

Stock Code: 2365



KYE Systems Corp.

2026 Annual Shareholders' Meeting

Handbook

June 17, 2026

Table of Contents

	Page
2026 Annual Shareholders' Meeting Agenda	1
Reports	2
Proposed Resolutions.....	3
Extemporaneous Motions	3
[Attachment]	
I. 2025 Business Report	4
II. 2025 Audit Committee's Review Report.....	7
III. 2025 CPA's Audit Report and Financial Statements	8
IV. Remuneration for Directors in 2025.....	28
V. 2025 Statement of Earnings Distribution	29
[Appendix]	
I. The "Articles of Incorporation"	30
II. The "Rules of Procedure for Shareholders' Meeting"	37
III. Information of Directors' Shareholdings.....	40

KYE Systems Corp.
2026 Annual Shareholders' Meeting Agenda

- I. Form of meeting:** Physical
- II. Time:** 9:00 am, June 17, 2026 (Wednesday)
- III. Location:** No. 67, Sec. 1, Guangfu Rd., Sanchong Dist., New Taipei City (Jen Hour Restaurant)
- IV. Chairperson Remarks**
- V. Reports**
 - 1. The 2025 business report.
 - 2. Report on review of the 2025 statements of final accounts by the Audit Committee.
 - 3. Report on distribution of the remuneration for employees and directors in 2025.
 - 4. Report on remuneration for directors in 2025.
 - 5. Report on distribution of the earnings of the first three quarters of 2025.
- VI. Proposed Resolutions**
 - 1. The 2025 business report and financial statements.
 - 2. Distribution of the earnings of 2025.
- VII. Extemporary Motions**
- VIII. Adjournment**

Reports

[Item 1]

Proposal: The 2025 business report, hereby submitted for review. (Submitted by the Board of Directors)

Description: 1. For the business report, see pp. 4-6 of Attachment I.
2. The report is hereby submitted for review and reference.

[Item 2]

Proposal: The report on review of the 2025 statements of final accounts by the Audit Committee, hereby submitted for review. (Submitted by the Board of Directors)

Description: 1. For the Audit Committee's review report, see p. 7 of Attachment II.
2. The report is hereby submitted for review and reference.

[Item 3]

Proposal: The report on distribution of the remuneration for employees and directors in 2025, hereby submitted for review. (Submitted by the Board of Directors)

Description: 1. The Board of Directors adopted a resolution to distribute NTD1,841,000 as remuneration for employees and NTD920,000 as remuneration for directors. The full amount of such employee compensation shall be allocated to grassroots employees.
2. The report is hereby submitted for review and reference.

[Item 4]

Proposal: The report on remuneration for directors in 2025, hereby submitted for review. (Submitted by the Board of Directors)

Description: 1. For information about remuneration for directors in 2025, see p. 28 of Attachment IV.
2. The report is hereby submitted for review and reference.

[Item 5]

Proposal: The report on distribution of the earnings of the first three quarters of 2025, hereby submitted for review. (Submitted by the Board of Directors)

Description: 1. In consideration of the operational development and funding needs of our group, we will make no distribution of the earnings of the first three quarters of 2025.
2. The report is hereby submitted for review and reference.

Proposed Resolutions

[Item 1]

Proposal: The 2025 business report and financial statements, hereby submitted for ratification. (Submitted by the Board of Directors)

Description:

1. Our 2025 financial statements have been audited by Mei-Hui Wu and Jun-Lin Wu, CPAs from Deloitte Taiwan, and the business report and financial statements have been audited by the Audit Committee, with audit reports issued respectively thereafter.
2. For the documents mentioned above, see pp. 4-27 of Attachment I to Attachment III.
3. The proposal is hereby submitted for ratification, as required by law.

Resolution:

[Item 2]

Proposal: The proposal for distribution of the earnings of 2025, hereby submitted for ratification. (Submitted by the Board of Directors)

Description:

1. We propose to appropriate a total of NTD66,458,549 from our surplus earnings for distribution of cash dividends at NTD0.30 per share. For the table of earnings distribution, see p. 29 of Attachment V.
2. The sum of fractional amounts less than NTD1 after distribution of cash dividends to shareholders will be distributed until zero in descending order based on the decimal value.
3. If, subsequently, the dividend payout ratio has changed and requires adjustment due to the number of our outstanding shares being affected by a repurchase of our shares, the Chairman will be fully authorized to make such adjustment.
4. Upon approval of the proposal by the annual shareholders' meeting, the Chairman will be authorized to determine the ex-dividend date and granted full authority to address related matters.
5. The proposal is hereby submitted for ratification, as required by law.

Resolution:

Extemporaneous Motions

[Attachment I]

KYE Systems Corp. 2025 Business Report

In 2025, the world entered the era of “Trump 2.0,” marked by heightened volatility in the global political and economic landscape. The United States’ implementation of strong protectionist measures and high tariff policies has intensified the U.S.–China trade war, reshaped global supply chains, and introduced upward inflationary risks. Although the global economy has maintained modest growth of approximately 3%, economic performance has varied significantly across countries. Amid these circumstances, our company has continued to achieve stable growth under the strategy of increasing cash reserves and reducing inventory levels, while rigorous cost control and proactive inventory optimization have enabled our product gross margins to remain at a solid level.

In 2025, our company continued to expand its product offerings to address a wide range of usage scenarios. These included silent and ergonomic keyboards and mice designed for business and office applications and integrated with Office software, Copilot-enabled products featuring AI shortcut functions, as well as gaming series products—such as steering wheels and controllers—targeting professional gamers. On the sales front, we implemented strategies focused on reactivating former customers, expanding new customer accounts, and supporting the growth of key customers to drive revenue momentum. These efforts were complemented by active participation in exhibitions and precision-targeted advertising to enhance brand exposure. In supply chain and manufacturing operations, we closely tracked key technology trends and established new production momentum. In addition, certain products were outsourced to reduce inventory levels, while backup suppliers were deployed to enable flexible scheduling when necessary, achieving the objective of risk diversification.

Against the backdrop of continued global uncertainty, our consolidated revenue in 2025 declined only slightly by 2% compared to the previous year, while consolidated gross margin remained at a relatively high level, allowing our core operations to remain profitable. Non-operating income continued to benefit from prudent capital allocation and real estate investments, with interest income and rental income from properties providing steady cash inflows. However, in 2025, the New Taiwan Dollar experienced significant appreciation, resulting in sizable foreign exchange losses recognized by the Company and its subsidiaries, which eroded overall profitability. In addition, the recognition of non-operating gains in 2024 from the disposal of investment properties raised the comparison base. As a result, net profit after tax for 2025 decreased by 50% compared to the prior year.

In summary, our company’s operating performance remains sound, supported by a solid financial structure and ample liquidity. We possess sufficient resilience to address challenges and risks in an external environment characterized by multiple uncertainties, and we are well positioned to seize market opportunities as they emerge.

The following is a report on our operating performance in 2025:

I. Results of implementation of the business plan

In 2025, our consolidated net operating revenue was approximately NTD960 million, a decrease of 2% from approximately NTD980 million in 2024. Our consolidated operating profit was NTD53 million, a decrease of 29% from 2024. Our after-tax net profit attributable to the owner of the company was NTD71 million, a decrease of 50% from 2024. Our after-tax net profit per share was NTD0.32.

Unit: NTD thousand

Item	2025	2024	Growth rate
Operating revenue	959,364	978,816	(2%)
Gross operating profit	393,102	394,372	(0%)
Operating expense	340,222	320,237	6%
Operating profit	52,880	74,135	(29%)
Pre-tax net profit	91,849	180,506	(49%)
After-tax net profit	70,257	142,804	(51%)
Net profit attributable to owners of the company	70,983	142,647	(50%)

II. Budget implementation

In accordance with the “Regulations Governing the Publication of Financial Forecasts of Public Companies”, this part is not applicable since we have not disclosed the financial budget for 2025.

III. Revenue, expense and profitability analysis

(I) Revenue and expense analysis

Unit: NTD thousand

Item	2025	2024	Amount of change
Net cash inflow from operating activities	103,837	213,331	(109,494)
Net cash (outflow) inflow from investing activities	(26,839)	315,388	(342,227)
Net cash outflow from financing activities	(164,829)	(169,545)	4,716

In 2025, our interest income was NTD33,724 thousand, primarily from operating activities, and our interest expense was NTD6,412 thousand, with a net exchange loss of NTD13,249 thousand. In addition, we recorded a net cash inflow from operating activities of NTD103,837 thousand and a consolidated net cash outflow from investing and financing activities of NTD191,668 thousand in 2025. Our cash and cash equivalents (including the effect of changes in exchange rate) in the current year decreased by NTD121,671 thousand, and the balance of our consolidated cash and cash equivalents at the end of the year was NTD1,135,920 thousand. As of December 31, 2025, our company held consolidated cash, cash equivalents, and time deposits with original maturities of more than three months were NTD1,403,390 thousand.

