Stock Code: 6546

AMPAK Technology Inc. and Subsidiaries

Consolidated Financial Report and Independent Auditor's Audit Report

2025 and 2024

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Statement of Consolidated Financial Statements of Affiliated Enterprises

For the year 2025 (January 1 to December 31, 2025), the companies that should be included in the consolidated financial statements of affiliated companies in accordance with the "Regulations Governing the Preparation of Consolidated Statements of Operations of Affiliated Companies and Related Party Reports" are the same as those that should be included in the consolidated financial statements of parent and subsidiary companies in accordance with IFRS 10, and the information required to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies. The relevant information has been disclosed in the aforementioned consolidated financial statements of the parent and subsidiary, and therefore no separate consolidated financial statements of the related companies are prepared.
We hereby state the above.

Company name: AMPAK Technology Inc.

Person in charge: Chen, Ming-Che

March 3, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
AMPAK Technology Inc.

Opinion

We have audited the accompanying consolidated financial statements of AMPAK Technology Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the consolidated financial statements of the Group for 2025 are summarized as follows:

Recognition of operating income from major customers

The Group had operating revenue of NT$2,339,532 thousand in 2025, of which NT$601,437 thousand came from sales to specific customers, accounting for about 26% of operating revenue. Since the amount of sales revenue from these customers has shown growth against the trend and the amount has increased significantly compared to 2024, operating revenue generated by these customers is listed as a key audit matter. For and their subsidiary companies the accounting policy and information on revenue recognition, please refer to Notes 4 and 22.

Our major audit procedures in the course of the audit are as follows:

1. Understand and test the effectiveness of the design and implementation of the internal control system related to the authenticity of sales revenue.
2. Obtain on a sample basis the customer's transaction details, and check the relevant shipping vouchers and original orders to verify the authenticity of the sales revenue.
3. Check the subsequent items to confirm whether the customer has any major sales returns or discounts.

Other Matters

AMPAK Technology, Inc. has prepared its own financial reports for 2025 and 2024, and we have issued audit reports with unqualified opinions for reference.

Responsibilities of Management and Those Charged with Governance for 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 Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction,

supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Han-Ni Fang and Ching-Ting Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2026

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

AMPAK Technology Inc. and Subsidiaries

Consolidated Balance Sheet

December 31, 2025 and 2024

Unit: NTD thousand

Code	Assets	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	Current Assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 961,958	30	$ 1,239,480	36
1136	Financial assets at amortized cost - current (Notes 4 and 9)	354,070	11	420,785	12
1170	Accounts receivable, net (Notes 4, 10, 22 and 29)	300,488	9	341,366	10
1200	Other receivables (Notes 4, 10 and 29)	25,977	1	18,386	1
1220	Current income tax assets (Notes 4 and 24)	12,553	-	14,770	-
130X	Inventories (Notes 4 and 11)	388,943	12	394,464	12
1470	Other current assets (Note 4 and 16)	22,108	1	28,926	1
11XX	Total Current Assets	2,066,097	64	2,458,177	72
	Non-current Assets				
1510	Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 18)	169,330	5	50	-
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	162,724	5	34,994	1
1535	Financial assets at amortized cost - non-current (Notes 4, 9 and 30)	68,437	2	126,101	4
1600	Property, plant and equipment (Notes 4, 13 and 30)	648,939	20	662,212	19
1755	Right-of-use assets (Notes 4 and 14)	-	-	307	-
1805	Goodwill (Note 4)	29,717	1	29,717	1
1821	Other intangible assets (Notes 4 and 15)	23,118	1	31,519	1
1840	Deferred income tax assets (Notes 4 and 24)	35,995	1	33,743	1
1990	Other non-current assets (Notes 4, 16 and 20)	8,774	1	43,141	1
15XX	Total Non-current Assets	1,147,034	36	961,784	28
1XXX	Total Assets	$ 3,213,131	100	$ 3,419,961	100
Code	Liabilities and Owner’s Equity				
	Current Liabilities				
2100	Short-term loans (Notes 17 and 30)	$ 30,000	1	$ 157,000	5
2120	Financial liabilities at fair value through profit or loss - current (Note 18)	6,446	-	-	-
2130	Contractual liabilities (Notes 4 and 22)	23,852	1	16,290	-
2170	Accounts payable	297,621	9	375,916	11
2180	Accounts payable to related parties (Note 29)	64,972	2	29,155	1
2219	Other payables (Notes 19 and 29)	121,101	4	156,817	5
2230	Current income tax liabilities (Notes 4 and 24)	24,519	1	15,984	-
2280	Lease liabilities - current (Notes 4 and 14)	-	-	316	-
2320	Long-term borrowings due within one year (Notes 16 and 30)	3,580	-	3,495	-
2321	Corporate bonds with put options exercisable within one year (Notes 4 and 18)	487,938	15	-	-
2399	Other current liabilities (Notes 19 and 29)	61,439	2	30,519	1
21XX	Total Current Liabilities	1,121,468	35	785,492	23
	Non-current Liabilities				
2530	Corporate bonds payable (Note 4 and 18)	-	-	476,939	14
2540	Long-term loans (Notes 17 and 30)	62,035	2	65,637	2
2570	Deferred income tax liabilities (Notes 4 and 24)	1,337	-	2,435	-
2670	Other non-current liabilities (Note 19)	11,786	-	12,294	-
25XX	Total Non-current Liabilities	75,158	2	557,305	16
2XXX	Total Liabilities	1,196,626	37	1,342,797	39
	Equity attributable to owners of parent (Notes 4 and 21)				
	Share capital				
3110	Common share capital	668,484	21	668,368	20
3130	Bond conversion entitlement	-	-	116	-
3100	Total share capital	668,484	21	668,484	20
3200	Capital reserve	932,365	29	931,480	27
	Retained earnings				
3310	Legal reserve	204,739	6	184,022	5
3320	Special reserve	47,353	1	60,132	2
3350	Undistributed earnings	214,603	7	273,367	8
3300	Total retained earnings	466,695	14	517,521	15
3490	Other equity	(68,136)	(2)	(47,352)	(1)
31XX	Total equity attributable to owners of parent	1,999,408	62	2,070,133	61
36XX	Non-controlling interests	17,097	1	7,031	-
3XXX	Total Owner’s Equity	2,016,505	63	2,077,164	61
	Total Liabilities and Owner’s Equity	$ 3,213,131	100	$ 3,419,961	100

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

AMPAK Technology Inc. and Subsidiaries

Consolidated Comprehensive Income Statement

For the years ended December 31, 2025 and 2024

Unit: NTD thousand, but NTD for earnings per share

		2025		2024	
Code		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 22, and 29)	$ 2,339,532	100	$ 2,380,628	100
5000	Operating costs (Notes 11, 20, 23 and 29)	(1,788,058)	(76)	(1,897,919)	(80)
5900	Gross profit from operations	551,474	24	482,709	20
	Operating expenses (Notes 10, 15, 20, 23, and 29)				
6100	Marketing expenses	(46,194)	(2)	(43,144)	(2)
6200	Administrative expenses	(97,581)	(4)	(97,911)	(4)
6300	Research and development expenses	(161,246)	(7)	(151,119)	(6)
6450	Expected credit impairment (loss) reversal gain	(7)	-	9	-
6000	Total operating expenses	(305,028)	(13)	(292,165)	(12)
6900	Net operating income	246,446	11	190,544	8
	Non-operating income and expenses (Notes 4, 23, and 29)				
7100	Interest income	30,267	1	34,797	2
7010	Other income	6,215	-	5,095	-
7020	Other gains and losses	(44,845)	(2)	68,609	3
7050	Financial cost	(13,750)	-	(14,430)	(1)
7000	Total non-operating income and expenses	(22,113)	(1)	94,071	4

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Code		2025 Amount	2025 %	2024 Amount	2024 %
7900	Net profit before tax	$ 224,333	10	$ 284,615	12
7950	Income tax expense (Notes 4 and 24)	(39,984)	(2)	(45,783)	(2)
8200	Profit for the year	184,349	8	238,832	10
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans (Note 20)	498	-	652	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(20,784)	(1)	(19,082)	(1)
8300	Other comprehensive income, net in the current year	(20,286)	(1)	(18,430)	(1)
8500	Total comprehensive income for the year	$ 164,063	7	$ 220,402	9
	Profit attributable to:				
8610	Owners of parent	$ 182,645	8	$ 238,376	10
8620	Non-controlling interests	$ 1,704	-	$ 456	-
	Comprehensive income attributable to:				
8710	Owners of parent	$ 162,359	7	$ 219,946	9
8720	Non-controlling interests	$ 1,704	-	$ 456	-
	Earnings per share (Note 25)				
9750	Basic	$ 2.73		$ 3.59	
9850	Diluted	$ 2.72		$ 3.58	

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

AMPAK Technology Inc. and Subsidiaries

Consolidated Statement of Changes in Equity

For the years ended December 31, 2025 and 2024

Unit: NTD thousand

		Equity attributable to owners of parent												
		Share capital (Note 21)					Retained earnings (Note 21)				Other Equity			
		Common share capital												
Code		Number of shares (thousand)	Amount	Bond conversion entitlement	Total	Capital reserve (Note 21)	Legal reserve	Special reserve	Undistributed earnings	Total	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total	Non-controlling interests	Total Owner's Equity
A1	Balance on January 1, 2024	66,227	$ 662,269	$ -	$ 662,269	$ 807,665	$ 156,237	$ 56,384	$ 329,528	$ 542,149	($ 60,132)	$ 1,951,951	$ -	$ 1,951,951
	2023 earnings allocation and distribution													
B1	Legal reserve	-	-	-	-	-	27,785	-	(27,785)	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	-	3,748	(3,748)	-	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	-	-	(231,794)	(231,794)	-	(231,794)	-	(231,794)
	Subtotal	-	-	-	-	-	27,785	3,748	(263,327)	(231,794)	-	(231,794)	-	(231,794)
C5	Issuance of convertible bonds recognized as components of equity - share options	-	-	-	-	36,462	-	-	-	-	-	36,462	-	36,462
D1	2024 profit	-	-	-	-	-	-	-	238,376	238,376	-	238,376	456	238,832
D3	2024 other comprehensive income, net of tax	-	-	-	-	-	-	-	652	652	(19,082)	(18,430)	-	(18,430)
D5	2024 total comprehensive income	-	-	-	-	-	-	-	239,028	239,028	(19,082)	219,946	456	220,402
I1	Conversion of convertible bonds	610	6,099	116	6,215	84,003	-	-	-	-	-	90,218	-	90,218
M7	Changes in ownership interests in subsidiaries	-	-	-	-	3,350	-	-	-	-	-	3,350	6,575	9,925
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	(31,862)	(31,862)	31,862	-	-	-
Z1	Balance on December 31, 2024	66,837	668,368	116	668,484	931,480	184,022	60,132	273,367	517,521	(47,352)	2,070,133	7,031	2,077,164
	2024 earnings allocation and distribution													
B1	Legal reserve	-	-	-	-	-	20,717	-	(20,717)	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	-	(12,779)	12,779	-	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	-	-	(233,969)	(233,969)	-	(233,969)	-	(233,969)
	Subtotal	-	-	-	-	-	20,717	(12,779)	(241,907)	(233,969)	-	(233,969)	-	(233,969)
D1	2025 profit	-	-	-	-	-	-	-	182,645	182,645	-	182,645	1,704	184,349
D3	2025 other comprehensive income, net of tax	-	-	-	-	-	-	-	498	498	(20,784)	(20,286)	-	(20,286)
D5	2025 total comprehensive income	-	-	-	-	-	-	-	183,143	183,143	(20,784)	162,359	1,704	164,063
M7	Changes in ownership interests in subsidiaries	-	-	-	-	885	-	-	-	-	-	885	8,362	9,247
I3	Conversion of bond conversion entitlements	11	116	(116)	-	-	-	-	-	-	-	-	-	-
Z1	Balance on December 31, 2025	66,848	$ 668,484	$ -	$ 668,484	$ 932,365	$ 204,739	$ 47,353	$ 214,603	$ 466,695	($ 68,136)	$ 1,999,408	$ 17,097	$ 2,016,505

