined Benefit Plans

Employee benefit expenses in respect of the Group’s defined benefit retirement plans were NT\$1,161 thousand and NT\$574 thousand for the three months ended March 31, 2025 and 2024, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2024 and 2023.

18. EQUITY

a. Capital stock

	March 31, 2025	December 31, 2024	March 31, 2024
Authorized shares (in thousands)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Authorized capital	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Issued and paid shares (in thousands)	<u>145,007</u>	<u>145,007</u>	<u>138,233</u>
Issued capital	<u>\$ 1,450,067</u>	<u>\$ 1,450,067</u>	<u>\$ 1,382,333</u>

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 24, 2024 and May 19, 2023, the stock dividends were distributed by TUEC in a total of NT\$67,735 thousand and NT\$148,107 thousand respectively according to the resolution of the shareholders' meeting, and took effect through the corresponding registration approved by Financial Supervision Commission Securities and Futures Bureau; then the dates of June 26, 2024 and June 26, 2023 were determined respectively to be the reference date of ex-rights in accordance with the resolution of the board of directors.

b. Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
Additional paid-in capital	\$ 241,286	\$ 235,826	\$ 235,826
Employee share options	7,700	7,700	7,700
Treasury share transactions	<u>14,457</u>	<u>14,457</u>	<u>14,457</u>
	<u>\$ 263,443</u>	<u>\$ 257,983</u>	<u>\$ 257,983</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).

c. Retained earnings and dividend policy

TUEC's earnings distribution policy in the Articles of Incorporation provides that, when a profit is made in a fiscal year, TUEC shall first compensate its losses (including the amount of adjustment in undistributed retained earnings) and set aside a legal capital reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals TUEC's total paid-in capital, and then set aside or reverse a special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. Any balance of earnings still left over, together with the undistributed retained earnings

from the beginning of period (including the amount of adjustment in undistributed retained earnings), shall be used by the board of directors as the basis for their proposing a surplus distribution proposal to obtain the resolution in the shareholders' meeting for distribution of dividends and bonuses to shareholders; when distribution of earnings is by the way in cash, it shall be handled according to the resolution of the board of directors and reported in the shareholders' meeting. See Note 20(7) Profit Sharing Bonus to Employees and Compensation to Directors for TUEC's distribution policy of profit sharing bonus to employees and compensation to directors in the Articles of Incorporation.

In addition, according to TUEC's dividend policy in the Articles of Incorporation, based on the principle of profit sharing, 50% or more of the distributable surplus for the year shall be used for distribution of dividends and bonuses to shareholders, among which the dividends distributed by the way in stocks shall be less than 50%, and the rest dividends shall be in cash.

Appropriation of earnings to the legal capital reserve shall be made until the accumulated legal capital reserve equals the company's total paid-in capital. The legal capital reserve may be used to compensate deficit. If the company has no deficit, the legal capital reserve exceeds 25% of the company's total paid-in capital may be appropriated for capital stocks but also distributed in cash.

The appropriations and cash dividends per share were as follows:

	<u>Appropriations of Earnings</u>		<u>Dividends per share (NT\$)</u>	
	<u>For the Year Ended December 31</u>			
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Legal reserve	<u>\$ 38,479</u>	<u>\$ 30,609</u>		
Cash dividends	<u>\$ 258,837</u>	<u>\$ 203,203</u>	\$ 1.785	\$ 1.47
Stock Dividends	<u>\$ 86,279</u>	<u>\$ 67,734</u>	\$ 0.595	\$ 0.49

The appropriations of the above cash dividends were resolved by the board of directors on February 27, 2025 and February 29, 2024, respectively. The appropriation of earnings for the year 2023 were resolved at the shareholders' meeting on May 24, 2024. The appropriation of earnings for 2024 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 23, 2025.

d. Others equity items

Foreign Currency Translation Reserve

	Three Months Ended March 31	
	2025	2024
Balance, beginning of period	\$ 46,762	\$ 26,358
Occur in the current year		
Exchange differences on translation of the financial statements of foreign operations	<u>12,338</u>	<u>10,967</u>
Balance, end of period	<u>\$ 59,100</u>	<u>\$ 37,325</u>