(II) Profitability analysis

Item		Year	2025	2024
Financial structure analysis	Liabilities to assets ratio		12.63%	13.64%
	Long-term funds to property, plant and equipment ratio		511.33%	525.28%
Solvency analysis	Current ratio		927.15%	912.00%
	Quick ratio		847.80%	838.45%
Operating ability analysis	Accounts receivable days		39	33
	Average sales days		78	91
Profitability analysis	Return on assets		2.12%	4.14%
	Return on equity		2.31%	4.69%
	Net profit margin		7.50%	14.60%
	Earnings per share (NTD)		0.32	0.64

IV. Performance in research and development

In 2025, affected by the appreciation of the New Taiwan Dollar and surging prices of memory products, precious metals, and raw materials, both personal computers and mobile phones faced threats of rising costs. In addition to continuously reducing costs, the Company's product strategy must also be adjusted to introduce high value added and high margin products, or to maintain selling prices through specification downgrades, in order to mitigate the impact of rising costs.

Demand for webcams and headset microphones currently used in computer video and communication equipment has rebounded; in 2026, cost reduction solutions will be introduced, the USB dual head A+C interface will be upgraded, and high definition webcams for livestreaming and communication experiences, as well as wired and wireless microphones and webcams featuring information security facial recognition, will be developed. Bluetooth speaker headphones are also a key focus of market demand, with high acceptance of lightweight and portable designs, and product launches will focus on speaker headphone products that are compact in size and deliver good sound quality.

Growth has been significant for gaming and esports products, including racing game steering wheels, esports wireless mice, and game controllers; in 2026, the Company will continue to launch new force feedback steering wheels, Xbox style controllers, and additionally introduce flight joysticks, as well as lightweight wireless gaming mice that balance tactile feel and rapid movement.

Following the introduction of Copilot into keyboards and mice, the Company plans in 2026 to launch wireless lightweight mice for business use and to develop business fast charging mice that can be used for one week after five minutes of charging. At the same time, in response to increasing demand for compact keyboards, the Company will also upgrade one zone and two zone keyboards and launch dual mode keyboards supporting both wired and wireless connectivity.

Chairman:
Shih-Kun Tso

President:
Pai-Shan Lee

Accounting Manager:
An-Min Kao

[Attachment II]

Audit Committee's Review Report

The Board of Directors has prepared and submitted the 2025 business report, financial statements and proposal for distribution of earnings. The financial statements have been audited by Deloitte Taiwan, with an audit report issued thereafter. An audit by the Audit Committee of the above-mentioned business report, financial statements and proposal for distribution of earnings has found no discrepancies. Therefore, in accordance with the relevant provisions of the Securities and Exchange Act and the Company Act, this report is hereby submitted for review.

Convener of the Audit Committee: Wan-Ting Su

March 12, 2026

[Attachment III]

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
KYE Systems Corp.

Opinion

We have audited the accompanying consolidated financial statements of KYE Systems Corp. (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. Such matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinions thereon, we have

not provided any separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2025 are stated as follows:

Authenticity of Operating Revenue

For the year ended December 31, 2025, the Group's operating revenue decreased as compared to the year ended December 31, 2024. However, operating revenue from the top ten customers for the current year continued to demonstrate an increasing trend compared with the prior year. As the increases in the sales amounts and proportions of certain top ten customers were material, the authenticity of operating revenue from these customers was identified as a key audit matter for the year ended December 31, 2025. Please refer to Notes 4 and 21 to the consolidated financial statements for details of the accounting policies related to revenue recognition.

The audit procedures performed in response to this key audit matter included the following:

1. Obtained an understanding of the Group's revenue recognition policies, procedures, and related internal controls, and evaluated and tested the design and operating effectiveness of key internal controls related to the occurrence of sales revenue transactions.
2. Analyzed the reasons for the changes in operating revenue from the aforementioned customers and assessed whether any significant sales returns or discounts occurred subsequent to the reporting period.
3. Selected samples of sales transactions from the aforementioned customers, verified the corresponding supporting shipping documents and assessed the subsequent collection of receivables.

Other Matter

We have also audited the parent company only financial statements of KYE Systems Corp. as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

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 Mei-Hui Wu and Jun-Lin Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2026

Notice to Readers

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.

KYE SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,135,920	32	\$ 1,257,591	35
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	396	-	992	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	48,721	2	46,157	1
Financial assets at amortized cost - current (Notes 4 and 6)	267,470	8	279,833	8
Notes and accounts receivables (Notes 4, 9, 21 and 28)	110,513	3	93,395	2
Other receivables (Note 4)	2,263	-	7,378	-
Current tax assets (Notes 4 and 23)	10,146	-	214	-
Inventories (Notes 4 and 10)	111,478	3	131,025	4
Other current assets	75,652	2	58,351	2
Total current assets	1,762,559	50	1,874,936	52
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	144,612	4	113,353	3
Investments accounted for using the equity method (Notes 4 and 12)	380,509	11	382,547	11
Property, plant and equipment (Notes 4, 13 and 29)	636,108	18	630,586	17
Right-of-use assets (Notes 4 and 14)	42,361	1	55,013	1
Investment properties (Notes 4, 15 and 29)	463,436	13	461,583	13
Deferred tax assets (Notes 4 and 23)	57,619	2	84,181	2
Net defined benefit assets - non-current (Notes 4 and 19)	2,125	-	842	-
Other non-current assets (Notes 4 and 30)	50,630	1	22,707	1
Total non-current assets	1,777,400	50	1,750,812	48
TOTAL	\$ 3,539,959	100	\$ 3,625,748	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 21)	\$ 43,800	1	\$ 32,565	1
Notes and accounts payables (Note 17)	31,765	1	37,938	1
Other payables (Note 18)	76,334	2	70,219	2
Current tax liabilities (Notes 4 and 23)	302	-	27,835	1
Lease liabilities - current (Notes 4 and 14)	11,301	1	11,573	-
Current portion of long-term borrowings (Notes 16 and 29)	10,967	-	10,767	-
Other current liabilities	15,636	1	14,687	1
Total current liabilities	190,105	6	205,584	6
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 29)	202,704	6	215,042	6
Deferred tax liabilities (Notes 4 and 23)	16,657	-	23,872	1
Lease liabilities - non-current (Notes 4 and 14)	35,552	1	47,663	1
Other non-current liabilities (Note 28)	1,973	-	2,284	-
Total non-current liabilities	256,886	7	288,861	8
Total liabilities	446,991	13	494,445	14
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)				
Share capital				
Ordinary shares	2,215,285	63	2,215,285	61
Capital reserves	227,517	6	227,448	6
Retained earnings				
Legal reserves	473,403	14	458,944	13
Special reserves	539,415	15	623,883	17
Unappropriated earnings (Notes 8 and 12)	185,689	5	161,496	4
Total retained earnings	1,198,507	34	1,244,323	34
Other equity (Notes 8 and 12)	(591,390)	(17)	(589,784)	(16)
Total equity attributable to owners of the Company	3,049,919	86	3,097,272	85
NON-CONTROLLING INTERESTS	43,049	1	34,031	1
Total equity	3,092,968	87	3,131,303	86
TOTAL	\$ 3,539,959	100	\$ 3,625,748	100

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

KYE SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 21 and 28)				
Sales	\$ 946,063	99	\$ 976,856	100
Other operating revenue	<u>13,301</u>	<u>1</u>	<u>1,960</u>	<u>-</u>
Total operating revenue	<u>959,364</u>	<u>100</u>	<u>978,816</u>	<u>100</u>
OPERATING COST (Notes 4, 10 and 22)	<u>566,262</u>	<u>59</u>	<u>584,444</u>	<u>60</u>
GROSS PROFIT	<u>393,102</u>	<u>41</u>	<u>394,372</u>	<u>40</u>
OPERATING EXPENSES (Notes 4, 9, 19, 22 and 28)				
Selling and marketing expenses	103,600	11	98,414	10
General and administrative expenses	222,483	23	214,700	22
Research and development expenses	7,618	1	7,264	1
Expected credit loss (reversal)	<u>6,521</u>	<u>1</u>	<u>(141)</u>	<u>-</u>
Total operating expenses	<u>340,222</u>	<u>36</u>	<u>320,237</u>	<u>33</u>
PROFIT FROM OPERATIONS	<u>52,880</u>	<u>5</u>	<u>74,135</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses (Notes 12, 22, 28 and 31)	16,885	2	65,828	7
Share of profit or loss of associates (Notes 4 and 12)	(5,228)	(1)	6,746	1
Interest income	33,724	4	41,522	4
Interest expenses	<u>(6,412)</u>	<u>(1)</u>	<u>(7,725)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>38,969</u>	<u>4</u>	<u>106,371</u>	<u>11</u>
PROFIT BEFORE INCOME TAX	91,849	9	180,506	18
INCOME TAX EXPENSE (Notes 4 and 23)	<u>21,592</u>	<u>2</u>	<u>37,702</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>70,257</u>	<u>7</u>	<u>142,804</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 19)	760	-	2,429	-

