

English Translation of a Report and Financial Statements
Originally Issued in Chinese

K Laser Technology Inc.

Financial Statements and
Independent Auditors' Report
for the Years Ended
December 31, 2025 and 2024

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Independent Auditors' Report

The Board of Directors and Shareholders

K Laser Technology Inc.

Opinion

We have audited the accompanying financial statements of K Laser Technology Inc. (the "Company"), which comprise the balance sheets as of December 31, 2025 and 2024, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements (including a summary of material accounting policies).

In our opinion, based on our audits and the report of other auditors (as referred to in other matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024 and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Recognition of Sales Revenue

In 2025, the Company's revenue derived from sales of optical instruments was subject to significant fluctuation due to impact from upstream and downstream industry conditions as well as the overall economic environment. The authenticity of sales revenue has a material impact on the consolidated financial statements; therefore, it was identified as a key audit matter.

Our main audit procedures performed in respect of the aforementioned key audit matter were as follows:

1. We obtained an understanding and tested the internal control procedures over the recognition of sales revenue and evaluated the effectiveness of such controls.
2. We selected samples from the transaction details of major sales customers to verify whether they were consistent with external shipping documents, export declarations and original transaction documents.
3. We confirmed the reasonableness of significant post-period sales returns and allowances.

Other Matter

We did not audit the financial statements of certain investee companies included in the accompanying financial statements which were accounted for using the equity method, but such financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for such investments, is based solely on the reports of other auditors. As of December 31, 2025 and 2024, the aforementioned equity-method investments amounted to NT\$391,772 thousand and NT\$353,909 thousand, respectively, which accounted for 7.74% and 6.94% of the total assets, respectively. For the years ended December 31, 2025 and 2024, the share of profit (loss) from equity-method investments amounted to NT\$(8,435) thousand and NT\$24,437 thousand, respectively, which accounted for 9.44% and 8.13% of the net profit (loss) before tax, respectively. Refer to Note 34 to the financial statements for relevant information on the abovementioned investee companies which we have not audited but were audited by other auditors.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the

Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements (including the disclosures) and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

Wu Chueh-Chang, CPA

Hsu Wen-Ya, CPA

Financial Supervisory Commission Approval
No: 1000028068

Securities and Futures Bureau Approval
No: 0920123784

March 20, 2026

K Laser Technology Inc.
Balance Sheets
December 31, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 153,665	3	\$ 63,975	1
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	113	-
1150	Notes receivable (Notes 4 and 9)	3,134	-	5,092	-
1170	Trade receivables (Notes 4 and 9)	160,432	3	170,105	4
1180	Trade receivables from related parties (Notes 4, 9 and 29)	166,942	4	150,555	3
1200	Other receivables (Note 29)	6,588	-	7,596	-
130X	Inventories (Notes 4 and 10)	108,045	2	103,248	2
1470	Other current assets (Notes 6 and 16)	146,631	3	13,511	-
11XX	Total current assets	<u>745,437</u>	<u>15</u>	<u>514,195</u>	<u>10</u>
	Non-current assets				
1510	Financial assets at fair value through other profit or loss - non-current (Notes 4 and 7)	7,030	-	6,885	-
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	32,835	1	17,433	-
1550	Investments accounted for using the equity method (Notes 4 and 11)	4,033,029	80	4,143,466	81
1600	Property, plant and equipment (Notes 4, 12 and 29)	119,589	2	145,933	3
1755	Right-of-use assets (Notes 4 and 13)	53,269	1	59,373	1
1760	Investment properties, net (Notes 4 and 14)	30,446	1	32,148	1
1780	Other intangible assets (Notes 4 and 15)	945	-	1,313	-
1840	Deferred tax assets (Notes 4 and 23)	8,700	-	8,700	-
1975	Net defined benefit assets - non-current (Notes 4 and 20)	48	-	-	-
1990	Other non-current assets (Notes 6 and 16)	28,677	-	172,311	4
15XX	Total non-current assets	<u>4,314,568</u>	<u>85</u>	<u>4,587,562</u>	<u>90</u>
1XXX	Total assets	<u>\$ 5,060,005</u>	<u>100</u>	<u>\$ 5,101,757</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term borrowings (Note 17)	\$ 590,000	12	\$ 240,000	5
2110	Short-term notes and bills payable (Note 17)	199,821	4	149,887	3
2170	Trade payables	50,414	1	88,887	2
2180	Trade payables to related parties (Note 29)	143,857	3	182,360	3
2200	Other payables (Notes 19 and 29)	61,179	1	81,580	2
2230	Current tax liabilities (Notes 4 and 23)	14,581	-	24,873	-
2280	Lease liabilities - current (Notes 4 and 13)	5,963	-	5,850	-
2322	Long-term borrowings due within 1 year or 1 operating cycle (Note 17)	100,000	2	-	-
2321	Convertible bonds with maturity date of less than 1 year or 1 operating cycle (Notes 4 and 18)	256,069	5	-	-
2399	Other current liabilities	4,100	-	13,352	-
21XX	Total current liabilities	<u>1,425,984</u>	<u>28</u>	<u>786,789</u>	<u>15</u>
	Non-current liabilities				
2530	Corporate bonds payable (Notes 4 and 18)	-	-	280,007	6
2540	Long-term borrowings (Note 17)	580,000	12	710,000	14
2635	Lease liabilities - non-current (Notes 4 and 13)	49,887	1	55,850	1
2640	Net defined benefit liabilities (Notes 4 and 20)	-	-	3,955	-
2670	Other liabilities	942	-	942	-
25XX	Total non-current liabilities	<u>630,829</u>	<u>13</u>	<u>1,050,754</u>	<u>21</u>
2XXX	Total liabilities	<u>2,056,813</u>	<u>41</u>	<u>1,837,543</u>	<u>36</u>
	Equity (Note 21)				
	Share capital				
3110	Ordinary shares	1,743,139	34	1,729,520	34
3200	Capital surplus	786,103	15	766,326	15
	Retained earnings				
3310	Legal reserve	327,476	7	326,156	6
3320	Special reserve	209,529	4	253,762	5
3350	Unappropriated earnings	209,487	4	407,253	8
	Other equity				
3410	Exchange differences on translation of foreign financial statements	(218,265)	(4)	(190,137)	(4)
3420	Unrealized loss on financial assets at fair value through other comprehensive income	(2,469)	-	(19,392)	-
3490	Unearned employee benefits	(2,252)	-	(9,274)	-
3500	Treasury shares	(49,556)	(1)	-	-
3XXX	Total equity	<u>3,003,192</u>	<u>59</u>	<u>3,264,214</u>	<u>64</u>
	Total liabilities and equity	<u>\$ 5,060,005</u>	<u>100</u>	<u>\$ 5,101,757</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated March 20, 2026)

Chairman: Kuo Wei-Wu

Manager: Kuo Wei-Wu

Accounting Manager: Hong Ya-Ching

K Laser Technology Inc.
Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars, Except Earnings Per Share

Code		2025		2024	
		Amount	%	Amount	%
4100	Operating revenue (Notes 4 and 29)	\$ 1,482,720	100	\$ 1,676,212	100
5110	Cost of goods sold (Notes 10 and 29)	<u>1,211,285</u>	<u>82</u>	<u>1,398,802</u>	<u>83</u>
5900	Gross profit	271,435	18	277,410	17
5910	Unrealized loss on sales transactions	(37,436)	(2)	(26,861)	(2)
5920	Realized gain on sales transactions	<u>26,861</u>	<u>2</u>	<u>34,853</u>	<u>2</u>
5950	Net gross profit	<u>260,860</u>	<u>18</u>	<u>285,402</u>	<u>17</u>
	Operating expenses (Notes 9 and 29)				
6100	Selling and marketing	61,186	4	69,798	4
6200	General and administrative	69,907	5	77,136	5
6300	Research and development	<u>62,152</u>	<u>4</u>	<u>87,221</u>	<u>5</u>
6000	Total operating expenses	<u>193,245</u>	<u>13</u>	<u>234,155</u>	<u>14</u>
6900	Profit from operations	<u>67,615</u>	<u>5</u>	<u>51,247</u>	<u>3</u>
	Non-operating income and expenses				
7060	Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 12)	(182,804)	(12)	1,963	-
7100	Interest income (Note 29)	3,551	-	7,476	-
7130	Dividend income	-	-	4,286	-
7190	Other income (Note 29)	55,699	4	49,921	3
7210	Gain (loss) on disposal of property, plant and equipment	482	-	13	-
7225	Gain on disposal of investments	(450)	-	198,686	12

(continued)

Code		2025		2024	
		Amount	%	Amount	%
7230	Gain on foreign exchange	\$ 4,268	-	\$ 20,250	1
7235	Gain (loss) on financial assets (liabilities) at fair value through profit or loss	32	-	(140)	-
7510	Interest expense	(28,933)	(2)	(24,123)	(1)
7590	Miscellaneous expense	(8,767)	(1)	(9,148)	-
7000	Total non-operating income and expenses	(156,922)	(11)	249,184	15
7900	Profit (loss) before tax	(89,307)	(6)	300,431	18
7950	Income tax expense (Notes 4 and 23)	(14,075)	(1)	(33,785)	(2)
8200	Profit (loss) for the year	(103,382)	(7)	266,646	16
	Other comprehensive income (loss) (Note 21)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	(950)	-	8,460	1
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	16,923	1	(14,625)	(1)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(28,128)	(2)	136,307	8
8300	Total other comprehensive income (loss)	(12,155)	(1)	130,142	8
8500	Total comprehensive income (loss) for the year	(\$ 115,537)	(8)	\$ 396,788	24
	Earnings (loss) per share (Note 24)				
	From continuing operations				
9710	Basic	(\$ 0.61)		\$ 1.59	
9810	Diluted			\$ 1.40	