19. NET REVENUE

	Three Months Ended March 31	
	2025	2024
Revenue from contracts with customers		
Sales	\$ 506,566	\$ 540,271
Processing	<u>271,550</u>	<u>221,263</u>
	<u>\$ 778,116</u>	<u>\$ 761,534</u>

a. Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Trade receivables (Note 8)	<u>\$ 456,928</u>	<u>\$ 418,680</u>	<u>\$ 398,354</u>	<u>\$ 377,955</u>
Contract liabilities				
Sale of goods	<u>\$ 186,336</u>	<u>\$ 188,282</u>	<u>\$ 181,125</u>	<u>\$ 151,426</u>

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

a. INTEREST INCOME

	Three Months Ended March 31	
	2025	2024
Bank deposits	<u>\$ 6,493</u>	<u>\$ 7,180</u>

b. Other income

	Three Months Ended March 31	
	2025	2024
Rent income	<u>\$ 296</u>	<u>\$ 289</u>

c. OTHER GAINS AND LOSSES

	Three Months Ended March 31	
	2025	2024
Net gain (loss) on foreign currency exchange	\$ 3,466	\$ 25,037
Net gain on disposal of property, plant and equipment	108	-
Other	<u>-</u>	<u>(54)</u>
	<u>\$ 3,574</u>	<u>\$ 24,983</u>

d. Finance costs

	Three Months Ended March 31	
	2025	2024
Interest on lease liabilities	\$ 210	\$ 364
Interest on borrowings	<u>241</u>	<u>306</u>
	<u>\$ 451</u>	<u>\$ 670</u>

e. Depreciation and amortization

	Three Months Ended March 31	
	2025	2024
An analysis of depreciation by function		
Recognized in operating costs	\$ 25,835	\$ 28,180
Recognized in operating expenses	<u>4,070</u>	<u>3,783</u>
	<u>\$ 29,905</u>	<u>\$ 31,963</u>
An analysis of amortization by function		
Recognized in operating costs	\$ 214	\$ 62
Recognized in operating expenses	<u>451</u>	<u>472</u>
	<u>\$ 665</u>	<u>\$ 534</u>

f. Employee benefit expenses

	Three Months Ended March 31	
	2025	2024
Short-term employee benefits	\$148,432	\$132,401
Post-employment benefits (Note 17)		
Defined contribution plans	2,369	2,303
Defined benefit plans	<u>1,161</u>	<u>574</u>

	Three Months Ended March 31	
	2025	2024
Total employee benefits expense	<u>\$151,962</u>	<u>\$135,278</u>
An analysis of employee benefits expense by function		
operating costs	\$113,878	\$ 99,235
operating expenses	<u>38,084</u>	<u>36,043</u>
	<u>\$151,962</u>	<u>\$135,278</u>

g. Compensation of employees and remuneration of directors

In compliance with the Articles, the Company accrues compensation of employees and remuneration of directors at rates of 6% and no higher than 2.3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the three months ended March 31, 2025 and 2024, the employees' compensation and the remuneration of directors were as follows:

Accrual Rate

	Three Months Ended March 31	
	2025	2024
Compensation of employees	6%	6%
Remuneration of directors	2.3%	2.3%

Amount

	Three Months Ended March 31	
	2025	2024
Compensation of employees	<u>\$ 7,495</u>	<u>\$ 6,731</u>
Remuneration of directors	<u>\$ 2,873</u>	<u>\$ 2,580</u>

TU employee compensation for the year 2024 is 236,900 shares, calculated by dividing the amount decided by the board of directors by the closing price of 33.05 yuan on the day before the board's resolution.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate and will be adjusted in the next year.

