

Weltrend Semiconductor Incorporated

Parent Company Only Financial Statements and Independent Auditor's Report

For the Years Ended December 31, 2025 and 2024

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Independent Auditor's Report

To Weltrend Semiconductor, Inc. and Its Subsidiaries,

Audit opinion

We have reviewed the accompanying parent company only balance sheets of Weltrend Semiconductor, Inc. (the “Company”) for the years ended December 31, 2025 and 2024 and the relevant parent company only statements of comprehensive income, changes in equity, and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the “parent company only financial statements”).

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

Basis of audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the “Auditor's responsibilities for the audit of the parent company only financial statements” paragraph 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 are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the Company's parent company only financial statements for the year ended December 31, 2025 based on our professional judgment. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

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

Sales revenue recognition

The Company's standalone operating revenue for 2025 amounted to NT\$2,915,897 thousand. Please Notes 4 and 25 to the parent company only financial statements for accounting policies and information on revenue recognition. The Company's operating revenue mainly includes research, development, production, and sales of integrated circuits and sales of foreign brands' integrated circuits as an agent. Due to the large number of sales clients located at home and abroad, we listed the sales revenue which grew compared with the last year and that from specific customers as one of the key audit matters.

The main audit procedures we performed for the above matters are as follows

1. Learned about and tested the effectiveness of the main internal control design and implementation for sales revenue.
2. Sampled and verified the external orders and shipping documents of specific counterparties to confirm the authenticity of the sales revenue.
3. Sampled and reviewed sales revenue related vouchers and collection status, and verified that the sales recipient and the party receiving payment matched.

Responsibilities of the management and the governing bodies for the parent company only financial statements

The management's responsibilities are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal control associated with the preparation in order to ensure that the parent company only financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The Company's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the parent company only financial statements, they are considered material.

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the parent company only financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the parent company only financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Company.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any Significant deficiencies in internal control that we identify during the audit).

We also provide the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Company's parent company only financial statements for the year ended December 31, 2025. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

The engagement partners on the audits resulting in this independent auditors' report are Cheng-Chih, Lin and Chih-yuan Wen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2026

Weltrend Semiconductor Incorporated
Parent Company Only Balance Sheet
December 31, 2025 and 2024

Unit: NT\$ thousand

Code	Assets	December 31, 2025		December 31, 2024		Code	Liabilities and equity	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current liabilities				
1100	Cash and cash equivalents (Notes 4, 6 and 30)	\$ 459,112	8	\$ 330,430	7	2100	Short-term borrowings (Notes 4, 18, 30 and 32)	\$ 50,000	1	\$ -	-
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	387,205	7	356,614	7	2120	Financial liabilities at fair value through profit or loss - current (Notes 4, 7, 19, and 30)	-	-	2,310	-
1120	Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 30)	332,343	6	363,411	7	2150	Notes payable (Notes 4, 20 and 30)	268	-	579	-
1150	Notes receivable (Notes 4, 10 and 30)	9,832	-	11,430	-	2170	Accounts payable (Notes 4, 20 and 30)	355,483	6	283,347	6
1170	Accounts receivable (Notes 4, 10, 25 and 30)	979,622	17	866,203	17	2180	Accounts payable - related party (Notes and 31)	144	-	99	-
1180	Accounts receivable - related party (Notes 4, 30, and 31)	67,039	1	38,474	1	2206	Remuneration payable to employees and directors and supervisors (Note 26)	101,098	2	56,205	1
1190	Other accounts receivable - related party (Notes 4, 30, and 31)	1,145	-	95	-	2209	Other payables (Notes 4, 21, 30 and 31)	67,123	1	80,150	2
1200	Other receivables (Notes 4, 10 and 30)	5,069	-	38,635	1	2230	Current tax liabilities (Notes 4 and 27)	-	-	16,688	-
1220	Current tax assets (Notes 4 and 27)	7,220	-	7,674	-	2250	Liabilities - current (Notes 4 and 22)	7,127	-	6,513	-
130X	Inventory (Notes 4 and 11)	785,320	13	666,994	13	2280	Lease liabilities - current (Notes 4, 15 and 30)	16,046	-	11,941	-
1410	Prepayments (Note 17)	25,738	-	24,580	1	2300	Other current liabilities (Notes 21 and 25)	7,710	-	6,355	-
11XX	Total current assets	3,059,645	52	2,704,540	54	2320	Corporate bonds payable due within one year (Notes 4, 19 and 30)	1,084,427	19	1,062,505	22
	Non-current assets					21XX	Total current liabilities	1,689,426	29	1,526,692	31
	Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 30)	86,036	1	79,352	2	2570	Non-current liabilities				
1535	Financial assets at amortized cost - non-current (Notes 4, 9, 30, and 32)	3,589	-	100	-	2580	Deferred tax liabilities (Note 4 and 27)	18,481	-	2,578	-
1550	Investments using the equity method (Notes 4 and 12)	2,443,263	42	1,892,265	38	2640	Lease liabilities - non-current (Notes 4, 15 and 30)	11,851	-	20,864	-
1600	Property, plant and equipment (Notes 4, 13 and 32)	186,422	3	187,623	4		Net defined benefit liability - non-current (Notes 4 and 23)	29,303	1	30,166	1
1755	Right-of-use assets (Notes 4 and 15)	27,266	-	32,176	1	2600	Other non-current liabilities (Notes 21 and 30)	440	-	440	-
1760	Investment property (Notes 4 and 14)	44,118	1	47,023	1	25XX	Total non-current liabilities	60,075	1	54,048	1
1780	Intangible assets (Notes 4 and 16)	33,840	1	23,303	-	2XXX	Total liabilities	1,749,501	30	1,580,740	32
1915	Prepayments for equipment	50	-	1,440	-		Equity (Notes 4 and 24)				
1920	Guarantee deposits paid (Note 30)	7,633	-	5,560	-	3110	Common stock	1,999,281	34	1,780,116	36
15XX	Total non-current assets	2,832,217	48	2,268,842	46	3200	Capital surplus	1,398,157	24	266,971	5
							Retained earnings				
						3310	Legal reserve	691,304	11	658,536	13
						3320	Special reserve	104,997	2	24,855	-
						3350	Unappropriated earnings	182,964	3	974,154	20
						3300	Total retained earnings	979,265	16	1,657,545	33
						3400	Other equity	(40,597)	(1)	(104,997)	(2)
						3500	Treasury stock	(193,745)	(3)	(206,993)	(4)
						3XXX	Total equity	4,142,361	70	3,392,642	68
1XXX	Total assets	\$ 5,891,862	100	\$ 4,973,382	100		Total liabilities and equity	\$ 5,891,862	100	\$ 4,973,382	100

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

Weltrend Semiconductor Incorporated
Parent Company Only Statement of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

Unit: Thousands of NTD; except for earnings per share in NTD

Code		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue, net (Notes 4, 25 and 31)	\$ 2,915,897	100	\$ 2,622,388	100
5000	Operating costs (Notes 11, 26, and 31)	<u>2,144,397</u>	<u>74</u>	<u>1,911,562</u>	<u>73</u>
5900	Operating gross margins	<u>771,500</u>	<u>26</u>	<u>710,826</u>	<u>27</u>
	Operating expenses (Note 26)				
6100	Selling expenses	156,027	5	146,607	5
6200	Administrative expenses	106,467	4	85,014	3
6300	Research and Development expenses	334,606	11	305,130	12
6450	Expected credit impairment losses	<u>282</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>597,382</u>	<u>20</u>	<u>536,751</u>	<u>20</u>
6900	Net operating profits	<u>174,118</u>	<u>6</u>	<u>174,075</u>	<u>7</u>
	Non-operating income and expenses (Note 4)				
7100	Interest income (Note 26)	8,768	1	14,093	1
7010	Other income (Notes 26 and 31)	36,536	1	32,734	1
7020	Other profits and losses (Note 26)	201,370	7	65,067	2
7050	Financial costs (Note 26)	(24,564)	(1)	(23,084)	(1)
7070	Share of profit on subsidiaries using the equity method	<u>176,660</u>	<u>6</u>	<u>55,615</u>	<u>2</u>
7000	Non-operating income and expenses, net	<u>398,770</u>	<u>14</u>	<u>144,425</u>	<u>5</u>
7900	Net profit before taxation	572,888	20	318,500	12
7950	Income tax expense (Notes 4 and 27)	<u>22,018</u>	<u>1</u>	<u>42,938</u>	<u>2</u>
8200	Net income for the year	<u>550,870</u>	<u>19</u>	<u>275,562</u>	<u>10</u>

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Code		2025		2024	
		Amount	%	Amount	%
	Other comprehensive income (Note 4)				
8310	Items not reclassified to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 23)	(\$ 1,240)	-	\$ 8,688	-
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	6,775	-	(49,191)	(2)
8330	Share of other comprehensive income of subsidiaries using the equity method (Note 24)	(5,947)	-	11,123	1
8360	Items that may subsequently be reclassified to profit or loss:				
8361	Exchange differences on the translation of financial statements of foreign operations (Note 24)	(336)	-	1,353	-
8300	Other comprehensive income for the year	(748)	-	(28,027)	(1)
8500	Total comprehensive income for the year	<u>\$ 550,122</u>	<u>19</u>	<u>\$ 247,535</u>	<u>9</u>
	Earnings per share (Note 28)				
9750	Basic	<u>\$ 3.02</u>		<u>\$ 1.57</u>	
9850	Diluted	<u>\$ 2.79</u>		<u>\$ 1.50</u>	

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

Weltrend Semiconductor Incorporated
Parent Company Only Statement of Changes in Equity
For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousand

Code		Common stock		Retained earnings			Other equity		Treasury stock	Total equity
		Number of Shares (in thousands)	Amount	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on the translation of financial statements of foreign operations	Unrealized gain or loss on measured at fair value through other comprehensive income	
A1	Balance at January 1, 2024	178,011	\$ 1,780,116	\$ 266,965	\$ 640,592	\$ 167,949	\$ 733,853	(\$ 1,982)	(\$ 22,871)	(\$ 83,400) \$ 3,481,222
	Earnings distribution for 2023									
B1	Legal reserve	-	-	-	17,944	-	(17,944)	-	-	-
B3	Special reserve	-	-	-	-	(143,094)	143,094	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(212,528)	-	-	(212,528)
D1	Net income for 2024	-	-	-	-	-	275,562	-	-	275,562
D3	Other comprehensive income for 2024	-	-	-	-	-	8,835	1,353	(38,215)	(28,027)
D5	Total comprehensive income for 2024	-	-	-	-	-	284,397	1,353	(38,215)	247,535
F3	Transfer of treasury shares	-	-	6	-	-	-	-	-	4,075 4,081
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	(127,668) (127,668)
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	43,282	-	(43,282)	-
Z1	Balance at December 31, 2024	178,011	1,780,116	266,971	658,536	24,855	974,154	(629)	(104,368)	(206,993) 3,392,642
	Earnings distribution for 2024									
B1	Legal reserve	-	-	-	32,768	-	(32,768)	-	-	-
B3	Special reserve	-	-	-	-	80,142	(80,142)	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(262,469)	-	-	(262,469)
D1	Net income for 2025	-	-	-	-	-	550,870	-	-	550,870
D3	Other comprehensive income for 2025	-	-	-	-	-	(1,023)	(336)	611	(748)
D5	Total comprehensive income for 2025	-	-	-	-	-	549,847	(336)	611	550,122
M5	Acquisition of a partial equity stake in the subsidiary through the issuance of new shares	23,516	235,165	1,192,286	-	-	(901,533)	-	-	- 525,918
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	(75,553) (75,553)
L3	Cancellation of treasury shares	(1,600)	(16,000)	(59,553)	-	-	-	-	-	75,553 -
F3	Transfer of treasury shares	-	-	(1,547)	-	-	-	-	-	13,248 11,701
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(64,125)	-	64,125	-
Z1	Balance at December 31, 2025	199,927	\$ 1,999,281	\$ 1,398,157	\$ 691,304	\$ 104,997	\$ 182,964	(\$ 965)	(\$ 39,632)	(\$ 193,745) \$ 4,142,361

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

Weltrend Semiconductor Incorporated
Parent Company Only Statement of Cash Flows
For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousand

Code		2025	2024
	Cash flows from operating activities		
A10000	Net income before tax for 2025	\$ 572,888	\$ 318,500
A20010	Income and expense items that do not affect cash flow:		
A20100	Depreciation expenses	56,312	55,776
A20200	Amortization expenses	27,840	21,212
A20300	Expected credit impairment losses	282	-
A20400	Net loss (gain) on financial assets at fair value through profit or loss	(225,943)	7,643
A20900	Financial costs	24,564	23,084
A21200	Interest income	(8,768)	(14,093)
A21300	Dividend income	(31,152)	(27,028)
A21900	Cost of remuneration for employee stock options	-	6
A22400	Share of profit on subsidiaries using the equity method	(176,660)	(55,615)
A22500	Gain on disposal of property, plant and equipment	-	(157)
A23700	Inventory valuation loss and obsolescence (gains on inventory value recovery)	(24,274)	(13,366)
A24100	Foreign exchange gains (losses), net	30,562	(69,213)
A29900	Lease modification gain	-	(13)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	1,598	996
A31150	Accounts receivable	(147,276)	(15,986)
A31160	Accounts receivable - related party	(29,910)	(6,793)
A31170	Other receivables	5,378	(8,464)
A31190	Other receivable - related party	(1,050)	-
A31200	Inventory	(94,052)	34,249
A31230	Prepayments	(1,158)	1,185
A32130	Notes payable	(311)	(50)
A32150	Accounts payable	81,215	80,121
A32160	Accounts payable - related party	144	-
A32990	Remuneration payable to employees and directors and supervisors	44,893	14,544
A32180	Other payables	5,160	17,296
A32200	Provisions	614	(3,847)
A32230	Other current liabilities	1,355	716
A32240	Net defined benefit liability	(2,102)	(12,525)
A33000	Cash inflow from operations	110,149	348,178
A33100	Interest received	8,768	14,093
A33300	Interests paid	(2,642)	(1,588)
A33500	Income tax paid	(22,349)	(25,413)
AAAA	Net cash inflow from operating activities	<u>93,926</u>	<u>335,270</u>

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Code		2025	2024
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(\$ 197,904)	(\$ 619,297)
B00020	Sale of financial assets at fair value through other comprehensive income	263,937	463,332
B00040	Acquisition of financial assets at amortized cost	(3,489)	-
B00100	Acquisition of financial assets at fair value through profit or loss	(400,347)	(362,098)
B00200	Sale of financial assets at fair value through profit or loss	568,562	287,406
B01800	Investment acquired using the equity method	(156,836)	-
B02400	Capital reduction refunds from investees accounted for using the equity method	200,083	-
B02700	Purchase of property, plant, and equipment	(33,908)	(23,151)
B02800	Proceeds from disposal of property, plant and equipment	-	1,972
B03700	Decrease (increase) in guarantee deposits paid	(2,073)	30
B04500	Acquisition of intangible assets	(38,377)	(26,150)
B07600	Other dividends received	31,150	26,968
B09900	Dividends from subsidiaries received	<u>102,050</u>	<u>90,505</u>
BBBB	Net cash inflow (outflow) from investing activities	<u>332,848</u>	(<u>160,483</u>)
	Cash flows from financing activities		
C00200	Increase in short-term borrowings	50,000	-
C00100	Decrease in short-term borrowings	-	(150,000)
C04200	Principal repayment of lease liabilities	(16,906)	(14,067)
C04500	Cash dividends paid	(262,469)	(212,528)
C04900	Purchase of treasury shares	(75,553)	(127,668)
C05000	Price of disposal of treasury shares	<u>11,701</u>	<u>4,075</u>
CCCC	Net cash outflow from financing activities	(<u>293,227</u>)	(<u>500,188</u>)
DDDD	Impact of changes in exchange rate on cash and cash equivalents	(<u>4,865</u>)	<u>26,748</u>
EEEE	Net (decrease) increase in cash and cash equivalents for 2025	128,682	(298,653)
E00100	Opening balance of cash and cash equivalents	<u>330,430</u>	<u>629,083</u>
E00200	Ending balance of cash and cash equivalents	<u>\$ 459,112</u>	<u>\$ 330,430</u>

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

Weltrend Semiconductor Incorporated
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2025 and 2024
(In thousand NTD, unless otherwise specified)

1. Company History

Weltrend Semiconductor, Inc. (the “Company”) was incorporated in Hsinchu Science Park in July 1989 and entered operations in September of the same year, mainly engaging in research, development, production, testing, and sales of digital and analog hybrid special application integrated circuits, as well as digital and analog integrated circuits.