(concluded)

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated March 20, 2026)

Chairman: Kuo Wei-Wu Manager: Kuo Wei-Wu Accounting Manager: Hong Ya-Ching

K Laser Technology Inc.
Statements of Changes in Equity
For the Years Ended December 31, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

Code		Ordinary Shares	Capital Surplus	Retained Earnings			Other Equity				Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Treasury Shares	
A1	Balance at January 1, 2024	\$ 1,694,613	\$ 733,926	\$ 290,349	\$ 298,529	\$ 275,960	(\$ 328,068)	(\$ 13,761)	(\$ 21,855)	\$ -	\$ 2,929,693
	Appropriation and distribution of earnings (Note 21)										
B1	Legal reserve	-	-	35,807	-	(35,807)	-	-	-	-	-
B3	Special reserve	-	-	-	(45,157)	45,157	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	(143,779)	-	-	-	-	(143,779)
D1	Net profit for the year ended December 31, 2024	-	-	-	-	266,646	-	-	-	-	266,646
D3	Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	8,460	136,307	(14,625)	-	-	130,142
I1	Conversion of corporate bonds into ordinary shares (Notes 18 and 21)	35,957	19,466	-	-	-	-	-	-	-	55,423
M3	Disposal of equity-method investments	-	-	-	407	(9,325)	1,597	8,918	-	-	1,597
M5	Difference between consideration received or paid and carrying amount of subsidiaries' net assets during actual acquisition or disposal	-	(631)	-	(17)	(59)	27	76	-	-	(604)
M7	Changes in percentage of ownership interests in subsidiaries	-	14,248	-	-	-	-	-	8,483	-	22,731
N1	Compensation cost of restricted shares for employees (Note 25)	-	-	-	-	-	-	-	2,365	-	2,365
N1	Cancellation of restricted shares for employees	(1,050)	(683)	-	-	-	-	-	1,733	-	-
Z1	Balance at December 31, 2024	1,729,520	766,326	326,156	253,762	407,253	(190,137)	(19,392)	(9,274)	-	3,264,214
	Appropriation and distribution of earnings (Note 21)										
B1	Legal reserve	-	-	1,320	-	(1,320)	-	-	-	-	-
B3	Special reserve	-	-	-	(44,233)	44,233	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	(136,347)	-	-	-	-	(136,347)
D1	Net loss for the year ended December 31, 2025	-	-	-	-	(103,382)	-	-	-	-	(103,382)
D3	Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	(950)	(28,128)	16,923	-	-	(12,155)
L1	Repurchase of treasury shares (Note 21)	-	-	-	-	-	-	-	-	(49,556)	(49,556)
I1	Conversion of corporate bonds into ordinary shares (Notes 18 and 21)	17,619	8,299	-	-	-	-	-	-	-	25,918
M5	Difference between consideration received or paid and carrying amount of subsidiaries' net assets during actual acquisition or disposal	-	963	-	-	-	-	-	-	-	963
M7	Changes in percentage of ownership interests in subsidiaries	-	13,418	-	-	-	-	-	2,490	-	15,908
N1	Compensation cost of restricted shares for employees (Note 25)	-	-	-	-	-	-	-	(2,371)	-	(2,371)
N1	Cancellation of restricted shares for employees (Note 25)	(4,000)	(2,903)	-	-	-	-	-	6,903	-	-
Z1	Balance at December 31, 2025	\$ 1,743,139	\$ 786,103	\$ 327,476	\$ 209,529	\$ 209,487	(\$ 218,265)	(\$ 2,469)	(\$ 2,252)	(\$ 49,556)	\$ 3,003,192

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated March 20, 2026)

Chairman: Kuo Wei-Wu

Manager: Kuo Wei-Wu

Accounting Manager: Hong Ya-Ching

K Laser Technology Inc.
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

<u>Code</u>		<u>2025</u>	<u>2024</u>
	Cash flows from operating activities		
A10000	Profit (loss) before tax	(\$ 89,307)	\$ 300,431
A20010	Adjustments for:		
A20100	Depreciation expense	30,596	34,646
A20200	Amortization expense	368	371
A20400	Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	(32)	140
A20900	Interest expense	28,933	24,123
A21200	Interest income	(3,551)	(7,476)
A21300	Dividend income	-	(4,286)
A21900	Compensation cost of share-based payments	(2,371)	2,365
A22400	Share of (profit) loss of subsidiaries and associates accounted for using the equity method	182,804	(1,963)
A22500	Loss (gain) on disposal and write- down of property, plant and equipment	(482)	(13)
A23100	Gain (loss) on disposal of investments	450	(198,686)
A23800	Write-down of inventories	100	530
A23900	Unrealized loss on transactions with associates	37,436	26,861
A24000	Realized gain on transactions with associates	(26,861)	(34,853)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	1,958	2,220
A31150	Trade receivables	9,673	(51,734)
A31160	Trade receivables from related parties	(16,387)	(12,591)
A31180	Other receivables	1,008	37,960
A31200	Inventories	(4,897)	1,492
A31240	Other current assets	3,581	24,342
A31990	Other non-current assets	(1,052)	(14,067)
A32150	Trade payables	(38,473)	44,056
A32160	Trade payables to related parties	(38,503)	17,018
A32180	Other payables	(20,278)	14,094
A32230	Other current liabilities	(9,252)	9,098
A32240	Net defined benefit liabilities - non- current	(4,953)	(1,352)

(continued)

<u>Code</u>		<u>2025</u>	<u>2024</u>
A33000	Cash generated from operations	\$ 40,508	\$ 212,726
A33100	Interest received	3,551	7,476
A33300	Interest paid	(27,023)	(7,415)
A33500	Income tax paid	(24,367)	(18,414)
AAAA	Net cash generated from (used in) operating activities	(7,331)	194,373
	Cash flows from investing activities		
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,521	-
B02200	Net cash outflow on acquisition of subsidiaries	(120,615)	(557,952)
B02300	Net cash inflow on disposal of subsidiaries	-	453,184
B02700	Purchase of property, plant and equipment	(8,013)	(18,593)
B02800	Proceeds from disposal of property, plant and equipment	16,110	13
B03800	Decrease (increase) in refundable deposits	(5,220)	3,472
B06600	Decrease (increase) in other financial assets	14,013	(27,811)
B07600	Dividends received	17,102	140,027
B09900	Other investing activities	3,876	-
BBBB	Net cash used in investing activities	(81,226)	(7,660)
	Cash flows from financing activities		
C00200	Increase (decrease) in short-term borrowings	350,000	(65,000)
C00600	Increase in short-term bills payable	50,000	100,000
C01600	Proceeds from long-term borrowings	410,000	120,000
C01700	Repayments of long-term borrowings	(440,000)	(290,000)
C04200	Repayment of the principal portion of lease liabilities	(5,850)	(5,810)
C04500	Issuance of cash dividends	(136,347)	(143,779)
C04900	Repurchase of treasury shares	(49,556)	-
CCCC	Net cash generated from (used in) financing activities	178,247	(284,589)
EEEE	Net increase (decrease) in cash and cash equivalents in the current period	89,690	(97,876)
E00100	Cash and cash equivalents at the beginning of the year	63,975	161,851
E00200	Cash and cash equivalents at the end of the year (concluded)	\$ 153,665	\$ 63,975

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

(With Deloitte & Touche auditors' report dated March 20, 2026)

Chairman: Kuo Wei-Wu Manager: Kuo Wei-Wu Accounting Manager: Hong Ya-Ching

K Laser Technology Inc.

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. General Information

K Laser Technology Inc. (“K Laser” or the “Company”) was incorporated in Hsinchu Science Park in April 1988. Its main business activities include research and development, production, manufacturing, and sales of laser holographic packaging materials as well as import and export trade. The Company’s shares were listed on the Taipei Exchange (TPEX) on December 9, 1999, and have subsequently been traded on the Taiwan Stock Exchange (TWSE) since September 17, 2001.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. Approval of Financial Statements

The financial statements were approved and authorized for issuance by the board of directors on March 10, 2026.

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

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

The application of the amendments to IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies.

- (2) IFRS Accounting Standards endorsed by the FSC with effective date starting from 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments)	January 1, 2023

- (3) The IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

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

Note 2: On September 25, 2025, the FSC announced that enterprises in Taiwan shall apply IFRS 18 starting from January 1, 2028, and may elect to adopt it early after IFRS 18 is endorsed by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- The Company shall assess whether it has specific principal operating activities involving investment in particular types of assets and the provision of financing to customers, and accordingly classify income and expense items in the statement of profit or loss into operating, investing, financing, income tax, and discontinued operations categories.
- The statement of profit or loss shall present operating profit or loss, profit or loss before tax and before financing, as well as subtotals and totals of profit or loss.
- Guidance is provided to strengthen aggregation and disaggregation requirements: the Company shall identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on shared characteristics, so that each line item presented in the primary financial statements has at least one similar characteristic. Items with dissimilar characteristics shall be disaggregated in the primary financial statements and in the notes. The Company shall label such items as “others” only when a more informative description cannot be identified.

- Additional disclosures of management-defined performance measures are required: when the Company engages in public communications outside the financial statements, and communicates management's view of a particular aspect of the Company's overall financial performance to users of the financial statements, it shall disclose information related to such management-defined performance measures in a single note to the financial statements, including a description of the measure, how it is calculated, a reconciliation to subtotals or totals specified by IFRS Accounting Standards, and the income tax and non-controlling interest effects of related reconciliation items.