The appropriations of compensation of employees and remuneration of directors for 2024 and 2023, which were approved by the Company's board of directors on February 27, 2025 and February 29, 2024, respectively, are as follows:

	Years Ended December 31			
	2024		2023	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Compensation of employees	<u>\$ 23,489</u>	<u>\$ 7,829</u>	<u>\$ 24,823</u>	<u>\$ -</u>
Remuneration of directors	<u>\$ 12,006</u>	<u>\$ -</u>	<u>\$ 9,516</u>	<u>\$ -</u>

There was no difference between the approved amounts of the compensation of employees and the remuneration of directors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 .

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Foreign Exchange Gains and Losses

	Three Months Ended March 31	
	2025	2024
Total amount of gains on foreign exchange	\$ 9,651	\$ 26,911
Total amount of losses on foreign exchange	(<u>6,185</u>)	(<u>1,874</u>)
Net gains (loss)	<u>\$ 3,466</u>	<u>\$ 25,037</u>

21. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	Three Months Ended March 31	
	2025	2024
Current tax		
In respect of the current period	\$ 24,626	\$ 19,644
Deferred tax		
In respect of the current period	<u>432</u>	(<u>222</u>)
Income tax expense recognized in profit or loss	<u>\$ 25,058</u>	<u>\$ 19,422</u>

b. Current Income Tax Assets and Liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Income tax assets			
Income tax refund receivable	\$ <u>177</u>	\$ <u>175</u>	\$ <u>401</u>
Income tax liabilities			
Income taxes payable	\$ <u>81,357</u>	\$ <u>57,237</u>	\$ <u>63,964</u>

c. Income tax examination

The tax authorities have examined income tax returns of TUEC through 2023.

22. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	Three Months Ended March 31	
	2025	2024
Basic EPS	\$ <u>0.61</u>	\$ <u>0.58</u>
Diluted EPS	\$ <u>0.61</u>	\$ <u>0.57</u>

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

Net Profit for the Period

	Three Months Ended March 31	
	2025	2024
Net Income Used to Calculate Basic and Diluted Earnings Per Share	\$ <u>88,283</u>	\$ <u>83,733</u>

Weighted average number of ordinary shares outstanding

Unit: In Thousands of Shares

	<u>Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Weighted average number of ordinary shares outstanding used in computation of basic earnings per share	145,094	145,007
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>372</u>	<u>673</u>
Weighted average number of ordinary shares outstanding used in computation of dilutive earnings per share	<u>145,466</u>	<u>145,680</u>

The Company may settle the bonuses or remuneration paid to employees in cash or shares, therefore, the Company presumes that the entire amount of the bonus or remuneration will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved 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

- a. Fair value of financial instruments that are 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.

b. Categories of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Amortized cost			
Cash and cash equivalents	\$ 584,285	\$ 634,676	\$ 1,110,517
Financial assets at amortized costs	1,184,529	1,107,283	455,286
Notes receivable	6,250	5,420	10,215
Accounts receivable, net	456,928	418,680	398,354
Guarantee deposits paid	5,592	5,498	5,504
<u>Financial liabilities</u>			
Amortized cost			
Short-term borrowings	50,000	30,000	\$ 55,000
Accounts payable	451,914	454,136	404,638
Other payables and other current liabilities	134,227	153,702	154,661
Guarantee deposits received	69,411	73,773	53,283

c. Financial risk management objectives and policies

The Company's major financial instruments include receivables, payables and bank borrowings. 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 operation activities expose the Company primarily to the financial risks of changes in foreign currency

exchange rates (see (a-1) shown as below) and changes in interest rates (see (a-2) shown as below).

The Company's financial instruments are exposed in market risk, and the methods used by the Company to manage and measure that risk exposure have no change.

a) Foreign currency risk

The Company uses foreign currency to conduct transactions of sales and procurement, which expose the Company to be engaged in risk of changes in foreign currency exchange rates.

For the carrying amounts of the Company's monetary assets and monetary liabilities denominated in non-functional currency on the consolidated balance sheets date (including monetary items denominated in non-functional currency that have been offset in the consolidated financial statements), as well as the carrying amounts of derivative instruments with risk exposure to foreign exchange risk, see Note 27.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar.