The Company’s stock has been listed on the Taiwan Stock Exchange Corporation (TWSE) since September 2000.

The parent company only financial statements are presented in the Company’s functional currency, New Taiwan dollar (NTD).

2. Date and Procedures for Approval of Financial Statements

The parent company only financial statements were approved by the Board of Directors on March 11, 2026.

3. Application of New, Amended and Revised Standards and Interpretations

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

1. Amendments to IAS 21 “Lack of Exchangeability”

The application of the amended to IAS 21 “Lack of Exchangeability” does not have material impact on the accounting policies of the Company.

(2) Application of IFRSs endorsed by FSC in 2026

The new/amended/revised standards and interpretation	Effective date of IASB publication
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendment to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
"Annual Improvements to IFRS Accounting Standards — Volume 11"	January 1, 2026
IFRS 17 “Insurance Contracts” (including amendments in 2020 and 2021)	January 1, 2023

1. Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

(1) Regarding the revised application guidance on the classification of financial assets.

The amendments mainly revise the classification of financial assets, including:

A. If the financial asset includes a contingent event that changes the timing or amount of the contractual cash flows, and the nature of the contingent event is not directly related to changes in basic loan risk and cost (such as whether the debtor achieves a specific carbon emission reduction target), the contractual cash flows of such financial assets are still fully comprised of principal and interest on the outstanding principal amount when the following two conditions are met:

- Contractual cash flows generated from all possible scenarios (whether events occur before or after) are solely for the payment of principal and interest on the outstanding principal amount.
- There is no significant difference between the contractual cash flows arising under all possible scenarios and the cash flows of financial instruments with the same contractual terms but lacking contingent features.

B. Financial assets without recourse rights refer to the enterprise's ultimate right to receive cash flows, limited to those generated by a specific asset as stipulated in the contract.

C. Clarify that contract-linked instruments are structured using a waterfall payment structure to create multiple tiers of securities, establishing a prioritized sequence for payments to financial asset holders. This generates credit risk concentration and can lead to a disproportionate allocation of cash shortfalls from the underlying pool among the different security tiers.

As of the date of publication of these parent company only financial statements, the Company continues to assess the impact of amendments on its financial position and financial performance. Relevant impacts will be disclosed upon completion of the assessment.

(3) The IFRSs Accounting Standards in issue by the IASB but not yet endorsed and issued into effect by the FSC

The new/amended/revised standards and interpretation	Effective date of IASB publication (Note 1)
Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture."	To be determined
IFRS 18 "Presentation and Disclosures of Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosure" (including amendments effective in 2025)	January 1, 2027
Amendment to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

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

Note 2: On September 25, 2025, the FSC announced that Taiwanese companies should apply IFRS 18 from January 1, 2028, or may choose to apply it earlier after FSC approval.

1. IFRS 18 "Presentation and Disclosure of Financial Statements" and related consequential amendments

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

- The Company shall assess whether it has specific main business activities such as investing in specific types of assets and providing financing to customers, based on which the income and expense items in the income statement are classified into the operating, investing, financing, income tax, and discontinued operations categories.
- The income statement shall present operating profit or loss, profit or loss before financing and income tax, as well as subtotal and total profit and loss.
- Provide guidance to strengthen the requirements of aggregation and segmentation: The Company must identify assets, liabilities, equity, revenues, expenses, and cash flows arising from individual transactions or other events and classify and aggregate them on the basis of common characteristics so that each line item presented in the primary financial statements has at least one similar characteristic. Items with non-similarity characteristics in the main financial statements and notes should be divided. The Company only marks such items as "others" when no more informative mark can be found.
- Increasing the disclosure of the performance measurement defined by management: When the Company has opened communication outside the financial statements, and when management's view of the Company's overall financial performance on a certain aspect is communicated with the users of the financial statements, it shall be disclosed in a separate note to the financial statements on performance measurements defined by management, including descriptions of the measurements, how to calculate them, reconciliations between them and any subtotals or totals specified in IFRS, and the impact of relevant adjustments on income tax and non-controlling interests, etc.

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

- When the Company prepares the statement of cash flows from operating activities using the indirect method, operating profit or loss shall be the starting point for reconciliation.
- The interest and dividends received by the Company shall be classified as investment activities, while the interest and dividends paid shall be classified as financing activities. If the Company is assessed to have specific main business activities, it must consider the types of dividend income, interest income, and interest expense listed in the income statement to

determine the classification of receiving dividends, receiving interest, and paying interest in the statement of cash flows. However, the above cash flows can only be classified in a single activity in the statement of cash flows.

In addition to the above effects, as of the date of approving the parent company only financial statements for release, the Company had continued to evaluate other effects of the amendments to various standards and interpretations on its financial position and financial performance, and the relevant effects will be disclosed when the assessment is completed.

4. Summary of Significant Accounting Policies

(1) Compliance Statement

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

The parent company only financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligation less the fair value of plan assets.

The assessment of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the assessment (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

When the Company prepared the parent company only financial statements, it adopted the equity method to account for the investments in its subsidiaries. To enable the amounts of this year's profit or loss, other comprehensive income, and equity in the parent company only financial statements to be the same as the ones attributable to the owners of the Company, other comprehensive income, and equity in the consolidated financial statements, regarding the differences arising from accounting treatments between the parent company only basis and the consolidation basis, adjustments were made to the investments accounted for using the equity method, the share of profit or loss of subsidiaries using the equity method, the share of other comprehensive income of subsidiaries using the equity method, as well as relevant equity items, as appropriate.

(3) Criteria for classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and

3. Cash and cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the balance sheet date; and
3. At the balance sheet date, the Company has no substantive right to defer settlement of liabilities for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current. For the terms of a liability that may be settled by the transfer of the Company's equity instruments at the option of the counterparty, if the Company classifies the option as an equity instrument, the terms and conditions do not affect the liability classification as current or non-current.

(4) Business combination

Business combination is handled in an acquisition method. Acquisition-related costs are recognized in expenses in the period in which the costs are incurred and the services are obtained.

Goodwill is measured with the sum of the fair value of the consideration for the transfer and the fair value of the equity in the acquiree previously held by the acquirer at the acquisition date, less the net amount of identifiable assets acquired and liabilities assumed at the acquisition date.

(5) Foreign currency

When the Company prepares the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are converted into the functional currency at the exchange rate prevailing on the transaction date.

On each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

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

(6) Inventory

Inventory includes raw materials, work in process, finished goods, and merchandise. The value of inventory shall be determined based on the cost or net realizable value, whichever is lower. The comparison of the cost and net realizable value is based on individual items except for inventory of the same category. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average method.

(7) Investment in subsidiaries

The Company adopts the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss, other comprehensive income, and profit margins of the subsidiaries. Moreover, the Company recognizes the movements in its share of other equity of subsidiaries based on the shareholding ratio.

Movements in the Company's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. Any difference between the amount of investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company assesses the impairment, it considers the cash-generating unit as a whole in the financial statements and compares its recoverable amount with the carrying amount. If the recoverable amount of an asset increases subsequently, the reversal of the impairment loss shall be recognized in gains, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount of the asset less amortization without impairment loss recognized.

The unrealized profit or loss on downstream transactions between the Company and its subsidiaries are eliminated in the standalone financial statements. Profit or loss on downstream and lateral transactions between the Company and its subsidiaries is recognized in the parent company only financial statements only to the extent that it does not affect the Company's interests in the subsidiaries.

(8) Property, plant, and equipment

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

Except for self-owned land, other property, plant and equipment are depreciated on a straight-line basis over their useful lives. Each significant part is depreciated separately. The Company conducts at least an annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, and apply the effects of changes in accounting estimates prospectively.

When property, plant and equipment are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Investment property

Investment property is held to earn rentals or for capital appreciation or both, and it also includes land held for which the future use has not yet been determined.

Investment properties are initially measured at cost, including transaction costs, and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of investment properties is recognized on a straight-line basis.

Property, plant and equipment are reclassified into investment property at the carrying amount at the end of self-use.

When investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Intangible assets

1. Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost, less accumulated amortization. Intangible assets are amortized using straight-line method over the useful lives. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, while applying the effects of changes in accounting estimates prospectively.

2. Derecognition

When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in current profit or loss.

(11) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets

The Company assesses if there are any signs of possible impairment of property, plant, and equipment as well as right-of-use assets, investment property, and intangible assets at each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of an individual asset or a CGU is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the CGU is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset or the CGU, which was not recognized in impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

(12) Financial instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

Regular trading of financial assets is recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

Financial assets held by the Company are those measured at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are those mandatorily measured at fair value through profit or loss and those designated as at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments that are not designated by the Company to be measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are recognized at fair value. Dividend and interest income are recorded under other income and interest income, respectively, while gains or losses from remeasurement are recognized under other gains and losses. Please refer to Note 30 for the method of determining fair values.

B. Financial assets at amortized cost

If the Company invests in financial assets in alignment with both of the following two criteria, such assets are classified as financial assets measured by amortized cost:

- a. Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets; and
- b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

Such assets (including cash and cash equivalents, notes receivable at amortized cost, accounts receivable, other receivables, and pledged time deposits) are measured at the amortized cost of the total carrying amount determined by the effective interest method less any impairment loss after initial recognition; and any foreign currency exchange gains or losses are recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

Cash equivalents include time deposits, highly liquid and readily convertible into a fixed amount of cash at any time while featuring little risk of value changes, which are used to meet short-term cash commitments.

Demand deposits that are restricted from use under contracts with third parties are also cash, unless such restrictions change the nature of the deposit, and make it no longer conform to the definition of cash. If the contract restricts the use of demand deposits for more than 12 months after the balance sheet date, the relevant amount is classified as non-current assets.

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

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at fair value through other comprehensive income. Designation as at fair value through other comprehensive income is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at fair value through other comprehensive income are measured at fair value with the subsequent movements in the fair value recognized in other comprehensive income and accumulated in other equity. Upon the disposal of an investment, the cumulative profit or loss is directly reclassified to retained earnings and is not reclassified to profit or loss.

Dividends on such investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the investment cost.

(2) Impairment of financial assets

The Company assesses the impairment loss of financial assets at amortized cost (including accounts receivable) based on the expected credit loss at each balance sheet date.

An allowance for losses on accounts receivable is recognized based on expected credit loss over the duration of the receivables. Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, the impairment is recognized in allowance for losses in an amount equal to 12-month expected credit loss. If the risks have increased significantly, the impairment is recognized in allowance for losses at an amount equal to lifetime expected credit loss.

The expected credit loss refers to the weighted average credit loss with the risk of default as the weight. The 12-month expected credit loss represents the expected credit loss from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime expected credit loss represents the expected credit loss from all possible defaults in a financial instrument over the expected life of a financial instrument.

All impairment losses on financial assets are reduced to their carrying amounts through an allowance account for losses.

(3) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

Upon derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. When an investment in equity instruments at fair value through other comprehensive income is derecognized in its entirety, the cumulative profit or loss is transferred directly to retained earnings and not reclassified to profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or equity as per the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the proceeds received, net of the cost of direct issue.

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

3. Financial liabilities

(1) Subsequent measurement

All the Company's financial liabilities are measured at amortized cost in the effective interest method, except for the following.

A. Financial liabilities Measured at Fair Value Through Profit or Loss

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

Financial liabilities held for trading are measured at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

Please refer to Note 30 for the method of determining fair values.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4. Convertible corporate bonds

The components of the compound financial instruments (convertible corporate bonds) issued by the Company are classified as financial liabilities and equity, respectively, at the time of initial recognition based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

At the time of initial recognition, the fair value of a liability component is estimated at the real-time market interest rate for similar non-convertible instruments and measured at amortized cost using the effective interest method before conversion or the maturity date. Liability components that are embedded non-equity derivatives are measured at fair value.

The right to convert bonds classified as equity is equal to the remaining amount of the total fair value of the compound instruments, less the separately determined fair value of each liability component, which is recognized as equity after the effect of income tax is deducted and is not subsequently measured. When the right to convert bonds is exercised, its components of liabilities and the amount of equity will be reclassified as share capital and capital surplus - stock issuance premium. If the right to convert the convertible corporate bonds has not been exercised on the maturity date, the amount recognized in equity will be reclassified as capital surplus - stock issuance premium.

The transaction costs related to the convertible corporate bonds issued are allocated to the components of liabilities (included in the carrying amounts of liabilities) and components of equity (included in equity) of the instruments in proportion to the total price.

(13) Provisions

The amount recognized in provisions is based on the risk and uncertainty of the obligation, and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The provisions are measured at the discounted value of the estimated cash flows to settle the obligations.

(14) Revenue recognition

After the Company identifies its performance obligations in contracts with clients, it allocates the transaction costs to each obligation in the contracts and recognizes revenue upon completion of performance obligations.

Merchandise sales revenue

The merchandise sales revenue is from the sales of integrated circuits (ICs). As the merchandise arrives at/is delivered to the location designated by a client based on different transaction terms, the client has the right to set the price and use the merchandise and assume the main responsibility for reselling the merchandise, while bearing the risk of obsolescence of the merchandise, upon which the Company recognizes it in revenue and accounts receivable. Advance receipts from the merchandise sales are recognized in contract liabilities before the merchandise is delivered.