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

- When the Company prepares cash flows from operating activities using the indirect method, it shall use operating profit or loss as the starting point for reconciliation.
- Interests and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. Upon assessment, if the Company has specific principal operating activities, it shall consider the classification of dividend income, interest income, and interest expense presented in the statement of profit or loss to determine the classification of dividends received, interest received, and interest paid in the statement of cash flows; however, each of the aforementioned cash flows shall be classified in only one category of activities in the statement of cash flows.

Except for the above impact, as of the date the accompanying financial statements were issued, the Company is continuously assessing other possible impact that the amendment of standards and interpretations will have on its financial position and financial performance. The related impact will be disclosed when the Company completes its assessment.

4. Summary of Material Accounting Policies

(1) Statement of compliance

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

(2) Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable

and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

When preparing the financial statements, the Company adopts the equity method to account for investments in subsidiaries. In order to ensure that the profit or loss, other comprehensive income, and equity for the current year in the financial statements are the same as those attributable to the owners of the Company in the consolidated financial statements, differences in certain accounting treatments between the parent company only basis and the consolidated basis are adjusted for investments accounted for using the equity method, share of equity in subsidiaries accounted for using the equity method, share of other comprehensive income in subsidiaries accounted for using the equity method, and related equity items.

(3) 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 twelve months after the balance sheet date; and
- 3) Cash and cash equivalents unless the asset is restricted from being used for an exchange or used to settle a liability for more than twelve months after the balance sheet date.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities expected to be settled within twelve months after the balance sheet date; and
- 3) Liabilities without an unconditional right to defer settlement for at least twelve months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Foreign currencies

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are converted at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or conversion are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are converted at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the conversion of non-monetary items are included in profit or loss for the period except for exchange differences arising from the conversion of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally converted from the foreign currency on the date of transaction and will not be re-converted.

For the purpose of presenting financial statements, the financial statements of the Company and its foreign operations including subsidiaries and associates in other countries that are prepared using functional currencies which are different from the currency of the Company are converted into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are converted at the exchange rates prevailing at the end of the reporting period; and income and expense items are converted at the average exchange rates for the period. The resulting currency conversion differences are recognized in other comprehensive income.

(5) Inventories

Inventories consist of merchandise, raw materials, finished goods and work in process and are stated at the lower of cost or net realizable value. The comparison between cost and net realizable value is based on individual item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories under normal circumstances less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded using the weighted-average cost method.

(6) Investments accounted for using the equity method

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

1) Investments in subsidiaries

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

Under the equity method, investments are initially recognized at cost. After the acquisition date, the carrying amount is adjusted based on the Company's share of the subsidiary's profit or loss, other comprehensive income, and profit distributions. Additionally, any changes in the subsidiary's other equity that the Company is entitled to are recognized in proportion to its ownership interest.

When changes in ownership interests of a subsidiary do not result in a loss of control, the transaction is accounted for as an equity transaction. The difference between the carrying amount of the investment and the consideration paid or received is recognized directly in equity.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized as income for the current period.

When assessing impairment, the Company considers the overall cash-generating unit in the financial statements and compares its recoverable amount with the carrying amount. Subsequently, if the recoverable amount of an asset increases, the reversal of impairment loss is recognized as income. However, the carrying amount of asset after the reversal of impairment loss shall not exceed the carrying amount of asset before recognizing the impairment loss, less the accumulated amortization. Impairment losses attributable to goodwill cannot be reversed in subsequent periods.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss for the period. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company

directly disposed of the related assets or liabilities.

Unrealized gain and loss resulting from downstream transactions is eliminated in full in the parent company only financial statements. Gain and loss resulting from upstream transactions and transactions between subsidiaries is recognized in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

2) Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss, other comprehensive income and profit distribution of the associate. The Company also recognizes the changes in the share of the equity of associates based on shareholding ratio.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately as income for the current period.

When an associate issues new shares and the Company does not subscribe in proportion to its shareholding, resulting in a change in its ownership interest and a corresponding increase or decrease in the net equity of investment, such increase or decrease shall be adjusted to capital surplus - changes in the net equity of associates and joint ventures recognized under the equity method, and to investments accounted for using the equity method. However, if the failure to subscribe in proportion or the acquisition results in a reduction in the Company's ownership interest in the associate, the amounts recognized in other comprehensive income in relation to that associate shall be reclassified in proportion to the reduction, with the accounting treatment based on the same basis that would be required if the associate had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the difference between this fair value (along with the disposal proceeds) and the carrying amount of the investment on the date the equity method ceases to be applied is recognized in profit or loss for the period. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate, the profit and loss resulting from upstream, downstream and side-stream transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

(7) Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately.

The Company reviews the estimated useful lives, residual values and depreciation methods at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(8) Investment properties

Investment properties are properties held to earn rental income and capital appreciation, or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

(9) Intangible assets

1) Intangible assets 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 and accumulated impairment loss. Amortization is recognized on a straight-line basis over their useful lives. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the period.

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

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, to determine whether there is any

indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount; however, the increased carrying amount shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognized in profit or loss.

(11) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Upon initial recognition of financial assets and financial liabilities, if the financial asset or financial liability is not measured at fair value through profit or loss (FVTPL), it is measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1) Type of measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

A. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value. Fair value is determined in the manner described in Note 28.

B. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition or between 3 to 12 months from the date of acquisition, which offer higher interest rates than demand deposits if redeemed early, are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI 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 FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these 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 partial recovery of the cost of investment.

(2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade

receivables) at each balance sheet date.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

(3) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gains or losses which have been recognized in other comprehensive income are

transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3. Financial liabilities

(1) Subsequent measurement

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

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL. Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains and losses.

(2) Derecognition of financial liabilities

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

4. Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Upon initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until

extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is measured as the residual amount equal to the fair value of compound instrument as a whole less the fair value of liability component determined separately, and is recognized in equity after deducting the income tax effect; it is not subsequently remeasured. When the conversion option is exercised, the related liability component and the amount recognized in equity are transferred to share capital and capital surplus - share premium. If the conversion option of the convertible bonds remains unexercised at maturity, the amount recognized in equity shall be transferred to capital surplus - share premium.

(12) Liability provisions

The amount is measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The provision for liabilities is based on the discounted value of estimated cash flows for settlement of obligations.

(13) Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of holographic products and optical instruments. Sales revenue is recognized at the point when contractual performance obligations are satisfied, or when the customer has obtained control and the right to use the goods while assuming the risk of obsolescence. At that point, the Company recognizes revenue and trade receivables.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

(14) Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2. The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, less any initial direct costs incurred, an estimate of costs needed to restore the underlying assets, and lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, amount expected to be paid by the lessee under residual value guarantee, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in lease term, residual value of guarantees, purchase options for leased assets, or indices or rates used to determine lease payments result in 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 is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(15) Borrowing costs

Borrowing costs directly attributable to an acquisition of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(16) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including prior service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the plan

amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses, changes in asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is included in other equity and will not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plan or reduction in future contributions to the plan.

3. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement amount is recognized in profit or loss.

(17) Share-based payment arrangements

The fair value at the grant date of the employee share options/restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding adjustment to other equity (unearned employee benefits). The expense is recognized in full at the grant date if the grants are vested immediately.

When restricted shares for employees are issued, other equity (unearned employee benefits) is recognized on the grant date, with a corresponding adjustment in capital surplus - restricted shares for employees.

At each balance sheet date, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

The restricted shares granted by the Company to employees of subsidiaries in the form of equity instruments are considered as a capital injection into the subsidiary, which are measured based on the fair value of equity instruments on the grant date and recognized as an increase in the carrying amount of investments in subsidiaries during the vesting period, with corresponding adjustments to other equity (unearned employee benefits).

(18) Treasury shares

When the Company repurchases its shares as treasury shares, the cost of payment is debited to the treasury shares and recognized as a reduction in shareholders' equity.

The transfer of treasury shares to employees is in accordance with IFRS 2 "Share-based Payment". When canceling treasury shares, "treasury shares" is credited and "capital surplus - share premium" and "share capital" are debited according to the proportion of equity ownership. If the carrying amount of the treasury shares is higher than the sum of the face value and share premium, the excess is offset against capital surplus generated by the same type of treasury shares; any shortfall is then debited to retained earnings. Conversely, the difference is credited to capital surplus generated by the same type of treasury share transactions. The carrying amount of treasury shares is calculated using the weighted-average method.

The Company's shares held by subsidiaries are treated as treasury shares.

(19) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders in their meeting approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and

associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and the carrying amount is increased to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3. Current and deferred taxes

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 also recognized in other comprehensive income or directly in equity, respectively.

5. **Material Accounting Judgments and Key Sources of Estimation Uncertainty**

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions based on historical experience and other relevant factors that are not readily apparent from other sources. Actual results may differ from these estimates.

The Company considers the possible impact of cash flow projections, growth rates, discount rates, profitability, etc. when making its significant accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis by the management.