Sensitivity analysis of foreign exchange risk mainly provides that, as of the end of the reporting period, foreign currency monetary items are calculated; when the exchange rate of New Taiwan Dollar comparing with foreign currency has a hypothetically adverse fluctuation up to 10%, the Company would have increased the profit before tax by NT\$17,655 thousand and NT\$51,645 thousand, respectively for the three months ended March 31, 2025 and 2024.

b) Interest rate risk

Interest rate risk arises because individuals in the Company borrow funds at floating rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
— Financial assets	\$ 1,593,882	\$ 1,544,518	\$ 1,122,246
— Financial liabilities	31,170	36,894	54,297
Cash flow interest rate risk			
— Financial assets	174,781	197,291	443,441
— Financial liabilities	50,000	30,000	55,000

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Company. As of the consolidated balance sheets date, the Company's maximum credit risk (regardless of collateral or other credit enhancement tools, also the amount with maximum exposure unable to be withdrawn) exposure to a counterparty, who will possibly default on its obligations resulting in financial losses to the Company, comes from the carrying amounts of financial assets recognized in the consolidated balance sheets.

Except for A company, the Company's largest customer, the Company does not have any significant credit exposure to any single counterparty or any group of counterparties with similar characteristics. When the counterparty is an associated enterprise, the Company defines it as the counterparty with similar characteristics. As of March 31, 2025, December 31, 2024, and March 31, 2024, the accounts receivable balances from the aforementioned customers accounted for 54%, 58%, and 56%, respectively.

3) Liquidity risk

The Company manages and maintains sufficient cash to support the group's operations and mitigate the impact of cash flows fluctuations. The Company's management monitors the use of the bank's financing facilities and ensures compliance with the terms of the loan agreements.

A bank loan is a significant source of liquidity for the Company. As of March 31, 2025, December 31, 2024, and March 31, 2024, the bank's short-term financing facilities unused by the Company were described in the following section "(b) Financing Facilities".

a) Liquidity and Interest Rate Risk Tables of Non-derivative Financial Liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities according to the earliest possible date on which the Company may be required to make repayment.

March 31, 2025

	On Demand or Less than 1 Month	1-3 Month	3 Months to 1 Year	1-5 Years	More Than 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 187,317	\$ 278,391	\$ 314,061	\$ -	\$ -
Lease liabilities	3,430	2,012	17,654	8,593	-
Floating interest rate liabilities	<u>20,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 210,747</u>	<u>\$ 280,403</u>	<u>\$ 361,715</u>	<u>\$ 8,593</u>	<u>\$ -</u>

December 31, 2024

	On Demand or Less than 1 Month	1-3 Month	3 Months to 1 Year	1-5 Years	More Than 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 185,185	\$ 303,732	\$ 42,768	\$ -	\$ -
Lease liabilities	3,609	2,653	18,678	12,677	-
Floating interest rate liabilities	<u>20,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 208,794</u>	<u>\$ 316,385</u>	<u>\$ 61,446</u>	<u>\$ 12,677</u>	<u>\$ -</u>

March 31, 2024

	On Demand or Less than 1 Month	1-3 Month	3 Months to 1 Year	1-5 Years	More Than 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 49,303	\$ 300,891	\$ 352,766	\$ -	\$ -
Lease liabilities	3,562	2,630	18,576	31,110	-
Floating interest rate liabilities	<u>10,000</u>	<u>35,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 62,865</u>	<u>\$ 338,521</u>	<u>\$ 381,342</u>	<u>\$ 31,110</u>	<u>\$ -</u>

b) Financing Facilities

	March 31, 2025	December 31, 2024	March 31, 2024
Unsecured bank loan amount			
– Amount used	\$ 45,000	\$ 35,000	\$ 60,000
– Amount unused	<u>655,000</u>	<u>665,000</u>	<u>540,000</u>
	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 600,000</u>
Guaranteed bank loan amount			
– Amount used	\$ 10,000	\$ -	\$ -
– Amount unused	<u>390,000</u>	<u>400,000</u>	<u>400,000</u>
	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 400,000</u>

25. RELATED PARTY TRANSACTIONS

Intercompany balances and transactions between TUEC and its subsidiaries, which are related parties of TUEC, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. Please refer to Note 28(3).