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

AMPAK Technology Inc. and Subsidiaries

Consolidated Cash Flow Statement

For the years ended December 31, 2025 and 2024

Unit: NTD thousand

Code		2025	2024
	Cash flow from (used in) operating activities		
A00010	Net profit before tax	$ 224,333	$ 284,615
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	28,922	27,836
A20200	Amortization expense	28,825	26,882
A20300	Expected credit impairment loss (reversal gains)	7	(9)
A20400	Gains (losses) on financial assets measured at fair value through other comprehensive income	2,889	(1,219)
A20900	Financial cost	13,750	14,430
A21200	Interest income	(30,267)	(34,797)
A21300	Dividend income	(2,567)	-
A22500	Loss on disposal and scrap of property, plant and equipment	-	623
A23700	Inventory valuation loss and sluggish loss (recovery gain)	8,651	(5,806)
A24100	Unrealized foreign exchange loss (gain)	(5,137)	(4,282)
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	45,365	16,550
A31180	Other receivables	(29)	23,535
A31200	Inventory	(3,130)	486,455
A31240	Other current assets	6,818	(4,834)
A31990	Net defined benefit asset	1,570	(98)
A32125	Contract liabilities	7,562	(1,429)
A32150	Accounts payable	(85,443)	211,682
A32160	Accounts payable - related parties	33,207	(20,321)
A32180	Other payables	(25,974)	16,826
A32230	Other current liabilities	30,920	(8,253)
A33000	Cash inflow (outflow) generated from operations	280,272	1,028,386
A33100	Interest received	30,266	34,796
A33300	Interest paid	(2,751)	(14,735)
A33500	Income tax paid	(32,582)	(45,626)
AAAA	Net cash inflow from operating activities	275,205	1,002,821

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Code		2025	2024
	Cash flow from (used in) investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	($ 148,514)	($ 16,862)
B00020	Disposal of financial assets measured at fair value through other comprehensive income	-	3,681
B00040	Acquisition of financial assets at amortized cost	(449,707)	(543,706)
B00050	Proceeds from disposal of financial assets at amortized cost	576,926	302,419
B00100	Acquisition of financial assets at fair value through profit or loss	(165,723)	-
B02700	Purchase of property, plant and equipment	(15,837)	(18,833)
B03800	Decrease in refundable deposits	405	2,141
B04500	Purchase of intangible asset	(464)	(17,223)
B06700	Decrease (increase) in other non-current assets	12,930	(54,053)
B07600	Receipt of dividends	2,567	-
BBBB	Net cash outflow from investing activities	(187,417)	(342,436)
	Cash flow from (used in) financing activities		
C00100	Increase (decrease) in short-term borrowings	(127,000)	14,000
C01200	Issuance of convertible bonds	-	597,790
C01700	Repayments of long-term debt	(3,517)	(413,368)
C03000	Decrease in guarantee deposits received	(508)	(2,291)
C04020	Payments of lease liabilities	(316)	(536)
C04500	Dividend payment	(233,969)	(231,794)
CCCC	Net cash outflow from financing activities	(365,310)	(36,199)
EEEE	Net increase (decrease) in cash and cash equivalents	(277,522)	624,186
E00100	Cash and cash equivalents at beginning of year	1,239,480	615,294
E00200	Cash and cash equivalents at end of year	$ 961,958	$ 1,239,480

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

AMPAK Technology Inc. and Subsidiaries
Notes to consolidated financial statements
For the years ended December 31, 2025 and 2024
(unless otherwise specified, the amount is in NTD thousand)

I. Company History

AMPAK Technology Inc. (hereinafter referred to as the Company), originally named Taidian Electronics Co., Ltd., is a profit-seeking enterprise established in December 2000 in accordance with the Company Act. The company name was changed to Jiacheng Technology Co., Ltd. in February 2001, and then to AMPAK Technology Inc. in September 2009.

The Company is mainly engaged in the following business items: manufacturing, wholesale and retail of wireless communication machinery and equipment, manufacturing of electronic components, wholesale and retail of electronic materials, manufacturing of data storage and processing equipment, and manufacturing of wired communication machinery and equipment.

The Company's shares were approved for public offering from August 12, 2020, and it registered as an emerging market company on November 9, 2020; Furthermore, it listed for trading on the Taipei Exchange on May 24, 2022.

This consolidated financial report is expressed in New Taiwan dollars, the functional currency of the Company.

II. Date and procedure of adoption of the financial report

The consolidated financial report was approved by the Board meeting on March 3, 2026.

III. Application of newly issued and revised standards and interpretations

(I) The first application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations (SIC) (hereinafter referred to as "IFRSs") recognized and published by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

The application of the amended IFRSs recognized and published by the FSC will not cause major changes to the accounting policies of the consolidated company.

(II) IFRSs approved by the FSC applicable in 2026

Newly released/amended/revised standards and interpretation	The effective date of the IASB release
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 Referencing Nature-dependent Electricity".	January 1, 2026
"IFRS Annual Improvements - Volume 11"	January 1, 2026
IFRS 17 "Insurance Contracts" (including the 2020 and 2021 amendments)	January 1, 2023

As of the date of issuance of the financial report, the Company assessed that the amendments to other standards will not have a significant impact on the financial position and financial performance of the consolidated company.

(III) IFRSs issued by the IASB but not approved and effective by the FSC

Newly released/amended/revised standards and interpretation	The effective date of the IASB release (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Investment of Assets Between Investors and Their Affiliates or Joint Ventures"	Undetermined
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note 1: Unless otherwise noted, the above-mentioned new/amended/revised standards or interpretations shall come into effect during the annual reporting period starting after that date.

Note 2: On September 25, 2025, the FSC announced that companies in Taiwan shall apply IFRS 18 starting from January 1, 2028, and may elect early adoption upon the FSC's approval of IFRS 18.

<u>IFRS 18 "Presentation and Disclosure in Financial Statements" and related amendments</u>

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements," and the main changes of the standard include:

- The consolidated company shall assess whether it has specific major operating activities, including investments in certain types of assets and the provision of financing to customers, in order to classify items of income and expenses in the statement of profit or loss into operating, investing, financing, income tax, and discontinued operations categories.

- The income statement shall report operating profit or loss, financing profit before tax or loss before tax, as well as subtotals and totals of the profit or loss.
- Provide guidelines to enhance the summarizing and separation requirements: The consolidated company shall identify assets, liabilities, equity, gains, expenses, and cash flow from individual transactions or other matters and carry out the classification and summary based on the common characteristics to allow the single line items reported in the major financial statements to have at least one similar characteristic. Items with non-similarity characteristics shall be separated in the major financial statements and notes. The consolidated company may only mark such items as “others” when a more informative label cannot be identified.
- Addition of disclosures of performance measurement defined by the management: When the consolidated company is carrying out public communications other than financial statements and when users of financial statements are communicating with the management from the perspective of a certain aspect of the overall financial performance of the consolidated company, relevant information on the performance measurement defined by the management shall be disclosed in a single note in the financial statements, including the description off the measurement, the calculation method, the reconciliation of it and the subtotal or total stipulated in the IFRSs, and the effects of relevant reconciliation items on income tax and non-controlling interest.

In addition, the following consequential amendments have been made to IAS 7 "Statement of Cash Flows":

- When preparing cash flows from operating activities using the indirect method, the consolidated company shall use operating profit or loss as the starting point for reconciliation.
- Interest and dividends received by the consolidated company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. If the consolidated company determines that it has specific major operating activities, it shall consider the classification of dividend income, interest income, and interest expense presented in the statement of profit or loss in order to determine the classification of dividends received, interest received, and interest paid in the statement of cash flows. However, each of the aforementioned

cash flows shall be classified under only one category in the statement of cash flows.

Except for the abovementioned effects, if the consolidated Company continues to evaluate the impacts of different standards and amendments to the interpretation of the financial status and financial performance as of the date of approval of the consolidated financial statements for publication, the relevant impacts shall be disclosed when the evaluation is completed.

IV. Summary of significant accounting policies

(I) Declaration of Compliance

This consolidated financial report is prepared in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs recognized and published by the FSC.

(II) Basis of Preparation

Other than financial instruments measured at fair value and net defined benefit assets recognized at the present value of defined benefit obligations less the fair value of plan assets, the consolidated financial report is prepared based on historical costs.

Fair value measurement is divided into levels 1 to 3 according to the observability and importance of relevant input values:

1. Level 1 input value: refers to the quoted price (unadjusted) of the same assets or liabilities available in the active market on the measurement date.
2. Level 2 input value: refers to the direct (i.e., price) or indirect (i.e., derived from price) observable input value of assets or liabilities other than the quotation of level 1.
3. Level 3 input value: refers to the unobservable input value of assets or liabilities.

(III) Criteria for distinguishing current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes.
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Cash and cash equivalents (other than those restricted from being exchanged or settled more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes.
2. Liabilities due for settlement within 12 months of the balance sheet date, and

3. Liabilities for which the Company has no substantive right to defer the settlement period to at least 12 months after the balance sheet date on the balance sheet date.

Assets or liabilities that are not under current assets or liabilities above are classified as non-current assets or non-current liabilities. If the terms of the liabilities allow the settlement through the transfer of the equity instruments of the consolidated company based on the selection of the trading counterparties, when the consolidated company classifies such options as equity instruments, such terms do not affect the classification of liabilities into current or non-current.

(IV) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and the entities (subsidiaries) controlled by the Company. In the consolidated comprehensive income statement, the operating income of the acquired or affiliated subsidiaries since the acquisition date or until the disposal date has been included. The financial statements of the subsidiaries have been adjusted so that their accounting policies are consistent with those of the consolidated company. In the preparation of the consolidated financial statements, all transactions, account balances, gains and expense losses among the entities have been eliminated. The total comprehensive income of the subsidiaries is attributable to the owners and is the non-controlling interest of the Company, even if the non-controlling interest becomes a loss.

Where the change of ownership rights of the subsidiaries of the consolidated company does not result in a loss of control, it shall be treated as an equity transaction. The book values of the consolidated company and non-controlling interests have been adjusted to reflect the change in the relative interests in subsidiaries. The difference between the adjusted amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity and belongs to the owners of the Company.

For details of subsidiaries, shareholding ratio and business items, please refer to Note 12 and Table 4.

(V) Merger

Business mergers are handled pursuant to the Acquisition Act. Acquisition-related costs are recognized as expenses in the current period when costs are incurred and labor services are obtained.

Goodwill is measured by the total amount of the fair value of the transfer consideration, the amount of the acquiree's non-controlling interests, and the fair value of the acquirer's previously held interests in the acquiree on the acquisition date, in excess of the net amount of identifiable assets, acquired and liabilities assumed on the acquisition date.

When the consideration transferred by the consolidated company in a business merger includes assets or liabilities arising from contingent consideration agreements, the contingent consideration is measured at the fair value on the acquisition date, and is paid as part of the transfer consideration in exchange for the acquiree. If the change in the fair value of contingent consideration is an adjustment during the measurement period, it is a retrospective adjustment of the acquisition cost and a relative adjustment of goodwill. The adjustment of the measurement period refers to the adjustment arising from the acquisition of additional information on the facts and circumstances existing on the acquisition date within the "measurement period" (no more than one year from the acquisition date).

The subsequent treatment of changes in the fair value of contingent consideration that is not adjusted during the measurement period will depend on the classification of contingent consideration. The contingent consideration classified as equity and included in capital reserve - stock options shall not be measured again, and the subsequent settlement is adjusted within equity and transferred to capital reserve - common stock issuance premium. Another contingent consideration is measured at fair value on subsequent balance sheet dates, and changes in fair value are recognized in profit or loss.

If the measurement of identifiable assets acquired and liabilities assumed due to the business merger has not been completed, the provisional sum was recognized on the balance sheet date, and retroactive adjustment or recognition of additional assets or liabilities shall be made during the measurement period to reflect new information about the existing facts and conditions on the acquisition date.

(VI) Foreign currency

When preparing the financial statements, if transactions are recorded in a currency other than the entity's functional currency (foreign currency), they are translated into the functional currency based on the exchange rate on the transaction date.

Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the period in which they occur.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rates prevailing on the date when the fair value was determined, and the resulting exchange differences are recognized in profit or loss for the current period, except for those arising from changes in fair value recognized in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates prevailing on the dates of transactions and are not retranslated.

To prepare consolidated financial statements, the assets and liabilities of the Company and its foreign operations (including subsidiaries or joint ventures that operate in countries or currencies different from those of the Company) are translated into New Taiwan dollars at the exchange rates prevailing on each balance sheet date. Income and expense items are translated at average exchange rates for the period, with the resulting exchange differences recorded in other comprehensive income.