6. Cash and Cash Equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 1,144	\$ 2,514
Bank checks and demand deposits	<u>152,521</u>	<u>61,461</u>
	<u>\$ 153,665</u>	<u>\$ 63,975</u>

- (1) The market rate intervals of bank deposits on the balance sheet date were as follows (the interest rate for checking deposits was 0%):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Demand deposits	0.001%-0.73%	0.002%-0.80%

- (2) Other bank deposits of the Company were reclassified as other current assets and other non-current assets as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other current assets (Note 16)		
Guarantee deposits for issuance of corporate bonds	<u>\$136,701</u>	<u>\$ -</u>
Other non-current assets (Note 16)		
Guarantee deposits for land lease of Hsinchu Science Park	\$ 5,000	\$ 5,000
Guarantee deposits for issuance of corporate bonds	<u>-</u>	<u>150,714</u>
	<u>\$ 5,000</u>	<u>\$155,714</u>

7. Financial Instruments at Fair Value Through Profit or Loss

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Mandatorily measured at FVTPL</u>		
Derivatives (not under hedge accounting)		
Redemption right of convertible bonds (Note 18)	\$ -	\$ 113
Hybrid financial assets		
Corporate bonds	<u>7,030</u>	<u>6,885</u>
Financial assets at FVTPL	<u>\$ 7,030</u>	<u>\$ 6,998</u>
Current	\$ -	\$ 113
Non-current	<u>7,030</u>	<u>6,885</u>
	<u>\$ 7,030</u>	<u>\$ 6,998</u>

8. Financial Assets at Fair Value Through Other Comprehensive Income

Investments in equity instruments - non-current

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Domestic investments - unlisted shares		
CDIB Capital Healthcare Ventures Corporation	<u>\$ 32,835</u>	<u>\$ 17,433</u>

The investment in shares of the above company is held for medium to long-term strategic purposes and the Company expects to make profit in the long term. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purpose.

9. Notes Receivable and Trade Receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	<u>\$ 3,134</u>	<u>\$ 5,092</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 164,331	\$ 174,004
Less: Loss allowance	<u>(3,899)</u>	<u>(3,899)</u>
	<u>\$ 160,432</u>	<u>\$ 170,105</u>
<u>Trade receivables from related parties (Note 29)</u>		
At amortized cost		
Gross carrying amount	\$ 166,942	\$ 150,555
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 166,942</u>	<u>\$ 150,555</u>

(1) Notes receivable

As of December 31, 2025 and 2024, the Company's notes receivable were not overdue.

(2) Trade receivables

The average credit period on sales of goods is 60 to 90 days after month-end close. No interest was charged on accounts receivable. The Company continues to monitor its exposure and credit ratings of counterparties. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits,

credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company's historical experience of credit losses shows that the assessment of expected losses varies in different regions and also differs for customers in different industries. Therefore, the provision matrix applies different expected credit loss rates based on different regions, industries, and the number of days overdue/terms of accounts receivable.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. When recoveries are made, these are recognized in profit or loss.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Not overdue	\$ 304,309	\$ 320,526
1 to 60 days	26,000	3,838
61 to 90 days	-	-
91 to 180 days	118	167
181 to 360 days	846	28
Over 361 days	-	-
Total	<u>\$ 331,273</u>	<u>\$ 324,559</u>

The changes in the loss allowance of trade receivables were as follows:

	<u>2025</u>	<u>2024</u>
Balance at January 1	<u>\$ 3,899</u>	<u>\$ 3,899</u>
Balance at December 31	<u>\$ 3,899</u>	<u>\$ 3,899</u>

10. Inventories

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Finished goods	\$ 24,755	\$ 20,950
Work in process	877	1,809
Raw materials	43,552	42,851
Merchandise	<u>38,861</u>	<u>37,638</u>
	<u>\$ 108,045</u>	<u>\$ 103,248</u>

Details of cost of goods sold are as follows:

	<u>2025</u>	<u>2024</u>
Cost of inventory sold	\$ 1,211,185	\$ 1,398,272
(Reversal of) loss from inventory write-down and obsolescence	<u>100</u>	<u>530</u>
	<u>\$ 1,211,285</u>	<u>\$ 1,398,802</u>

11. Investments Accounted for Using the Equity Method

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Investments in subsidiaries	\$ 3,864,398	\$ 3,967,134
Investments in associates	<u>168,631</u>	<u>176,332</u>
	<u>\$ 4,033,029</u>	<u>\$ 4,143,466</u>

(1) Investments in subsidiaries

The Company's subsidiaries are as follows:

Name of Subsidiary	Nature of Activities	Principal Place of Business	December 31, 2025		December 31, 2024	
			Carrying Amount	Proportion of Ownership (%)	Carrying Amount	Proportion of Ownership (%)
<u>Non-listed company</u>						
K Laser China Group Co., Ltd.	Reinvestment business	British Virgin Islands	\$2,833,092	100	\$2,968,189	100
K Laser International Co., Ltd.	Reinvestment business	British Virgin Islands	966,532	100	925,513	100
iWin Technology Co., Ltd. (Note 1)	Reinvestment business	British Virgin Islands	-	-	4,005	49
Insight Medical Solutions Inc. (Note 2)	R&D and sales of gastrointestinal endoscopy and other businesses	Hsinchu City	41,666	44	36,911	45
Guang Feng International Ltd.	Reinvestment company	Samoa	6,231	100	8,610	100
K Laser Technology Vietnam Co., Ltd.	Manufacture and sales of holographic products	Vietnam	<u>16,877</u>	100	<u>23,906</u>	100
			<u>\$3,864,398</u>		<u>\$3,967,134</u>	

Note 1: iWin Technology Co., Ltd. completed its liquidation in June 2025.

Note 2: In July 2025, the Company conducted a cash capital increase for Insight Medical Solutions Inc.; however, it did not subscribe in proportion to its shareholding, resulting in a decrease in its ownership interest to 44%. As the remaining 56% of the shares of Insight Medical Solutions Inc. are held in a dispersed manner by other shareholders who are not related parties to the Company, and after considering the absolute and relative size and distribution of the voting rights held compared to those of other shareholders, the Company has determined that it has the practical ability to direct relevant activities of Insight Medical Solutions Inc., and therefore recognized it as a subsidiary.

1) K Laser China Group Co., Ltd. was established in October 2000 in the British Virgin Islands and is a wholly-owned subsidiary of the Company. In 2024, the Company increased its capital investment in

K Laser China Group Co., Ltd. by US\$15,738 thousand. For the years ended December 31, 2025 and 2024, the Company's cumulative investment amounts in K Laser China Group Co., Ltd. amounted to US\$40,344 thousand and US\$37,027 thousand, respectively, with a shareholding ratio of 100%. The business of K Laser China Group Co., Ltd. mainly involves investment and the Company indirectly invests in mainland China companies through K Laser China Group Co., Ltd, which mainly engaged in the production and sales of laser technology products. The aforementioned indirect investments in mainland China had been approved by the Investment Review Committee of the Ministry of Economic Affairs.

- 2) K Laser International Co., Ltd. was established in October 2000 in the British Virgin Islands and is a wholly-owned subsidiary of the Company. For the years ended December 31, 2025 and 2024, the Company's cumulative investment amounts in K Laser International Co., Ltd. amounted to US\$20,341 thousand. The business of K Laser International Co., Ltd. mainly involves investment and the Company indirectly invests in overseas regions such as America and Asia through K Laser International Co., Ltd., which mainly engaged in the production, sales, and investment of holographic products, fiber optic communication components, and related businesses.

(2) Investments in associates

The Company's associates are as follows:

Name of Subsidiary	Nature of Activities	Principal Place of Business	December 31, 2025		December 31, 2024	
			Carrying Amount	Proportion of Ownership (%)	Carrying Amount	Proportion of Ownership (%)
Vicome Corp.	Manufacture, processing and trading of fluorescent pigments and dyes	Yunlin County	<u>\$168,631</u>	30	<u>\$176,332</u>	30

Information on the Company's associates is as follows:

	December 31, 2025	December 31, 2024
Total assets	<u>\$ 774,550</u>	<u>\$ 796,114</u>
Total liabilities	<u>\$ 216,335</u>	<u>\$ 212,412</u>
	2025	2024
Operating revenue	<u>\$ 122,285</u>	<u>\$ 142,504</u>
Net profit	<u>\$ 28,579</u>	<u>\$ 39,089</u>
Other comprehensive income (loss)	<u>(\$ 36,066)</u>	<u>\$ 38,765</u>

The Company's share of profit or loss and other comprehensive income accounted for using the equity method in 2025 and 2024 were

recognized based on the audited financial statements of associates for the same periods.

The investment gains and losses from long-term equity investments are recognized by using the equity method. We did not audit the financial statements of Insight Medical Solutions Inc. for the year ended December 31, 2025, and Vicome Corp., Amagic Technologies U.S.A. (Dubai) and K Laser Technology (Hongkong) Co., Ltd. for the years ended December 31, 2025 and 2024, but such statements were audited by other auditors. As of December 31, 2025 and 2024, the amounts of aforementioned equity-method investments were NT\$391,772 thousand and NT\$353,909 thousand, respectively. The share of profit (loss) of associates accounted by using the equity method for the years ended December 31, 2025 and 2024 amounted to NT\$(8,435) thousand and NT\$24,437 thousand, respectively.