Compensation of key management personnel

	Three Months Ended March 31	
	2025	2024
Short-term employee benefits	<u>\$ 5,279</u>	<u>\$ 4,795</u>

The compensation to directors and other key management personnel were determined by the Compensation and People Development Committee of TUEC in accordance with the 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, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment, net	<u>\$ 318,505</u>	<u>\$ 322,485</u>	<u>\$ 334,426</u>

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, 2025

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 19,519	33.205	<u>\$ 648,128</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	14,202	33.205	<u>\$ 471,577</u>

December 31, 2024

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 18,616	32.785	\$ 610,326
RMB	11	4.478	<u>49</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	13,961	32.785	<u>\$ 457,711</u>

March 31, 2024

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 28,161	32.00	<u>\$ 901,152</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	12,022	32.00	<u>\$ 384,704</u>

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

Three Months Ended March 31					
2025			2024		
Foreign currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)	
USD	33.205 (USD : NTD)	\$ 1,580	32.00 (USD : NTD)	\$ 2,593	
USD	7.178 (USD : RMB)	37	7.095 (USD : RMB)	(44)	
		<u>\$ 1,617</u>		<u>\$ 2,549</u>	

28. ADDITIONAL DISCLOSURES

Except for the items (1) – (4), 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.

a. NAMES, LOCATIONS, AND RELATED INFORMATION ON INVESTEEES

(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, 2024			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee
				End of Current Period	Last Year End	Shares (in Thousands)	%	Carrying Amount		
The Company	ORIENTAL company	British Virgin Islands	Investment and Sales	\$ 401,974	\$ 401,974	12,200	100	\$ 615,943	(\$ 8,036)	(\$ 8,036)

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

b. INFORMATION ON INVESTMENTS IN MAINLAND CHINA

- 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, 2024	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2024	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses(Note 2)	Carrying Amount as of March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 2024
					Outflow	Inflow						
Top Union Shanghai	Manufacture of Electronic Products and	\$ 212,858 US\$ 6,659 (In Thousand)	(Note 1)	Cash \$ 83,720 Price of Machinery&E equipment 129,138	\$ -	\$ -	Cash \$ 83,720 Price of Machinery&E equipment 129,138	(\$ 5,869)	100%	(\$ 5,869)	\$ 140,414	\$ 105,908
Top Union Suzhou	Communication Equipment, Technical Support and SMT Processing, etc.	278,844 US\$ 8,500 (In Thousand)	(Note 1)	Cash 230,262 Price of Machinery&E equipment 48,582	-	-	Cash 230,262 Price of Machinery&E equipment 48,582	(2,663)	100%	(2,663)	450,401	88,440

Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Cash \$313,982	\$491,702	
Machinery&Equipment \$177,720	US\$15,159 thousand	\$1,412,632

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

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 (3 for the details.)

c. INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

(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	Top Union Suzhou	1	Operating Costs	\$ 15,495	Note 1	2%
		Top Union Suzhou	1	Unrealized Sales	740	Note 1	-
		Top Union Suzhou	1	Gross Profit			
		Top Union Suzhou	1	Accounts receivable	1,775	Note 2	-
		Top Union Suzhou	1	Accounts Payable	16,271	Note 2	-
1	Top Union Suzhou	Top Union Suzhou	1	Operating Revenue	78,154	Note 1	10%
		Top Union Shanghai	2	Operating Costs	29	Note 1	-
		Top Union Shanghai	2	Accounts Payable	33	Note 2	-

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.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

29. SEGMENT INFORMATION

Segment Revenue, Operating Results and Total Assets and Liabilities of Segments TUEC'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, 2025, and 2024, can be referred to in the consolidated statements of comprehensive income. The reportable segment assets as of March 31, 2025, December 31, 2024, and March 31, 2024, can be referred to in the consolidated balance sheets.