If the consolidated company disposes of all the interests in a foreign operating entity, or disposes of part of the interests in a subsidiary of a foreign operating entity but loses control, or disposes of a retained interest in a foreign operating entity that is a financial asset and is accounted for under the accounting policy for financial instruments, all cumulative translation differences attributable to the Company's owners and related to that foreign operating entity are reclassified to profit or loss.

If the partial disposal of a foreign operating subsidiary does not result in a loss of control, the cumulative translation difference is reattributed to the non-controlling interest of the subsidiary on a pro-rata basis and is not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the accumulated exchange differences are reclassified to profit or loss according to the proportion of disposal.

(VII) Inventory

Inventory includes raw materials, supplies, finished goods and work-in-process. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. The net realizable value is the estimated selling price under normal circumstances less the estimated costs still to be invested to completion and the estimated costs required to complete the sale. The cost of inventories is calculated using the weighted-average method.

(VIII) Property, plant and equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Except for self-owned land, which is not depreciated, other property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The consolidated company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year, and defers the effect of changes in applicable accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal price and the book value of the assets is recognized in profit or loss.

(IX) Goodwill

For the goodwill acquired through merger, the amount of goodwill recognized on the acquisition date is taken as the cost, and is subsequently measured at cost less accumulated amortization and accumulated impairment loss.

For the impairment test, goodwill is allocated to all cash-generating units or groups of cash-generating units (hereinafter referred to as "cash-generating units") of the consolidated company which expects to benefit from the comprehensive effect of the merger.

Each year (and when there is evidence that the unit may have been impaired), the cash-generating unit of amortized goodwill conducts the impairment test of the unit by comparing the booking amount of the unit containing goodwill with its recoverable amount. If the goodwill allocated to the cash-generating unit is obtained through a business merger in the current year, the unit shall conduct an impairment test before the end of the current year. If the recoverable amount of the cash-generating unit with amortized goodwill is lower than its book value, the impairment loss is to first reduce the book value of the cash-generating unit with amortized goodwill, and then reduce the book value of each asset in proportion to the book value of other assets in the unit. Any impairment loss is directly recognized as a current loss. The loss of goodwill impairment shall not be reversed in subsequent periods.

When disposing of an operation of the amortized goodwill cash-generating unit, the amount of goodwill related to the disposed of operation is included in the book value of the operation to determine the disposal profit and loss.

(X) Intangible assets

1. Individually acquired

Individually acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The consolidated company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year, and defers the effect of changes in applicable accounting estimates. Intangible assets with indefinite useful lives are presented at cost less accumulated impairment loss.

2. Acquisition from a business merger

Intangible assets acquired from business a merger are recognized at fair value on the acquisition date, and are recognized separately from goodwill. The subsequent measurement method is the same as that of intangible assets acquired individually.

3. Derecognition

When intangible assets are derecognized, the difference between the net disposal price and the book value of the asset is recognized in the current profit and loss.

(XI) Impairment loss of property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill)

The consolidated company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets (except goodwill) may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the consolidated company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher fair value fewer of the cost of sales and use value. If the recoverable amount of an asset or cash-generating unit is less than its book value, the book value of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the book value of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased book value does not exceed the book value (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(XII) Financial instrument

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the consolidated company becomes a party to the contractual provisions of the instrument.

When initially recognizing financial assets and financial liabilities, if financial assets and financial liabilities are not recognized at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

Regular transactions of financial assets are recognized and derecognized using trade date accounting.

(1) Types of measurement

The types of financial assets held by the consolidated company are financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include mandatory financial assets measured at fair value through profit or loss. Financial assets that are mandatorily measured at fair value through profit or loss include equity instrument investments that are not designated as measured at fair value through other comprehensive income, and debt instrument investments that do not meet the criteria for classification as measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value, with dividends and interest recognized separately as other income and interest income. The resulting gains or losses from remeasurement are recognized as other gains and losses. For the determination of fair value, please refer to Note 28.

B. Financial assets measured at amortized cost

The consolidated company's investment in financial assets is classified as financial assets carried at amortized cost if both of the following two conditions are met:

a. The financial assets are held under an operating model in which they are held for the purpose of receiving contractual cash flows, and
b. The terms of the contract generate cash flows on specific dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable (including interested parties), other receivables (including interested parties), financial assets measured at amortized cost and refundable deposits) are measured using the effective interest method to determine the amortized cost of the total book value less any impairment loss after the initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total book value of the financial assets, except for the following two cases:

a. Interest income on credit-impaired financial assets acquired or created is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
b. For financial assets that are not acquired or impaired but subsequently become impaired, interest income should be computed by multiplying the effective interest rate by the amortized cost of the financial assets from the next reporting period after the impairment is applied.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties, defaulted, or where it is probable that the debtor will declare bankruptcy or other financial reorganization, or where an active market for the financial assets has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed deposits with minimal risk of changes in value within 3 months from the date of acquisition, and are used to meet short-term cash commitments.

C. Investments in equity instruments measured at fair value through other comprehensive income

At initial recognition, the consolidated company has an irrevocable option to designate investments in equity instruments that are not held for trading and for which contingent consideration is recognized by the acquirer of the consolidated non-business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. Upon disposal of investments, the accumulated gains and losses are transferred directly to retained earnings and are not reclassified to profit or loss.

Dividends from investments in equity instruments measured at fair value through other comprehensive income or loss are recognized in profit or loss when the rights to receive payments from the consolidated company are established, unless the dividends clearly represent a partial recovery of the cost of the investment.

(2) Impairment of financial assets

The consolidated company assesses impairment losses on financial assets (including accounts receivable) measured at amortized cost based on expected credit losses at each balance sheet date.

Accounts receivable are recognized as an allowance for loss based on the expected credit loss throughout the existence. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase, an allowance for loss is recognized based on the expected credit loss over 12 months, and if there is a significant increase, an allowance for loss is recognized based on the expected credit loss over the remaining period.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults within 12 months after the reporting date of the financial instrument, and the ongoing expected credit loss represents the expected credit loss arising from all possible defaults during the expected life of the financial instrument.

For internal credit risk management purposes, the consolidated company determines, without regard to the collateral held, that a default on a financial asset has occurred in the following circumstances.

A. There is internal or external information indicating that the debtor is unlikely to be able to pay off its debts.

B. More than 365 days past due, unless there is reasonable and supportable information indicating that the basis for delayed default is more appropriate.

The impairment loss of all financial assets is reduced by adjusting its book value through the allowance account, but the allowance loss of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce its book value.

(3) Derecognition of financial assets

The consolidated company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets lapse or when the financial assets have been transferred, and almost all of the risks and rewards of ownership of the assets have been transferred to other enterprises.

The difference between the book value of the financial asset and the consideration received is recognized in profit or loss when the financial asset is derecognized as a whole at amortized cost. When investments in equity instruments measured at fair value through other comprehensive income are derecognized as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

Debt and equity instruments issued by the consolidated company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the consolidated company are recognized at the acquisition price less direct issue costs.

The recapture of the Company's own equity instruments is recognized and deducted under equity. The purchase, sale, issuance, or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurements

Except for the following situations, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include those held for trading.

Financial liabilities held for trading are measured at fair value. The interest generated is recognized as financial costs, and any other gains or losses from remeasurement are recognized as other gains and losses.

For the determination of fair value, please refer to Note 28.

(2) Derecognition of financial liabilities

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

4. Convertible bonds

The composite financial instruments (convertible bonds) issued by the consolidated company are classified as financial liabilities and equity upon initial recognition, based on the substance of the contractual agreement and the definitions of financial liabilities and equity instruments. The components are separately classified as financial liabilities and equity.

Upon initial recognition, the fair value of the liability component is estimated using the market interest rate for similar non-convertible instruments at the time, and is subsequently measured at amortized cost using the effective interest method until conversion or maturity. The liability component that contains an embedded non-equity derivative instrument is measured at fair value.

The conversion option classified as equity is equal to the fair value of the entire compound instrument minus the fair value of the liability component, which is determined separately. After deducting the impact of income taxes, it is recognized as equity and is not remeasured thereafter. When the conversion option is exercised, the related liability component and the amount in equity will be reclassified to share capital and capital reserve - issue premium. If the conversion option of convertible bonds has not been exercised by the maturity date, the amount recognized in equity will be reclassified to capital reserve - issue premium.

The related transaction cost of the convertible bonds is allocated to the liabilities of the instrument (booked in the carrying amount of the liabilities) and equity components (recognized in equity) in proportion to the total price allocated.

(XIII) Income recognition

The consolidated company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

<u>Revenue from product sales</u>

The revenue from product sales is mainly derived from sales of wireless communication modules. As the wireless communication module is delivered to the place designated by the customer as agreed or actually collected, the customer has the right to set the price and use the products, and has the primary responsibility for resale and bears the risk of obsolescence of the products. The consolidated company recognizes revenue and accounts receivable at each of the time points. Advance receipts from goods sold are recognized as contractual liabilities before the arrival of products.

In the process of material delivery for processing, the control over the ownership of the processed products has not been transferred, so the revenue is not recognized in the process of material delivery.

(XIV) Lease

The consolidated company assesses whether a contract is (or contains) a lease at the contract inception date.

For contracts that contain leasing and non-leasing components, the consolidated company shall apportion the consideration in the contract based on a relatively separate price and handle it separately.

1. Consolidated company as the lessor

   When the lease terms transfer almost all the risks and rewards attached to the asset ownership to the lessee, it is classified as a finance lease. All other leases are classified as operating leases.

   Under an operating lease, the lease payment after deducting the lease incentives is recognized as income on a straight-line basis during the relevant lease term. The original direct costs incurred from the acquisition of an operating lease are added to the book value of the underlying assets and recognized as expenses on a straight-line basis during the lease term.

2. Consolidated company as the lessee

   Right-of-use assets and lease liabilities are recognized at the lease commencement date for all leases, except for leases of low-value underlying assets to which the recognition exemption applies and short-term leases, where lease payments are recognized as expenses on a straight-line basis over the lease term.

   The right-of-use asset is measured initially at cost (consisting of the original measurement amount of the lease liability, lease payments made prior to the commencement date of the lease less lease incentives received, original direct cost, and estimated cost of restoration of the subject asset) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. Right-of-use assets are presented separately in the consolidated balance sheet.

   Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

   Lease liabilities are measured initially at the present value of lease payments (including fixed payments). Lease payments are discounted using the interest rate implied by the lease if it is readily recognizable. If the rate is not readily identifiable, the lessee's incremental borrowing rate is used.

Subsequently, the lease liabilities are measured at amortized cost basis using the effective interest method and interest expense is allocated over the lease term. If there is a change in future lease payments due to changes in the lease period or rates, the consolidated company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the book value of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the consolidated balance sheet.

(XV) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that meets the criteria are included as part of the cost of the asset until substantially all of the activities necessary to bring the asset to its intended use or sale condition have been completed.

Investment income earned from temporary investment of specific loans before the occurrence of eligible capital expenditure is deducted from the borrowing costs eligible for capitalization.

Except for the above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XVI) Employee welfare

1. Short-term employee benefits

Short-term employee benefit-related liabilities are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

The defined contribution pension plan is an expense that recognizes the amount of pension benefits to be contributed during the employees' service period.

The defined benefit cost (including service cost, net interest, and remeasurement) of the defined benefit pension plan is actuarially determined using the projected unit benefit method. Service cost (including current service cost and pre-service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense when they are incurred or when the plan is revised or downscaled. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income as incurred and included in retained earnings and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liabilities (assets) represent the deficit (surplus) in the defined benefit pension plan. The net defined benefit assets shall not exceed the present value of the refunded appropriations from the plan or the future appropriations that can be reduced.

(XVII) Share-based payment agreements

<u>Equity-settled share-based payment arrangements granted to employees and other parties providing similar services</u>

Equity-settled share-based payment arrangements are recognized as expenses on a straight-line basis over the vesting period, based on the fair value of the equity instruments at the grant date and the best estimate of the number expected to vest, with a corresponding adjustment to non-controlling interests. If the award vests immediately on the grant date, the full expense is recognized on the grant date. For the Company’s cash capital increase with shares reserved for employee subscription, the date of notification to employees is deemed the grant date.

(XVIII) Income tax

Income tax expense is the sum of current income tax and deferred income tax changes.

1. Income tax of the current period

The consolidated company determines the current income (loss) in accordance with the regulations of each income tax filing jurisdiction and calculates the income tax payable (recoverable) accordingly.