(Continued)

KYE SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 48,886	5	\$ (1,006)	-
Share of other comprehensive income (loss) of associates accounted for using the equity method (Note 12)	2,401	1	(2,456)	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 23)	<u>(8,430)</u>	<u>(1)</u>	<u>2,724</u>	<u>-</u>
	<u>43,617</u>	<u>5</u>	<u>1,691</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(34,882)	(4)	41,199	5
Share of other comprehensive income (loss) of associates accounted for using the equity method (Note 12)	(502)	-	2,021	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 23)	<u>7,494</u>	<u>1</u>	<u>(8,991)</u>	<u>(1)</u>
	<u>(27,890)</u>	<u>(3)</u>	<u>34,229</u>	<u>4</u>
Other comprehensive income for the year, net of income tax	<u>15,727</u>	<u>2</u>	<u>35,920</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 85,984</u>	<u>9</u>	<u>\$ 178,724</u>	<u>18</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 70,983	7	\$ 142,647	15
Non-controlling interests	<u>(726)</u>	<u>-</u>	<u>157</u>	<u>-</u>
	<u>\$ 70,257</u>	<u>7</u>	<u>\$ 142,804</u>	<u>15</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 86,593	9	\$ 178,693	18
Non-controlling interests	<u>(609)</u>	<u>-</u>	<u>31</u>	<u>-</u>
	<u>\$ 85,984</u>	<u>9</u>	<u>\$ 178,724</u>	<u>18</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 0.32</u>		<u>\$ 0.64</u>	
Diluted	<u>\$ 0.32</u>		<u>\$ 0.64</u>	

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

(Concluded)

KYE SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent Company						Other Equity		Non-controlling Interests	Total Equity
	Shares Capital	Capital Reserves	Retained Earnings			Exchange Differences on Translation of Financial Statements of Foreign Operation	Unrealized Profit/Loss on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total		
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE ON JANUARY 1, 2024	\$ 2,215,285	\$ 227,216	\$ 451,653	\$ 639,147	\$ 75,387	\$ (10,418)	\$ (613,464)	\$ 2,984,806	\$ 31,156	\$ 3,015,962
Appropriation of 2023 earnings:										
Legal reserve	-	-	7,291	-	(7,291)	-	-	-	-	-
Reversal of special reserve	-	-	-	(15,264)	15,264	-	-	-	-	-
Cash dividends	-	-	-	-	(66,459)	-	-	(66,459)	-	(66,459)
Changes in associates accounted for using the equity method	-	229	-	-	-	-	-	229	-	229
Differences between consideration and carrying amount of subsidiaries acquired	-	3	-	-	-	-	-	3	(3)	-
Net profit for the year ended December 31, 2024	-	-	-	-	142,647	-	-	142,647	157	142,804
Other comprehensive income for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,943</u>	<u>34,366</u>	<u>(263)</u>	<u>36,046</u>	<u>(126)</u>	<u>35,920</u>
Total comprehensive income for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,590</u>	<u>34,366</u>	<u>(263)</u>	<u>178,693</u>	<u>31</u>	<u>178,724</u>
Non-controlling interests	-	-	-	-	-	-	-	-	2,847	2,847
Disposal of equity instruments measured at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE ON DECEMBER 31, 2024	2,215,285	227,448	458,944	623,883	161,496	23,948	(613,732)	3,097,272	34,031	3,131,303
Appropriation of 2024 earnings:										
Legal reserve	-	-	14,459	-	(14,459)	-	-	-	-	-
Reversal of special reserve	-	-	-	(84,468)	84,468	-	-	-	-	-
Cash dividends	-	-	-	-	(132,917)	-	-	(132,917)	-	(132,917)
Changes in associates accounted for using the equity method	-	42	-	-	-	-	-	42	-	42
Disgorgement received	-	27	-	-	-	-	-	27	-	27
Disposal of subsidiaries	-	-	-	-	-	(1,098)	-	(1,098)	(169)	(1,267)
Net profit (loss) for the year ended December 31, 2025	-	-	-	-	70,983	-	-	70,983	(726)	70,257
Other comprehensive income for the year ended December 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>608</u>	<u>(28,001)</u>	<u>43,003</u>	<u>15,610</u>	<u>117</u>	<u>15,727</u>
Total comprehensive income for the year ended December 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,591</u>	<u>(28,001)</u>	<u>43,003</u>	<u>86,593</u>	<u>(609)</u>	<u>85,984</u>
Non-controlling interests	-	-	-	-	-	-	-	-	9,768	9,768
Disposal of equity instruments measured at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,510</u>	<u>-</u>	<u>(15,510)</u>	<u>-</u>	<u>28</u>	<u>28</u>
BALANCE, DECEMBER 31, 2025	<u>\$ 2,215,285</u>	<u>\$ 227,517</u>	<u>\$ 473,403</u>	<u>\$ 539,415</u>	<u>\$ 185,689</u>	<u>\$ (5,151)</u>	<u>\$ (586,239)</u>	<u>\$ 3,049,919</u>	<u>\$ 43,049</u>	<u>\$ 3,092,968</u>

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

KYE SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 91,849	\$ 180,506
Adjustments for		
Interest income	(33,724)	(41,522)
Depreciation expense	26,352	30,205
Reversal of write-down of inventory	(11,747)	(26,517)
Expected credit loss recognized (reversal) on accounts receivables	6,521	(141)
Interest expense	6,412	7,725
Share of loss (profit) of associates	5,228	(6,746)
Amortization expense	3,500	5,075
Gain on bargain purchase	(2,337)	-
Dividend income	(2,291)	(5,931)
Gain on disposal of subsidiaries	(1,683)	-
Unrealized loss (gain) on foreign currency exchange, net	615	(4,896)
(Gain) Loss on fair value changes of financial assets at fair value through profit or loss	(73)	18
Gain on disposal of investment properties	-	(22,265)
Gain on disposal and obsolescence of property, plant and equipment, net	-	(3,576)
Changes in operating assets and liabilities		
Notes and accounts receivable	(23,075)	(8,046)
Other receivables	118	840
Inventories	31,294	54,213
Other current assets	(7,779)	(1,775)
Net defined Benefit asset	(834)	-
Contract liabilities	11,261	12,423
Notes and accounts payable	(4,872)	16,762
Other payables	6,777	4,563
Other current liabilities	1,120	(12,633)
Net defined benefit liabilities	-	(446)
Cash generated from operations	102,632	177,836
Interest received	38,448	40,255
Dividends received	2,291	5,931
Income tax paid	(39,534)	(10,691)
Net cash generated from operating activities	103,837	213,331
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	365,935	489,128
Acquisition of financial assets at amortized cost	(365,138)	(369,472)
Disposal of financial assets at FVOCI	159,125	-
Acquisition of financial assets at FVOCI	(146,359)	-
Disposal of financial assets at FVTPL	82,502	-
Acquisition of financial assets at FVTPL	(81,833)	-
Increase in other non-current assets	(35,167)	(2,403)

(Continued)

KYE SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
Payments for property, plant and equipment	\$ (19,704)	\$ (28,638)
Net cash generated from business combinations	18,000	-
Acquisition of equity-method investments	(16,563)	-
Dividends received from associates	8,751	7,778
Net cash inflow from disposal of subsidiaries	1,860	-
Decrease (increase) in refundable deposits	1,845	(2,314)
Acquisition of investment properties	(93)	(93)
Proceeds from disposal of property, plant and equipment	-	6,087
Proceeds from disposal of investment properties	-	197,061
Proceeds from capital reduction of investments accounted for using equity method	<u>-</u>	<u>18,254</u>
Net cash (used in)/generated from investing activities	<u>(26,839)</u>	<u>315,388</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution of cash dividends	(133,159)	(66,459)
Repayments of long-term borrowings	(12,138)	(87,750)
Repayment of the principal portion of lease liabilities	(11,525)	(9,675)
Interest paid	(6,540)	(7,818)
Change in non-controlling interests	(1,494)	2,847
Disgorgement received	27	-
Decrease in deposits received	<u>-</u>	<u>(690)</u>
Net cash used in financing activities	<u>(164,829)</u>	<u>(169,545)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(33,840)</u>	<u>15,036</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(121,671)	374,210
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,257,591</u>	<u>883,381</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,135,920</u>	<u>\$ 1,257,591</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
KYE Systems Corp.