(15) Leasing

The Company assesses whether a contract belongs to (or contains) a lease on the date of establishment of the contract.

1. The Company as a lessor

Where almost all the risks and rewards attached to the ownership of an asset are transferred to the lessee in lease terms, such leases are classified as finance leases. All other leases are classified as operating leases.

When the Company subleases the right-of-use assets, the right-of-use assets (not the asset itself) are used to determine the classification of the sublease. However, if the main lease is a short-term lease for which the recognition exemption applies to the Company, the sublease is classified as an operating lease.

Under finance leases, lease payments include fixed payments. The net lease investment is measured at the lease receivables and presented as financial lease receivables. Finance income is allocated to each accounting period to reflect the fixed rate of return on the Company's net investment in a lease that has not expired in each period.

Under operating leases, lease payments, less lease incentives, are recognized in income on a straight-line basis over the relevant lease terms.

2. The Company as a lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the lease commencement date, except for low-value asset leases and short-term leases accounted for with recognition exemption applied where lease payments are recognized in expenses on a straight-line basis over the lease terms.

The right-of-use assets are initially measured at cost (including the initially measured amount of the lease liability) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

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

The lease liability is initially measured at the present value of the lease payment (including fixed payments). If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate applies.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. If changes during the lease term or the index or rate used to determine lease payments lead to changes in future lease payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, remeasurement of the lease liabilities due to the reduced scope of the lease is to reduce the right-of-use assets and to account for the profit or loss on the partial or full termination of the lease; the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are presented on a separate line in the parent company only balance sheets.

The variable rent in a lease arrangement that is not dependent on the index or rate is recognized in income in the period, in which it is incurred.

(16) Borrowing costs

Borrowing costs are recognized in profit or loss in the year, in which they are incurred.

(17) Employee benefits

1. Short-term employee benefits

Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Retirement benefits

For pension under the defined contribution plan, the amount of pension contributed is recognized in expenses during employees' service period.

The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and remeasurement) is calculated based on the projected unit credit method. Current service costs and net interest on net defined benefit liabilities are recognized in employee benefit expenses when incurred. The remeasurement (including actuarial gains and losses and plan asset remuneration net of interest) is recognized in other comprehensive income and listed in retained earnings when it occurs, and will not be reclassified to profit or loss after the balance sheet date.

The net defined benefit liabilities are the deficit of the defined benefit pension plan.

(18) Share-based payment agreement - employee stock options

Employee stock options for employees and others who provide similar services

Employee stock options are recognized in expenses at the fair values of the equity instruments on the grant date and the best estimate of the number of equity instruments that will vest during the vesting period on a straight-line basis, while “capital surplus - employee stock options” is adjusted accordingly. If it is immediately vested on the grant date, the full amount is recognized in expenses on the grant date. The Company transfers treasury shares to employees, and the date of approval by the Board of Directors is adopted as the grant date.

On each balance sheet date, the Company revises the estimated number of employee stock options that are expected to be vested. In the case of a revision to the original estimated number, the effect is recognized in profit or loss, so that the cumulative expenses can reflect the revised estimate, while “capital surplus - employee stock options” is adjusted accordingly.

(19) Income tax

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

1. Income tax expenses in the current period

The Company determines the current income (loss) in accordance with the laws and regulations formulated by the authority in the jurisdiction to which an income tax return should be filed and calculates the payable (recoverable) income tax accordingly.

A surtax is imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized via the resolution at the annual shareholders' meeting.

Adjustment to income tax payable from prior years are recognized in the current income tax.

2. Deferred tax

Deferred tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

All taxable temporary differences are generally in deferred tax liabilities, and deferred tax assets are accounted for when there are likely to be taxable income to deduct temporary differences and research and development expenses.

Taxable temporary differences associated with investments in subsidiaries are recognized in deferred liabilities, except where the Company is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments are recognized as deferred income tax only if it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences, and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date, and its carrying amount will be increased as it has become probable that future taxable income will allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would ensue in a manner expected by the Company at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

5. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When adopting accounting policies, the Company is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from the estimates.

The Company, when developing significant estimates, has market interest rate fluctuations in cash flow estimation, growth rates, discount rates, and profitability. The management team will continue to review such estimates and underlying assumptions.

After the accounting policies, estimates and basic assumptions adopted by the Company are assessed by the management, there is no significant accounting judgment, estimate or assumption uncertainty.

6. Cash and Cash Equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and working capital	\$ 158	\$ 202
Bank checking accounts and demand deposits	458,954	254,728
Cash equivalent		
Bank time deposits	-	75,500
	<u>\$459,112</u>	<u>\$330,430</u>

The interest rate ranges of bank deposits at the balance sheet date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash in banks	0.001%~1.45%	0.001%~1.45%
Time deposits	-	1.225%~5.65%

7. Financial Instruments Measured at Fair Value Through Profit or Loss

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets – current</u>		
Measured at fair values through profit and/or loss		
Non-derivative financial assets		
- Domestic listed stocks	<u>\$387,205</u>	<u>\$356,614</u>
<u>Financial assets – non-current</u>		
Measured at fair values through profit and/or loss		
Non-derivative financial assets		
- Privately offered funds	<u>\$ 86,036</u>	<u>\$ 79,352</u>
<u>Financial liabilities-current</u>		
Held for trading		
Derivatives (not designated as hedging)		
- Value of right to redeem convertible corporate bonds (Note 19)	<u>\$ -</u>	<u>\$ 2,310</u>

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

Equity investment

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Domestic Investment		
Listed stocks	<u>\$332,343</u>	<u>\$363,411</u>

The Company invests in domestic companies' ordinary shares for medium- and long-term strategic purposes and expects to make profits in the long-term. The management of the Company holds that the short-term fluctuation in the fair value of these investments shall be recognized as income or loss and is not congruent with the aforementioned long-term investment plan; therefore, they chose to designate these investments as financial assets measured at fair value through other comprehensive income.

9. Financial assets at amortized cost

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Non-current</u>		
Domestic Investment		
Certificates of deposit pledged	<u>\$ 3,589</u>	<u>\$ 100</u>

- (1) As of December 31, 2025 and 2024, the interest rate ranges of time deposits with the initial duration of more than three months are 1.700% to 2.000% and 1.700%, respectively.
- (2) Please refer to Note 30 for information on credit risk management and impairment assessment related to financial assets measured at amortized cost.
- (3) Please refer to Note 32 for information on financial assets measured at amortized cost pledged.

10. Notes receivable, accounts receivable and other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total book value	<u>\$ 9,832</u>	<u>\$ 11,430</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total book value	\$979,905	\$866,204
Less: Allowance for losses	(<u>283</u>)	(<u>1</u>)
	<u>\$979,622</u>	<u>\$866,203</u>

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	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 5,007	\$ 10,437
Receivable from disposal of investments	-	28,190
Others	<u>62</u>	<u>8</u>
	<u>\$ 5,069</u>	<u>\$ 38,635</u>

The Company's average credit period for commodity sales is net 15 to 150 days after the end of each month, without interest accrued on accounts receivable. To reduce the credit risk, the Company, before working with each new client, fills out a credit application form through a business unit, and the responsible reviews the form and has the form countersigned by relevant units, while evaluating the potential client's credit quality to set its credit limit. The client's credit limit and rating are reviewed or updated from time to time every year with reference to its operating performance, transaction amount, time, and other factors. In addition, the Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. As such, the Company's management believes that the Company's credit risk has been significantly reduced.

The Company recognizes an allowance for losses on accounts receivable based on expected credit loss over the duration of the receivables. Lifetime expected credit losses are calculated using a provision matrix based on each client's past default record, current financial position, economic situation in the industry, and industry outlook. Since the Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, instead of further differentiating the customer groups, the provision matrix only sets the expected credit loss rate based on the number of days overdue on accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, the Company shall directly write off the related accounts receivable but shall engage in recourse activities and recognize the amount recovered in profit or loss as a result of the recourse.

The allowance for losses on notes and accounts receivable measured by the Company as per the provision matrix is as follows:

December 31, 2025

	<u>Not overdue</u>	<u>Past due by 1-30 days</u>	<u>Past due by 31-60 days</u>	<u>Past due by 61-90 days</u>	<u>Past due by 91-120 days</u>	<u>Past due by 121 days or more</u>	<u>Total</u>
Total book value	\$ 975,918	\$ 1,574	\$ 9,942	\$ 792	\$ 597	\$ 914	\$ 989,737
Allowance for loss (expected credit loss of the given duration)	(3)	-	(7)	(2)	(3)	(268)	(283)
Measured at amortized cost	<u>\$ 975,915</u>	<u>\$ 1,574</u>	<u>\$ 9,935</u>	<u>\$ 790</u>	<u>\$ 594</u>	<u>\$ 646</u>	<u>\$ 989,454</u>

December 31, 2024

	Not overdue	Past due by 1–30 days	Past due by 31–60 days	Past due by 61–90 days	Past due by 91–120 days	Past due by 121 days or more	Total
Total book value	\$ 863,831	\$ 2,853	\$ 10,931	\$ 6	\$ 13	\$ -	\$ 877,634
Allowance for loss (expected credit loss of the given duration)	-	-	(1)	-	-	-	(1)
Measured at amortized cost	<u>\$ 863,831</u>	<u>\$ 2,853</u>	<u>\$ 10,930</u>	<u>\$ 6</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ 877,633</u>

The information on the movement in the allowances for losses on notes and accounts receivable is as follows:

	2025	2024
Opening balance	\$ 1	\$ 1
Add: Impairment loss recognized during this year	282	-
Ending balance	<u>\$ 283</u>	<u>\$ 1</u>

11. Inventory

	December 31, 2025	December 31, 2024
Merchandise	\$250,713	\$159,262
Finished goods	204,202	218,019
Work in process	320,587	269,418
Raw materials	9,818	20,295
	<u>\$785,320</u>	<u>\$666,994</u>

The components of operating costs related to inventories are as follows:

	2025	2024
Operating costs	<u>\$ 2,144,397</u>	<u>\$ 1,911,562</u>
Inventory valuation loss and obsolescence (gains on inventory value recovery)	(\$ 24,274)	(\$ 13,366)

The gain from reversal of inventory devaluation and obsolescence was due to the reduction in the allowance for inventory write-down loss balance at year-end, following the Company's active disposal of previously written-down and obsolete inventory and the write-off of a portion of obsolete inventory.

12. Subsidiary

	December 31, 2025	December 31, 2024
<u>Investment in subsidiaries</u>		
Weltrend International Co., (BVI) Ltd.	\$ 272,938	\$ 516,524
Yingquan Investment Co., Ltd.	610,449	352,851
Sentelic Corporation	1,559,876	1,022,890
	<u>\$ 2,443,263</u>	<u>\$ 1,892,265</u>

	Ownership interest and voting rights (%)	
	December 31, 2025	December 31, 2024
Weltrend International Co., (BVI) Ltd.	100%	100%
Yingquan Investment Co., Ltd.	98%	98%
Sentelic Corporation	100%	51%

The Company's Board of Directors approved the merger with the subsidiary Sentelic Corporation through a share swap arrangement on March 7, 2025. The Company will issue new shares in exchange for 1.60 common shares of the Company for 1 common share of Sentelic Corporation, and acquire all the outstanding shares of the Company. After the completion of the share transfer, Sentelic Corporation will become a 100% owned subsidiary of the Company. The aforementioned share conversion was submitted for approval at the shareholders' meeting of Sentelic Corporation on May 26, 2025, and the record date for the share conversion will be set after obtaining approval from the relevant competent authorities. The Company issued 23,516 thousand shares following a share conversion on September 8, 2025, and completed the registration change on September 18, 2025.

On November 6, 2025, the Board of Directors of the subsidiary, Yingquan Investment Co., Ltd., resolved to issue 16,017 thousand new shares by cash capital increase at a par value of NT\$10 per share, totaling NT\$160,168 thousand. After the capital increase, the paid-in capital will be NT\$ 490,000 thousand.

On March 7, 2025, the Board of Directors of the subsidiary, Weltrend International Co., Ltd. (BVI), passed a resolution to reduce its capital by US\$6,164 thousand in cash. On June 10, 2025, the Company had fully recovered the capital reduction refund.

Please refer to Table 3 and 4 for the details of the investments in the subsidiaries directly and indirectly owned by the Company.

The shares of profit and loss and other comprehensive income of subsidiaries using the equity method for 2025 and 2024 were recognized based on the subsidiaries' financial statements for the same periods audited by CPAs.

13. Property, plant, and equipment

	Self-owned land	Buildings	Machinery equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
<u>Costs</u>							
Balance at January 1, 2025	\$ 94,720	\$ 94,714	\$ 280,890	\$ 16,432	\$ 58,262	\$ 25,504	\$ 570,522
Addition	-	-	21,326	-	8,456	5,516	35,298
Disposal	-	-	(9,628)	-	-	(1,010)	(10,638)
Balance at December 31, 2025	<u>\$ 94,720</u>	<u>\$ 94,714</u>	<u>\$ 292,588</u>	<u>\$ 16,432</u>	<u>\$ 66,718</u>	<u>\$ 30,010</u>	<u>\$ 595,182</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2025	\$ -	\$ 49,771	\$ 250,666	\$ 12,354	\$ 51,165	\$ 18,943	\$ 382,899
Depreciation expenses	-	2,243	25,003	1,856	4,446	2,951	36,499
Disposal	-	-	(9,628)	-	-	(1,010)	(10,638)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 52,014</u>	<u>\$ 266,041</u>	<u>\$ 14,210</u>	<u>\$ 55,611</u>	<u>\$ 20,884</u>	<u>\$ 408,760</u>
Net as of December 31, 2025	<u>\$ 94,720</u>	<u>\$ 42,700</u>	<u>\$ 26,547</u>	<u>\$ 2,222</u>	<u>\$ 11,107</u>	<u>\$ 9,126</u>	<u>\$ 186,422</u>

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	Self-owned land	Buildings	Machinery equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
<u>Costs</u>							
Balance at January 1, 2024	\$ 94,720	\$ 94,714	\$ 274,904	\$ 24,417	\$ 58,262	\$ 21,222	\$ 568,239
Addition	-	-	16,914	-	-	4,796	21,710
Disposal	-	-	(10,928)	(7,985)	-	(514)	(19,427)
Balance at December 31, 2024	<u>\$ 94,720</u>	<u>\$ 94,714</u>	<u>\$ 280,890</u>	<u>\$ 16,432</u>	<u>\$ 58,262</u>	<u>\$ 25,504</u>	<u>\$ 570,522</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2024	\$ -	\$ 47,489	\$ 234,279	\$ 16,001	\$ 46,896	\$ 17,500	\$ 362,165
Depreciation expenses	-	2,282	27,315	2,523	4,269	1,957	38,346
Disposal	-	-	(10,928)	(6,170)	-	(514)	(17,612)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 49,771</u>	<u>\$ 250,666</u>	<u>\$ 12,354</u>	<u>\$ 51,165</u>	<u>\$ 18,943</u>	<u>\$ 382,899</u>
Net as of December 31, 2024	<u>\$ 94,720</u>	<u>\$ 44,943</u>	<u>\$ 30,224</u>	<u>\$ 4,078</u>	<u>\$ 7,097</u>	<u>\$ 6,561</u>	<u>\$ 187,623</u>

As there was no sign of impairment during the years ended December 31, 2025 and 2024, the Company did not conduct an impairment assessment.