Income tax on undistributed earnings calculated in accordance with the ROC Income Tax Act is recognized in the year when the shareholders resolve to retain the earnings.

Adjustments to prior years' income tax payable are to be included in the current period's income tax.

2. Deferred income tax

Deferred income tax is computed on temporary differences between the book values of assets and liabilities and the tax basis of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized when it is probable that taxable income will be available for the deduction of income tax arising from deductible temporary differences, purchase of machinery and equipment, research and development and personnel training.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and joint agreements, except where the consolidated company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The book value of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset. Deferred income tax assets that have not been recognized are reviewed at each balance sheet date and the book value is increased to the extent that future taxable income will probably be available to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences of the manner in which the consolidated company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Income tax of the current period and deferred income tax

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity, respectively.

V. Main sources of uncertainty in significant accounting judgments, estimates, and assumptions

In adopting accounting policies, the consolidated company’s management is required to make judgments, estimates, and assumptions that are based on historical experience, and other relevant factors when relevant information is not readily available from other sources. Actual results may differ from estimates.

The accounting policies, estimates, and underlying assumptions adopted by the consolidated company, as assessed by management, do not involve any material accounting judgments or uncertainties in estimates and assumptions.

VI. Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand and working capital	$ 180	$ 156
Bank checking accounts and demand deposit accounts	698,054	678,207
Cash equivalents		
Bank term deposits with an original maturity in 3 months	263,724	561,117
	$ 961,958	$ 1,239,480

The interest rate ranges of demand deposits and time deposits on the balance sheet date are as follows:

	December 31, 2025	December 31, 2024
Bank deposits	0.004%～3.95%	0.01%～4.95%

VII. Financial instruments at fair value through profit or loss

Financial assets - non-current

	December 31, 2025	December 31, 2024
Mandatorily measured at fair value through profit or loss		
Derivatives		
- Convertible bond option	$ -	$ 50
Non-derivative financial assets		
- Domestic listed preferred shares	169,330	-
	$ 169,330	$ 50

VIII. Financial assets measured at fair value through other comprehensive income

Equity instrument investment

	December 31, 2025	December 31, 2024
Non-current		
Domestic investments		
Listed stocks	$ 161,100	$ 17,085
Unlisted stocks	-	424
Subtotal	161,100	17,509
Foreign investments		
Unlisted stocks	1,624	17,485
	$ 162,724	$ 34,994

The consolidated company invests in the stocks above based on its medium and long-term strategies and expects to make profits through long-term investment. In the opinion of the management of the consolidated company, if the short-term fair value fluctuation of such investment is included in the income, it is not consistent with the aforesaid long-term investment plan, so they chose to designate such investment as measured at fair value through other comprehensive income.

In June 2024, the consolidated company adjusted its investment positions to diversify risks by selling ordinary shares of PCL Technologies Optic (Taiwan) Co., Ltd. for NTD 3,681 thousand. The unrealized loss of NTD 31,862 thousand related to the financial assets measured at fair value through other comprehensive income was transferred to retained earnings.

The consolidated company acquired 510 thousand shares and 5,490 thousand shares of ordinary shares of GEMTEK Technology Co., Ltd. from the centralized exchange market in multiple transactions during 2024 and 2025, respectively, with acquisition costs of NTD 16,862 thousand and NTD 148,514 thousand, respectively. As these investments are held for mid-term and long-term strategic purposes, they have been designated as measured at fair value through other comprehensive income.

IX. Financial assets measured at amortized cost

	December 31, 2025	December 31, 2024
Current		
Domestic investments		
Time deposits with an original maturity exceeding 3 months	$ 354,070	$ 420,785
Non-current		
Domestic investments		
Time deposits with an original maturity exceeding 3 months	$ 68,437	$ 126,101
Interest rate range	1.44%～3.95%	1.55%～5.00%

For information about pledged financial assets at amortized cost, please refer to Note 30.

X. Accounts and other receivables (including related parties), net

	December 31, 2025	December 31, 2024
Accounts receivable (including related parties)		
Measured at amortized cost		
Total book value	$ 300,488	$ 341,366
Other receivables (including related parties)		
Measured at amortized cost		
Total book value	$ 25,977	$ 18,386

Total book value measured at cost after amortization

The average credit period of the consolidated company for commodity sales is 30~90 days, and the accounts receivable are not subject to interest. The impairment assessment of accounts receivable is based on individual assessment, aging analysis, historical experience, and analysis of the current financial situation of customers to estimate the amount that cannot be recovered.

The consolidated company recognizes the loss allowance of accounts receivable according to the expected credit loss during the period of existence. The expected credit loss during the existence period is calculated by the preparation matrix, which considers the past default records of customers and their current financial situation, and the industrial economic situation, as well as GDP forecasts and industry outlook. As the historical experience of credit loss of the consolidated company shows that there is no significant difference in the loss pattern of different customer groups, the preparation matrix does not further distinguish customer groups, and only uses the overdue days of accounts receivable to determine the expected credit loss rate.

If there is evidence that the counterparty is facing serious financial difficulties and the consolidated company cannot reasonably expect the recoverable amount, for example, if the transaction counterparty is in liquidation, the consolidated company will directly write off the relevant receivables but will continue the recourse activities, and the amount recovered due to recourse will be recognized as income.

The consolidated company measures the provision for loss of accounts receivable according to the preparation matrix as follows:

December 31, 2025

	Not overdue	1 to 90 days overdue	91 to 180 days overdue	181 to 270 days overdue	271 to 360 days overdue	More than 360 days overdue	Total
Expected credit impairment rate	0.00%	0.00%	-	-	-	-	
Total book value	$294,763	$ 5,725	$ -	$ -	$ -	$ -	$300,488
Loss allowance (expected credit impairment during the existence period)	-	-	-	-	-	-	-
Amortized cost	$294,763	$ 5,725	$ -	$ -	$ -	$ -	$300,488

December 31, 2024

	Not overdue	1 to 90 days overdue	91 to 180 days overdue	181 to 270 days overdue	271 to 360 days overdue	More than 360 days overdue	Total
Expected credit impairment rate	0.00%	0.00%	-	0.00%	-	-	
Total book value	$333,157	$ 8,202	$ -	$ 7	$ -	$ -	$341,366
Loss allowance (expected credit impairment during the existence period)	-	-	-	-	-	-	-
Amortized cost	$333,157	$ 8,202	$ -	$ 7	$ -	$ -	$341,366

Information on changes in the loss allowance of accounts receivable is as follows:

	December 31, 2025	December 31, 2024
Beginning balance	$ -	$ 9
Impairment loss recognized (reversed) for the year	7	(9)
Reclassified as receivables under collection	(7)	-
Ending balance	$ -	$ -

XI. Inventory

	December 31, 2025	December 31, 2024
Raw materials	$ 270,632	$ 298,233
Work in progress	25,290	19,988
Finished products and commodities	93,021	76,243
	$ 388,943	$ 394,464

The cost of goods sold related to inventories in 2025 and 2024 was NTD 1,788,058 thousand and NTD 1,897,919 thousand, respectively. The cost of sales for 2025 and 2024 includes inventory impairment and sluggish losses (reversal of gains) of NTD 8,651 thousand and NTD (5,806) thousand, respectively. The inventory impairment and sluggish reversal gains are mainly due to the sale of sluggish inventory.

XII. Subsidiary

Subsidiaries included in the consolidated financial statements

The main entities of the consolidated financial statements are as follows:

Name of investing company	Name of subsidiary	Nature of business	Percentage of ownership interest and voting rights December 31, 2025	Percentage of ownership interest and voting rights December 31, 2024	Description
The Company	SparkLAN Communications, Inc. (SparkLAN)	Communications business	92.44%	96.84%	Note

The subsidiaries above listed in the consolidated financial statements have been audited by CPAs.

Note:
1. In March 2025, the Board resolved to issue the 2024 remuneration of employees in stock and issue 501 thousand new shares. The Board resolved in August 2025 that the capital increase base date was August 31, 2025, resulting in the decrease of the Company's shareholding ratio in SparkLAN Communications, Inc. to 92.44%.
2. In March 2024, the Board resolved to issue the 2023 remuneration of employees in stock and issue 333 thousand new shares. The Board resolved in September 2024 that the capital increase base date was September 20, 2024, resulting in the decrease of the Company's shareholding ratio in SparkLAN Communications, Inc. to 96.84%.

XIII. Property, plant and equipment

Self-use

	Self-owned land	Buildings	Machinery and equipment	Other equipment	Construction in progress	Total
Cost						
Balance on January 1, 2024	$ 340,650	$ 305,260	$ 52,750	$ 80,413	$ 1,692	$ 780,765
Addition	-	3,204	5,840	666	-	9,710
Inward transfer of construction in progress	-	-	1,692	-	(1,692)	-
Disposal	-	-	(9,663)	(340)	-	(10,003)
Balance on December 31, 2024	$ 340,650	$ 308,464	$ 50,619	$ 80,739	$ -	$ 780,472
Accumulated depreciation						
Balance on January 1, 2024	$ -	$ 9,695	$ 29,402	$ 61,234	$ -	$ 100,331
Depreciation expense	-	17,587	4,834	4,888	-	27,309
Disposal	-	-	(9,040)	(340)	-	(9,380)
Balance on December 31, 2024	$ -	$ 27,282	$ 25,196	$ 65,782	$ -	$ 118,260
Net amount on December 31, 2024	$ 340,650	$ 281,182	$ 25,423	$ 14,957	$ -	$ 662,212

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	Self-owned land	Buildings	Machinery and equipment	Other equipment	Construction in progress	Total
Cost						
Balance on January 1, 2025	$ 340,650	$ 308,464	$ 50,619	$ 80,739	$ -	$ 780,472
Addition	-	-	15,184	653	-	15,837
Disposal	-	-	(22)	(310)	-	(332)
Others	-	-	-	(495)	-	(495)
Balance on December 31, 2025	$ 340,650	$ 308,464	$ 65,781	$ 80,587	$ -	$ 795,482
Accumulated depreciation						
Balance on January 1, 2025	$ -	$ 27,282	$ 25,196	$ 65,782	$ -	$ 118,260
Depreciation expense	-	17,627	6,166	4,822	-	28,615
Disposal	-	-	(22)	(310)	-	(332)
Balance on December 31, 2025	$ -	$ 44,909	$ 31,340	$ 70,294	$ -	$ 146,543
Net amount on December 31, 2025	$ 340,650	$ 263,555	$ 34,441	$ 10,293	$ -	$ 648,939

In 2025 and 2024, there were no signs of any impairment, so the consolidated company did not conduct an impairment assessment.

The property, plant, and equipment of the consolidated company are depreciated on a straight-line basis according to the following durability years:

Buildings	50 years
Machinery and equipment	2 to 10 years
Other equipment	2 to 10 years

Please refer to Note 30 for the amount of self-use property, plant, and equipment set as a loan guarantee.

XIV. Lease agreement

(I) Right-of-use assets

	December 31, 2025	December 31, 2024
Book value of right-of-use assets		
Transportation equipment	$ -	$ 307

	2025	2024
Depreciation expenses of right-of-use assets		
Transportation equipment	$ 307	$ 527

Except for the addition, reduction, and depreciation expenses recognized above, there were no significant sublease or impairment in the right-of-use assets of the consolidated company in 2025 and 2024.

(II) Lease liabilities

	December 31, 2025	December 31, 2024
Book value of lease liabilities		
Current	$ -	$ 316

The range of discount rates for lease liabilities is as follows:

	December 31, 2025	December 31, 2024
Transportation equipment	-	1.30%

(III) Other lease information

	2025	2024
Short-term rental expenses	$ 834	$ 572
Total cash (outflow) from lease	($ 1,151)	($ 1,116)

XV. Other intangible assets

	Patent rights	Computer software	Customer relations	Total
Cost				
Balance on January 1, 2024	$ 509	$ 13,200	$ 30,459	$ 44,168
Individually acquired	-	17,223	-	17,223
Balance on December 31, 2024	$ 509	$ 30,423	$ 30,459	$ 61,391
Accumulated amortization				
Balance on January 1, 2024	$ 441	$ 12,784	$ 11,999	$ 25,224
Amortization expense	14	1,864	2,770	4,648
Balance on December 31, 2024	$ 455	$ 14,648	$ 14,769	$ 29,872
Net amount on December 31, 2024	$ 54	$ 15,775	$ 15,690	$ 31,519
Cost				
Balance on January 1, 2025	$ 509	$ 30,423	$ 30,459	$ 61,391
Individually acquired	-	464	-	464
Balance on December 31, 2025	$ 509	$ 30,887	$ 30,459	$ 61,855
Accumulated amortization				
Balance on January 1, 2025	$ 455	$ 14,648	$ 14,769	$ 29,872
Amortization expense	15	6,082	2,768	8,865
Balance on December 31, 2025	$ 470	$ 20,730	$ 17,537	$ 38,737
Net amount on December 31, 2025	$ 39	$ 10,157	$ 12,922	$ 23,118

Except for the amortization expenses recognized above, there were no significant disposal or impairment in the intangible assets of the consolidated company in 2025 and 2024.