Opinion

We have audited the accompanying parent company only financial statements of KYE Systems Corp. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information.

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

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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Company's financial statements for the year ended December 31, 2025 are stated as follows:

Authenticity of Operating Revenue

For the year ended December 31, 2025, the Company's operating revenue decreased as compared to the year ended December 31, 2024. However, operating revenue from the top ten customers for the current year continued to demonstrate an increasing trend compared with the prior year. As the increases in the sales amounts and proportions of certain top ten customers were material, the authenticity of operating revenue from these customers was identified as a key audit matter for the year ended December 31, 2025. Please refer to Notes 4 and 16 to the consolidated financial statements for details of the accounting policies related to revenue recognition.

The audit procedures performed in response to this key audit matter included the following:

1. Obtained an understanding of the Group's revenue recognition policies, procedures, and related internal controls, and evaluated and tested the design and operating effectiveness of key internal controls related to the occurrence of sales revenue transactions.
2. Analyzed the reasons for the changes in operating revenue from the aforementioned customers and assessed whether any significant sales returns or discounts occurred subsequent to the reporting period.
3. Selected samples of sales transactions from the aforementioned customers, verified the corresponding supporting shipping documents and assessed the subsequent collection of receivables.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as 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 KYE Systems Corp. 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate 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 KYE Systems Corp.'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 KYE Systems Corp.'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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the KYE Systems Corp. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 KYE Systems Corp. only 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 Mei-Hui Wu and Jun-Lin Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2026

Notice to Readers

The accompanying parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

KYE SYSTEMS CORP.**PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 318,887	10	\$ 542,258	17
Notes and accounts receivables (Notes 4, 8 and 16)	105,508	4	77,745	2
Other receivables (Note 4)	165	-	388	-
Other receivables from related parties (Notes 4, 13 and 22)	379,601	12	400,967	13
Current tax assets (Notes 4 and 18)	9,814	-	-	-
Inventories (Notes 4 and 9)	3,774	-	14,123	-
Prepayments	1,208	-	814	-
Other current assets	<u>32,529</u>	<u>1</u>	<u>32,614</u>	<u>1</u>
Total current assets	<u>851,486</u>	<u>27</u>	<u>1,068,909</u>	<u>33</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	39,055	1	44,459	1
Investments accounted for using the equity method (Notes 4 and 10)	1,774,721	57	1,600,343	50
Property, plant and equipment (Notes 4, 11 and 23)	404,881	13	408,445	13
Right-of-use assets (Notes 4 and 12)	145	-	237	-
Deferred tax assets (Notes 4 and 18)	53,714	2	78,813	3
Net defined benefit assets - non-current (Notes 4 and 14)	2,125	-	842	-
Other non-current assets (Note 4)	<u>10,415</u>	<u>-</u>	<u>10,801</u>	<u>-</u>
Total non-current assets	<u>2,285,056</u>	<u>73</u>	<u>2,143,940</u>	<u>67</u>
TOTAL	<u>\$ 3,136,542</u>	<u>100</u>	<u>\$ 3,212,849</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 16)	\$ 10,167	-	\$ 4,047	-
Other payables (Notes 13 and 22)	28,981	1	32,723	1
Current tax liabilities (Notes 4 and 18)	-	-	27,692	1
Lease liabilities - current (Notes 4 and 12)	94	-	93	-
Other current liabilities (Note 22)	<u>30,182</u>	<u>1</u>	<u>26,146</u>	<u>1</u>
Total current liabilities	<u>69,424</u>	<u>2</u>	<u>90,701</u>	<u>3</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 18)	16,600	1	23,872	1
Lease liabilities - non-current (Notes 4 and 12)	56	-	150	-
Other non-current liabilities (Note 4 and 12)	<u>543</u>	<u>-</u>	<u>854</u>	<u>-</u>
Total non-current liabilities	<u>17,199</u>	<u>1</u>	<u>24,876</u>	<u>1</u>
Total liabilities	<u>86,623</u>	<u>3</u>	<u>115,577</u>	<u>4</u>
EQUITY (Notes 4 and 15)				
Share capital				
Ordinary shares	<u>2,215,285</u>	<u>71</u>	<u>2,215,285</u>	<u>69</u>
Capital reserves	<u>227,517</u>	<u>7</u>	<u>227,448</u>	<u>7</u>
Retained earnings				
Legal reserves	473,403	15	458,944	14
Special reserves	539,415	17	623,883	20
Unappropriated earnings (Note 10)	<u>185,689</u>	<u>6</u>	<u>161,496</u>	<u>5</u>
Total retained earnings	<u>1,198,507</u>	<u>38</u>	<u>1,244,323</u>	<u>39</u>
Other equity (Note 10)	<u>(591,390)</u>	<u>(19)</u>	<u>(589,784)</u>	<u>(19)</u>
Total equity	<u>3,049,919</u>	<u>97</u>	<u>3,097,272</u>	<u>96</u>
TOTAL	<u>\$ 3,136,542</u>	<u>100</u>	<u>\$ 3,212,849</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

KYE SYSTEMS CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 16)	\$ 563,074	100	\$ 583,115	100
OPERATING COST (Notes 4, 9, 17 and 22)	<u>376,759</u>	<u>67</u>	<u>365,265</u>	<u>63</u>
GROSS PROFIT	<u>186,315</u>	<u>33</u>	<u>217,850</u>	<u>37</u>
OPERATING EXPENSES (Notes 8, 14, 17 and 22)				
Selling and marketing expenses	36,840	7	37,046	6
General and administrative expenses	98,519	17	101,902	18
Research and development expenses	2,273	-	2,214	-
Expected credit loss (gain)	<u>6,538</u>	<u>1</u>	<u>(74)</u>	<u>-</u>
Total operating expenses	<u>144,170</u>	<u>25</u>	<u>141,088</u>	<u>24</u>
PROFIT FROM OPERATIONS	<u>42,145</u>	<u>8</u>	<u>76,762</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profits of subsidiaries and associates (Notes 4 and 10)	44,147	8	71,958	12
Other gains and losses (Notes 17, 22 and 24)	(1,872)	(1)	16,871	3
Interest income	4,885	1	8,821	2
Interest expense	<u>(4)</u>	<u>-</u>	<u>(116)</u>	<u>-</u>
Total non-operating income and expenses	<u>47,156</u>	<u>8</u>	<u>97,534</u>	<u>17</u>
PROFIT BEFORE INCOME TAX	89,301	16	174,296	30
INCOME TAX EXPENSE (Notes 4 and 18)	<u>18,318</u>	<u>4</u>	<u>31,649</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>70,983</u>	<u>12</u>	<u>142,647</u>	<u>25</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 14)	760	-	2,429	-
Unrealized gain on investment in equity instruments at fair value through other comprehensive income	(5,404)	(1)	4,119	1

(Continued)

KYE SYSTEMS CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method (Note 10)	\$ 56,685	10	\$ (7,592)	(1)
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 18)	<u>(8,430)</u>	<u>(1)</u>	<u>2,724</u>	<u>-</u>
	<u>43,611</u>	<u>8</u>	<u>1,680</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of foreign operations	(35,495)	(6)	43,357	7
Income tax related to items that may be reclassified subsequently to profit or loss (Note 18)	<u>7,494</u>	<u>1</u>	<u>(8,991)</u>	<u>(1)</u>
	<u>(28,001)</u>	<u>(5)</u>	<u>34,366</u>	<u>6</u>
Other comprehensive income for the year, net of income tax	<u>15,610</u>	<u>3</u>	<u>36,046</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 86,593</u>	<u>15</u>	<u>\$ 178,693</u>	<u>31</u>
EARNINGS PER SHARE (Note 19)				
Basic	<u>\$ 0.32</u>		<u>\$ 0.64</u>	
Diluted	<u>\$ 0.32</u>		<u>\$ 0.64</u>	

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

KYE SYSTEMS CORP.