Depreciation expenses are calculated and recognized on a straight-line basis as per the useful lives below:

Buildings	
Plant main building	35 to 50 years
Interior design and network engineering	5 years
Machinery equipment	2 to 4 years
Transportation equipment	5 to 6 years
Leasehold improvements	5 to 10 years
Miscellaneous equipment	3 to 5 years

Refer to Note 33 for the amounts of property, plant and equipment pledged as collateral for borrowings.

14. Investment property

	<u>Buildings</u>
<u>Costs</u>	
Balance at January 1 and December 31, 2025	<u>\$ 60,120</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2025	\$ 13,097
Depreciation expenses	<u>2,905</u>
Balance at December 31, 2025	<u>\$ 16,002</u>
Net as of December 31, 2025	<u>\$ 44,118</u>

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	<u>Buildings</u>
<u>Costs</u>	
Balance at January 1 and December 31, 2024	<u>\$ 60,120</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2024	\$ 9,912
Depreciation expenses	<u>3,185</u>
Balance at December 31, 2024	<u>\$ 13,097</u>
Net as of December 31, 2024	<u>\$ 47,023</u>

The lease term for investment property is three years. The lessee does not have the preferential right to purchase the investment property at the end of the lease term.

The total lease payments to be received in the future from leasing out investment property under an operating lease are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
The 1st year	\$ 1,760	\$ 2,640
The 2nd year	<u>-</u>	<u>1,760</u>
	<u>\$ 1,760</u>	<u>\$ 4,400</u>

Investment property are calculated and recognized on a straight-line basis as per the useful lives below:

Buildings	
Plant main building	35 to 50 years
Interior design and network engineering	5 years

The fair value of investment property is not valued by an independent valuator and only measured by the Company's management using Level 3 inputs with a valuation model commonly used by market participants. Regarding the valuation, a cash flow approach is adopted, and the important unobservable inputs used include the discount rates; the fair value from the valuation is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Fair value	<u>\$ 81,185</u>	<u>\$ 82,352</u>

15. Lease agreements

(1) Right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount of right-of-use assets		
Buildings	<u>\$ 27,266</u>	<u>\$ 32,176</u>

	<u>2025</u>	<u>2024</u>
Addition of right-of-use assets	<u>\$ 11,999</u>	<u>\$ 5,394</u>
Depreciation expenses of right-of-use assets		
Buildings	<u>\$ 16,908</u>	<u>\$ 14,245</u>

Except for the additions and depreciation expenses recognized listed above, the Company did not have any significant sublease or impairment of the right-of-use assets during the years ended December 31, 2025 and 2024.

(2) Lease liability

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount of lease liability		
Current	<u>\$ 16,046</u>	<u>\$ 11,941</u>
Non-current	<u>\$ 11,851</u>	<u>\$ 20,864</u>

The discount rate range for lease liabilities is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Buildings	2.00%	2.00%

(3) Major lease activities and terms

The Company leased buildings from the Hsinchu Science Park of the Ministry of Science and Technology as plants, and the lease period is from 2022 to 2026. As per the lease agreement of the plants located in the science park, the lessee may have the amount of the rent adjusted at any time at the announced land price of the site where the plants are located or the adjusted rent rate of state-owned land approved by the Executive Yuan. The Company has no bargain purchase option for the leased buildings at the end of the lease term.

(4) Other lease information

	<u>2025</u>	<u>2024</u>
Short-term lease expenses	<u>\$ 132</u>	<u>\$ 139</u>
Total cash (outflow) from lease	<u>(\$ 17,710)</u>	<u>(\$ 14,986)</u>

The Company has elected to apply the recognition exemptions to the leases of buildings that qualify as short-term leases and does not recognize the relevant right-of-use assets and lease liabilities for such leases.

16. Intangible assets

	Computer software	Technology licensing	Total
<u>Costs</u>			
Balance at January 1, 2025	\$ 258,900	\$ 83,861	\$ 342,761
Acquired separately	<u>38,377</u>	<u>-</u>	<u>38,377</u>
Balance at December 31, 2025	<u>\$ 297,277</u>	<u>\$ 83,861</u>	<u>\$ 381,138</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2025	\$ 237,125	\$ 82,333	\$ 319,458
Amortization expenses	<u>26,312</u>	<u>1,528</u>	<u>27,840</u>
Balance at December 31, 2025	<u>\$ 263,437</u>	<u>\$ 83,861</u>	<u>\$ 347,298</u>
Net as of December 31, 2025	<u>\$ 33,840</u>	<u>\$ -</u>	<u>\$ 33,840</u>
<u>Costs</u>			
Balance at January 1, 2024	\$ 237,296	\$ 79,315	\$ 316,611
Acquired separately	<u>21,604</u>	<u>4,546</u>	<u>26,150</u>
Balance at December 31, 2024	<u>\$ 258,900</u>	<u>\$ 83,861</u>	<u>\$ 342,761</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2024	\$ 220,071	\$ 78,175	\$ 298,246
Amortization expenses	<u>17,054</u>	<u>4,158</u>	<u>21,212</u>
Balance at December 31, 2024	<u>\$ 237,125</u>	<u>\$ 82,333</u>	<u>\$ 319,458</u>
Net as of December 31, 2024	<u>\$ 21,775</u>	<u>\$ 1,528</u>	<u>\$ 23,303</u>

Except for the amortization expenses recognized, the Company did not have any significant disposal, or impairment of the intangible assets during the years ended December 31, 2025 and 2024. Amortization expense is provided for based on a straight-line method over the following useful lives:

Computer software	1 to 5 years
Technology licensing	1 year

17. Prepayments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Prepayments for reticles	\$ 13,082	\$ 15,212
Tax overpaid retained for offsetting the future tax payable	8,363	6,435
Prepayments to suppliers	2,189	1,292
Prepayments for salary and wages	1,130	1,250
Others	<u>974</u>	<u>391</u>
	<u>\$ 25,738</u>	<u>\$ 24,580</u>

18. Short-term borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Unsecured borrowings</u>		
Credit facility borrowings	<u>\$ 50,000</u>	<u>\$ -</u>

The interest rates on bank revolving loans was 1.86% as at December 31, 2025.

19. Corporate bonds payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Domestic unsecured convertible corporate bonds	\$ 1,099,900	\$ 1,099,900
Less: Discount of corporate bonds payable	(15,473)	(37,395)
Less: portion due within one year	(<u>1,084,427</u>)	(<u>1,062,505</u>)
	<u>\$ -</u>	<u>\$ -</u>
Value of redemption right	\$ -	\$ 2,310
Value of conversion right	193,676	193,676

The Company issued 11,000 NTD-denominated unsecured convertible corporate bonds with a coupon rate of 0% on September 11, 2023, with the total principal amounting to NT\$1,100,000 thousand. From the day following the end of three months after the date such bonds were issued (December 12, 2023) to the maturity date (September 11, 2026), the bondholders may request the Company to convert the convertible corporate bonds into ordinary shares of the Company at a price of NT\$61.2 per share; or request the Company to redeem the convertible corporate bonds held by them in cash at the face value of the bonds, plus interest compensation [100.500625% of the face value (real return: 0.25%)] at least 40 days before two full years after issuance (September 11, 2025). The Company may redeem all bonds early at the face value of the bonds when the closing price of the Company's common stock exceeds the current conversion price by 30% or above for 30 consecutive business days from the day following the end of three full months after the convertible corporate bonds were issued (December 12, 2023) through 40 days before the end of the issuance period (August 2, 2026). As of December 31, 2025, the conversion price was adjusted to NT\$53.3 per share.

The convertible corporate bonds include components of liabilities and equity. The components of equity are recognized in capital surplus- stock options under equity. The effective interest rate for the components of liabilities initially recognized was 2.06322%.

Issuance price (less transaction cost of NT\$5,000 thousand)	\$ 1,228,652
Value of redemption right (less transaction cost of NT\$1 thousand)	(329)
Components of equity (less transaction cost of NT\$788 thousand)	(193,693)
Components of liabilities on the issuance date (less transaction cost of NT\$4,211 thousand)	1,034,630
Interest calculated at the effective interest rate of 2.06322%	49,891
Conversion of common stock	(94)
Components of liabilities on December 31, 2025	<u>\$ 1,084,427</u>

20. Notes payable and accounts payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Notes payable- from operations	<u>\$ 268</u>	<u>\$ 579</u>
Accounts payable- from operations	<u>\$355,483</u>	<u>\$283,446</u>

The Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

21. Other liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Other payables		
Salary and wages and bonuses payable	\$ 53,180	\$ 47,922
Pension payable under new scheme	4,339	4,098
Health insurance premiums payable	2,477	2,341
Labor insurance premiums payable	2,375	2,263
Investment payables	-	18,143
Others	<u>4,752</u>	<u>5,383</u>
	<u>\$ 67,123</u>	<u>\$ 80,150</u>
Other liabilities		
Collection on behalf of others	\$ 4,071	\$ 3,708
Contract liabilities	3,409	2,647
Other advance receipts	<u>230</u>	<u>-</u>
	<u>\$ 7,710</u>	<u>\$ 6,355</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits received	<u>\$ 440</u>	<u>\$ 440</u>

22. Provisions

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Employee benefits	<u>\$ 7,127</u>	<u>\$ 6,513</u>

Provision for employee benefit liabilities is an estimate of employees' leave entitlements.

23. Retirement benefit plans

(1) Defined contribution pension plan

The Company adopted a pension scheme under the Labor Pension Act, which is a government-managed defined contribution plan. Under the act, the Company makes monthly contributions, equal to 6% of their monthly salary and wages, to employees' individual pension accounts under the Bureau of Labor Insurance.

(2) Defined benefit plan

The pension scheme adopted by the Company in accordance with the Labor Standards Act of R.O.C. is a government-managed defined benefit pension plan. The payment for employee pensions is calculated based on the length of service and the average salary in the six months prior to the approved retirement date. The Company makes a contribution, equal to 2% of the total monthly employee salaries, which is deposited by the Supervisory Committee of Labor Retirement Reserve in the pension account with the Bank of Taiwan in the name of the committee. Before the end of each year, if the balance in the pension account is inadequate to pay for the retirement benefits to employees who meet the retirement requirements in the following year, the Group will make a contribution to make up for the difference in a lump sum by the end of March of the following year. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence its investment management strategy.

The amounts included in the parent company only balance sheets in respect of such defined benefit plans are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	\$136,102	\$127,909
Fair value of plan assets	(106,799)	(97,743)
Net defined benefit liability	<u>\$ 29,303</u>	<u>\$ 30,166</u>

The movements in the net defined benefit liability are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
January 1, 2025	<u>\$ 127,909</u>	<u>(\$ 97,743)</u>	<u>\$ 30,166</u>
Service costs	1,375	-	1,375
Interest expense (income)	<u>1,891</u>	<u>(1,477)</u>	<u>414</u>
Recognized in profit or loss	<u>3,266</u>	<u>(1,477)</u>	<u>1,789</u>

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	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	\$ -	(\$ 6,640)	(\$ 6,640)
Actuarial loss - changes in financial assumptions	2,016	-	2,016
Actuarial loss - experience adjustments	<u>5,864</u>	<u>-</u>	<u>5,864</u>
Recognized in other comprehensive income	<u>7,880</u>	<u>(6,640)</u>	<u>1,240</u>
Employer's contributions	<u>-</u>	<u>(3,892)</u>	<u>(3,892)</u>
Benefit payment	<u>(2,953)</u>	<u>2,953</u>	<u>-</u>
December 31, 2025	<u>\$ 136,102</u>	<u>(\$ 106,799)</u>	<u>\$ 29,303</u>
January 1, 2024	<u>\$ 128,062</u>	<u>(\$ 76,683)</u>	<u>\$ 51,379</u>
Service costs	1,362	-	1,362
Interest expense (income)	<u>1,575</u>	<u>(968)</u>	<u>607</u>
Recognized in profit or loss	<u>2,937</u>	<u>(968)</u>	<u>1,969</u>
Remeasurement			
Return on plan assets (except for the amount included in the net interest)	-	(6,839)	(6,839)
Actuarial gain - changes in financial assumptions	(2,198)	-	(2,198)
Actuarial loss - experience adjustments	<u>349</u>	<u>-</u>	<u>349</u>
Recognized in other comprehensive income	<u>(1,849)</u>	<u>(6,839)</u>	<u>(8,688)</u>
Employer's contributions	<u>-</u>	<u>(14,494)</u>	<u>(14,494)</u>
Benefit payment	<u>(1,241)</u>	<u>1,241</u>	<u>-</u>
December 31, 2024	<u>\$ 127,909</u>	<u>(\$ 97,743)</u>	<u>\$ 30,166</u>

The Company is exposed to the risks below due to the pension system under the Labor Standards Act:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor, invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits on its own use and through agencies entrusted. However, the income from the Company's amount allocated to plan assets is calculated based on the interest rate not lower than the local bank's interest rate for two-year time deposits.

2. Interest risk: A decrease in the interest rate in the government bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment through the plan assets will also increase, and the increases will partially offset the effect of the net defined benefit liability.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of the participants in the plan. As such, an increase in the salary of the participants in the plan will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the Company's defined benefit obligation were carried out by qualified actuaries. The critical assumptions made on the measurement date are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.125%~1.25%	1.375%~1.5%
Expected salary increase percentage	2.750%	2.750%

If each of the critical actuarial assumptions is subject to reasonably possible changes, when all other assumptions remain unchanged, the amounts by which the present value of the defined benefit obligation would increase (decrease) are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate		
Increase by 0.25%	<u>(\$ 2,016)</u>	<u>(\$ 2,136)</u>
Decrease by 0.25%	<u>\$ 2,075</u>	<u>\$ 2,198</u>
Expected salary increase percentage		
Increase by 0.25%	<u>\$ 2,010</u>	<u>\$ 2,133</u>
Decrease by 0.25%	<u>(\$ 1,964)</u>	<u>(\$ 2,084)</u>

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another, so the sensitivity analysis above may not reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
The expected contributions to the plan for the following year	<u>\$ 1,488</u>	<u>\$ 1,510</u>
The weighted average duration of the defined benefit obligations	1.4 years–7.0 years	2.9 years–7.6 years

24. Equity

(1) Common stock

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Authorized number of shares (in thousands)	<u>330,000</u>	<u>330,000</u>
Authorized capital stock	<u>\$ 3,300,000</u>	<u>\$ 3,300,000</u>
Number of shares issued and fully paid (in thousands)	<u>199,927</u>	<u>178,011</u>
Capital stock issued	<u>\$ 1,999,281</u>	<u>\$ 1,780,116</u>

The Company's Board of Directors approved the merger with the subsidiary Sentelic Corporation through a share swap arrangement on March 7, 2025. The Company will issue new shares in exchange for 1.60 common shares of the Company for 1 common share of Sentelic Corporation, and acquire all the outstanding shares of the Company. After the completion of the share transfer, Sentelic Corporation will become a wholly-owned subsidiary of the Company and be delisted, with its public offering cancelled. The Company issued 23,516 thousand shares following a share conversion on September 8, 2025, and completed the registration change on September 18, 2025.