12. Property, Plant and Equipment

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
Buildings	\$ 79,014		\$ 83,321	
Machinery equipment	9,303		9,615	
Other equipment	<u>31,272</u>		<u>52,997</u>	
	<u>\$ 119,589</u>		<u>\$ 145,933</u>	

	Buildings	Machinery Equipment	Other Equipment	Unfinished Construction and Equipment	Total
<u>Cost</u>					
Balance at January 1, 2025	\$ 346,506	\$ 161,898	\$ 199,193	\$ -	\$ 707,597
Additions	1,728	4,351	690	-	6,769
Disposals	-	(1,200)	(13,431)	-	(14,631)
Reclassification	<u>894</u>	<u>(160)</u>	<u>160</u>	-	<u>894</u>
Balance at December 31, 2025	<u>\$ 349,128</u>	<u>\$ 164,889</u>	<u>\$ 186,612</u>	<u>\$ -</u>	<u>\$ 700,629</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2025	\$ 263,185	\$ 152,283	\$ 146,196	\$ -	\$ 561,664
Depreciation expenses	6,495	4,484	12,271	-	23,250
Disposals	-	(1,179)	(3,129)	-	(4,308)
Reclassification	<u>434</u>	<u>(2)</u>	<u>2</u>	-	<u>434</u>
Balance at December 31, 2025	<u>\$ 270,114</u>	<u>\$ 155,586</u>	<u>\$ 155,340</u>	<u>\$ -</u>	<u>\$ 581,040</u>
Carrying amount at December 31, 2025	<u>\$ 79,014</u>	<u>\$ 9,303</u>	<u>\$ 31,272</u>	<u>\$ -</u>	<u>\$ 119,589</u>
<u>Cost</u>					
Balance at January 1, 2024	\$ 344,954	\$ 161,501	\$ 184,665	\$ -	\$ 691,120
Additions	2,022	397	15,458	-	17,877
Disposals	(1,011)	-	(930)	-	(1,941)
Reclassification	<u>541</u>	<u>-</u>	<u>-</u>	-	<u>541</u>
Balance at December 31, 2024	<u>\$ 346,506</u>	<u>\$ 161,898</u>	<u>\$ 199,193</u>	<u>\$ -</u>	<u>\$ 707,597</u>

(continued)

	Buildings	Machinery Equipment	Other Equipment	Unfinished Construction and Equipment	Total
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2024	\$ 257,032	\$ 147,217	\$ 132,052	\$ -	\$ 536,301
Depreciation expenses	7,164	5,066	15,074	-	27,304
Disposals	(1,011)	-	(930)	-	(1,941)
Reclassification	-	-	-	-	-
Balance at December 31, 2024	<u>\$ 263,185</u>	<u>\$ 152,283</u>	<u>\$ 146,196</u>	<u>\$ -</u>	<u>\$ 561,664</u>
Carrying amount at December 31, 2024	<u>\$ 83,321</u>	<u>\$ 9,615</u>	<u>\$ 52,997</u>	<u>\$ -</u>	<u>\$ 145,933</u>

(concluded)

- (1) The property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Housing and construction	25 to 50 years
Ancillary equipment	2 to 10 years
Machinery equipment	2 to 10 years
Other equipment	3 to 11 years

- (2) On December 31, 2025 and 2024, the following property, plant and equipment, and investment properties were pledged to banks as guarantee for loans:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Housing and construction	\$ 79,275	\$ 83,320
Investment properties	<u>30,605</u>	<u>32,148</u>
	<u>\$ 109,880</u>	<u>\$ 115,468</u>

13. Lease Arrangements

- (1) Right-of-use assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount		
Land	\$ 48,506	\$ 52,548
Buildings	1,747	2,330
Transportation equipment	<u>3,016</u>	<u>4,495</u>
	<u>\$ 53,269</u>	<u>\$ 59,373</u>
	<u>2025</u>	<u>2024</u>
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 6,623</u>
Depreciation charge for right-of-use assets		
Land	\$ 4,042	\$ 4,042
Buildings	583	582

(continued)

	<u>2025</u>	<u>2024</u>
Transportation equipment	1,479	1,463
(concluded)	<u>\$ 6,104</u>	<u>\$ 6,087</u>

(2) Lease liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount		
Current	\$ 5,963	\$ 5,850
Non-current	\$ 49,887	\$ 55,850

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Land	1.55%	1.55%
Buildings	1.90%	1.90%
Transportation equipment	2.03%-3.00%	2.03%-3.00%

(3) Other lease information

	<u>2025</u>	<u>2024</u>
Expenses relating to low-value asset leases	\$ 199	\$ 202
Total cash outflow for leases	\$ 6,049	\$ 6,012

The Company has elected to apply the recognition exemption for short-term leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. Investment properties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Investment properties	\$ 30,446	\$ 32,148
	<u>2025</u>	<u>2024</u>
<u>Cost</u>		
Balance at January 1	\$ 129,739	\$ 129,739
Reclassification	(894)	-
Balance at December 31	<u>\$ 128,845</u>	<u>\$ 129,739</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	\$ 97,591	\$ 96,336
Depreciation expenses	1,242	1,255
Reclassification	(434)	-
Balance at December 31	<u>\$ 98,399</u>	<u>\$ 97,591</u>

The abovementioned investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Housing and construction	50 years
Ancillary equipment	10 years

The Company conducted a valuation by referring to an appraisal report, and the fair value of investment properties as of December 31, 2025 and 2024 amounted to \$76,061 thousand and \$80,228 thousand, respectively.

15. Other Intangible Assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Carrying amount</u>		
Computer software	<u>\$ 945</u>	<u>\$ 1,313</u>
	<u>2024</u>	<u>2023</u>
<u>Cost</u>		
Balance at January 1	<u>\$ 4,956</u>	<u>\$ 4,956</u>
Balance at December 31	<u>\$ 4,956</u>	<u>\$ 4,956</u>
<u>Accumulated amortization and impairment</u>		
Balance at January 1	\$ 3,643	\$ 3,272
Amortization expenses	<u>368</u>	<u>371</u>
Balance at December 31	<u>\$ 4,011</u>	<u>\$ 3,643</u>

The above intangible assets are amortized on a straight-line basis over their estimated useful lives of 3 to 5 years.

16. Other Assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Current</u>		
Residual income tax	\$ 1,949	\$ 729
Prepaid expenses and payments	7,217	7,280
Restricted assets (Note 6)	136,701	-
Others	<u>764</u>	<u>5,502</u>
	<u>\$ 146,631</u>	<u>\$ 13,511</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 1,480	\$ 295
Refundable deposits	21,236	16,017
Restricted assets (Note 6)	5,000	155,714
Others	<u>961</u>	<u>285</u>
	<u>\$ 28,677</u>	<u>\$ 172,311</u>

17. Borrowings

(1) Short-term borrowings

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>
Line of credit borrowings	1.98%-2.43%	<u>\$ 590,000</u>	1.88%-2.18%	<u>\$ 240,000</u>

On December 31, 2025 and 2024, credit loans from banks were jointly guaranteed by Mr. Kuo Wei-Wu, who is the chairman of the Company.

(2) Short-term bills payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Commercial papers	\$ 200,000	\$ 150,000
Less: Discounts on short-term bills payable	(<u>179</u>)	(<u>113</u>)
	<u>\$ 199,821</u>	<u>\$ 149,887</u>

Outstanding short-term bills payable were as follows:

December 31, 2025

<u>Promissory Institution</u>	<u>Nominal Amount</u>	<u>Discount Amount</u>	<u>Carrying Amount</u>	<u>Interest Rate</u>
<u>Commercial paper</u>				
China Bills Finance Corporation	\$ 50,000	\$ 46	\$ 49,954	1.978%
Ta Ching Bills Finance Corporation	50,000	71	49,929	1.988%
Taiwan Bills Finance Corporation	50,000	40	49,960	1.978%
Dah Chung Bills Finance Corporation	<u>50,000</u>	<u>22</u>	<u>49,978</u>	1.998%
	<u>\$ 200,000</u>	<u>\$ 179</u>	<u>\$ 199,821</u>	

December 31, 2024

<u>Promissory Institution</u>	<u>Nominal Amount</u>	<u>Discount Amount</u>	<u>Carrying Amount</u>	<u>Interest Rate</u>
<u>Commercial paper</u>				
China Bills Finance Corporation	\$ 50,000	\$ 42	\$ 49,958	1.978%
Ta Ching Bills Finance Corporation	50,000	20	49,980	1.988%
Taiwan Bills Finance Corporation	<u>50,000</u>	<u>51</u>	<u>49,949</u>	1.998%
	<u>\$ 150,000</u>	<u>\$ 113</u>	<u>\$ 149,887</u>	

On December 31, 2025 and 2024, short-term bills payable of the Company were jointly guaranteed by Mr. Kuo Wei-Wu, who is the chairman of the Company.

(3) Long-term borrowings

	December 31, 2025		December 31, 2024	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
<u>Secured loans</u>				
Hua Nan Commercial Bank				
Mortgage loan, period is from October 2022 to October 2024, interest is paid monthly and principal is paid upon maturity. Two years extension of repayment period from October 2023 and October 2024, and maturity date is October 2026. Portion of the loan was repaid in November 2025.				
	-	\$ -	1.94	\$ 440,000
<u>Unsecured loans</u>				
Far Eastern Bank				
Credit loan, period is from November 2024 to November 2026, interest is paid monthly and principal is paid upon maturity. Two years extension of repayment period from December 2025, and maturity date is December 2027.				
	2.35	50,000	2.11	50,000
Shin Kong Bank				
Credit loan, period is from December 2023 to November 2026, interest is paid monthly and principal is paid upon maturity.				
	2.11	100,000	2.11	100,000
CTBC Bank				
Credit loan, period is from August 2023 to August 2025, interest is paid monthly and principal is paid upon maturity. Two years extension of repayment period from May 2024 and 2025, and maturity date is August 2027.				
	2.18	100,000	2.24	80,000
First Commercial Bank				
Credit loan, period is from September 2024 to September 2026, interest is paid monthly and principal is paid upon maturity. Two years extension of repayment period from September 2025, and maturity date is September 2027.				
	2.17	50,000	2.22	10,000
KGI Bank				
Credit loan, period is from July 2024 to July 2027, interest is paid monthly and principal is paid upon maturity.				
	2.03		2.03	
	-2.09	30,000	-2.08	30,000

(continued)

	December 31, 2025		December 31, 2024	
	Interest Rate (%)	Amount	Interest Rate (%)	Amount
Taipei Fubon Bank				
Credit loan, period is from August 2025 to July 2027, interest is paid monthly and principal is paid upon maturity.	2.30	\$ 100,000	-	\$ -
Cathay United Bank				
Credit loan, period is from November 2025 to November 2027, interest is paid monthly and principal is paid upon maturity.	2.49	50,000	-	-
Yuanta Commercial Bank				
Credit loan, period is from January 2025 to January 2027, interest is paid monthly and principal is paid upon maturity.	1.98	80,000	-	-
Bank SinoPac				
Credit loan, period is from January 2025 to January 2027, interest is paid monthly and principal is paid upon maturity.	2.34	120,000	-	-
Less: Long-term borrowings due within 1 year		(<u>100,000</u>)		<u>-</u>
		<u>\$ 580,000</u>		<u>\$ 710,000</u>

(concluded)

The abovementioned long-term loans were jointly guaranteed by Mr. Kuo Wei-Wu, who is the chairman of the Company. The loan from Hua Nan Commercial Bank was secured by property, plant and equipment, and investment properties.