Amortization expense is accrued on a straight-line basis according to the following durability years:

Patent rights	20 years
Computer software	1 to 3 years
Customer relations	11 years

Summary of amortization expenses by function:

	2025	2024
Marketing expenses	$ 2,768	$ 2,770
Administrative expenses	6,097	1,878
	$ 8,865	$ 4,648

XVI. Other assets

	December 31, 2025	December 31, 2024
Current		
Business tax carry forward	$ 5,205	$ 14,706
Prepaid expenses	16,716	4,344
Prepayment for purchase	-	9,585
Others	186	291
	$ 22,108	$ 28,926
Non-current		
Deferred expenses	$ 1,030	$ 33,920
Refundable deposits	505	910
Overdue receivables	17,149	17,142
Allowance for losses - overdue receivables	(17,149)	(17,142)
Net defined welfare assets (Note 20)	7,239	8,311
	$ 8,774	$ 43,141

XVII. Borrowings

(I) Short-term borrowings

	December 31, 2025	December 31, 2024
Secured loans (Note 30)		
Bank loans	$ -	$ 97,000
Unsecured loans		
Credit loans	30,000	60,000
	$ 30,000	$157,000

The consolidated company uses financial assets measured at amortized cost as collateral (see Note 30). The interest rates on bank borrowings as of December 31, 2025 and 2024 ranged from 2.04% and 1.62% to 2%, respectively.

(II) Long-term loans

	December 31, 2025	December 31, 2024
Secured loans (Note 30)		
Bank loans (1)	$ 65,615	$ 69,132
Less: Current portion due within one year	(3,580)	(3,495)
	$ 62,035	$ 65,637

The consolidated company borrowed using property, plant, and equipment as collateral (please refer to Note 30) with loan interest rates of 1.98% and 2.05% respectively on December 31, 2025 and 2024. The borrowing period is from September 2021 to September 2041 with the first 36 months constituting a grace period and principal and interest to be amortized over 17 years. The loan drawdown this time is used to purchase land and offices.

XVIII. Corporate bonds payable

	December 31, 2025	December 31, 2024
Domestic unsecured convertible bonds	$ -	$ 476,939
Less: Current portion due within one year	487,938	-
	$ 487,938	$ 476,939

To repay the bank borrowings and replenish the working capital, the Company issued unsecured convertible bonds in Taiwan on June 5, 2024. The issuance is as follows:

(I) Total issuance amount: NTD 603,000 thousand

(II) Par value: NTD 100 thousand per bond

(III) Coupon rate: 0%

(IV) Effective interest rate: 2.2821%

(V) Carrying amount at the time of issuance: NTD 560,728 thousand

(VI) Duration: June 5, 2024 to June 5, 2027

(VII) Conversion period:

Except for the period of suspension of conversion, creditors may request to convert all convertible bonds held into ordinary shares of the Company from the day after three months from the issuance date (September 6, 2024) to June 5, 2027 (expiry date) according to the corporate bond conversion regulations at any time. The period of suspension of conversion is as follows:

(1) The book closure period of ordinary shares.

(2) 15 business days before the book closure date for stock grants the book closure date for cash dividends or the book closure date for the capital increase in cash through share subscription to the base date of rights distribution applied by the Company with TPEx.

(3) The base day for the capital reduction to one day prior to the trading date for the re-issuance of stocks.

(4) Other book closure periods according to the law.

(VIII) Conversion price and its adjustment:

The creditors may request the Company to convert the bonds they hold into ordinary shares of the Company at NTD 158.8 per share. After the issuance, if the issued ordinary shares of the Company increase, the conversion price will be adjusted according to the regulations. As of December 31, 2025, the conversion price was adjusted to NTD 149.

(IX) Repayment of bonds at maturity:

On the maturity date of the bonds, the issuing company will repay the bonds in cash in one lump sum based on the face value of the bonds.

(X) Bondholders' sell-back options:

Two years after the issuance of the corporate bonds (June 5, 2026), the bondholders may notify the Company in writing in accordance with the conversion regulations to request the Company to redeem the corporate bonds held by them with cash at the par value of the bonds.

(XI) The Company's right of redemption:

Three months after the issuance of the bonds (September 6, 2024) and up to 40 days prior to the expiry of the issuance period (April 26, 2027), if the closing price of the Company's ordinary shares on TPEx exceeds 30% (inclusive) of the then conversion price for 30 consecutive business days or when the outstanding balance of the bonds is lower than 10% of the initial total issuance amount, the issuance company may redeem all of its bonds with cash at the par value of the bonds.

The convertible bonds include asset, liability and equity components. The equity component is presented as capital reserve - share options under equity. The asset and liability component are presented as assets embedded in derivative financial products and non-derivative financial liabilities. The appraisal of the fair value of the liabilities embedded in derivative financial products as of December 31, 2025 was NTD 6,446 thousand. The amount of non-derivative financial liabilities measured at amortized cost as of December 31, 2025 was NTD 487,938 thousand. The effective interest rate initially recognized was 2.2821%.

Issuance consideration (deduct the transaction cost of NTD 5,210 thousand)	$ 597,790
Equity component (deduct the transaction cost of NTD 318 thousand amortized to equity)	(36,462)
Financial liabilities at fair value through profit or loss - current	(600)
Liability component on the issuance date (deduct the transaction cost of NTD 4,892 thousand amortized to liabilities)	560,728
Interest calculated at the effective interest rate of 2.2821%	6,998
Corporate bonds payable converted to ordinary shares	(90,787)
Liability component as of December 31, 2024	476,939
Interest calculated at the effective interest rate of 2.2821%	10,999
Liability component as of December 31, 2025	$ 487,938

XIX. Other liabilities

	December 31, 2025	December 31, 2024
Current		
Other payables		
Salary and bonus payable	$ 16,568	$ 15,701
Employees' remuneration payable	70,560	88,325
Directors' remuneration payable	3,402	4,472
Payables for goods procurement	19,992	36,191
Expenses payable	10,507	11,958
Others	72	170
	$121,101	$156,817
Other liabilities		
Temporary credits	$ 56,474	$ 27,622
Others	4,965	2,897
	$ 61,439	$ 30,519
Non-current		
Other liabilities		
Guarantee deposits received	$ 11,786	$ 12,294

XX. Post-employment benefit plan

(I) Defined contribution plan

The pension system of the "Labor Pension Regulations" applicable to the Company and domestic companies in the Consolidate Company is a government-administered fixed appropriation retirement plan, with 6% of the employee's monthly salary allocated to the individual account of the Labor Insurance Bureau.

(II) Defined benefit plan

The pension system of the consolidated company in compliance with the country's "Labor Standards Act" is a government-administered defined-benefit retirement plan. The employee's pension is calculated based on the length of service and the average salary for the six months before the approved retirement date. The companies allocate 2% of the total monthly salary of the employees to the pension and hand it over to the Labor Retirement Reserve Supervision Committee to deposit it into the special account at the Bank of Taiwan in the name of the committee. Before the end of the year, if it is estimated that the balance of the special account is not sufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be provided in one go by the end of March of the next year. The special account is entrusted to the Bureau of Labor Fund of the Ministry of Labor for management; the consolidated company does not have any privilege to influence the investment management strategy.

The amounts of defined benefit plans included in the consolidated balance sheet are shown below:

	December 31, 2025	December 31, 2024
The current value of defined benefit obligation	$ 1,257	$ 4,546
The fair value of plan assets	(8,496)	(12,857)
Net defined benefit asset	($ 7,239)	($ 8,311)

Changes to net defined benefit assets are as follows:

	The current value of defined benefit obligation	The fair value of plan assets	Net defined benefit asset
Balance on January 1, 2024	$ 4,530	($ 12,091)	($ 7,561)
Service cost			
Interest expense (income)	39	(137)	(98)
Recognized as profit or loss	39	(137)	(98)
Remeasurement			
Return on plan assets	-	(629)	(629)
Actuarial (gain) loss			
- Changes in financial assumptions	(30)	-	(30)
- Experience-based adjustment	7	-	7
Recognized as another comprehensive income	(23)	(629)	(652)
Balance on December 31, 2024	4,546	(12,857)	(8,311)
Service cost			
Interest expense (income)	19	(125)	(106)
Recognized as profit or loss	19	(125)	(106)

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	The current value of defined benefit obligation	The fair value of plan assets	Net defined benefit asset
Remeasurement			
Return on plan assets	$ -	($ 543)	($ 543)
Actuarial (gain) loss			
- Changes in financial assumptions	31	-	31
- Experience-based adjustment	14	-	14
Recognized as another comprehensive income	45	(543)	(498)
Settlement and refund received	(3,353)	5,209	1,676
Balance on December 31, 2025	$ 1,257	($ 8,496)	($ 7,239)

The amounts recognized in profit (loss) for the defined benefit plan are summarized by function as follows:

	2025	2024
Operating costs	($ 17)	($ 13)
Marketing expenses	(12)	(15)
Administrative expenses	(16)	(19)
R&D expenses	(61)	(51)
	($ 106)	($ 98)

The consolidated company is exposed to the following risks as a result of the pension system under the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor invests labor pension funds in domestic (foreign) equity and debt securities and bank deposits through self-operation and entrusted management, but the consolidated company’s distributable amount of the plans’ assets is the income calculated at not lower than the 2-year fixed deposit interest rate of the local bank.
2. Interest rate risk: The decrease in interest rates of government/corporate bonds will increase the present value of the defined benefit obligation, but the return on the debt investment of the planned assets will also increase; the impact of the two on the net defined benefit liabilities is partially offset.
3. Salary risk: For the calculation of the present value of defined benefit obligations, reference is made to the future salaries of the members of the plan. Therefore, increases in the plan members' salaries will increase the present value of the defined benefit obligation.

The present value of the consolidated company’s defined benefit obligation was actuarially determined by a qualified actuary, with the following significant assumptions as of the measurement date:

	December 31, 2025	December 31, 2024
Discount rate	1.30%	1.60%
Expected rate of salary increase	2.50%	2.50%

If there are reasonably possible changes in significant actuarial assumptions, the amount by which the present value of the defined benefit obligation would increase (decrease), with all other assumptions held constant, is as follows:

	December 31, 2025	December 31, 2024
Discount rate		
0.25% increase	$ 26	$ 26
0.25% decrease	($ 27)	($ 27)
Expected rate of salary increase		
0.25% increase	($ 26)	($ 26)
0.25% decrease	$ 25	$ 25

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation, because the actuarial assumptions may be correlated and changes in only one assumption are not probable.

	December 31, 2025	December 31, 2024
Amount expected to be appropriated within 1 year	$ -	$ -
The average period of defined benefit obligation to maturity	9 years	10 years

XXI. Equity

(I) Share capital

1. Ordinary shares

	December 31, 2025	December 31, 2024
The authorized number of shares (thousand shares)	100,000	100,000
The authorized share capital	$ 1,000,000	$ 1,000,000
The number of issued shares fully paid for (thousand shares)	66,848	66,837
The issued share capital	$ 668,484	$ 668,368

Common shares are issued at a par value of NTD 10, and each share has one voting right and the right to receive dividends.

2. Bond conversion entitlement

	December 31, 2025	December 31, 2024
Number of shares converted with alteration registration not completed (thousand shares)	-	11
Share capital converted with alteration registration not completed	$ -	$ 116

Carry out the alteration registration after the issuance of the new shares on the base day for the capital increase according to the law.