On November 27, 2025, the Board of Directors passed a resolution to buy back 1,600 thousand shares of treasury stock for NT\$75,553 thousand to protect the Company's credit and shareholder interests. On December 12, 2025, the Board of Directors passed a resolution to cancel the shares. The capital reduction record date was December 18, 2025 and the registration of change was completed on December 22, 2025.

(2) Capital surplus

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>For loss make-up, payment in cash or capitalization as equity (1)</u>		
Stock issuance premium	\$ 1,184,691	\$ 1,886
Corporate bond conversion premium	95	95
Donated assets received	81	81
Share premium (restricted stock awards vested)	15,026	15,026
Treasury stock transaction	4,514	56,133
<u>Only for loss make-up</u>		
Recognition of changes in ownership interest in subsidiaries (2)	74	74
<u>May not be used for any purpose</u>		
Convertible corporate bond options (Note 19)	<u>193,676</u>	<u>193,676</u>
	<u>\$ 1,398,157</u>	<u>\$ 266,971</u>

1. Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.
2. This type of capital surplus represents the effect of equity transactions recognized for changes in the Company's equity when the Company has not actually acquired or disposed of shares in a subsidiary, or adjustments to the capital surplus for the Company's subsidiaries accounted for using the equity method.

(3) Retained Earnings and Dividend Policy

Under the earnings distribution policy as set forth in the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first used for paying taxes, offsetting the cumulative deficit (including the adjusted amount of undistributed earnings), setting aside 10% of the remaining profit as a legal reserve as per law unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve in accordance with the laws and regulations. Then, any remaining profit, together with any undistributed retained earnings at the beginning of the period (including the adjusted amount of undistributed earnings), shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution of dividends to shareholders. Please refer to Note 26(7) for the policy on the remuneration to employees and directors stipulated the Articles of Incorporation.

In addition, according to the Company's Articles of Incorporation, the Company shall consider the soundness and stability of the financial structure for the distribution of stock dividends and set the ratio of cash dividends to stock dividends for the year as per the Company's growth needs. The ratio of cash dividends shall not be less than 10% of the total dividends.

The legal reserve shall be set aside until the balance reaches the amount of the Company's total paid-in capital. Legal reserve could be allocated for covering loss carried forward. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

The Company held the general shareholders' meetings on May 29, 2025 and May 29, 2024 to resolve to approve the 2024 and 2023 earnings distribution proposals, respectively. The details are as follows:

	2024	2023
Legal reserve	<u>\$ 32,768</u>	<u>\$ 17,944</u>
Special reserve	<u>\$ 80,142</u>	<u>(\$143,094)</u>
Cash dividends	<u>\$262,469</u>	<u>\$212,528</u>
Cash dividends per share (NT\$)	<u>\$ 1.5</u>	<u>\$ 1.2</u>

The 2025 earnings distribution proposal made by the Board of Directors on March 11, 2026 is as follows:

	2025
Reversal of special reserve	<u>(\$ 64,400)</u>

On March 11, 2026, the Company's Board of Directors proposed to distribute cash dividends from capital surplus at NT\$2.0 per share, totaling NT\$394,212 thousand.

The 2025 earnings distribution proposal is pending a resolution by the shareholders' meeting expected to be held on May 29, 2026.

(4) Special reserve

	2025	2024
Opening balance	\$ 24,855	\$167,949
Provision (reversal) of a special reserve	80,142	(143,094)
Ending balance	<u>\$104,997</u>	<u>\$ 24,855</u>

(5) Treasury stock

	Number of Shares (in thousands)	
Reason for repurchase	2025	2024
Opening balance	3,032	905
Increase during this year	1,600	2,200
Decrease during this year	(1,810)	(73)
Ending balance	<u>2,822</u>	<u>3,032</u>

The Board of Directors resolved, on November 5, 2021, to transfer the repurchased treasury shares to employees to motivate employees and enhance their commitment. From November 5, 2021 to December 30, 2021, it repurchased the Company's 1,500 thousand shares. Within five years from the date of repurchase, the shares shall be transferred to employees once or in several times, and the average repurchase shall be the transfer price at NT\$92.16.

The Board of Directors, on August 9, 2022, resolved to transfer and repurchase 84 thousand and 55 thousand treasury shares to employees at the transfer prices of NT\$27.03 and NT\$92.16. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was September 7, 2022.

The Board of Directors, on February 24, 2023, resolved to transfer and repurchase 280 thousand and 70 thousand treasury shares to employees at the transfer prices of NT\$27.07 and NT\$92.16. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was March 23, 2023.

The Board of Directors, on August 7, 2023, resolved to transfer and repurchase 62 thousand and 44 thousand treasury shares to employees at the transfer prices of NT\$27.07 and NT\$92.16. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was September 5, 2023.

On April 16, 2024, the Board of Directors resolved to transfer 1,000 thousand shares of the repurchased treasury shares to employees in order to motivate them and enhance their cohesiveness. From April 18 to April 25, 2024, the Company had bought back 1,000 thousand of its shares which had been executed. The shares shall be transferred to employees at once or in installments within five years from the date of repurchase, and the average price actually bought back at NT\$ 60.68 shall be the transfer price.

On August 7, 2024, the Board of Directors resolved to transfer 1,200 thousand shares of the repurchased treasury shares to employees in order to motivate them and enhance their cohesiveness. From August 9 to 15, 2024, the Company had bought back 1,200 thousand of its shares which had been executed. The shares are to be transferred to employees at once or in installments within five years from the date of repurchase, and the average price actually bought back at NT\$ 55.82 shall be the transfer price. The Board of Directors, on August 23, 2024, resolved to transfer and buy back 73 thousand treasury shares to employees at the transfer prices of NT\$ 55.82. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was September 19, 2024.

The Board of Directors, on October 1, 2025, resolved to transfer and repurchase 42 thousand and 168 thousand treasury shares to employees at the transfer prices of NT\$81.40 and NT\$49.30. The employee stock subscription record date was the resolution date, and the date of delivering all shares to employees was October 27, 2025.

On November 27, 2025, the Board of Directors passed a resolution to buy back 1,600 thousand shares of treasury stock to protect the Company's credit and shareholder interests. From November 28 to December 3, 2025, the Company bought back 1,600 thousand shares and completed the buyback. On December 12, 2025, the Board of Directors passed a resolution to cancel the shares. The capital reduction record date was December 18, 2025 and the registration of change was completed on December 22, 2025.

Remuneration costs recognized for the transfer of treasury shares to employees for the January 1 to December 31, 2025 and 2024 were NT\$0 thousand and NT\$6 thousand respectively.

Due to changes in the Company's common shares, the transfer price of treasury stocks was adjusted based on the calculation formula outlined in the Company's Employee Stock Transfer Plan. The adjusted transfer prices are NT\$92.16 to NT\$82.05, NT\$60.68 to NT\$54.03, and NT\$55.82 to NT\$49.70, respectively.

The treasury shares held by the Company are to be transferred to employees and shall not be pledged in accordance with the Securities and Exchange Act nor shall they be entitled to rights, such as receipt of dividends and voting rights.

(6) Other equity

1. Exchange differences on the translation of financial statements of foreign operations

	2025	2024
Opening balance	(\$ 629)	(\$ 1,982)
Exchange differences on the translation of financial statements of foreign operations	(336)	1,353
Ending balance	(\$ 965)	(\$ 629)

2. Unrealized gain or loss on financial assets measured at fair value through other comprehensive income

	2025	2024
Opening balance	(\$104,368)	(\$ 22,871)
Incurring during the year		
Unrealized gain or loss		
Equity instruments	7,045	(49,191)
Shares of affiliates using the equity method	(6,434)	10,976
	<u>611</u>	<u>(38,215)</u>
The cumulative gain/loss from the disposal of equity instruments transferred to retained earnings	64,125	(43,282)
Ending balance	(\$ 39,632)	(\$104,368)

25. Operating revenues

	2025	2024
Sales income - integrated circuits	\$ 1,780,744	\$ 1,694,236
Trading of integrated circuits	1,134,993	927,870
Design and testing income	160	282
	<u>\$ 2,915,897</u>	<u>\$ 2,622,388</u>

(1) Contract balance

	December 31, 2025	December 31, 2024	January 1, 2024
Accounts receivable (Note 10)	<u>\$ 979,622</u>	<u>\$ 866,203</u>	<u>\$ 798,416</u>
Contract liabilities – current (accounted for in other liabilities)			
Merchandise sales	<u>\$ 3,409</u>	<u>\$ 2,647</u>	<u>\$ 2,028</u>

The change in contract liabilities mainly arises from the difference between the point at which performance obligations are satisfied and the point at which customers pay.

The amounts of the opening balance of contract liabilities and the performance obligations previously fulfilled recognized in revenue are as follows:

Opening balance of contract liabilities	2025	2024
Merchandise sales	<u>\$ 2,647</u>	<u>\$ 2,028</u>

(2) Details of net operating income

Region	2025	2024
Mainland China	\$ 2,194,117	\$ 1,912,152
Taiwan	607,849	536,581
Others	<u>113,931</u>	<u>173,655</u>
	<u>\$ 2,915,897</u>	<u>\$ 2,622,388</u>

26. Net income for the year

(1) Interest income

	2025	2024
Interest income from cash in banks	<u>\$ 8,768</u>	<u>\$ 14,093</u>

(2) Other income

	2025	2024
Income from cash dividends	\$ 31,152	\$ 27,028
Other income	<u>5,384</u>	<u>5,706</u>
	<u>\$ 36,536</u>	<u>\$ 32,734</u>

(3) Other profits and losses

	2025	2024
Foreign exchange gains (losses) – net	(\$ 23,573)	\$ 75,574
Net gain (loss) on financial assets Financial assets at fair value through profit or loss (Note 7)	225,943	(7,643)
Other losses	<u>(1,000)</u>	<u>(2,864)</u>
	<u>\$201,370</u>	<u>\$ 65,067</u>

(4) Financial costs

	2025	2024
Interest of convertible corporate bonds	\$ 21,922	\$ 21,496
Interest from bank borrowings	1,970	808
Interest on lease liabilities	<u>672</u>	<u>780</u>
	<u>\$ 24,564</u>	<u>\$ 23,084</u>

(5) Depreciation and amortization

	2025	2024
Summary of depreciation expenses by function		
Operating costs	\$ 28,621	\$ 30,220
Operating expenses	<u>27,691</u>	<u>25,556</u>
	<u>\$ 56,312</u>	<u>\$ 55,776</u>
Summary of amortization expenses by function		
Operating costs	\$ 44	\$ 169
Operating expenses	<u>27,796</u>	<u>21,043</u>
	<u>\$ 27,840</u>	<u>\$ 21,212</u>

(6) Employee benefit expenses

	2025	2024
Short-term employee benefits	\$506,454	\$450,306
Retirement benefits (Note 23)		
Defined contribution		
pension plan	16,665	15,996
Defined benefit plan	1,789	1,969
Share-based payment		
Settlement of equity interests	-	6
Total employee benefit expenses	<u>\$524,908</u>	<u>\$468,277</u>
Summary by function		
Operating costs	\$ 80,108	\$ 74,951
Operating expenses	<u>444,800</u>	<u>393,326</u>
	<u>\$524,908</u>	<u>\$468,277</u>

(7) Remuneration for employees and directors

The Company, as per the Articles of Incorporation, allocates 11%~15% of net income before tax before the remuneration to employees and directors is deducted for the year as remuneration to employees and no more than 4% as the remuneration to employees and directors, respectively. In accordance with the amendment to the Securities and Exchange Act in August 2024, the Company resolved at the shareholders' meeting on May 29, 2025, to amend the Articles of Incorporation to specify that no less than 1% of the employee remuneration allocated for the current year shall be distributed to entry-level employees. The 2025 and 2024 remuneration to employees and directors resolved by the Board of Directors on March 11, 2026 and March 7, 2025, respectively, is as follows:

Estimate percentage

	2025	2024
Remuneration for employees	12%	12%
Remuneration for directors	3%	3%

Amount

	2025		2024	
	Cash	Stock	Cash	Stock
Remuneration for employees	<u>\$ 80,878</u>	<u>\$ -</u>	<u>\$ 44,965</u>	<u>\$ -</u>
Remuneration for directors	<u>\$ 20,220</u>	<u>\$ -</u>	<u>\$ 11,241</u>	<u>\$ -</u>

If there is a change in the amount after the annual parent company only financial statements are approved and released, the change will be accounted for as a change in accounting estimate and will be recorded an adjustment in the following year.

There is no difference between the amounts of remuneration paid out to employees and directors for 2024 and 2023 and the amounts recognized in the 2024 and 2023 parent company only financial statements.

For information on remuneration to employees and directors resolved by the Board of Directors, please visit the Market Observation Post System (MOPS) of Taiwan Stock Exchange.

27. Income tax

(1) Income tax recognized in profit or loss

The major components of income tax expense are as follows.

	<u>2025</u>	<u>2024</u>
Income tax expenses in the current period		
Incurred during this year	\$ 15,163	\$ 41,967
Adjustment to the prior years	(<u>9,048</u>)	<u>134</u>
	6,115	42,101
Deferred tax		
Incurred during this year	<u>15,903</u>	<u>837</u>
Income tax recognized in profit or loss	<u>\$ 22,018</u>	<u>\$ 42,938</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<u>2025</u>	<u>2024</u>
Net profit before taxation	<u>\$572,888</u>	<u>\$318,500</u>
Income tax expense calculated based on statutory tax rate for pre-tax income	\$114,578	\$ 63,700
Non-deductible expenses for tax	(45,754)	10,659
Tax-free income	(6,230)	(5,406)
Recognized deductible temporary differences	(25,128)	(16,149)
Investment tax credit used in the year	(6,400)	(10,000)
This year's adjustments to income tax expenses from prior years	(<u>9,048</u>)	<u>134</u>
Income tax recognized in profit or loss	<u>\$ 22,018</u>	<u>\$ 42,938</u>

(2) Current tax assets and liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current tax assets		
Tax refund receivable	<u>\$ 7,220</u>	<u>\$ 7,674</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 16,688</u>

(3) Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities are as follows:

2025

<u>Deferred tax liabilities</u>	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Ending balance</u>
Temporary differences			
Financial assets at fair value through profit or loss	\$ 2,578	\$ 11,414	\$ 13,992
Unrealized exchange gain	-	4,489	4,489
	<u>\$ 2,578</u>	<u>\$ 15,903</u>	<u>\$ 18,481</u>

2024

<u>Deferred tax liabilities</u>	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Ending balance</u>
Temporary differences			
Financial assets at fair value through profit or loss	<u>\$ 1,741</u>	<u>\$ 837</u>	<u>\$ 2,578</u>

(4) Deductible temporary differences not recognized as deferred tax assets in the balance sheet

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Deductible temporary differences	<u>\$133,643</u>	<u>\$175,220</u>

(5) The state of income tax assessment

The Company's profit-seeking enterprise income tax returns filed have been approved by the tax authority up to 2023.