In accordance with the loan agreements, bank loans from Cathay United Bank, CTBC Bank, KGI Bank, Taipei Fubon Bank and Shin Kong Bank are subject to specific financial ratios during the loan periods as follows:

1. Current ratio (the ratio of current assets to current liabilities) should not be less than 100%.
2. Debt ratio (the ratio of total liabilities net of cash and cash equivalents divided by tangible net worth) should not be higher than 100% to 150%.
3. Interest coverage ratio (the ratio of sum of pre-tax net income plus interest expense, depreciation and amortization to interest expense) should not be less than 300%.
4. Tangible net worth must not be less than NT\$2,600,000 thousand to NT\$3,000,000 thousand.

18. Bonds Payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Liability component of the 6 th domestic convertible bonds	\$ 256,069	\$ 280,007
Less: Long-term liabilities due within 1 year	(<u>256,069</u>)	<u>-</u>
	<u>\$ -</u>	<u>\$ 280,007</u>

On March 24, 2021, the Company issued 6,000 units of NTD-denominated secured convertible bonds with 101% of face value and 0% coupon rate. The total issuance amount was \$606,000 thousand.

(1) The details of the Company's 6th domestic convertible bonds are as follows:

1. Issue period: 5 years, from March 24, 2021 to March 24, 2026.
2. Face value: NT\$100 thousand.
3. Place of issuance and trading: Domestic
4. Issue price: 101%
5. Total issuance amount: NT\$600,000 thousand
6. Coupon rate: 0%; effective rate: 0.75%
7. Conversion rights and targets: Convert into ordinary shares of the Company according to conversion price at the time of request
8. Collateral: \$136,701 thousand of pledged bank deposits
9. Bonds redemption and buy-back procedures:
 - (1) Redemption at maturity: Upon maturity of this bond issuance, the principal will be repaid according to face value.
 - (2) Early redemption:

The Company may, from the day after three months since the bond issuance until 40 days before the end of the issuance period, redeem all bonds at face value in cash if either the closing price of the Company's ordinary shares on the Taiwan Stock Exchange has exceeded the conversion price by 30% or more for thirty consecutive business days or if the outstanding balance of the convertible bonds in circulation is less than 10% of the original total issuance amount.
 - (3) Buy-back method:

Upon the full three-year maturity of bond issuance, bondholders may request an early redemption from the Company at 101.51% of the face value.
10. Conversion price and adjustment:

The base date for the price of convertible bonds was March 16, 2021, with a conversion price of NT\$19.8 per share. After the issuance of the convertible bonds, the conversion price shall be adjusted in accordance with the terms of issuance and conversion

regulations. As of December 31, 2025, the conversion price was NT\$14.5 per share.

- (2) The convertible bonds include assets, liabilities, and equity components. The equity component is recognized under equity as capital surplus - share options. The asset component consists of embedded derivative financial instruments, and the liability component consists of embedded derivative financial instruments and non-derivative financial liabilities. The effective interest rate of non-derivative financial liabilities at initial recognition was 0.75%.

Proceeds from issuance (less transaction costs of \$5,300 thousand)	\$ 600,700
Equity component	(20,280)
Financial assets - redemption rights	960
Financial liabilities - put options	(3,540)
Liability component at the date of issue	577,840
Convertible bonds converted into ordinary shares	(336,564)
Interest charged at an effective rate of 0.75%	<u>14,793</u>
Liability component at December 31, 2025	<u>\$ 256,069</u>

The changes in the host liability instruments, redemption rights and put options of the financial assets/liabilities were as follows:

	Host Liability Instruments	Financial Assets - Redemption Rights	Financial Liabilities - Put Options
Balance at January 1, 2024	\$ 333,168	\$ 407	\$ -
Interest expense	2,262	-	-
Change in fair value (gain or loss)	-	(294)	-
Corporate bonds converted into ordinary shares	(55,423)	-	-
Balance at December 31, 2024	280,007	113	-
Interest expense	1,980	-	-
Change in fair value (gain or loss)	-	(113)	-
Corporate bonds converted into ordinary shares	(25,918)	-	-
Balance at December 31, 2025	<u>\$ 256,069</u>	<u>\$ -</u>	<u>\$ -</u>

1. The aforementioned convertible bonds are guaranteed by Taichung Commercial Bank Co., Ltd. and secured by bank deposits provided by the Company. Mr. Kuo Wei-Wu, who is the chairman of the Company, is a joint guarantor; refer to Notes 6, 29 and 30 for more details.

2. The aforementioned contract stipulates that the Company and its subsidiaries shall maintain specific financial ratios during the duration of loans as follows:
 1. Current ratio (the ratio of current assets to current liabilities) should not be less than 100%.
 2. Debt ratio (the ratio of total liabilities net of cash and cash equivalents divided by tangible net worth) should not be higher than 100%.
 3. Interest coverage ratio (the ratio of sum of pre-tax net income plus interest expense, depreciation and amortization to interest expense) should not be less than 300%.
 4. Tangible net worth must not be less than NT\$2,600,000 thousand.

19. Other Payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Payables for salaries	\$ 17,943	\$ 19,366
Payables for interests	673	736
Payables for employees' compensation and directors' remuneration	-	20,190
Payables for labor expense	1,688	1,870
Payables for purchase of equipment	151	211
Payables for processing fee	1,953	1,891
Others	<u>38,771</u>	<u>37,316</u>
	<u>\$ 61,179</u>	<u>\$ 81,580</u>

20. Retirement Benefit Plans

(1) Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, 6% of monthly salaries and wages are contributed to employees' individual pension accounts at the Bureau of Labor Insurance.

As of December 31, 2025 and 2024, the Company recognized total expenses of \$6,010 thousand and \$5,695 thousand, respectively, in the statements of comprehensive income based on specified proportion of the defined contribution plan.

(2) Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of 6 months before retirement. The

Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligation	\$ 33,217	\$ 35,526
Fair value of plan assets	(<u>33,265</u>)	(<u>31,571</u>)
Net defined benefit liabilities (assets)	(<u>\$ 48</u>)	<u>\$ 3,955</u>

The changes in net defined benefit liabilities (assets) were as follows:

	<u>Present Value of Defined Benefit Obligation</u>	<u>Fair Value of Plan Assets</u>	<u>Net Defined Benefit Liabilities (Assets)</u>
Balance at January 1, 2024	\$ 41,786	(\$ 28,019)	\$ 13,767
Service cost			
Current service cost	140	-	140
Interest expense (income)	<u>522</u>	(<u>355</u>)	<u>167</u>
Recognized in profit or loss	<u>662</u>	(<u>355</u>)	<u>307</u>
Remeasurement			
Return on plan assets	-	(2,671)	(2,671)
Actuarial gain - change in financial assumptions	(688)	-	(688)
Actuarial gain - experience adjustments	(<u>5,101</u>)	-	(<u>5,101</u>)
Recognized in other comprehensive income	(<u>5,789</u>)	(<u>2,671</u>)	(<u>8,460</u>)
Contributions from employer	<u>-</u>	(<u>526</u>)	(<u>526</u>)
Benefits paid	(<u>1,133</u>)	-	(<u>1,133</u>)
Balance at December 31, 2024	<u>35,526</u>	(<u>31,571</u>)	<u>3,955</u>

(continued)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Service cost			
Current service cost	\$ 95	\$ -	\$ 95
Interest expense (income)	<u>533</u>	<u>(477)</u>	<u>56</u>
Recognized in profit or loss	<u>628</u>	<u>(477)</u>	<u>151</u>
Remeasurement			
Return on plan assets	-	(2,197)	(2,197)
Actuarial gain - change in financial assumptions	359	-	359
Actuarial gain - experience adjustments	<u>2,788</u>	<u>-</u>	<u>2,788</u>
Recognized in other comprehensive income	<u>3,147</u>	<u>(2,197)</u>	<u>950</u>
Contributions from employer	<u>-</u>	<u>(514)</u>	<u>(514)</u>
Benefits paid	<u>(6,084)</u>	<u>1,494</u>	<u>(4,590)</u>
Balance at December 31, 2025	<u>\$ 33,217</u>	<u>(\$ 33,265)</u>	<u>(\$ 48)</u>

(concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

<u>Summary by function</u>	<u>2025</u>	<u>2024</u>
Operating costs	\$ 46	\$ 111
Selling and marketing expenses	20	48
General and administrative expenses	70	106
Research and development expenses	<u>15</u>	<u>42</u>
	<u>\$ 151</u>	<u>\$ 307</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest rate risk: A decrease in interest rate of government bonds

will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions at measurement date were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.375%	1.5%
Expected rate of salary increase	2%	2%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate		
0.25% increase	(\$ <u>711</u>)	(\$ <u>664</u>)
0.25% decrease	<u>\$ 741</u>	<u>\$ 688</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 725</u>	<u>\$ 673</u>
0.25% decrease	(\$ <u>699</u>)	(\$ <u>653</u>)

The above sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Expected contributions to the plans for the next year	<u>\$ 492</u>	<u>\$ 535</u>
Average duration of the defined benefit obligation	10.68 years	8.24 years

21. Equity

- (1) Share capital

Ordinary shares

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Shares authorized (in thousands of shares)	<u>300,000</u>	<u>300,000</u>
Amount of authorized shares	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>174,314</u>	<u>172,952</u>
Amount of issued shares	<u>\$ 1,743,139</u>	<u>\$ 1,729,520</u>

The issued ordinary shares with a par value of \$10 entitle the holders with the right to vote and receive dividends.