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

			Retained Earnings			Other Equity		Total
						Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Profit (Loss) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	
	Share Capital	Capital Reserves	Legal Reserves	Special Reserves	Unappropriated Earnings			
BALANCE ON JANUARY 1, 2024	\$ 2,215,285	\$ 227,216	\$ 451,653	\$ 639,147	\$ 75,387	\$ (10,418)	\$ (613,464)	\$ 2,984,806
Appropriation of 2023 earnings								
Legal reserve	-	-	7,291	-	(7,291)	-	-	-
Reversal of special reserve	-	-	-	(15,264)	15,264	-	-	-
Cash dividends	-	-	-	-	(66,459)	-	-	(66,459)
Changes in associates accounted for using the equity method	-	232	-	-	-	-	-	232
Net profit for the year ended December 31, 2024	-	-	-	-	142,647	-	-	142,647
Other comprehensive income for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,943</u>	<u>34,366</u>	<u>(263)</u>	<u>36,046</u>
Total comprehensive income (loss) for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,590</u>	<u>34,366</u>	<u>(263)</u>	<u>178,693</u>
Disposal of equity instruments measured at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>(5)</u>	<u>-</u>
BALANCE ON DECEMBER 31, 2024	2,215,285	227,448	458,944	623,883	161,496	23,948	(613,732)	3,097,272
Appropriation of 2024 earnings								
Legal reserves	-	-	14,459	-	(14,459)	-	-	-
Special reserves	-	-	-	(84,468)	84,468	-	-	-
Cash dividends	-	-	-	-	(132,917)	-	-	(132,917)
Changes in associates accounted for using the equity method	-	42	-	-	-	-	-	42
Disgorgement received	-	27	-	-	-	-	-	27
Disposal of subsidiaries	-	-	-	-	-	(1,098)	-	(1,098)
Net profit for the year ended December 31, 2025	-	-	-	-	70,983	-	-	70,983
Other comprehensive income for the year ended December 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>608</u>	<u>(28,001)</u>	<u>43,003</u>	<u>15,610</u>
Total comprehensive income (loss) for the year ended December 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,591</u>	<u>(28,001)</u>	<u>43,003</u>	<u>86,593</u>
Disposal of equity instruments measured at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,510</u>	<u>-</u>	<u>(15,510)</u>	<u>-</u>
BALANCE ON DECEMBER 31, 2025	<u>\$ 2,215,285</u>	<u>\$ 227,517</u>	<u>\$ 473,403</u>	<u>\$ 539,415</u>	<u>\$ 185,689</u>	<u>\$ (5,151)</u>	<u>\$ (586,239)</u>	<u>\$ 3,049,919</u>

The accompanying notes are an integral part of the parent company only financial statements.

KYE SYSTEMS CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	\$ 89,301	\$ 174,296
Adjustments for:		
Share of loss of subsidiaries and associates	(44,147)	(71,958)
Reversal of write-down of inventories	(17,200)	(18,000)
Expected credit loss recognized (reversed) on trade receivables	6,538	(74)
Depreciation expense	5,897	5,958
Interest income	(4,885)	(8,821)
Loss from preparation of material (reversal)	4,000	(8,300)
Dividend income	(2,170)	(5,931)
Unrealized gain on foreign currency exchange, net	(1,208)	(1,515)
Gain on disposal of investment properties	(1,098)	-
Amortization expense	796	2,600
Interest expense	4	116
Changes in operating assets and liabilities		
Notes and accounts receivable	(32,963)	(23,050)
Other receivables from related parties	21,366	69,562
Inventories	27,549	29,479
Prepayments	(394)	(14)
Other current assets	85	48
Net defined benefit assets	(1,145)	(446)
Contract liabilities	6,042	176
Notes and accounts payable	-	(38)
Other payables	(3,794)	3,873
Other current liabilities	34	(9,904)
Cash generated from operations	52,608	138,057
Interest received	5,109	8,728
Dividends received	2,170	5,931
Income tax paid	(38,933)	(9,497)
Net cash generated from operating activities	<u>20,954</u>	<u>143,219</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(212,000)	-
Return of capital from an investee accounted for using the equity method	87,000	-
Dividends received	15,925	11,877
Payments for property, plant and equipment	(2,241)	(1,932)
Increase in other non-current assets	(489)	(165)
Decrease/(increase) in refundable deposits	390	(491)
Disposal of investments accounted for using the equity method	76	-
Net cash (used in)/generated from investing activities	<u>(111,339)</u>	<u>9,289</u>

(Continued)

KYE SYSTEMS CORP.**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

	2025	2024
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid to owners of the Company	\$(132,917)	\$ (66,459)
Repayment of the principal portion of lease liabilities	(93)	(92)
Disgorgement received	27	-
Interest paid	(3)	(115)
Increase in guarantee deposits received	<u>-</u>	<u>60</u>
Net cash used in financing activities	<u>(132,986)</u>	<u>(66,606)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(223,371)	85,902
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>542,258</u>	<u>456,356</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 318,887</u>	<u>\$ 542,258</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

[Attachment IV]

Remuneration for Directors in 2025

I. The policy, system, standards and structure for payment of remuneration for directors, and a description of the relevance to remuneration paid based on factors including job responsibilities, risks and the time invested.

Pursuant to Article 25 of the Articles of Incorporation, KYE may allocate no more than 1% of the earnings of the current year as remuneration for directors in that year. Such remuneration may be distributed to a director in a weighted amount corresponding to the level of his/her participation in and his/her contribution to the operations of KYE, taking into account the weighting assigned as well as the scores and ratings of the Board performance evaluation; where the performance evaluation results are favorable, no additional adjustment shall be made. In the case of independent directors, their remuneration is slightly higher than that of non-independent directors since they are responsible for organizing functional committees and serving as the members thereof to improve supervisory functions. Additionally, KYE has purchased liability insurance for directors to mitigate the risk of them being subject to claims from shareholders or other related parties for their due performance of duties.

II. Remuneration for directors and independent directors in 2025

Unit: NTD thousand

Title	Name	Remuneration for directors								Sum of A, B, C and D as an amount and % of after-tax net profit		Remuneration received for concurrent service as an employee								Sum of A, B, C, D, E, F and G as an amount and % of after-tax net profit		Remuneration received from non-subsidiary investee companies or parent company
		Remuneration (A)		Post-employment pension (B)		Remuneration for director (C) (Note 1)		Business execution expense (D)				Salaries, bonuses, special allowances, etc. (E)		Post-employment pension (F)		Remuneration for employees (G) (Note 2)						
		KYE	All companies in the financial report	KYE	All companies in the financial report	KYE	All companies in the financial report	KYE	All companies in the financial report	KYE	All companies in the financial report	KYE	All companies in the financial report	KYE	All companies in the financial report	KYE		All companies in the financial report	KYE	All companies in the financial report		
Chairman	Shih-Kun Tso	-	-	-	-	126	126	600	1,200	726 1.02%	1,326 1.87%	4,936	12,661	-	-	-	-	-	-	5,662 7.98%	13,987 19.70%	600
Director	Yung-Far Wei	-	-	-	-	84	84	600	1,219	684 0.96%	1,303 1.84%	-	-	-	-	-	-	-	-	684 0.96%	1,303 1.84%	none
Director	Han-Liang Hu	-	-	-	-	84	84	600	600	684 0.96%	684 0.96%	-	-	-	-	-	-	-	-	684 0.96%	684 0.96%	none
Director	Chin An Tai Investment, Ltd. Representative Yi-Chen Tso (Note 3)	-	-	-	-	84	84	600	600	684 0.96%	684 0.96%	-	-	-	-	-	-	-	-	684 0.96%	684 0.96%	none
Director	Zeng-Bing Liu (Note 4)	-	-	-	-	49	49	337	337	386 0.54%	386 0.54%	-	-	-	-	-	-	-	-	386 0.54%	386 0.54%	none
Independent director	Hung-Tsu Hsu	-	-	-	-	168	168	600	600	768 1.08%	768 1.08%	-	-	-	-	-	-	-	-	768 1.08%	768 1.08%	none
Independent director	Wan-Ting Su	-	-	-	-	168	168	600	600	768 1.08%	768 1.08%	-	-	-	-	-	-	-	-	768 1.08%	768 1.08%	none
Independent director	Peng, Fang (Note 4)	-	-	-	-	98	98	337	337	435 0.61%	435 0.61%	-	-	-	-	-	-	-	-	435 0.61%	435 0.61%	none
Independent director	An-Ti Tsai (Note 5)	-	-	-	-	59	59	265	265	324 0.46%	324 0.46%	-	-	-	-	-	-	-	-	324 0.46%	324 0.46%	600

Note 1: The listed is the amount of remuneration approved by the Board of Directors for distribution to each director in the most recent year based on the level of his/her participation in and his/her contribution to the operations of KYE.