(II) Capital reserve

	December 31, 2025	December 31, 2024
It may be used to cover losses, distribute cash or replenish share capital. (1)		
Premium from share issuance	$ 805,406	$ 805,406
Conversion premium of corporate bonds	89,861	89,861
Employee stock options	2,228	2,228
Can only be used to cover losses		
Recognition of changes in ownership interests in subsidiaries (2)	4,235	3,350
Other - exercise of vesting rights	31	31
May not be used for any purposes		
Share options (3)	30,604	30,604
	$ 932,365	$ 931,480

1. This type of capital reserve may be used to make up for losses, and when the Company has no losses, it may also be used to distribute cash or for capital appropriation; when used for capital appropriation, it is limited to a certain percentage of the paid-in capital every year.
2. The capital reserve is the effects of equity transactions recognized due to the changes in the equity of subsidiaries or the adjustments to the capital reserve of subsidiaries that the Company recognizes by using the equity method when the Company has not obtained or disposed of the equity of subsidiaries.
3. The capital reserve is the value of share options recognized for issuing convertible bonds.

(III) Retained earnings and dividend policy

According to the provisions of the earnings distribution policy in the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after making up the cumulative loss, 10% shall be set aside as the legal reserve, and the rest shall be appropriated as or reversed from special reserve according to laws and regulations. If there is still a balance, the board meeting shall formulate an earnings distribution proposal for it together with the cumulative undistributed surplus, and submit it to the shareholders' meeting for a resolution to distribute dividends to shareholders. The Company's Articles of Incorporation specify the employee and director remuneration distribution policy, which can be referred to in Note 23(7) regarding employee and director remuneration.

The legal reserve should be appropriated until its balance reaches the total paid-in share capital of the Company. The legal reserve may be used to make up for losses. When the Company has no losses, the portion of the legal reserve exceeding 25% of the total paid-in share capital may be distributed in cash in addition to being appropriated as share capital.

When the Company made the provision for special reserve for the net deduction amount of other equity accumulated in the previous period, the provision was made only for the undistributed earnings in the previous period.

The Company's earnings distributions for 2024 and 2023 are as follows:

	Earnings distribution plan		Cash dividend per share (NTD)	
	2024	2023	2024	2023
Legal reserve	$ 20,717	$ 27,785		
Special reserve	(12,779)	3,748		
Cash dividend	233,969	231,794	$ 3.5	$ 3.5

The Company's Board meeting on March 3, 2026, proposed the following earnings distribution plan for 2025:

	Earnings distribution plan	Cash dividend per share (NTD)
Legal reserve	$ 18,314	
Special reserve	20,783	
Cash dividend	167,121	$ 2.5

The aforementioned cash dividends were resolved for distribution by the Board of Directors on March 3, 2026, and the remaining matters are subject to resolution at the annual general shareholders' meeting scheduled to be held on May 22, 2026.

(IV) Non-controlling interests

	December 31, 2025	December 31, 2024
Beginning balance	$ 7,031	$ -
Profit for the year	1,704	456
Changes in ownership interests in subsidiaries	8,362	6,575
Ending balance	$ 17,097	$ 7,031

The board meeting on March 4, 2025 resolved to approve the distribution of the remuneration of employees of NTD 10,579 thousand fully in shares for the subsidiary SparkLAN and the distribution is 501 thousand shares calculated based on the net worth per share of NTD 21.12 in the financial report of SparkLAN in the preceding year. In addition, on August 12, 2025, the Board of Directors resolved that the ex-rights reference date would be August 31, 2025, resulting in a change in the Company’s ownership interest in SparkLAN. SparkLAN Communications, Inc. completed the alteration registration on September 11, 2025.

The board meeting on March 5, 2024 (on behalf of the shareholders’ meeting) resolved to approve the distribution of the remuneration of employees of NTD 9,925 thousand fully in shares for the subsidiary SparkLAN and the distribution is 333 thousand shares calculated based on the net worth per share of NTD 29.81 in the financial report of SparkLAN in the preceding year. On September 10, 2024, the Board resolved that the ex-right base day is September 20, 2024, resulting in changes of the Company’s ownership in SparkLAN Communications, Inc. SparkLAN Communications, Inc. completed the alteration registration on October 16, 2024.

XXII. Income

	2025	2024
Customer contract revenue		
Revenue from product sales	$ 2,339,532	$ 2,380,628

(I) Contract balance

	December 31, 2025	December 31, 2024	January 1, 2024
Total accounts receivable (Note 10 and 29)	$ 300,488	$ 341,366	$ 351,757

Contractual liabilities - current			
Product sales	$ 23,852	$ 16,290	$ 17,719

(II) Breakdown of customer contract revenue

Please refer to note 34 for the revenue breakdown.

XXIII. Net profit

(I) Interest income

	2025	2024
Bank deposits	$ 30,267	$ 34,797

(II) Other income

	2025	2024
Revenue from sales of materials	$ 64	$ 2,669
Dividend income	2,567	-
Others	3,584	2,426
	$ 6,215	$ 5,095

(III) Other gains and losses

	2025	2024
Gains (losses) on financial assets and financial liabilities		
Financial assets mandatorily measured at fair value through profit or loss	$ 3,557	$ 1,219
Financial liabilities held for trading	(6,446)	-
Loss on disposal and scrap of property, plant and equipment	-	(623)
Net foreign currency exchange (loss) gain	(41,956)	68,013
	$ 44,845	$ 68,609

(IV) Financial cost

	2025	2024
Bank loan interest	$ 2,750	$ 7,424
Interests of convertible bonds	10,999	6,998
Lease liability interest	1	8
	$ 13,750	$ 14,430

(V) Depreciation and amortization

	2025	2024
Summary of depreciation expenses by function		
Operating costs	$ 520	$ 448
Operating expenses	28,402	27,388
	$ 28,922	$ 27,836
Summary of amortization expenses by function		
Operating costs	$ 263	$ 35
Operating expenses	28,562	26,847
	$ 28,825	$ 26,882

Please refer to Note 15 for information on the allocation of intangible asset amortization expenses to each individual item.

(VI) Employee benefit expenses

	2025	2024
Post-employment benefits		
Defined contribution plan	$ 6,084	$ 5,950
Defined welfare plan (Note 20)	(106)	(98)
	5,978	5,852
Other employee benefits	170,436	173,630
Total employee benefits	$176,414	$179,482
Summary by function		
Operating costs	$ 18,616	$ 18,836
Operating expenses	157,798	160,646
	$176,414	$179,482

(VII) Remuneration of employees, directors and supervisors

In accordance with the Articles of Incorporation, after making up the losses with the pre-tax profit of the current year, the Company appropriates 5% to 15% of the balance as the employees' remuneration, and no more than 2% as the directors' remuneration.

In accordance with the amendment to the Securities and Exchange Act in August 2024, the Company has amended its Articles of Incorporation at the 2025 shareholders' meeting, specifying that no less than 10% of the employee remuneration allocated for the year shall be distributed to entry-level employees.

The board resolutions on the estimated 2025 and 2024 employees' remuneration and directors' remuneration made on March 3, 2026 and March 4, 2025, respectively are as follows:

Estimated proportion

	2025	2024
Employees' remuneration	10%	10%
Directors' remuneration	1%	1%

Amount

	2025	2024
	Cash	Cash
Employees' remuneration	$ 24,088	$ 30,618
Directors' remuneration	2,409	3,062

If there is still any change in the amount after the issuance date of the annual consolidated financial statements, it shall be handled according to the change of accounting estimate and adjusted and recorded in the next year.

There is no difference between the actual distribution amounts of employees' remuneration and directors' remuneration for 2024 and 2023 and the amounts recognized in the consolidated financial statements for 2024 and 2023.

Please visit the "Market Observation Post System" of the Taiwan Stock Exchange Corporation for the Company's board resolution on the employees' remuneration and directors' and supervisors' remuneration.

XXIV. Income tax

(I) Income recognized in the profit and loss

The main components of income tax expenses are as follows:

	2025	2024
Income tax of the current period		
Generated in the current year	$ 50,743	$ 46,902
Adjustment for previous years	(7,409)	(7,800)
	43,334	39,102
Deferred income tax		
Generated in the current year	(3,350)	6,681
Income tax expenses recognized as profit and loss	$ 39,984	$ 45,783

The adjustments to accounting income and income tax expense are as follows:

	2025	2024
Net profit before tax	$ 224,333	$ 284,615
Income tax expense on net income before income tax at statutory tax rate	$ 44,867	$ 56,923
Non-deductible expenses for tax purposes	3,207	1,184
Tax exempt income	(1,234)	(244)
Unrecognized temporary differences	-	(4,835)
Adjustment to current income tax expense of previous years in the current year	(7,409)	(7,800)
Others	553	555
Income tax expenses recognized as profit and loss	$ 39,984	$ 45,783

(II) Income tax assets and liabilities of the current period

	December 31, 2025	December 31, 2024
Current income tax assets		
Tax refund receivable	$ 12,553	$ 14,770
Current income tax liabilities		
Income tax payable	$ 24,519	$ 15,984

(III) Deferred income tax assets and liabilities

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

2025

Deferred income tax assets	Beginning balance	Recognized as profit or loss	Ending balance
Temporary difference			
Allowance for inventory valuation loss and sluggish loss	$ 30,644	$ 1,730	$ 32,374
Loss allowance	2,731	124	2,855
Unrealized gross profit on sales	368	398	766
	$ 33,743	$ 2,252	$ 35,995

Deferred income tax liabilities	Beginning balance	Recognized as profit or loss	Ending balance
Temporary difference			
Unrealized exchange gain	$ 2,419	($ 1,098)	$ 1,321
Others	16	-	16
	$ 2,435	($ 1,098)	$ 1,337

2024

Deferred income tax assets	Beginning balance	Recognized as profit or loss	Ending balance
Temporary difference			
Allowance for inventory valuation loss and sluggish loss	$ 31,805	($ 1,161)	$ 30,644
Loss allowance	2,743	(12)	2,731
Unrealized gross profit on sales	244	124	368
Unrealized exchange loss	3,208	(3,208)	-
	$ 38,000	($ 4,257)	$ 33,743

Deferred income tax liabilities	Beginning balance	Recognized as profit or loss	Ending balance
Temporary difference			
Unrealized exchange gain	$ -	$ 2,419	$ 2,419
Others	11	5	16
	$ 11	$ 2,424	$ 2,435

(IV) The deductible temporary difference amount of deferred income tax assets not recognized in the consolidated balance sheet

	December 31, 2025	December 31, 2024
Deductible temporary difference		
Impairment loss of financial assets measured at fair value through other comprehensive income	$ 29,740	$ 29,740

(V) Approved income tax

The tax filing of the Company and SparkLAN Communications, Inc. up to 2023 has been approved by the tax collection authority.

XXV. Earnings per share

The earnings used for calculating earnings per share and weighted average number of common shares are as follows:

Profit for the year

	2025	2024
Net income used to calculate basic earnings per share	$ 182,644	$ 238,376
Impact of potential common shares with dilution effect:		
Interests of convertible bonds	-	6,998
Net income used to calculate diluted earnings per share	$ 182,644	$ 245,374

Number of shares

Unit: thousand shares

	2025	2024
The weighted average number of common shares used for calculating basic earnings per share	66,848	66,383
Impact of potential common shares with dilution effect:		
Employees' remuneration	423	243
Convertible bonds	-	1,970
The weighted average number of common shares used for calculating diluted earnings per share	67,271	68,596

If the consolidated company has the option to pay employees' remuneration in stock or cash, the calculation of diluted earnings per share is based on the assumption that the employees' remuneration will be issued in stock, and the weighted average number of outstanding shares will be included in the calculation of diluted earnings per share when the potential common shares are diluted. When calculating the diluted earnings per share before the issuance of employees' remuneration shares in the next annual resolution, the dilution effect of such potential common shares shall also be considered.

The consolidated company's outstanding convertible bonds had an anti-dilutive effect in 2025 and 2024 and were therefore not included in the calculation of diluted earnings per share.

XXVI. Cash flow information

Non-cash transactions

Other than those disclosed in other notes, the consolidated company conducted the following investing and financing activities that affect cash and non-cash transactions in 2025 and 2024 are as follows:

(I) The consolidated company obtained property, plant and equipment of NTD 9,710 thousand in 2024, and the relevant construction payments (accounted for as other payables) were reduced by NTD 9,123 thousand, resulting in the cash payment for property, plant and equipment of NTD 18,833 thousand.

(II) In 2024, the consolidated company converted the convertible bonds into bond conversion entitlement and capital reserve, with a total impact of NTD 90,218 thousand.

XXVII. Capital risk management

Based on the characteristics of the current operation of the industry, the future development of the company, and factors such as changes in the external environment, the consolidated company plans the capital, research and development expenses, dividend payments and other needs in the future, so as to ensure that all enterprises in the group can improve the shareholder value in the long run by optimizing the debt and equity balance on the premise of continuing operation.