Changes in the Company's outstanding ordinary shares were as follows:

	<u>Number of Shares (In Thousands)</u>	<u>Share Capital</u>
Balance at January 1, 2025	172,952	\$ 1,729,520
Conversion of bonds	1,762	17,619
Cancellation of restricted shares for employees	(400)	(4,000)
Balance at December 31, 2025	<u>174,314</u>	<u>\$ 1,743,139</u>
Balance at January 1, 2024	169,461	\$ 1,694,613
Conversion of bonds	3,596	35,957
Cancellation of restricted shares for employees	(105)	(1,050)
Balance at December 31, 2024	<u>172,952</u>	<u>\$ 1,729,520</u>

(2) Capital surplus

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Share premium	\$ 574,441	\$ 565,250
Treasury share transactions	10,251	10,251
The difference between actual consideration received or paid for the acquisition or disposal of an equity interest in a subsidiary and its carrying amount	91,915	90,952

(continued)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
May only be used to offset a deficit (2)		
<u>Changes in percentage of ownership interests in subsidiaries</u>	\$ 78,996	\$ 65,579
May not be used for any purpose		
<u>Share options</u>	8,653	9,545
<u>Restricted shares for employees</u>	<u>21,847</u>	<u>24,749</u>
	<u>\$ 786,103</u>	<u>\$ 766,326</u>

(concluded)

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital each year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method, and may only be used to offset a deficit.

(3) Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, estimating compensation for employees (forty percent of the amount of employee compensation under this item shall be allocated to entry-level employees), setting aside as legal reserve 10% of the remaining profit if the amount of accumulated legal reserve has not yet reached the amount of the total capital of the Company, and setting aside or reversing a special reserve in accordance with the laws and regulations and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. If the abovementioned distribution plan is made through issuance of new shares, it shall be submitted to the shareholders' meeting for resolution. If the plan is to be distributed in cash, the board of directors shall be authorized for approval with the attendance of more than two-thirds of the directors and the consent of majority of the directors present, and shall be reported in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 22.

The Company shall appropriate a special reserve in accordance with the provisions of the Financial Supervisory Commission’s letter No. 1010012865, No. 1010047490, and No. 1030006415, as well as the “Questions and Answers on the Application of Setting Up a Special Reserve after Adopting International Financial Reporting Standards (IFRSs)”. If there is a subsequent reversal of other deductions from shareholders’ equity, the surplus may be distributed based on the reversed portion.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company’s paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be capitalized or distributed in cash.

The appropriations of earnings and cash dividends per share for 2024 and 2023 were resolved by the Company’s board of directors, as follows:

	<u>2024Q4</u>	<u>2024Q2</u>
Date of resolution	March 12, 2025	August 7, 2024
Legal reserve	<u>\$ 1,320</u>	<u>\$ 25,253</u>
Special reserve	<u>(\$ 44,233)</u>	<u>(\$ 88,857)</u>
Cash dividends	<u>\$ 136,347</u>	<u>\$ 33,648</u>
Cash dividends per share	<u>\$ 0.80</u>	<u>\$ 0.20</u>

The above appropriation of earnings for 2024 was approved by the Company’s shareholders in their meeting on May 28, 2025.

As the Company incurred a loss in 2025, the board of directors resolved on March 10, 2026 to propose no distribution.

The appropriation of earnings for 2025 will be resolved by the shareholders in their meeting to be held on May 25, 2026.

(4) Other equity items

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

	<u>2025</u>	<u>2024</u>
Balance at January 1	(\$ 190,137)	(\$ 328,068)
Exchange differences on the translation of net assets of foreign operations	(28,128)	136,307
Disposal of interests in subsidiaries	<u>-</u>	<u>1,624</u>
Balance at December 31	<u>(\$ 218,265)</u>	<u>(\$ 190,137)</u>

The exchange differences arising from the conversion of net assets of foreign operations from their functional currency to the reporting currency of the Company (i.e., New Taiwan Dollar) are directly recognized as other comprehensive income and accumulated in foreign currency translation reserve in the financial statements of foreign operations. The previously accumulated exchange differences in the financial statements of foreign operations are reclassified to profit or loss upon disposal of the foreign operations.

2) Unrealized gains and losses on financial assets at fair value through other comprehensive income

	<u>2025</u>	<u>2024</u>
Balance at January 1	(\$ 19,392)	(\$ 13,761)
Unrealized valuation gains and losses on equity investments measured at fair value through other comprehensive income	16,923	(15,423)
Share of other comprehensive income of equity-method associates	-	798
Disposal of interests in subsidiaries	-	<u>8,994</u>
Balance at December 31	<u>(\$ 2,469)</u>	<u>(\$ 19,392)</u>

3) Unearned employee benefits

In their meeting on July 2, 2021, the Company's shareholders approved a restricted share plan for employees; refer to Note 25.

	<u>2025</u>	<u>2024</u>
Balance at January 1	(\$ 9,274)	(\$ 21,855)
Cancellation	6,903	1,733
Change in ownership interest of subsidiaries	2,490	8,483
Share-based payment expenses recognized	<u>(2,371)</u>	<u>2,365</u>
Balance at December 31	<u>(\$ 2,252)</u>	<u>(\$ 9,274)</u>

22. Net Profit from Continuing Operations

Employee benefits expense, depreciation and amortization expenses

2025				
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term benefits	\$ 41,943	\$ 72,875	\$ -	\$ 114,818
Post-employment benefits	\$ 2,092	\$ 3,568	\$ -	\$ 5,660
Termination benefits	\$ -	\$ 4,776	\$ -	\$ 4,776
Other employee benefits	\$ 937	\$ 1,082	\$ -	\$ 2,019
Depreciation expenses				
Property, plant and equipment	\$ 8,596	\$ 14,654	\$ -	\$ 23,250
Right-of-use assets	1,592	3,322	1,190	6,104
Investment properties	-	-	1,242	1,242
	<u>\$ 10,188</u>	<u>\$ 17,976</u>	<u>\$ 2,432</u>	<u>\$ 30,596</u>
Amortization expenses	<u>\$ -</u>	<u>\$ 368</u>	<u>\$ -</u>	<u>\$ 368</u>
2024				
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term benefits	\$ 43,051	\$ 99,326	\$ -	\$ 142,377
Post-employment benefits	\$ 2,065	\$ 2,861	\$ -	\$ 4,926
Termination benefits	\$ -	\$ 727	\$ -	\$ 727
Other employee benefits	\$ 957	\$ 1,220	\$ -	\$ 2,177
Depreciation expenses				
Property, plant and equipment	\$ 9,023	\$ 18,281	\$ -	\$ 27,304
Right-of-use assets	1,592	3,292	1,203	6,087
Investment properties	-	-	1,255	1,255
	<u>\$ 10,615</u>	<u>\$ 21,573</u>	<u>\$ 2,458</u>	<u>\$ 34,646</u>
Amortization expenses	<u>\$ -</u>	<u>\$ 371</u>	<u>\$ -</u>	<u>\$ 371</u>

In accordance with its Articles of Incorporation, the Company allocates employees' compensation at 4% to 8% and directors' remuneration at no more than 2% of the current year's profit before tax, prior to the deduction of employees and directors' compensation. As 2025 resulted in a loss, no employees or directors' compensation was appropriated. The estimated employees and directors' compensation for 2025 and 2024 were resolved by the board of directors on March 10, 2026 and March 12, 2025, respectively, as follows:

Estimated rate

	2025	2024
Compensation of employees	-	5%
Remuneration of directors	-	1.3%

Amount

	2025		2024	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ -	\$ -	\$ 16,024	\$ -
Remuneration of directors	-	-	4,166	-

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjustments are accounted for in the following year.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2025 and 2024.