Note 2: The listed is the amount of remuneration approved by the Board of Directors for distribution to employees in the most recent year, calculated in proportion to the actual amount of the previous distribution.

Note 3: The juristic-person director, Jin An Tai Investment Co., Ltd., appointed Ms. YiChen Cho as its representative to the Company on June 9, 2025.

Note 4: The director was appointed upon the comprehensive re-election of directors at the shareholders' meeting held on June 9, 2025; accordingly, only the remuneration information for his/her term of office is presented.

Note 5: The director was dismissed upon the comprehensive re-election of directors at the shareholders' meeting held on June 9, 2025; accordingly, only the remuneration information for his/her term of office is presented.

[Attachment V]

KYE Systems Corp.
Statement of Earnings Distribution
2025

Unit: NTD

Item	Amount
Undistributed earnings at beginning of the period	\$ 98,586,915
Remeasurement of defined benefit plans recognized in retained earnings	608,000
Adjusted undistributed earnings at beginning of the period	99,194,915
Disposal of investments in equity instruments at fair value through other comprehensive income, with accumulated income directly transferred to retained earnings.	15,510,584
Net profit for the current period	70,983,332
Set aside as legal reserve (10%)	(8,710,192)
Set aside as special reserve as required by law	(1,607,416)
Distributable earnings for the current period	175,371,223
Cash dividends from earnings (Note)	(66,458,549)
Undistributed earnings at end of the period	\$ 108,912,674

Note: Distribute surplus earnings of the current year in prioring.

Chairman:
Shih-Kun Tso

President:
Pai-Shan Lee

Accounting Manager:
An-Min Kao

[Appendix I]

KYE Systems Corp. Articles of Incorporation

Chapter 1. General Provisions

- Article 1. This company has been incorporated in accordance with the provisions of the Company Act under the name of “KYE Systems Corp” (“KYE”).
- Article 2. The scope of business of KYE shall be as follows:
1. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
 2. CC01060 Wired Communication Mechanical Equipment Manufacturing
 3. CC01070 Wireless Communication Mechanical Equipment Manufacturing
 4. CC01080 Electronics Components Manufacturing
 5. CC01110 Computer and Peripheral Equipment Manufacturing
 6. CC01120 Data Storage Media Manufacturing and Duplicating
 7. CE01010 General Instrument Manufacturing
 8. F113020 Wholesale of Electrical Appliances
 9. F113030 Wholesale of Precision Instruments
 10. F113070 Wholesale of Telecommunication Apparatus
 11. F113110 Wholesale of Batteries
 12. F119010 Wholesale of Electronic Materials
 13. F401010 International Trade
 14. I501010 Product Designing
 15. F401021 Restricted Telecom Radio Frequency Equipments and Materials Import
 16. ZZ99999 Business activities not prohibited or restricted by law, other than those permitted.
- Article 2-1. KYE may provide guarantees externally if necessary for business.
- Article 2-2. KYE’s investment in any other business shall not be restricted by the provisions of the Company Act governing total investments, except for long-term equity investments, which shall be subject to the “Procedures for Acquisition or Disposal of Assets”.
- Article 3. KYE shall be headquartered in New Taipei City, and may establish branches in appropriate domestic or foreign locations if necessary for business.

Chapter 2. Shares

- Article 4. The total capital of KYE shall be NTD3.9 billion, divided into 390 million shares at NTD10 per share and issued in tranches. Share certificates with a large par value may be issued if necessary for business. An amount of NTD250 million out of the foregoing capital may be used to convert the stock warrants of KYE’s employees to shares, which may be issued in tranches. The Board of Directors shall be authorized to handle the foregoing matters in accordance with the Company Act and applicable laws and regulations.
- Article 5. The shares of KYE shall be registered and signed or sealed by at least three directors, and shall be issued after they are certified as required by law. The foregoing requirements do not apply to the issuance of shares not requiring the printing of share certificates, provided that such shares are registered with a securities depository institution.
- Article 6. Any change in the name of the holder of or any transfer of shares shall, as

required by law, be suspended within 60 days prior to an annual shareholders' meeting or 30 days prior to a special shareholders' meeting, or within 5 days prior to the record date determined by KYE for distribution of dividends and bonuses or other interests.

- Article 7. Unless otherwise provided by laws or regulations, shareholder services including assignment, reporting of loss, inheritance and gifting of KYE shares, reporting of loss or change of a specimen seal or change of an address shall be conducted in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the Securities and Futures Commission, Ministry of Finance.

Chapter 3. Shareholders' Meeting

- Article 8. A shareholders' meeting may be convened on an annual or special basis. An annual meeting shall be convened each year by the Board of Directors within 6 months after the end of each fiscal year by giving a 30-day prior notice to all shareholders. A special meeting shall, if necessary, be convened in accordance with the law by giving a 15-day prior notice to all shareholders.

- Article 9. Unless otherwise provided by the Company Act, any resolution of a shareholders' meeting shall be approved by a majority of the voting rights of the attending shareholders with the attendance of shareholders representing a majority of the total outstanding shares.

- Article 9-1. If KYE intends to assign repurchased shares to employees at a price lower than the actual average price of their repurchase, such assignment shall be approved at a most recent shareholders' meeting by at least two-thirds of the voting rights of the attending shareholders with the attendance of shareholders representing a majority of the total outstanding shares. The following information shall be enumerated and described in the reasons for convening the shareholders' meeting and may not be submitted in the form of an extempore motion:

1. The assignment price determined, discount rate, calculation basis, and reasonableness.
2. The number of shares assigned, and the purpose and reasonableness of such assignment.
3. The criteria for eligibility of subscribing employees, and the number of shares subscribable by them.
4. The effects on shareholders' equity:
 - (1) The amount that may be expensed and its dilutive effect on KYE's earnings per share.
 - (2) A description of the financial burden on KYE resulting from the assignment of repurchased shares to employees at a price lower than the actual average price of their repurchase.

- Article 9-2. If KYE intends to issue employees' stock warrants at a subscription price lower than the closing price on the date of their issuance, such issuance shall be approved at a most recent shareholders' meeting by at least two-thirds of the voting rights of the attending shareholders with the attendance of shareholders representing a majority of the total outstanding shares. The following information shall be enumerated and described in the reasons for convening the shareholders' meeting and may not be submitted in the form of an extempore motion:

1. The number of units issuing employees' stock warrants, the number of shares subscribable for each unit of stock warrants, and the total number of new shares that shall be issued or the number of shares that shall be repurchased due to the exercise of stock options.

2. The basis and reasonableness of the subscription price determined.
3. The criteria for eligibility of stock option holders, and the number of shares subscribable.
4. The reasons necessary for the issuance of employees' stock warrants.
5. The effects on shareholders' equity:
 - (1) The amount that may be expensed and its dilutive effect on KYE's earnings per share.
 - (2) Where the contract is performed through issued shares, the resulting financial burden on KYE shall be described.

Article 10. Any shareholders' meeting convened by the Board of Directors shall be chaired by the Chairman. Where the Chairman is on leave or unable to perform his/her duties for whatever reason, the Vice Chairman shall act on his/her behalf. In the absence of a Vice Chairman or where the Vice Chairman is also on leave or unable to perform his/her duties for whatever reason, the Chairman shall appoint a director to act on his/her behalf. Where the Chairman has failed to make such appointment, the directors shall select one of them to act on his/her behalf.

Where a shareholder's meeting is convened by any person other than the Board of Directors with the power to convene such a meeting, that person shall chair the meeting. If there are two or more such persons, they shall select one of them to chair the meeting.

Article 11. Each shareholder of KYE shall have one voting right per share.

Article 12. Any shareholder who, for whatever reason, is unable to attend a shareholders' meeting in person may appoint a proxy to attend the meeting by presenting a letter of attorney issued by KYE indicating the scope of authorization. If, except for a trust company or any shareholder service agent approved by the competent securities authority, the voting rights represented by a proxy appointed by two or more shareholders exceed 3% of the voting rights represented by the total outstanding shares, such excess voting rights will not be calculated.

A letter of attorney under the preceding paragraph shall be delivered to KYE five days prior to the date of the shareholders' meeting. In case of duplicate letters of attorney, the one delivered first shall prevail, unless a declaration has been made to revoke the foregoing appointment.

Article 13. Resolutions of a shareholders' meeting shall be recorded in meeting minutes, including the date (year/month/day) and location of the meeting, the name of the chairperson, the methods of resolution and the summary and outcomes of the meeting. Such meeting minutes shall be signed or sealed by the chairperson and distributed via a public announcement, and shall be permanently retained during the existence of KYE.