28. Earnings per shares

Unit: NTD per share

	<u>2025</u>	<u>2024</u>
Basic earnings per share	<u>\$ 3.02</u>	<u>\$ 1.57</u>
Diluted earnings per share	<u>\$ 2.79</u>	<u>\$ 1.50</u>

The earnings and weighted average number of ordinary shares used to calculate the earnings per share are as follows:

Net income for the year

	<u>2025</u>	<u>2024</u>
Net income used to calculate basic earnings per share	\$550,870	\$275,562
Impact of potential common stock with dilutive effect:		
After-tax interest of convertible corporate bonds	<u>17,537</u>	<u>17,197</u>
Net income used to calculate diluted earnings per share	<u>\$568,407</u>	<u>\$292,759</u>

<u>Number of Shares</u>	Unit: Thousand shares	
	2025	2024
Weighted average number of shares of common stock used to calculate basic earnings per share	182,245	175,978
Impact of potential common stock with dilutive effect:		
Corporate bonds converted	19,411	18,301
Remuneration for employees	<u>1,844</u>	<u>884</u>
Weighted average common stock shares used to calculate diluted earnings per share	<u>203,500</u>	<u>195,163</u>

If the Company may elect to pay employee remuneration in stock or cash, when diluted earnings per share are calculated, it is assumed that employee remuneration will be paid out in stock, and when the ordinary shares are potentially dilutive, they will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The diluting effect of these potential common shares also continues to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees in the following year's resolution.

29. Partial acquisition or disposal of investments in subsidiaries – no impact on control

The Company will issue new shares in exchange for 1.60 common shares of the Company for 1 common share of Sentelic Corporation, and acquire all the outstanding shares of the Company, please refer to Note 12.

Since the above transactions did not alter the Group's control over these subsidiaries, the Company accounted for them as equity transactions.

	Sentelic Corporation
A consideration paid	\$ 1,427,451
The amount of net assets of the subsidiary, calculated based on relative changes in equity, to be transferred out of non-controlling interests	(<u>525,918</u>)
Difference in equity trading gains/losses	<u>\$ 901,533</u>
<u>Equity trading gain/loss adjustment account</u>	
Unappropriated earnings	<u>\$ 901,533</u>

30. Capital Risk Management

The Company engages in capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances while continuing to operate. There has been no change in the Company's overall strategy.

The Company's capital structure consists of the equity (i.e. share capital, capital surplus, retained earnings, and other equity items).

31. Financial instruments

(1) Fair value information – Financial instruments that are not measured at fair value

December 31, 2025

	Carrying amount	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost - convertible corporate bonds	<u>\$ 1,084,427</u>	<u>\$ -</u>	<u>\$ 1,211,870</u>	<u>\$ -</u>	<u>\$ 1,211,870</u>

December 31, 2024

	Carrying amount	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost - convertible corporate bonds	<u>\$ 1,062,505</u>	<u>\$ -</u>	<u>\$ 1,195,151</u>	<u>\$ -</u>	<u>\$ 1,195,151</u>

(2) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Domestic listed stocks	\$ 387,205	\$ -	\$ -	\$ 387,205
Privately offered funds	<u>-</u>	<u>-</u>	<u>86,036</u>	<u>86,036</u>
	<u>\$ 387,205</u>	<u>\$ -</u>	<u>\$ 86,036</u>	<u>\$ 473,241</u>

Financial assets measured
at fair value through
other comprehensive
income

Equity investment				
- Domestic listed stocks	<u>\$ 332,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,343</u>

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Domestic listed stocks	\$ 356,614	\$ -	\$ -	\$ 356,614
Privately offered funds	<u>-</u>	<u>-</u>	<u>79,352</u>	<u>79,352</u>
	<u>\$ 356,614</u>	<u>\$ -</u>	<u>\$ 79,352</u>	<u>\$ 435,966</u>

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	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through other comprehensive income</u>				
Equity investment				
- Domestic listed stocks	\$ 363,411	\$ -	\$ -	\$ 363,411
<u>Financial liabilities</u>				
<u>Measured at Fair Value Through Profit or Loss</u>				
Derivatives	\$ -	\$ 2,310	\$ -	\$ 2,310

There were no transfers between Level 1 and Level 2 fair values during the years ended December 31, 2025 and 2024.

2. Reconciliation of financial instruments measured at fair value in Level 3
2025

Financial assets	Measured at fair values through profit and/or loss Equity instruments
Opening balance	\$ 79,352
Recognized in profit or loss (other gains and losses)	18,579
Allocation of income	(19,895)
Purchase	8,000
Ending balance	\$ 86,036

2024

Financial assets	Measured at fair values through profit and/or loss Equity instruments
Opening balance	\$ 80,212
Recognized in profit or loss (other gains and losses)	7,457
Allocation of income	(6,858)
Disposal	(1,459)
Ending balance	\$ 79,352

3. Valuation techniques and input values for Level 2 fair value measurement

Financial instruments	Valuation techniques and input values
Derivatives-Value of redemption right	The two-year bond valuation model: The key basis variable of the option is tracked and dispersed over several time slots between the evaluation date and maturity date through the two-year tree. Each node of the tree represents the possible price at a specific time point.

4. Valuation techniques and input values for Level 3 fair value measurement

The aggregate value of the individual assets and individual liabilities in the investments in domestic unlisted equity and privately offered funds was evaluated in the asset method to reflect the overall value of an enterprise or business.

(3) Types of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Measured at fair values through profit and/or loss		
Mandatorily at fair value through profit	\$ 473,241	\$ 435,966
Financial assets at amortized cost (Note 1)	1,533,041	1,290,927
Financial assets at fair value through other comprehensive income - investments in equity instruments	332,343	363,411
<u>Financial liabilities</u>		
Measured at fair values through profit and/or loss		
Held for trading	-	2,310
Measured at amortize cost (Note 2)	1,557,885	1,427,120

Note 1: The balance includes financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), and guarantee deposits paid.

Note 2: The balance includes financial liabilities at amortized cost, including short-term borrowings, notes payable, accounts payable (including related parties), other payables, corporate bonds payable, and guarantee deposits received.

(4) Purpose and policy of financial risk management

The Company's financial management department provides services to each business unit, coordinates the operations of investments in the domestic and international financial markets, and supervises and manages the financial risks related to the Company's operations by analyzing the internal risk reports of exposures according to the level and breadth of the risks. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The financial management department reports regularly to the Company's Board of Directors.

1. Market Risk

The main financial risks to the Company's operating activities are the risk of foreign exchange rate fluctuations (see (1) below) and the risk of changes in interest rates (see (2) below).

There have been no changes in the Company's exposure to financial instrument market risks and its method to managing and measuring such exposure.

(1) Exchange rate risk

Some of the Company's cash inflows and outflows are denominated in foreign currencies with the effect of natural hedging; the Company's management of the exchange rate risk aims to hedge rather than making profits.

Please refer to Note 34 for the carrying amounts of the Company's monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

Sensitivity analysis

The Company is mainly affected by the fluctuations in the exchange rates of USD.

The table below illustrates the Company's sensitivity analysis when the NTD (the functional currency) increases and decreases by 1% against each relevant foreign currency. In the sensitivity analysis, the outstanding monetary items in foreign currencies were taken into account, the end-of-period translation was adjusted by 1% change in exchange rates. The positive numbers in the following table represent the increase in net profits before tax if the New Taiwan dollar weakens by 1% against the respective currencies, and the negative numbers for the same amount represent the decrease in net profits before tax if the NT dollar strengthens by 1% against the respective currencies.

	Impact of USD	
	2025	2024
Profit or loss	<u>\$ 8,367</u>	<u>\$ 7,360</u>

The Company's sensitivity to the USD increased in this year, mainly due to the increase in its foreign currency assets.

The management believes that the sensitivity analysis cannot represent the inherent exchange rate risk as foreign currency exposures on the balance sheet date cannot reflect the interim exposures.

(2) Interest rate risk

Interest rate exposures arise as the Company hold assets and liabilities at both fixed and floating rates.

The carrying amount of financial assets and liabilities of the Company under interest rate exposure on balance sheet date is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
With fair value interest rate risk		
– Financial assets	\$ 3,589	\$ 75,600
– Financial liabilities	1,162,324	1,095,310
With cash flow interest rate risk		
– Financial assets	458,923	254,697

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. The analysis of assets at floating rates is based on the assumption that the amount of assets outstanding at the balance sheet date was outstanding throughout the reporting period.

If the annual rate of interest increased/decreased by 1%, with all other variables remaining unchanged, the Company's net income before tax for 2025 and 2024 would have decreased/increased by NT\$4,589 thousand and NT\$2,547 thousand, respectively, mainly due to the Company's exposure to the risk of the net assets at floating interest rates.

The Company's sensitivity to interest rates increased in this period, mainly due to the increase in the financial assets at floating interest rates.

(3) Other price risks

The Company is exposed to the equity price risk due to the investments in listed equity securities. The equity investments are not held for trading and are strategic investments. The Company is not actively trading these equity securities. The Company's equity price risk is mainly concentrated in the equity instruments in the electronic industry traded in stock exchanges and over-the-counter markets in Taiwan.

Sensitivity analysis

The sensitivity analysis below was performed based on the equity price exposure on the balance sheet date.

If the securities price increased/decreased by 1%, the profit or loss before tax for 2025 and 2024 would have increased/decreased by NT\$4,732 thousand and NT\$4,360 thousand respectively, mainly due to increase/decrease in the Group's financial assets at fair value through profit or loss.

The Company's sensitivity to price risk increased in this year, mainly due to the increase in the Company's investment in financial assets at fair value through profit or loss.

If the securities price increased/decreased by 1%, the other comprehensive income before tax for 2025 and 2024 would have increased/decreased by NT\$3,323 thousand and NT\$3,634 thousand respectively, mainly due to increase/decrease in the Group's financial assets at fair value through other comprehensive income.

The Company's sensitivity to price risk decreased in this year, mainly due to the decrease in the Company's investment in financial assets at fair value through other comprehensive income.

2. Credit Risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Company. As of the balance sheet date, the Company's maximum exposure to credit risk of financial loss due to non-performance by counter-parties is mainly from the carrying amount of financial assets recognized in parent company only balance sheets.

To mitigate credit risk, the Company has formulated credit and accounts receivable management measures to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. As such, the Company's management believes that the Company's credit risk has been significantly reduced.

The Group has a wide range of clients across different industries and geographical regions for accounts receivables. The Company continuously evaluates the financial position of clients with accounts receivable.

The Company does not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics. When the transaction counterparties are affiliates, the Company defines them as transaction counterparties with similar characteristics.

3. Liquidity Risk

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

Bank loans are a source of liquidity for the Company. Please refer to the description of (2) financing facilities below for the Company's bank financing facilities undrawn as of December 31, 2025 and 2024.

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

The analysis of the remaining contractual maturities of non-derivative financial liabilities has been prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Company can be required to make repayment. Therefore, bank borrowings that the Company may be required to repay immediately are shown in the table below for the earliest period, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

December 31, 2025

	Repayment on demand or less than 1 month	1–3 months	3 months to 1 year	Over 1 year	Total
<u>Non-derivative financial assets</u>					
No interest-bearing liabilities	\$ 253,482	\$ 167,805	\$ 690	\$ 1,041	\$ 423,018
Fixed rate instruments	50,000	-	1,084,427	-	1,134,427
Lease liability	1,398	2,796	12,264	12,027	28,485
	<u>\$ 304,880</u>	<u>\$ 170,601</u>	<u>\$ 1,097,381</u>	<u>\$ 13,068</u>	<u>\$ 1,585,930</u>

Further information on maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years
Fixed rate instruments	<u>\$ 1,134,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Lease liability	<u>\$ 16,458</u>	<u>\$ 10,942</u>	<u>\$ 600</u>	<u>\$ 485</u>

December 31, 2024

	Repayment on demand or less than 1 month	1–3 months	3 months to 1 year	Over 1 year	Total
<u>Non-derivative financial assets</u>					
No interest-bearing liabilities	\$ 234,655	\$ 129,426	\$ 94	\$ -	\$ 364,175
Fixed rate instruments	-	-	1,062,505	-	1,062,505
Lease liability	1,068	2,135	9,286	21,326	33,815
	<u>\$ 235,723</u>	<u>\$ 131,561</u>	<u>\$ 1,071,885</u>	<u>\$ 21,326</u>	<u>\$ 1,460,495</u>

Further information on maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years
Fixed rate instruments	<u>\$ 1,062,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Lease liability	<u>\$ 12,489</u>	<u>\$ 12,105</u>	<u>\$ 8,135</u>	<u>\$ 1,086</u>

(2) Financing facilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unsecured bank overdraft facility		
- Borrowing facilities used	\$ 50,000	\$ -
- Borrowing facilities unused	<u>1,300,000</u>	<u>1,100,000</u>
	<u>\$ 1,350,000</u>	<u>\$ 1,100,000</u>
Secured bank overdraft facility		
- Borrowing facilities used	\$ -	\$ -
- Borrowing facilities unused	<u>470,000</u>	<u>765,000</u>
	<u>\$ 470,000</u>	<u>\$ 765,000</u>

32. Related Party Transactions

Except for those disclosed in other notes, transactions between the Company and related parties are as follows.

(1) Name of related party and relations therewith

<u>Name of related party</u>	<u>Relations with the Company</u>
Yingquan Investment Co., Ltd.	Subsidiary
Sentelic Corporation	Subsidiary
Dongguan Prosil Electronics Co., Ltd.	Sub-subsidiary

(2) Operating revenues

<u>Category of related party</u>	<u>2025</u>	<u>2024</u>
Sub-subsidiary	\$160,851	\$ 97,430
Subsidiary	<u>23,637</u>	<u>4,145</u>
	<u>\$184,488</u>	<u>\$101,575</u>

The sales between the Company and related parties are determined based on the terms negotiated by both parties without other suitable transaction counterparties for comparison.