The key management of the consolidated company reviews the capital structure of the group from time to time, including consideration of the cost of various types of capital and related risks. Based on the recommendation of the key management, the consolidated company will balance its overall capital structure by paying dividends, issuing new shares, repurchasing shares, and issuing new bonds or repaying old bonds.

XXVIII. Financial instrument

(I) Fair value information - financial instruments not measured at fair value

Except for those set out in the following table, the management of the consolidated company believes that the book value of financial assets and financial liabilities not measured at fair value approaches its fair value.

December 31, 2025

		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost					
- Corporate bonds payable	$ 487,938	$ 491,765	$ -	$ -	$ 491,765

December 31, 2024

	Book value	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
Financial liabilities					
Financial liabilities measured at amortized cost					
- Corporate bonds payable	$ 476,939	$ 596,766	$ -	$ -	$ 596,766

(II) Fair value information - financial instruments measured at fair value on a repetitive basis

1. Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	$ -	$ -	$ 169,330	$ 169,330
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment				
- Domestic and foreign listed stocks	$ 161,100	$ -	$ -	$ 161,100
- Domestic and foreign unlisted stocks	-	-	1,624	1,624
	$ 161,100	$ -	$ 1,624	$ 162,724
Financial liabilities at fair value through profit or loss				
Derivatives	$ -	$	$ 6,446	$ 6,446

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	$ -	$ -	$ 50	$ 50
Financial assets measured at fair value through other comprehensive income				
Equity instrument investment				
- Domestic and foreign listed stocks	$ 17,085	$ -	$ -	$ 17,085
- Domestic and foreign unlisted stocks	-	-	17,909	17,909
Total	$ 17,085	$ -	$ 17,909	$ 34,994

There was no transfer of fair value measurement between Level 1 and Level 2 in 2025 and 2024.

2. Adjustment of Level 3 fair value measurement of financial instruments

2025

Financial assets	Financial assets measured at fair value through other comprehensive income
	Equity instruments
Beginning balance	$ 17,909
Recognized in other comprehensive income (Unrealized gains (losses) on financial assets at fair value through other comprehensive income)	(16,285)
Ending balance	$ 1,624

2024

Financial assets	Financial assets measured at fair value through other comprehensive income
	Equity instruments
Beginning balance	$ 40,895
Recognized in other comprehensive income (Unrealized gains (losses) on financial assets at fair value through other comprehensive income)	(19,305)
Disposal	(3,681)
Ending balance	$ 17,909

3. Evaluation technology and input value of Level 3 fair value measurement

The fair value of unlisted stocks without an active market is assessed using the market approach.

The market approach refers to the estimation of the fair value of investment targets by referring to the transaction prices and related information that are comparable in the market.

(III) Types of financial instruments

	December 31, 2025	December 31, 2024
Financial assets		
Financial assets measured at amortized cost (Note 1)	$ 1,711,435	$ 2,147,028
Financial assets at fair value through profit or loss	169,330	50

(continued on the next page)

(continued from the previous page)

	December 31, 2025	December 31, 2024
Financial assets measured at fair value through other comprehensive income		
Equity instrument investment	$ 162,724	$ 34,994
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	1,079,033	1,277,253
Financial liabilities at fair value through profit or loss	6,446	-

Note 1: The balance refers to financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, accounts receivable (including related parties), other receivables (including related parties), and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payable (including related parties), other payables (including related parties), guarantee deposits received, long-term borrowings due within one year, long-term borrowings, and corporate bonds payable.

(IV) Purpose and policy of financial risk management

The main financial instruments of the consolidated company include equity and debt instrument investment, accounts receivable, accounts payable, corporate bonds payable, loans and lease liabilities. The Financial Management Department of the consolidated company provides services for all business units, coordinates the entry into domestic and international financial markets, and supervises and manages the financial risks related to the operation of the consolidated company by analyzing the internal risk report of the exposure according to the risk level and breadth. These risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

The consolidated company hedges risk exposure through derivative financial instruments to mitigate the impact of the risk. The use of derivative financial instruments is regulated by the policies adopted by the board meeting of the consolidated company, which are the written principles for exchange rate risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and the investment of residual working capital. The internal auditors continuously recheck the policy compliance and exposure limit. The consolidated company does not trade financial instruments (including derivative financial instruments) for speculative purposes.

The Financial Management Department reports to the board meeting after the completion of derivative trading.

1. Market risk

The main financial risks borne by the consolidated company due to its operating activities are the risk from foreign currency exchange rate change (see (1) below), interest rate change risk (see (2) below) and other price risks (please see (3) below).

There is no change in the exposure of the consolidated company to the market risk of financial instruments and the management and measurement of such exposure.

(1) Exchange rate risk

The consolidated companies are engaged in foreign currency denominated sales and purchase transactions, which result in exposure to exchange rate changes.

Please refer to Note 33 for the book value of monetary assets and monetary liabilities (including monetary items written off under non-functional currency in the consolidated financial statements) of the consolidated company denominated in non-functional currency on the balance sheet date.

Sensitivity analysis

The consolidated company is mainly affected by the exchange rate fluctuations of US dollar.

The following table details the sensitivity analysis of the consolidated company when the exchange rate of NTD (functional currency) against each relevant foreign currency changes by 1%. The sensitivity analysis only includes the foreign currency items that are in circulation, and the conversion at the end of the period is adjusted by 1% of the exchange rate change. The positive numbers in the following table represent the amount of net profit before tax that will increase when NTD depreciates by 1% relative to each relevant foreign currency; when NTD appreciates by 1% relative to each relevant foreign currency, its impact on the net profit before tax will be a negative number of the same amount.

	The impact of USD	
	2025	2024
Profit and loss	$ 5,448	$ 9,322

The impact of foreign currency on profit and loss listed in the table above mainly comes from the USD denominated non-derivative financial assets and liabilities of the consolidated company that are still in circulation on the balance sheet date with the cash flows unhedged.

Changes in the sensitivity to exchange rates of the consolidated company for the current year are primarily due to the decrease in bank deposits denominated in USD and financial assets measured at amortized cost.

(2) Interest rate risk

Interest rate exposure is caused by the fact that entities in the consolidated company borrow funds at both fixed and floating rates. The consolidated company regularly evaluates the hedging activities to make them consistent with the interest rate view and the established risk appetite, so as to ensure that the most cost-effective hedging strategy is adopted.

The book values of the financial assets and financial liabilities of the consolidated company subject to interest rate exposure on the balance sheet date are as follows:

	December 31, 2025	December 31, 2024
Fair value related interest rate risk		
- Financial assets	$ 685,197	$ 1,108,003
- Financial liabilities	517,938	633,939
Cash flow related interest rate risk		
- Financial assets	699,112	678,064
- Financial liabilities	65,615	69,132

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of non-derivative instruments on the balance sheet date. For floating rate liabilities, it is assumed that the amount of liabilities outstanding on the balance sheet date is also outstanding during the reporting period. The rate of change used by the Group to report interest rates to the key management is 100 basis points of increase or decrease in interest rates, which also represents the management's assessment of the reasonable range of possible changes in interest rates.

If the interest rate increased or decreased by 100 basis points, with all other variables held constant, the consolidated companies' profit before tax for 2025, would increase or decrease by NTD 6,335 thousand, and for 2024, would increase or decrease by NTD 6,089 thousand, mainly due to the net position of the consolidated companies' variable-rate bank deposits and variable-rate borrowings.

The sensitivity of the consolidated company to interest rate changes this year is mainly due to the increase in variable interest rate bank deposits and the decrease in variable interest rate borrowings.

(3) Other price risks

Equity price exposure arising from investments in equity securities held by the consolidated company. The consolidated company appoints personnel to supervise the price risk and assess when it is necessary to increase the hedging position of the hedged risk.

Sensitivity analysis

The following sensitivity analysis is based on the equity price exposure on the balance sheet date.

If the equity price increased or decreased by 1%, the profit before tax for 2025 would increase or decrease by NTD 1,693 thousand due to the rise or fall in the fair value of financial assets measured at fair value through profit or loss. The other comprehensive income before tax for 2025 and 2024 will increase/decrease by NTD 1,627 thousand and NTD 350 thousand, respectively, due to the rise/fall of the fair value of financial assets measured by fair value through other comprehensive income.

There was no significant change in the sensitivity of the consolidated company to equity securities investment in the current year compared with the previous year.

2. Credit risk

Credit risk refers to the risk of the Group's financial loss caused by default of contractual obligations of the counterparty. As of the balance sheet date, the maximum credit risk exposures of the consolidated company that may cause financial losses due to the performance failure of the counterparty and the financial guarantee provided by the consolidated company mainly come from the book value of financial assets recognized in the consolidated balance sheet.

In order to mitigate the credit risk, the management of the consolidated company has assigned a dedicated team to be responsible for the decision of credit lines and credit approvals and other monitoring procedures to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the consolidated company will review the recoverable amount of accounts receivable one by one on the balance sheet date to ensure that the unrecoverable accounts receivable have been included in appropriate impairment losses. Accordingly, the management of the Company believes that the credit risk of the consolidated company has been significantly reduced.

Accounts receivable cover many customers, scattered in different industries and geographical regions. The consolidated company continuously evaluates the financial status of customers with accounts receivable.

3. Liquidity risk

The consolidated company manages and maintains sufficient cash and cash equivalents to support group operations and mitigate the impact of cash flow fluctuations. The management of the consolidated company supervises the use of bank financing lines and ensures compliance with the terms of loan contracts.

Bank loans are an important source of liquidity for the consolidated company. For the unused financing lines of the consolidated company as of December 31, 2025 and 2024, see (2) below for the description of financing lines.

(1) Table of liquidity and interest rate risk of non-derivative financial liabilities

The maturity analysis of the remaining contracts of non-derivative financial liabilities is based on the undiscounted cash flow (including principal and estimated interest) of financial liabilities on the earliest possible repayment date of the consolidated company. Therefore, the series of bank loans that the consolidated company may be required to repay immediately shall not take into account the probability of the bank executing the right immediately in the earliest period in the table below; the maturity analysis of other non-derivative financial liabilities shall be prepared according to the agreed repayment date.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the yield curve on the balance sheet date.

December 31, 2025

	Immediate repayment required or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities					
No-interest bearing liabilities	$ 173,719	$ 215,622	$ 94,354	$ -	$ -
Fixed rate instruments	52	99	533,743	-	-
Floating rate instruments	404	809	3,640	19,411	52,167
	$ 174,175	$ 216,530	$ 631,737	$ 19,411	$ 52,167

Further information on the maturity analysis of financial liabilities with floating interest rate instruments is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Floating rate instruments	$ 4,853	$ 19,411	$ 24,264	$ 27,903	$ -	$ -

December 31, 2024

	Immediate repayment required or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities					
No-interest bearing liabilities	$ 153,123	$ 335,197	$ 73,568	$ -	$ -
Fixed rate instruments	249	473	157,995	503,600	-
Floating rate instruments	407	813	3,660	19,520	57,339
Lease liabilities	45	91	180	-	-
	$ 152,824	$ 336,574	$ 235,403	$ 523,120	$ 57,339

Further information on the maturity analysis of financial liabilities with floating interest rate instruments is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	More than 20 years
Floating rate instruments	$ 4,880	$ 19,520	$ 24,400	$ 24,400	$ 8,539	$ -

The amount of floating rate instruments of the non-derivative financial liabilities above will change due to the difference between the floating rate and the estimated interest rate on the balance sheet date.

(2) Credit facilities

	December 31, 2025	December 31, 2024
Unsecured bank loan limit		
- Amount used	$ 30,000	$ 60,000
- Amount unused	1,194,320	1,196,840
	$ 1,224,320	$ 1,256,840
Secured bank loan limit		
- Amount used	$ 65,615	$ 166,133
- Amount unused	157,185	103,867
	$ 222,800	$ 270,000

XXIX. Related party transactions

Transactions, account balances, gains and expenses between the Company and its subsidiaries (which are related parties of the Company) are eliminated in full at the time of consolidation, so they are not disclosed in this note. In addition to those disclosed in other notes, the transactions between the consolidated company and other related parties are as follows.