The sign-in book for attending shareholders and the letters of attorney for attending proxies shall be retained for no less than one year. Where any shareholder has filed a lawsuit pursuant to Article 189 of the Company Act, they shall be retained until conclusion of the lawsuit.

Chapter 4. Directors and Managers

Article 14. KYE shall have seven to eleven directors, including no less than three independent directors. The Board of Directors shall be authorized to determine the number of directors, who shall be elected by a shareholders' meeting from legally competent persons for a three-year term, and may be re-elected. KYE shall obtain liability insurance for directors with respect to the liabilities they are legally required to bear to the extent of duties performed during their

term of office.

The total shareholding percentage of directors shall be subject to the requirements of the competent authority of securities.

- Article 14-1. An election of directors shall be conducted under a candidate nomination system as set forth in Article 192-1 of the Company Act. Matters related to the acceptance and announcement of the nomination of candidates for directors shall be subject to the Company Act, the Securities and Exchange Act and other applicable laws. Elections of directors and independent directors shall be conducted at the same time with the number of elected seats counted separately.
- Article 14-2. KYE shall establish an Audit Committee to substitute for the powers of supervisors in accordance with Article 14-4 of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors.
- Article 15. The Board of Directors shall be composed of directors and exercise the powers of directors in accordance with the law. A Chairman shall be elected from the directors by a majority of the attending directors with the attendance of at least two-thirds of all directors. A Vice Chairman may also be elected from the directors in the foregoing manner. The Chairman shall represent KYE externally.
- Article 16. Unless otherwise provided by the Company Act, the first meeting of each newly elected Board of Directors shall be convened by the director receiving the highest number of voting rights within 15 days after the election, and all subsequent meetings thereof shall be convened by the Chairman. A notice indicating date, location and agenda of a Board of Directors meeting shall be sent to all directors seven days prior to the meeting. In the event of an emergency, such a meeting may be convened at any time. The notice of a Board of Directors meeting may be sent to all directors in writing, by fax or via e-mail.
- Article 17. A Board of Directors meeting shall be chaired by the Chairman. Where the Chairman is on leave or unable to perform his/her duties for whatever reason, the manner of appointment of a proxy under Article 10 of this Articles of Incorporation shall apply.
- Article 18. Unless otherwise provided by the Company Act and the Articles of Incorporation, any resolution of the Board of Directors shall be approved by a majority of the attending directors with the attendance of a majority of all directors.
- Article 19. A director may authorize, in writing, another director to attend a Board of Directors meeting as his/her proxy and to exercise voting rights on his/her behalf with respect to all matters submitted to the meeting. Each director may be appointed as the proxy of only one director.
Where a Board of Directors meeting is held via video conference, any director attending the meeting via video conference shall be deemed to have attended the meeting in person.
- Article 20. The Board of Directors shall have the following powers:
1. Preparing a business plan.
 2. Proposing distribution of earnings or offsetting of losses.
 3. Proposing capital increase or reduction.
 4. Proposing amendment to the Articles of Incorporation.
 5. Reviewing and approving important contracts.
 6. Appointing or discharging the President, Vice President and other officers at an equivalent or higher level.
 7. Establishing and dissolving branches.

8. Approving budgets and preparing final accounts.
 9. Decisions on sales of real property exceeding the limit authorized by the Board of Directors and investments in other business.
 10. Decisions on authorization of matters pursuant to the laws and regulations of the competent authorities and the internal regulations of KYE.
- Article 21. The Board of Directors shall be authorized to determine the remuneration for directors based on the level of their participation in and the value of their contribution to the operations of KYE, taking into account the general standards of domestic peer companies.
- Article 22. Any of the managers under Subparagraph 6, Paragraph 1, Article 20 of this Articles of Incorporation shall be appointed or discharged by a majority of the directors attending a Board of Directors meeting with the attendance of a majority of all directors.
- Article 23. The President shall, under the instructions of the Board of Directors, be responsible for handling the business of KYE and appointing or discharging officers not under Subparagraph 6, Paragraph 1, Article 20 of this Articles of Incorporation.

Chapter 5. Final Accounting and Distribution of Earnings

- Article 24. The fiscal year of KYE shall commence on January 1 and end on December 31. A final accounting shall be conducted at the end of each fiscal year. After the annual final accounting, the following documents shall be prepared in accordance with the law and submitted to the Audit Committee for audit 30 days prior to an annual shareholders' meeting, and shall then be approved by a resolution of the Board of Directors and submitted to the annual shareholders' meeting for ratification:
1. A business report.
 2. Financial statements.
 3. A proposal for distribution of earnings or offsetting of losses.
- Article 25. Where KYE has a profit in a year, it shall allocate 1% to 15% thereof as remuneration for employees (more than half of this amount should be distributed to grassroots employees). The remuneration shall be distributed in shares or cash subject to a resolution of the Board of Directors. The recipients of such remuneration may include employees of any affiliate who meet certain requirements. KYE may allocate no more than 1% of the profit as remuneration for directors, subject to a resolution of the Board of Directors. The proposals for the distribution of remuneration for employees and directors shall be submitted in a report to a shareholders' meeting.
- If KYE still has accumulated losses, an amount of the foregoing profit shall be retained to such losses prior to any appropriation of the remuneration for employees and directors according to the percentage under the preceding paragraph.
- Article 25-1. Distribution of KYE's earnings and offsetting of its losses may be made after the end of each quarter. A proposal for distribution of earnings or offsetting of losses in the first three quarters shall, along with a business report and the financial statements audited or reviewed by a CPA, be submitted to the Audit Committee for audit and then submitted to the Board of Directors for a resolution.
- When distributing earnings in accordance with the preceding paragraph, KYE shall first estimate and retain an amount for taxes payable, offset losses as legally required and set aside legal reserves, unless the amount of such legal reserves equals or exceeds the paid-in capital.

Distribution of earnings in accordance with the preceding paragraph by issuing new shares shall be subject to Article 240 of the Company Act or, if by distributing cash, to a resolution of the Board of Directors.

Article 25-2. Where KYE has earnings in the final accounts of a fiscal year, it shall set aside 10% thereof as legal reserves after paying all taxes and offsetting accumulated losses as legally required, unless the amount of such legal reserves equals or exceeds KYE's paid-in capital. When setting aside special reserves as required by law, any shortfall in the "net amount of other equity deductions accumulated in previous periods" shall be made up from the undistributed earnings of previous periods before distributing the earnings. If there is still a shortfall, it shall be made up from the current period's after-tax net profit plus the amount included in the current period's undistributed earnings from items other than the current period's after-tax net profit. When the net amount of other equity deductions is reversed, the special reserves may be reversed accordingly. If there is still any balance thereof, the Board of Directors shall prepare a proposal for the distribution of earnings in respect of such balance plus the accumulated undistributed earnings and submit the proposal to a shareholders' meeting for a resolution on the distribution of dividends and bonuses to shareholders.

Where any distribution of bonuses to shareholders in accordance with the previous article and the preceding paragraph is made by distributing cash, the Board of Directors shall be authorized to adopt a resolution for such distribution upon the approval of a majority of the attending directors with the attendance of at least two-thirds of all directors and submit a report thereof to a shareholders' meeting.

The dividend policies of KYE are based on the current and future development plans, investment environment, funding needs and domestic and international competition, and have taken into account shareholders' interests and other factors. Bonuses to the shareholders of KYE shall be distributed in stock or cash dividends. Cash dividends shall be no less than 10% of the total bonuses to shareholders, with the remaining distributed in stock dividends. No distribution of cash dividends is required if their amount per share is less than NTD0.1 (inclusive), and all of the bonuses shall be distributed in stock dividends.

Chapter 6. Supplementary Provisions

Article 26. Matters not provided in this Articles of Incorporation shall be subject to the Company Act.

Article 27. This Articles of Incorporation was established on October 13, 1983.

1st amendment on November 24, 1983.

2nd amendment on October 5, 1985.

3rd amendment on April 8, 1988.

4th amendment on November 15, 1988.

5th amendment on January 4, 1989.

6th amendment on July 10, 1990.

7th amendment on May 20, 1991.

8th amendment on April 22, 1992.

9th amendment on November 23, 1992.

10th amendment on July 1, 1995.

11th amendment on March 2, 1997.

12th amendment on June 7, 1997.