(3) Purchases

<u>Category of related party</u>	<u>2025</u>	<u>2024</u>
Subsidiary	<u>\$ 219</u>	<u>\$ 645</u>

The purchases between the Company and related parties are determined based on the terms negotiated by both parties without other suitable transaction counterparties for comparison.

(4) Operating expenses

<u>Category of related party</u>	<u>2025</u>	<u>2024</u>
Sub-subsidiary	<u>\$ 2,177</u>	<u>\$ -</u>

(5) Rental incomes

Category of related party	2025	2024
Subsidiary	<u>\$ 11</u>	<u>\$ 11</u>

The Company's rental income (recognized in other income) from related parties is negotiated and determined in accordance with the lease agreements between both parties, and there is no other suitable transaction counterparty for comparison.

(6) Other income

Category of related party	2025	2024
Subsidiary	<u>\$ 2,080</u>	<u>\$ 1,782</u>

The Company's other income from related parties refers to directors' and supervisors' remuneration and service income.

(7) Receivables from related parties

Category of related party	December 31, 2025	December 31, 2024
Sub-subsidiary	\$ 63,847	\$ 36,860
Subsidiary	<u>3,192</u>	<u>1,614</u>
	<u>\$ 67,039</u>	<u>\$ 38,474</u>

The Company did not request collateral for outstanding receivables from related parties. The Company did not recognize the receivables from related parties in bad debts for 2025 and 2024.

(8) Other receivables from related parties

Category of related party	December 31, 2025	December 31, 2024
Subsidiary	<u>\$ 1,145</u>	<u>\$ 95</u>

The Company did not request collateral for outstanding other receivables from related parties.

(9) Payable from related parties

Category of related party	December 31, 2025	December 31, 2024
Subsidiary	<u>\$ 144</u>	<u>\$ 99</u>

The Company did not request collateral for outstanding other receivables from related parties.

(10) Remuneration for key management

	2025	2024
Short-term employee benefits	\$ 52,811	\$ 39,789
Retirement benefits	<u>720</u>	<u>733</u>
	<u>\$ 53,531</u>	<u>\$ 40,522</u>

The remuneration for directors and other key management is determined by the Board of Directors based on individual performance and market trends.

33. Pledged Assets

The assets below have been pledged as collateral for borrowings from banks and to customs:

	2025	2024
Certificates of deposit pledged (under financial assets at amortized cost - non-current)	\$ 3,589	\$ 100
Pledge of property, plant and equipment	<u>137,254</u> <u>\$140,843</u>	<u>139,337</u> <u>\$139,437</u>

34. Information on foreign currency assets and liabilities with significant effect

The information below is aggregated and presented in foreign currencies other than the Company's functional currency. The exchange rates disclosed refer to the rates at which these foreign currencies are converted to the functional currency. The information on foreign currency assets and liabilities with significant effect is as follows:

	December 31, 2025			December 31, 2024		
	Foreign currency	Exchange rate	Carrying amount	Foreign currency	Exchange rate	Carrying amount
Financial assets						
<u>Monetary items</u>						
USD	\$ 38,391	31.43 (USD: NTD)	<u>\$ 1,206,629</u>	\$ 30,864	32.78 (USD: NTD)	<u>\$ 1,011,722</u>
Financial liabilities						
<u>Monetary items</u>						
USD	9,739	31.43 (USD: NTD)	\$ 306,097	7,286	32.78 (USD: NTD)	\$ 238,835
USD	2,031	7.03 (USD: RMB)	<u>63,834</u>	1,124	7.18 (USD: RMB)	<u>36,845</u>
			<u>\$ 369,931</u>			<u>\$ 275,680</u>

Foreign currency translation gains and losses (unrealized) with significant effect are as follows:

Functional currency	2025		2024	
	Functional currency exchanged to presenting currency	Net exchange gain (loss)	Functional currency exchanged to presenting currency	Net exchange gain (loss)
USD	31.18 (USD: NTD)	<u>\$ 22,445</u>	32.11 (USD: NTD)	(<u>\$ 12,269</u>)

35. Additional Disclosures

(1) Information on Significant Transactions:

1. The Loaning of Funds: None.
2. Endorsements and guarantees for others: None.
3. Major Securities Held at the End of the Period (Excluding Investments in Subsidiaries, Associates, and Joint Ventures): Table 1.

4. Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 million or 20% of the Paid-in Capital: Table 2.
 5. Receivables from Related Parties Amounting to at Least NT\$100 million or 20% of the Paid-in Capital: None.
- (2) Information on Investees: Table 3.
- (3) Information on investment in Mainland China:
1. Information on investees in Mainland China, including the name, main business and products, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the Mainland China area: Table 4.
 2. The following significant transactions with investees in Mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses: Table 5.
 - (1) The amount and percentage of purchases and the related ending balance and percentage of payables.
 - (2) The amount and percentage of sales and the related ending balance and percentage of receivables.
 - (3) The amount of property transactions and the amount of resulting gains or losses.
 - (4) The ending balance of endorsement guarantee of bills or the provision of collateral and its purpose.
 - (5) The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation
 - (6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.

Weltrend Semiconductor Incorporated
Major securities held at the end of the period
December 31, 2025

Table 1

Unit: In thousand NTD and thousand shares, unless otherwise specified

Companies held	Types and names of marketable securities	Relations with the securities issuer	Account in the book	Ending Balance				Amount pledged (Note)
				Number of shares/Unit	Carrying amount	Shareholdings ratio	Fair value	
The Company	<u>Stock</u> Elite Material Co., Ltd.	—	Financial assets at fair value through profit or loss - current	80	\$ 131,600	-	\$ 131,600	\$ -
	Greatek Electronics Inc.	—	Financial assets at fair value through profit or loss - current	1,073	95,497	-	95,497	-
	Sunonwealth Electric Machine Industry Co., Ltd.	—	Financial assets at fair value through profit or loss - current	380	60,990	-	60,990	-
	Hon Hai Precision Industry Co., Ltd.	—	Financial assets at fair value through profit or loss - current	230	53,015	-	53,015	-
	Phison Electronics Corporation	—	Financial assets at fair value through profit or loss - current	10	14,500	-	14,500	-
	Global Unichip Corp.	—	Financial assets at fair value through profit or loss - current	5	10,625	-	10,625	-
	Aerospace Industrial Development Corporation	—	Financial assets at fair value through other comprehensive income - current	1,800	91,080	-	91,080	-
	China Metal Products Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	2,564	67,305	-	67,305	-
	Unimicron Technology Corp.	—	Financial assets at fair value through other comprehensive income - current	306	67,240	-	67,240	-
	United Microelectronics Corporation	—	Financial assets at fair value through other comprehensive income - current	1,000	49,250	-	49,250	-
	Ememory Technology Inc.	—	Financial assets at fair value through other comprehensive income - current	15	25,950	-	25,950	-
	Richwave Technology Corp.	—	Financial assets at fair value through other comprehensive income - current	80	10,080	-	10,080	-
	<u>Privately offered funds</u> Zoyi Venture Capital Co., Ltd.	—	Financial assets at fair value through profit or loss – non-current	-	86,036	-	86,036	-

Note: The listed marketable securities are not restricted users due to the provision of pledged loans.

Weltrend Semiconductor Incorporated
Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 million or 20% of the Paid-in Capital
For the Year Ended December 31, 2025

Unit: In thousand NTD, unless otherwise specified

Table 2

Suppliers and customers	Counterparty name	Relations	Transactions				Circumstances and reasons for deviations from standard transaction terms		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable/payable	
The Company	Dongguan Prosil Electronics Co., Ltd.	1	Sale	\$ 160,851	5%	45-day payment terms	\$ -	—	\$ 63,847	5%	—

Note 1: It is based on the terms negotiated by both parties without other suitable transaction counterparties for comparison.

Note 2: 1 represents the transactions from parent company to sub-subsidiary.

Weltrend Semiconductor Incorporated
Information on the investee, location, etc.
For the Year Ended December 31, 2025

Table 3

Unit: NT\$ thousand

Investor name	Investee	Location	Principal business	Original investment amount		Holding, end of period			Profits (losses) of the investee for the period	Investment incomes (losses) recognized in the period	Remarks
				End of the period	End of last year	Number of Shares (in thousands)	Percentage (%)	Carrying amount			
The Company	Weltrend International Co., (BVI) Ltd.	British Virgin Islands	Investment	\$ 64,917	\$ 265,000	2,000	100	\$ 272,938	\$ 36,348	\$ 36,348	Note 1 and 4
	Yingquan Investment Co., Ltd.	Taiwan	Investment	398,322	241,486	48,100	98	610,449	88,057	86,512	Note 1 and 5
	Sentelic Corporation	Taiwan	Integrated circuit development and design, analog circuit design, digital signal processing, application software development, and import and export of electronic components.	1,117,120	1,117,120	30,022	100	1,559,876	121,723	53,800	Note 1 and 6
Sentelic Corporation	Sentelic Holding Co., Ltd.	Republic of Mauritius.	Investment	-	18,782	-	-	-	-	-	Note 1 and 7

Note 1: It was calculated based on the financial reports for the same periods audited by CPAs.

Note 2: Please refer to Table 4 for the relevant information on the investees in Mainland China.

Note 3: Investment income (losses) recognized in this period is based on financial information before inter-company transactions were eliminated and recognized after adjustments based on the effect of the acquisition method.

Note 4: On March 7, 2025, the Board of Directors of the subsidiary, Weltrend International Co., Ltd. (BVI), passed a resolution to reduce its capital by US\$6,164 thousand in cash, equivalent to NT\$200,083 thousand. On June 10, 2025, the Company had fully recovered the capital reduction refund.

Note 5: On November 6, 2025, the Board of Directors of the subsidiary, Yingquan Investment Co., Ltd., resolved to issue 16,017 thousand new shares by cash capital increase at a par value of NT\$10 per share, totaling NT\$160,168 thousand. After the capital increase, the paid-in capital will be NT\$ 490,000 thousand.

Note 6: The Company issued 23,516 thousand shares for share conversion on September 8, 2025, and completed the change of registration on September 18, 2025. Sentelic Corporation will become a 100% owned subsidiary of the Company.

Note 7: The Board of Directors of Sentelic Corporation, resolved on November 4, 2024, to dissolve and liquidate its subsidiary, Sentelic Holding Co., Ltd. The liquidation was completed on September 3, 2025.

Weltrend Semiconductor Incorporated
Information on investment in Mainland China
For the Year Ended December 31, 2025

Table 4

Unit: In thousand NTD, unless otherwise specified

Names of investees in Mainland China	Principal business	Paid-in capital	Type of investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of the investee for the period (Note 2)	Shareholding in direct or indirect investment	Investment income (loss) recognized in this period (Note 2)	Book value of investments at the end of the period	Investment income remitted back as of the end of the period
					Outward remittance	Recover						
Dongguan Prosil Electronics Co., Ltd.	Import and export of electronic components and general import and export	RMB 8,048 thousand (USD 1,200 thousand)	Note 1	USD 1,200 thousand (\$ 37,716)	\$ -	\$ -	USD 1,200 thousand (\$ 37,716)	\$ 6,759	100%	\$ 6,759	\$ 33,768	\$ -

Accumulated amount of investment from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, MOEA	Investment quota for Mainland China as stipulated by the Investment Commission, MOEA
US\$1,200 thousand (\$37,716)	US\$1,200 thousand (\$37,716)	\$2,485,416

Note 1: The Company invests in Weltrend International Co., (BVI) Ltd. and then invests in companies through Mainland China through said company. The investments have been approved by the Investment Commission, Ministry of Economic Affairs. The investment amount approved is US\$1,200 thousand.

Note 2: It was calculated based on the financial report for the same period audited by a CPA.

Note 3: The amounts in foreign currencies were converted at USD exchange rate on December 31, 2025.

Weltrend Semiconductor Incorporated

Major Transactions with Investees in Mainland China Through Direct or Indirect Investment Through a Third Region, and the Prices, Payment Terms, Unrealized Gains or Losses, and Other Relevant Information
For the Year Ended December 31, 2025

Table 5Unit: In thousand NTD, unless otherwise specified

Names of investees in Mainland China	Type of transaction	Purchase or sale		Transaction conditions (Note)	Notes and accounts receivable (payable)		Unrealized gain or loss	Remarks
		Amount	Percentage		Amount	Percentage		
Dongguan Prosil Electronics Co., Ltd.	Operating revenues	\$ 160,851	5%	-	\$ 63,847	5%	\$ -	-

Note: Sales with related parties are determined based on the terms negotiated by both parties without other suitable transaction counterparties for comparison.

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Weltrend Semiconductor Incorporated
Statement of Cash and Cash Equivalents
December 31, 2025

Statement 1

Unit: In NT\$ thousand unless otherwise
specified

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash in banks		
Demand deposits		\$265,978
Foreign-currency demand deposits	6,139 thousand USD (exchange rate: 1 USD: 31.43 NTD)	192,945
Checking deposits		31
Petty cash		<u>158</u>
		<u>\$459,112</u>

Weltrend Semiconductor Incorporated
Statement of Financial Assets at Fair Value Through Profit or Loss - Current

December 31, 2025

Statement 2

Unit: NT\$ thousand, except for the face value per share and the unit price per share, which are in NT\$

Name of financial instrument	Number of shares or lots (in thousands of shares)	Face value (NTD)	Total value	Acquisition cost	Fair value	
					Unit price (NTD)	Total value
Domestic publicly listed stocks						
Greatek Electronics Inc.	1,073	\$ 10	\$ 10,730	\$ 60,324	\$ 89.00	\$ 95,497
Sunonwealth Electric Machine Industry Co., Ltd.	380	10	3,800	40,719	160.50	60,990
Quanta Computer Inc.	20	10	200	5,349	272.00	5,440
Global Pmx Co., Ltd.	50	10	500	7,161	112.50	5,625
Phison Electronics Corporation	10	10	100	9,291	1,450.00	14,500
Kinik Company	25	10	250	8,288	396.50	9,913
Global Unichip Corp.	5	10	50	7,040	2,125.00	10,625
Elite Material Co., Ltd.	80	10	800	97,639	1,645.00	131,600
Hon Hai Precision Industry Co., Ltd.	230	10	<u>2,300</u>	<u>52,995</u>	230.50	<u>53,015</u>
			<u>\$ 18,730</u>	<u>\$ 288,806</u>		<u>\$ 387,205</u>

Weltrend Semiconductor Incorporated

Statement of Financial Assets at Fair Value Through Other Comprehensive Income - Current

December 31, 2025

Statement 3

Unit: NT\$ thousand, except for the face value per share and the unit price per share, which are in NT\$

Name of financial instrument	Number of shares or lots (in thousands of shares)	Face value (NTD)	Total value	Acquisition cost	Fair value	
					Unit price (NTD)	Total value
Domestic publicly listed stocks						
China Metal Products Co., Ltd.	2,564	\$ 10	\$ 25,640	\$ 94,898	\$ 26.25	\$ 67,305
United Microelectronics Corporation	1,000	10	10,000	54,152	49.25	49,250
Unimicron Technology Corp.	306	10	3,060	47,436	220.00	67,240
Aerospace Industrial Development Corporation	1,800	10	18,000	91,483	50.60	91,080
Zilltek Technology Corp.	25	10	250	9,816	182.00	4,550
Richwave Technology Corp.	80	10	800	17,740	126.00	10,080
Ememory Technology Inc.	15	10	150	33,142	1,730.00	25,950
Cheng Uei Precision Industry Co., Ltd.	220	10	2,200	13,503	36.90	8,118
Advanced Echem Materials Company Limited	10	10	<u>100</u>	<u>6,572</u>	877.00	<u>8,770</u>
			<u>\$ 60,200</u>	<u>\$ 368,742</u>		<u>\$ 332,343</u>

Note: The Company did not pledge or provide the above financial assets as collateral.