(I) Name and relationship of related parties

Name of related party	Relationship with the consolidated company
GEMTEK Technology Co., Ltd.	Investor with significant influence
Gemtek Electronic (ChangShu) Co., Ltd.	Subsidiary of investor with significant influence
Gemtek Electronics (Kunshan) Co., Ltd.	Subsidiary of investor with significant influence
Browan Communications Incorporation	Subsidiary of investor with significant influence

(II) Operating revenue

Type of related party	2025	2024
Investor with significant influence	$ 1,013	$ 1,166
Subsidiary of investor with significant influence	-	3
	$ 1,013	$ 1,169

There is no significant difference between the sales terms of the consolidated company for the related parties above and those for regular customers.

(III) Purchase (including processing fee)

Type/name of related party	2025	2024
Investor with significant influence		
GEMTEK Technology Co., Ltd.	$ 116,214	$ 52,265
Subsidiary of investor with significant influence		
Gemtek Electronics (Kunshan) Co., Ltd.	1,355	25,460
	$ 117,569	$ 77,725

For the purchase cost of the related parties above, or the repurchase cost of such related parties with entrusted processing, there is no significant difference between the consolidated company's trading terms and those for general suppliers.

(IV) Receivables from related parties (excluding loans to related parties)

Accounting item	Type/name of related party	December 31, 2025	December 31, 2024
Accounts receivable	Investor with significant influence	$ 309	$ -

Outstanding receivables from related parties without collateral.

(V) Payables to related parties

Accounting item	Type/name of related party	December 31, 2025	December 31, 2024
Accounts payable - related parties	Investor with significant influence		
	GEMTEK Technology Co., Ltd.	$ 64,972	$ 26,874
	Subsidiary of investor with significant influence	-	2,281
		$ 64,972	$ 29,155

Outstanding payables to related parties without collateral.

(VI) Prepayments (recognized under other current assets)

Type/name of related party	2025	2024
Investor with significant influence	$ 659	$ -

(VII) Other related party transactions

Type of related party	2025	2024
Information service fee		
Investor with significant influence	$ 393	$ 393

The payment for GEMTEK Technology Co., Ltd. for providing system information service to the consolidated company. The payment term is determined by mutual agreement.

Creditor's rights and debts at the end of the period

The balance of other receivables from and payables to related parties (included in other payables) on the balance sheet date is as follows:

Type/name of related party	December 31, 2025	December 31, 2024
Other receivables		
Investor with significant influence	$ 888	$ 468
Other payables		
Investor with significant influence	$ 413	$ 413
Temporary credits		
Investor with significant influence		
GEMTEK Technology Co., Ltd.	$ 21,643	$ 1,246
Subsidiary of investor with significant influence		
Gemtek Electronics (Kunshan) Co., Ltd.	-	1,907
	$ 21,634	$ 3,153

Other receivables of the consolidated company from the related parties above are receivables from procurement. Other payables are advance money for others. The temporary credits are generated from the outsourced processing transactions of the consolidated company which will be written off against the processing accounts payable when the processing is completed.

(VIII) Remuneration of key management

	2025	2024
Short-term employee benefits	$ 35,911	$ 41,173
Post-employment benefits	538	530
	$ 36,449	$ 41,703

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

XXX. Assets pledged

The following assets of the consolidated company have been provided as tariff guarantee for imported raw materials and security deposit for financing lines:

	December 31, 2025	December 31, 2024
Financial assets measured at amortized cost - non-current	$ 68,437	$ 120,280
Property, plant and equipment	145,506	148,002
	$ 213,943	$ 268,282

XXXI. Significant contingent liabilities and unrecognized contractual commitments

Other than those stated in other notes, the major commitments and contingencies of the consolidated company on the balance sheet date are as follows: The amount of guaranteed notes issued for the applying the financing lines is NTD 1,170,839 thousand.

XXXII. Major post-period events: None.

XXXIII. Information on foreign currency financial assets and liabilities with significant impact

The following information is a summary of foreign currencies other than the individual functional currencies of the consolidated company. The disclosed exchange rate refers to the exchange rate of such foreign currencies against functional currencies. Information on foreign currency financial assets and liabilities with significant impact:

December 31, 2025

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	$ 31,854	31.43 (USD:NTD)	$ 1,001,163
Non-monetary items			
Financial assets measured at fair value through other comprehensive income			
USD	52	31.43 (USD:NTD)	$ 1,624
Foreign currency liabilities			
Monetary items			
USD	14,521	31.43 (USD:NTD)	$ 456,397

December 31, 2024

Foreign currency assets	Foreign currency	Exchange rate	Book value
Monetary items			
USD	$ 43,120	32.785 (USD:NTD)	$ 1,413,687
Non-monetary items			
Financial assets measured at fair value through other comprehensive income			
USD	533	32.785 (USD:NTD)	$ 17,485
Foreign currency liabilities			
Monetary items			
USD	14,686	32.785 (USD:NTD)	$ 481,489

Foreign currency exchange gains and losses with significant impact (realized and unrealized):

	2025		2024	
Functional currency	Functional currency to expressing currency	Net exchange loss	Functional currency to expressing currency	Net exchange gain
NTD	1 (NTD:NTD)	($ 41,956)	1 (NTD:NTD)	$ 68,013

XXXIV. Disclosures in notes

(I) Major transactions:

1. Loans to others. (None)
2. Endorsements/guarantees. (None)
3. Significant marketable securities held at the end of the period. (Table 1)
4. Amount of purchases or sales with related parties reaching NTD 100 million or 20% of the paid-in capital. (Table 2)
5. Amount of accounts receivable from related parties reaching NTD 100 million or 20% of the paid-in capital. (None)
6. Others: Significant business relationships between parent companies and subsidiaries and among subsidiaries, and important transactions and amounts. (Table 3)

(II) Information on investee enterprises (Table 4)

(III) Information on mainland investment:

1. Name of the investee company in mainland China, main business items, paid-in capital, investment method, capital emitted in and out, shareholding ratio, investment profit and loss, period-end investment book value, repatriated investment profit or loss and investment limit in mainland China. (None)
2. Major transactions with the mainland China investee company directly or indirectly through a third region, and the prices, payment terms, and unrealized profits and losses: (None)
   (1) Purchase amount and percentage, and period-end balance and percentage of related payables.
   (2) Amount and percentage of goods sold, and period-end balance and percentage of related receivables.
   (3) The amount of asset transaction and the profit or loss arising therefrom.
   (4) The period-end balance and the purpose of bill endorsement/guarantee or provision of collateral.
   (5) The maximum balance of financing, the period-end balance, the interest rate range and the total interest of the current period.
   (6) Other transactions that have a significant impact on the current income or financial position.

XXXV. Department Information

The information provided by the consolidated company to key operational decision-makers for allocating resources and evaluating department performance focuses on the product classification provided. The department of the consolidated company to be reported is the Wireless Communication Product Department.

(I) Department revenue and operating results

The revenue and operating results of the department of the consolidated company to be reported are analyzed as follows:

	Department revenue		Department profit/loss	
	2025	2024	2025	2024
Wireless Communication Product Department	$ 2,339,532	$ 2,380,628	$ 344,027	$ 288,455
Headquarters management cost			(97,581)	(97,911)
Interest income			30,267	34,797
Other income			6,215	5,095
Other gains and losses			(44,845)	68,609
Financial cost			(13,750)	(14,430)
Net profit before tax			$ 224,333	$ 284,615

The revenue of the departments reported above is generated from transactions with external customers. There were no interdepartmental sales in 2025 and 2024.

Departmental income refers to the profits earned by each department, excluding the headquarter management costs, interest income, other income, other benefits and losses, financial costs and income tax expenses that should be apportioned. The measured amount is provided to the key operation decision-makers to allocate resources to departments and evaluate their performance.

(II) Total departmental assets and liabilities

The measured amount of assets and liabilities of the consolidated company has not been provided to the key operational decision-makers, so the measured amount of assets and liabilities of the department is zero.

(III) Other department information

	Depreciation and amortization	
	2025	2024
Wireless Communication Product Department	$ 57,747	$ 54,718

(IV) Revenue from key products and services

	2025	2024
Wireless communication module	$ 2,328,904	$ 2,376,246
Others	10,628	4,382
	$ 2,339,532	$ 2,380,628

(V) Regional information

The consolidated company operates primarily in Taiwan.

The consolidated company's revenue from continuing business units of external customers is listed below according to the operating location:

	Revenue from external customers	
	2025	2024
Taiwan	$ 2,339,532	$ 2,380,628

(VI) Information on major customers

The single customers of the Wireless Communication Product Department with the revenue in 2025 and 2024 reaching more than 10% of the total revenue of the consolidated company are as follows:

	2025		2024	
Customer	Sales amount	% of revenue	Sales amount	% of revenue
Company A	$ 442,354	19	$ 277,038	12
Company B	305,956	13	419,290	18
Company C	300,477	13	399,687	17
Company D	NA (Note)		252,602	11

Note: The amount of revenue did not reach 10% of the consolidated company's total revenue.

AMPAK Technology Inc. and Subsidiaries

Securities held at the end of the period

December 31, 2025

Table 1

Unit: NTD thousand unless otherwise specified

Holding company	Securities type and name	Relationship with the securities issuer	Accounting item	End of period				Remark
				Number of shares (thousand shares) or number of units (thousand units)	Book value	Shareholding percentage	Fair value	
AMPAK Technology Inc.	Stocks							
	Taishin Financial Holding Co., Ltd. Class I Preferred Shares	None	Financial assets at fair value through profit or loss - non-current	18,149	$ 169,330	-	$ 169,330	—
	Hoyao Technology, Inc.	The Company is its corporate director.	Financial assets measured at fair value through other comprehensive income - non-current	200	-	19.05	-	—
	New Garden Co., Ltd.	None	〃	3,333	1,624	6.67	1,624	Note 1
	GEMTEK Technology Co., Ltd.	Affiliates	〃	6,000	161,100	1.4	161,100	—

Note 1: It is converted at the exchange rate of USD:NTD = 1:31.43 on the financial report date.

AMPAK Technology Inc. and Subsidiaries

Amount of purchases or sales with related parties reaching NTD 100 million or 20% of the paid-in capital

January 1 to December 31, 2025

Table 2

Unit: NTD thousand unless otherwise specified

Company for purchases (sales)	Transaction counterparty	Relationship	Intercompany transactions				Circumstances and reasons for transactions with terms different from general transactions		Notes and accounts receivable (payable)		Remark
			Purchases (sales)	Amount	Percentage of total purchases (sales) %	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable) %	
AMPAK Technology Inc.	GEMTEK Technology Co., Ltd.	Affiliates	Purchase and processing fees	$ 103,873	4.44%				($ 64,376)	18.45%	

Note 1: The Company’s purchases from related parties or the outsourcing of processing to related parties with subsequent repurchase of finished goods are part of the Group’s strategic division of labor. There are no comparable counterparts for the transaction prices, and the payment terms are determined based on the actual financial condition of the related party.

Note 2: All transactions listed in the above schedule were written off in full when preparing the consolidated financial statements.

AMPAK Technology Inc. and Subsidiaries

Business relationships between parent company and subsidiaries and among subsidiaries, and important transactions and amounts

2025

Table 3

Unit: NTD thousand unless otherwise specified

Serial No.	Name of transaction party	Transaction counterparty	Relationship with transaction party	Intercompany transactions			
				Account name	Amount	Trading terms	As a percentage of consolidated total operating revenue or total assets
	January 1 to December 31, 2025						
0	AMPAK Technology Inc.	SparkLAN Communications, Inc.	Parent to subsidiary	Sales revenue	$ 61,128	Note 1	2.61%
〃	〃	〃	〃	Accounts receivable	15,710	Note 1	0.49%

Note 1: There is no significant difference between the sales terms of the consolidated company for the related parties above and those for regular customers.

Note 2: All transactions listed in the above schedule were written off in full when preparing the consolidated financial statements.

AMPAK Technology Inc. and Subsidiaries

Information on the investee company, location, etc.

2025

Table 4

Unit: NTD thousand unless otherwise specified

Name of investing company	Name of investee	Location	Major business items	Original investment amount		Holding at the end of the period			Current profit or loss of investee companies	Investment profit or loss recognized in the current period	Remark
				End of the period	End of last year	Number of shares (thousand)	Ratio	Book value			
AMPAK Technology Inc.	SparkLAN Communications, Inc.	Taipei City	Communications business	$ 358,570	$ 358,570	10,203	92.44	$ 251,834	$ 32,971	$ 28,499	Note 1

Note 1: Investment transactions between reinvestment companies have been written off in full at the time of preparation of the consolidated statements.