13th amendment on May 7, 1998.
14th amendment on June 7, 1999.
15th amendment on June 7, 2000.
16th amendment on May 31, 2001.
17th amendment on June 4, 2002.
18th amendment on June 9, 2004.
19th amendment on June 13, 2007.
20th amendment on June 13, 2008.
21st amendment on June 16, 2009.
22nd amendment on June 25, 2010.
23rd amendment on June 22, 2012.
24th amendment on June 18, 2014.
25th amendment on June 10, 2015.
26th amendment on June 6, 2016.
27th amendment on June 21, 2019.
28th amendment on June 9, 2025.

KYE Systems Corp.
Chairman: Shih-Kun Tso

[Appendix II]

KYE Systems Corp. Rules of Procedure for Shareholders' Meeting

- I. Unless otherwise provided by law, the procedures for a shareholders' meeting of KYE shall be governed by this Rules.
- II. KYE shall specify the time and location for shareholder check-in and other information requiring attention in the notice of a shareholders' meeting.

The time for shareholder check-in under the preceding paragraph shall be no later than 30 minutes prior to the meeting start time. The location for shareholder check-in shall be clearly marked, with a sufficient number of competent personnel assigned to accept check-ins.

A shareholder or his/her proxy ("shareholder") shall attend a shareholders' meeting by presenting an attendance card, a sign-in card or any other document of attendance. A solicitor soliciting letters of attorney shall carry an identity document for verification. KYE shall prepare a sign-in book for an attending shareholder to sign in or, alternatively, an attending shareholder may hand in a sign-in card.

The number of attending shares shall be calculated in accordance with the number of shares in the sign-in book or sign-in cards handed in.
- III. Attendance and voting at a shareholders' meeting shall be calculated based on shares.
- IV. The venue for a shareholders' meeting shall be in the place where KYE is located or any location easily accessible to shareholders and suitable for a shareholders' meeting. The meeting start time shall be no earlier than 9:00 a.m. and no later than 3:00 p.m.
- V. Any shareholders' meeting convened by the Board of Directors shall be chaired by the Chairman. Where the Chairman is on leave or unable to perform his/her duties for whatever reason, the Vice Chairman shall act on his/her behalf. In the absence of a Vice Chairman or where the Vice Chairman is also on leave or unable to perform his/her duties for whatever reason, the Chairman shall appoint a director to act on his/her behalf. Where the Chairman has failed to make such appointment, the directors shall select one of them to act on his/her behalf.

Any director appointed to act as the chairperson under the preceding paragraph shall be a managing director or director who has been in office for no less than 6 months and who understands the financial and business conditions of KYE. The same shall also apply where the chairperson is a representative of any corporate director.

Where a shareholder's meeting is convened by any person other than the Board of Directors with the power to convene such a meeting, that person shall chair the meeting. If there are two or more such persons, they shall select one of them to chair the meeting.
- VI. KYE may appoint any attorney or CPA it has engaged or any related person to attend a shareholders' meeting in a non-voting capacity.

Members of the staff of a shareholders' meeting shall wear an identification badge or armband.
- VII. KYE shall make audio and video recordings of the full process of a shareholders' meeting and retain such recordings for at least one year. Where any shareholder has filed a lawsuit pursuant to Article 189 of the Company Act, such recordings shall be retained until conclusion of the lawsuit.
- VIII. The chairperson shall call a meeting to order at the specified start time of the meeting. Where the number of shares represented by the attending shareholders falls short of a majority of the total outstanding shares, the chairperson may postpone the start time of the meeting no more than twice, and the total duration of such postponement shall not exceed one hour. If, after two postponements, the number of shares represented by the attending shareholders still falls short of the quorum but has reached or exceeded one-

third of the total outstanding shares, a provisional resolution may be adopted in accordance with the Company Act.

If, prior to the conclusion of the meeting, the number of shares represented by the attending shareholders has reached or exceeded a majority of the total outstanding shares, the chairperson may, in accordance with the Company Act, call a re-vote by the meeting on any provisional resolution adopted.

- IX. The agenda of any shareholders' meeting convened by the Board of Directors shall be set by the Board of Directors. The meeting shall proceed according to the set agenda, which may only be changed by a resolution of the meeting.

The preceding paragraph shall also apply to any shareholders' meeting convened by any person other than the Board of Directors with the power to convene such a meeting.

The chairperson may not, prior to the conclusion of the meeting on the set agenda under the preceding two paragraphs (including extempore motions), declare the meeting adjourned without a resolution.

After a meeting is adjourned, except under the circumstance in Paragraph 2, Article 182-1 of the Company Act, shareholders may not elect another chairperson to continue the meeting at the original or another venue.

- X. Prior to giving a statement, an attending shareholder shall submit a statement note specifying the gist of his/her statement and his/her shareholder account number (or attendance card number) and account name. The chairperson shall determine the order in which the shareholder will give his/her statement.

Any attending shareholder who has submitted a statement note without giving any statement shall be deemed to have not given any statement. Where a statement given is inconsistent with that specified in the statement note, the statement given shall prevail.

When an attending shareholder is giving a statement, no other shareholder may interrupt by speaking without consent of the chairperson and the shareholder giving a statement.

The chairperson shall stop any such interruption.

- XI. Except with consent of the chairperson, no shareholder may give a statement more than twice on the same proposal, and each statement shall be given for no longer than five minutes.

If a shareholder's statement has violated the relevant rules or gone beyond the scope of the proposal, the chairperson may stop the shareholder from continuing his/her statement.

- XII. Where a corporate person is appointed as a proxy to attend a shareholders' meeting, it may be represented by only one person at the meeting.

Where a corporate shareholder has appointed two or more representatives to attend a shareholders' meeting, only one of them may give a statement on a proposal.

- XIII. After an attending shareholder has concluded his/her statement, the chairperson may give or appoint any related person to give a response.

- XIV. If the chairperson considers that a proposal discussed can be put to a vote, he/she may end the discussion thereof and submit it to a vote.

- XV. For voting on proposals or in elections, the chairperson shall appoint voting monitors and tellers. A voting monitor shall be a shareholder.

Vote counting for proposals or elections at a shareholders' meeting shall be conducted at an open place inside the venue of the meeting. Upon the completion of vote counting, the voting results, including the numbers of voting rights counted, shall be announced in public and recorded.

Any election of directors at a shareholders' meeting shall be conducted in accordance with the applicable rules of election and appointment established by KYE. The election result shall be announced in public, including a list of elected directors and the numbers of voting rights they have received.

- XVI. During a meeting, the chairperson may announce a break at any time deemed appropriate by him/her.
- XVII. Unless otherwise provided by the Company Act and the Articles of Incorporation, any proposal subject to a vote shall be approved by a majority of the voting rights represented by the attending shareholders. Where a proposal is deemed to be approved with no objection raised after consultation by the chairperson, such approval shall be equally effective as that by voting.
- XVIII. Any proposal or any amendment or alternative to an original proposal, if submitted by a shareholder, shall receive the support of at least one shareholder. The foregoing requirement shall also apply to any change to the agenda or any motion of adjournment.
- XIX. In case of an amendment or alternative to a proposal, the chairperson shall determine the order in which the amendment or alternative together with the original proposal will be put to a vote. Where either of them has been approved, the other one shall be deemed rejected and require no further voting.
- XX. The chairperson may direct disciplinary (or security) officers to help maintain order at the meeting venue. When helping maintain order at the meeting venue, a disciplinary (or security) officer shall wear an armband bearing the words “Disciplinary Officer”.
- XXI. This Rules or any amendment hereto shall be implemented after approval by a shareholders’ meeting.
- XXII. This Rules was established on May 20, 1991.
 - 1st amendment on May 7, 1998.
 - 2nd amendment on June 4, 2002.
 - 3rd amendment on June 9, 2004.
 - 4th amendment on June 13, 2013.
 - 5th amendment on June 21, 2019.

[Appendix III]

Information of Directors' Shareholdings

1. In accordance with Article 26 of the Securities and Exchange Act, the minimum number of shares held by all directors shall be 12,000,000.
2. As of the book closure date for the current annual shareholders' meeting, the total number of shares held by directors as recorded in the shareholder register is as follows:

Unit: Shares

Title	Name	Number of shares
Chairman	Shih-Kun Tso	5,877,815
Director	Yung-Far Wei	160,061
Director	Han-Liang Hu	0
Director	Chin An Tai Investment, Ltd.	6,094,955
Director	Zeng-Bing Liu	0
Independent director	Hung-Tsu Hsu	0
Independent director	Wan-Ting Su	0
Independent director	Peng, Fang	0
Total directors' shareholdings		12,132,831

3. Director(s) discharged: Director Zeng-Bing Liu has resigned due to personal commitments, effective April 30, 2026.