Weltrend Semiconductor Incorporated
Statement of Financial Assets at Fair Value Through Profit or Loss - Non-current
December 31, 2025

Statement 4

Unit: NT\$ thousand, except for the face value per share and
the unit price per share, which are in NT\$

Name of financial instrument	Number of shares or lots (in thousands of shares)	Face value (NTD)	Total value	Acquisition cost	Fair value	
					Unit price (NTD)	Total value
Privately offered funds Zoyi Venture Capital Co., Ltd.	-	\$ -	<u>\$ -</u>	<u>\$ 67,666</u>	\$ -	<u>\$ 86,036</u>

Note: The Company did not pledge or provide the above financial assets as collateral.

Weltrend Semiconductor Incorporated
Statement of Financial Assets at Fair Value Through Other Comprehensive Income - Non-current
For the Year Ended December 31, 2025

Unit: In NT\$ thousand unless otherwise specified

Statement 5

Item	Opening balance		Increase during this year		Decrease during this year		Unrealized valuation gain or loss on financial assets	Ending balance		
	Number of Shares (in thousands)	Amount	Number of Shares (in thousands)	Amount	Number of Shares (in thousands)	Amount		Number of Shares (in thousands)	Equity %	Amount
Equity instruments										
Unlisted stocks										
Coremate Technical Co., Ltd.	161	\$ -	-	\$ -	-	\$ -	\$ -	161	2	\$ -
Silicongear Corporation	1	-	-	-	-	-	-	1	-	-
AETAS TECHNOLOGY INC.	36	-	-	-	-	-	-	36	Preferred Series B	-
AETAS TECHNOLOGY INC.	7	-	-	-	-	-	-	7	Preferred Series C	-
AETAS TECHNOLOGY INC.	3	-	-	-	-	-	-	3	Preferred Series D	-
		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>

Note: The Company did not pledge or provide the above financial assets as collateral.

Weltrend Semiconductor Incorporated

Statement of Accounts Receivable

December 31, 2025

Statement 6

Unit: NT\$ thousand

Name of client	Amount
Non-related party	
Company SN05	\$328,010
Company LO01	171,974
Company HP01	119,765
Company DA01	86,585
Others (Note 1)	<u>273,571</u>
	979,905
Less: Allowance for bad debts	(<u>283</u>)
	<u>\$979,622</u>
Related party	
Dongguan Prosil Electronics Co., Ltd.	\$ 63,847
Sentelic Corporation	<u>3,192</u>
	<u>\$ 67,039</u>

Note 1: The balance of each client did not exceed 5% of the balance of this account.

Note 2: The amount of accounts receivable aged over one year is NTD 0, and the Company has provided appropriate allowance for bad debts.

Weltrend Semiconductor Incorporated
Statement of Inventories
December 31, 2025

Statement 7

Unit: NT\$ thousand

Item	Amount	
	Costs	Net realizable value
Merchandise	\$ 250,713	\$ 308,951
Finished goods	204,202	331,798
Work in process	320,587	636,562
Raw materials	<u>9,818</u>	<u>34,941</u>
	<u>\$ 785,320</u>	<u>\$ 1,312,252</u>

Note: The insured amount for inventories is NT\$450,000 thousand.

Investee	Opening balance		Increase during this year		Decrease during this year		Share of profit or loss of subsidiaries accounted for using the equity method	Share of other comprehensive income of subsidiaries using the equity method	Actuarial gain (loss) on defined benefit plan	Distribution of cash dividends	Exchange differences on the translation of financial statements of foreign operations	Ending balance				Remarks
	Number of Shares (in thousands)	Amount	Number of Shares (in thousands)	Amount	Number of Shares (in thousands)	Amount						Number of Shares (in thousands)	Equity %	Amount	Net worth of equity	
Weltrend International Co., (BVI) Ltd.	8,164	\$ 516,524	-	\$ -	(6,164)	(\$ 200,083)	\$ 36,348	(\$ 20,414)	\$ -	(\$ 59,142)	(\$ 295)	2,000	100	\$ 272,938	\$ 272,938	Note 1
Yingquan Investment Co., Ltd.	32,416	352,851	15,682	156,836	-	-	86,512	14,250	-	-	-	48,098	98	610,449	610,449	Note 1
Sentelic Corporation	15,324	<u>1,022,890</u>	14,698	<u>525,918</u>	-	<u>-</u>	<u>53,800</u>	<u>-</u>	<u>217</u>	(<u>42,908</u>)	(<u>41</u>)	30,022	100	<u>1,559,876</u>	<u>1,559,876</u>	Note 1
		<u>\$ 1,892,265</u>		<u>\$ 682,754</u>		(<u>\$ 200,083</u>)	<u>\$ 176,660</u>	(<u>\$ 6,164</u>)	<u>\$ 217</u>	(<u>\$ 102,050</u>)	(<u>\$ 336</u>)			<u>\$ 2,443,263</u>	<u>\$ 2,443,263</u>	

Note 1: It was calculated based on the above companies’ financial statements for the same periods audited by a CPA.

Note 2: The Company did not pledge or provide the investments using the equity method mentioned in the above table as collateral.

Weltrend Semiconductor Incorporated
Statement of Short-term Borrowings
December 31, 2025

Statement 9

Unit: NT\$ thousand

Type of loan and creditor	Loan period	Annual rate of interest (%)	Balance	Undrawn loan facility (Note)	Security or collateral
Short-term bank loans					
- Yuanta Commercial Bank Co., Ltd.	2025/12/14~2026/01/03	1.86	\$ 50,000	\$ 250,000	No
- Yuanta Commercial Bank Co., Ltd.	—	-	-	270,000	Yes
- E.Sun Commercial Bank, Ltd.	—	-	-	150,000	No
- E.Sun Commercial Bank, Ltd.	—	-	-	200,000	No
- Chang Hwa Commercial Bank, Ltd.	—	-	-	200,000	No
- Agricultural Bank of Taiwan	—	-	-	300,000	No
- Cathay Bank	—	-	-	100,000	No
- Taiwan Cooperative Bank	—	-	-	150,000	No
- Taipei Fubon	—	-	-	150,000	No
Total short-term loans			<u>\$ 50,000</u>	<u>\$1,770,000</u>	

Note: The Company's undrawn short-term financing facility as of the end of 2025 amounted to roughly NT\$1,770,000 thousand.

Weltrend Semiconductor Incorporated
Statement of Notes payable and accounts payable
December 31, 2025

Statement 10

Unit: NT\$ thousand

Name of supplier	Amount
Accounts payable	
Company BA001	\$163,244
Company WTC01	60,216
Company FM001	48,443
Company PCF01	18,631
Others (Note)	<u>64,949</u>
	355,483
Related party	
Sentelic Corporation	<u>144</u>
	<u>\$355,627</u>

Note: The balance of each client did not exceed 5% of the balance of this account.

Weltrend Semiconductor Incorporated
Statement of Corporate bonds payable
December 31, 2025

Statement 11

Unit: NT\$ thousand

Type	Trustee	Term	Repayment of principal and interest	Annual rate of interest (%)	Total issuance amount	Common shares converted	Outstanding balance	Unamortized premium (discount)	Balance, end of period	Guarantee status	Remarks
Secured corporate bonds	Taishin Securities Co., Ltd	2023.9.11~2026.9.11	To be repaid in cash at the face value on the maturity date	2.06322	<u>\$ 1,100,000</u>	<u>\$ 100</u>	<u>\$ 1,099,900</u>	<u>(\$ 15,473)</u>	<u>\$ 1,084,427</u>	-	-

Weltrend Semiconductor Incorporated
Statement of Operating Revenue
For the Year Ended December 31, 2025

Statement 12

Unit: NT\$ thousand

Item	Quantity	Amount
Sales income - integrated circuits	175,146 thousand units	\$ 1,767,176
Trading of integrated circuits	1,050,199 thousand units	1,148,561
Design and testing income		<u>160</u>
		<u>\$ 2,915,897</u>

Weltrend Semiconductor Incorporated
Statement of Operating Costs
For the Year Ended December 31, 2025

Statement 13

Unit: NT\$ thousand

Item	Amount
Raw materials at the beginning of the year	\$ 20,295
Purchases of raw materials during this year	815,247
Scrap during this year	(710)
Reclassification to expenses	(259)
Raw materials sold	-
Raw materials at the end of the year	(<u>9,818</u>)
Consumption during this year	824,755
Direct labor	59,138
Overhead	<u>310,409</u>
Manufacturing cost	1,194,302
Work in process at the beginning of the year	269,418
Scrap during this year	(3,536)
Reclassification to expenses	(83)
Work in process at the end of the year	(<u>320,587</u>)
Cost of finished goods	1,139,514
Finished goods at the beginning of the year	218,019
Scrap during this year	(13,056)
Reclassification to expenses	(928)
Finished goods at the end of the year	(<u>204,202</u>)
Cost of products sold	<u>1,139,347</u>
Cost of merchandise sold	
Merchandise at the beginning of the year	159,262
Purchases of supplies during this year	1,087,335
Purchase returns and discounts	(8,031)
Reclassification to expenses	(98)
Merchandise at the end of the year	(<u>250,713</u>)
	<u>987,755</u>
Cost of raw materials sold	<u>-</u>
Inventory scrapped	<u>17,302</u>
Income from scrap	(<u>7</u>)
Operating costs	<u><u>\$ 2,144,397</u></u>

Weltrend Semiconductor Incorporated
Statement of Operating Expenses
For the Year Ended December 31, 2025

Statement 14

Unit: NT\$ thousand

Item	Selling expenses	Administrative expenses	Research and Development expenses
Salary and wages	\$ 90,065	\$ 40,649	\$ 241,721
Export processing fees	14,413	-	-
Directors' remuneration	-	21,660	-
Depreciation expenses	5,364	8,791	13,536
Amortization expenses	70	3,282	24,444
Others (Note)	<u>46,115</u>	<u>32,085</u>	<u>54,905</u>
	<u>\$ 156,027</u>	<u>\$ 106,467</u>	<u>\$ 334,606</u>

Note: The balance of each item did not exceed 5% of the balance of each respective account.

Weltrend Semiconductor Incorporated

Statement of Aggregated Employee Benefits, Depreciation, and Amortization Expenses Incurred During this Period
by Function

For the Years Ended December 31, 2025 and 2024

Unit: NT\$ thousand

Statement 15

	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary and wages	\$ 67,946	\$ 372,435	\$ 440,381	\$ 62,997	\$ 332,726	\$ 395,723
Labor and health insurance	5,620	25,289	30,909	5,452	23,632	29,084
Pension	2,939	15,515	18,454	2,983	14,982	17,965
Directors' remuneration	-	21,660	21,660	-	12,681	12,681
Other employee benefit expenses	<u>3,603</u>	<u>9,901</u>	<u>13,504</u>	<u>3,519</u>	<u>9,305</u>	<u>12,824</u>
Total	<u>\$ 80,108</u>	<u>\$ 444,800</u>	<u>\$ 524,908</u>	<u>\$ 74,951</u>	<u>\$ 393,326</u>	<u>\$ 468,277</u>
Depreciation expenses	<u>\$ 28,621</u>	<u>\$ 27,691</u>	<u>\$ 56,312</u>	<u>\$ 30,220</u>	<u>\$ 25,556</u>	<u>\$ 55,776</u>
Amortization expenses	<u>\$ 44</u>	<u>\$ 27,796</u>	<u>\$ 27,840</u>	<u>\$ 169</u>	<u>\$ 21,043</u>	<u>\$ 21,212</u>

Note 1: The Company's number of employees was 301 and 298 for the years ended December 31, 2025 and 2024, respectively, of whom the number of directors who did not concurrently serve as employees were six, respectively. The basis for calculation is consistent with that of employee benefit expenses.

Note 2: Companies whose stocks have been listed on TWSE or traded on TPEX shall disclose the information below additionally:

- (1) The average employee benefit expenses for 2025 were NT\$1,706 thousand (Total employee benefit expenses for 2025 - Total directors' remuneration / Number of employees during 2025 — Number of directors who did not concurrently serve as employees).

The average employee benefit expenses for 2024 were NT\$1,560 thousand (Total employee benefit expenses for 2024 - Total directors' remuneration / Number of employees during 2024 — Number of directors who did not concurrently serve as employees).

- (2) The average salary and wages for 2025 were NT\$1,493 thousands (Total salary and wages for 2025 / Number of employees during 2025 — Number of directors who did not concurrently serve as employees).

The average salary and wages for 2024 were NT\$1,355 thousands (Total salary and wages for 2024 / Number of employees during 2024 — Number of directors who did not concurrently serve as employees).

- (3) The average salary increase was 10.18% (2025 average salary and wages - 2024 average salary and wages / 2024 average employee salary and wages).
- (4) The Company established an Audit Committee in June 2022 and did not appoint supervisors, so there has been no remuneration paid to supervisors since then.

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(5) Salary and remuneration policy

- A. When evaluating the salary and remuneration to new or in-service employees, the Company should refer to the standards adopted in the same industry and consider the time devoted by the individuals to their positions, the responsibilities they assumed, and the achievement of their personal targets, as well as the performance and salary of other positions they previously held. The Company evaluates its long-term and short-term performance targets and financial position based on the salary and remuneration provided to the same positions in recent years and provides reasonable and appropriate salary and remuneration based on the Company's operating performance and future risks. Please refer to Note 26(7) Employees' and directors' remuneration for details of the Company's remuneration to employees and directors.
- B. The Company should refer to the standards adopted in the same industry and consider the time devoted by the individuals, the responsibilities they assumed, the achievement of their personal targets, the performance of other positions they previously held, as well as their risks, such as violation of the code of ethics and fraud. The Company assesses the reasonability of the relations between individual performance and the Company's operating performance, operating conditions, and future risks based on the achievement of the Company's short-term and long-term business targets and financial position and provides reasonable remuneration, while reviewing the remuneration system for directors, supervisors, and managers in a timely manner based on its operating conditions and changes in laws and regulations. Please refer to Note 26(7) Employees' and directors' remuneration for details of the Company's remuneration to employees and directors.