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

23. Income taxes relating to continuing operations

(1) Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	2025	2024
Current tax		
In respect of the current year	\$ 6,577	\$ 30,188
Income tax on unappropriated earnings	4,923	-
Adjustments for prior year	2,575	997
Deferred tax		
In respect of the current year	-	2,600
Income tax expense recognized in profit or loss	<u>\$ 14,075</u>	<u>\$ 33,785</u>

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

	<u>2025</u>	<u>2024</u>
Profit (loss) before tax from continuing operations	(<u>\$ 89,307</u>)	<u>\$ 300,431</u>
Income tax benefit (expense) calculated at the statutory rate	(\$ 17,900)	\$ 60,100
Loss (gain) on investments accounted for using the equity method	36,500	(400)
Dividends from foreign investments	2,600	28,900
Withholding tax on foreign dividends	(1,300)	(14,200)
Disposal of interests in domestic investments	-	(39,700)
Disposal of interests in foreign investments	(18,600)	-
Unappropriated earnings	4,923	-
Others	<u>7,852</u>	<u>(915)</u>
Income tax expense recognized in profit or loss	<u>\$ 14,075</u>	<u>\$ 33,785</u>

(2) Current tax assets and liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current tax liabilities		
Income tax payable	<u>\$ 14,581</u>	<u>\$ 24,873</u>

(3) Deferred tax assets and liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Temporary differences	<u>\$ 8,700</u>	<u>\$ 8,700</u>
Deferred tax assets	<u>\$ 8,700</u>	<u>\$ 8,700</u>

(4) Income tax assessments

The income tax returns of the Company through 2023 have been assessed by the tax authorities.

24. Earnings Per Share

The calculation of basic and diluted earnings per share for the years ended December 31, 2025 and 2024 was disclosed as follows:

	2025			2024		
	Amount After Tax	Number of Shares (In Thousands)	Earnings Per Share After Tax	Amount After Tax	Number of Shares (In Thousands)	Earnings Per Share After Tax
Basic earnings (loss) per share						
Net profit (loss) for the current period attributable to shareholders	(\$ 103,383)	168,927	(\$ 0.61)	\$ 266,646	167,795	\$ 1.59
Effect of potentially dilutive ordinary shares						
Convertible bonds				\$ 1,809	19,369	
Compensation of employees				-	1,076	
Restricted shares for employees				-	3,385	
Diluted earnings per share						
Net profit for the current period attributable to shareholders				\$ 268,455	191,625	\$ 1.40

The Company may settle the compensation of employees in cash or shares; therefore, it assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the shareholders' meeting next year.

25. Share-based Payment Arrangements

New restricted shares for employees

On July 2, 2021, the Company's shareholders in their meeting resolved to issue 5,000 thousand restricted shares for a total amount of \$50,000 thousand. This one-time issuance of restricted shares was approved by the FSC on July 28, 2021.

- 1) Employees who receive new shares but have not yet met the vested conditions are subject to the following restrictions:
 - a) The restricted shares cannot be sold, pledged, transferred, donated, modified or disposed of in any other way, except by inheritance.
 - b) The attendance, proposal, speech, voting, and election rights of the shareholders' meeting are the same as those of the ordinary shares issued by the Company and are implemented in accordance with the trust custody agreement.
 - c) They do not have the rights to receive any profits (including but not limited to dividends, legal reserves, and capital reserve distribution rights) or subscription rights for cash capital increase.
 - d) If the cash is refunded due to the Company's capital reduction, the refund that has not been vested due to the allotment shall be delivered to the trust. When the vested conditions and deadlines are met, the vested shares will be delivered to the employees without interests. However, if the vested conditions are not met within the deadlines, the Company will reclaim the cash.

- 2) The restricted shares issued by the Company are subject to the following conditions: Employees who are allocated shares on the grant date (i.e., August 10, 2022) will receive vested rights of 15%, 15%, 20%, 20%, and 30% if they are still employed and achieve the operational goals set by the Company after 1 to 5 years, respectively. If the vested conditions are not met during the period, the Company will not reclaim the restricted shares for that year and will continue to deposit them into the trust for safekeeping. If the operational goals set by the Company are achieved in the fifth year, all the restricted shares can be fully vested.
- 3) Equity-settled share-based payments to employees are measured based on the fair value of equity instruments on the grant date.
- 4) When the vested conditions are not met, or in the event of voluntary resignation, dismissal, termination, or violation of the issuance regulations, the Company will reclaim the shares that have not vested at no cost and cancel them.

As of December 31, 2025, information on restricted shares for employees was as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	Number of Shares (In Thousands)	Number of Shares (In Thousands)
Balance at January 1	3,584	3,995
Vested	-	(306)
Cancelled	(400)	(105)
Balance at December 31	<u>3,184</u>	<u>3,584</u>

Compensation costs recognized were \$(2,371) thousand and \$2,365 thousand for the years ended December 31, 2025 and 2024, respectively.

26. Disposal of Investment in a Subsidiary - Loss of Control

The Company resolved to dispose of its subsidiary, Optivision Technology Inc., which was approved by the board of directors on March 28, 2024. The subsidiary was responsible for optoelectronic manufacturing operations. The disposal was completed on April 24, 2024, resulting in a loss of control over the subsidiary. For details on the disposal of Optivision Technology Inc., refer to Note 30 to the consolidated financial statements for the year ended December 31, 2025.

27. Capital Management

The capital risk management of the Company is to ensure that it has the necessary financial resources and operational plans to support the needs of working capital, capital expenditures, research and development expenses, debt repayments, and dividend payments over the next 12 months.

28. Financial Instruments

(1) Fair value of financial instruments not measured at fair value

The management of the Company believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

(2) Fair value of financial instruments measured at fair value

1) Fair value hierarchy

December 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Corporate bonds	<u>\$ 7,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,030</u>
Financial assets at FVTOCI				
Investments in equity instruments				
- Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,835</u>	<u>\$ 32,835</u>

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113</u>	<u>\$ 113</u>
Corporate bonds	<u>6,885</u>	<u>-</u>	<u>-</u>	<u>6,885</u>
	<u>\$ 6,885</u>	<u>\$ -</u>	<u>\$ 113</u>	<u>\$ 6,998</u>
Financial assets at FVTOCI				
Investments in equity instruments				
- Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,433</u>

- 2) There was no transfer between Level 1 and Level 2 fair value measurements in 2025 and 2024.
- 3) For financial assets measured at Level 3 fair value, there were no other adjustment items except for the fair value changes recognized in other comprehensive income.

4) Valuation techniques and inputs applied for Level 3 fair value measurements

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Domestic and foreign unlisted equity investments	Market approach: The fair value is determined based on the fair market value of observable comparable companies at the end of the period and adjusted by price-to-earnings ratio and price-to-book ratio of the investee company.
Derivatives	Binomial convertible bond pricing model: It considers factors such as the duration of corporate bonds, the share price and volatility of underlying convertible bonds, conversion price, risk-free rate, discount rate, and liquidity risk of the convertible bonds.

(3) Categories of financial instruments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
At amortized cost		
Financial assets at amortized cost	\$ 653,698	\$ 569,054
Financial assets at FVTPL		
- current	-	113
Financial assets at FVTPL		
- non-current	7,030	6,885
Financial assets at FVTOCI - non-current	32,835	17,433
<u>Financial liabilities</u>		
At amortized cost		
Financial liabilities at amortized cost	1,981,340	1,732,721

(4) Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, cash and cash equivalents, trade receivables, trade payables, other receivables, other payables, bonds payable and borrowings, etc. The Company's financial management department provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The management of foreign exchange rate risk arising from foreign currency transactions of the Company is conducted within the scope permitted by the regulations of the process for handling derivative financial instrument transactions, by using forward foreign exchange contracts to manage risk. For more information on carrying amount of non-functional currency-denominated monetary assets and monetary liabilities of the Company on the balance sheet date, refer to Note 31. The sensitivity analysis of the Company only includes foreign currency monetary items in circulation and adjusts their year-end conversion by increasing the pre-tax profit and loss when the exchange rate of each foreign currency appreciates by 1% relative to the New Taiwan Dollar; when it depreciates by 1%, the impact on the pre-tax profit and loss will be a negative amount of the same value.

	USD Impact	
	2025	2024
Profit or loss	\$ 2,372	\$ 1,225

b) Interest rate risk

The interest rate risk of the Company mainly comes from floating rate time deposits and borrowings. The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31, 2025	December 31, 2024
Cash flow interest rate risk		
Financial assets	\$ 136,701	\$ 150,714
Financial liabilities	680,000	710,000

The sensitivity analysis regarding interest rate risk is based on the fair value changes of financial assets and liabilities with floating interest rates as of the end of the reporting period. If interest rate was to increase by one percentage point, the cash outflows of the Company for the years ended December 31, 2025 and 2024 would increase by \$5,433 thousand and \$5,593 thousand, respectively.

2) Credit risk

Credit risk refers to the risk of financial loss incurred by the Company due to the counterparty's failure to fulfill contractual obligations. The Company requires collateral or other forms of security for major trading counterparties, which effectively reduces the credit risk. The management of the Company has assigned a dedicated team to make decisions on credit limits, credit approvals, and other monitoring procedures to ensure appropriate action is taken to recover overdue receivables. In addition, the Company will review the recoverable amount of trade receivables on a case-by-case basis on the balance sheet date to ensure that appropriate impairment losses have been recognized for uncollectible trade receivables. Therefore, the management believes that the credit risk of the Company has significantly decreased.

3) Liquidity risk

The working capital of the Company is sufficient to support its operations; therefore, there is no liquidity risk arising from the inability to raise funds to fulfill contractual obligations.

- a) The scheduled maturities of the Company's non-derivative financial liabilities with agreed repayment terms were as follows:

	December 31, 2025			
	Less than 1 Year	2 to 3 Years	3+ Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 255,450	\$ -	\$ -	\$ 255,450
Lease liabilities	6,713	6,713	47,383	60,809
Variable interest rate liabilities	100,000	580,000	-	680,000
Fixed interest rate liabilities	<u>1,045,890</u>	<u>-</u>	<u>-</u>	<u>1,045,890</u>
	<u>\$1,408,053</u>	<u>\$ 586,713</u>	<u>\$ 47,383</u>	<u>\$2,042,149</u>

	December 31, 2024			
	Less than 1 Year	2 to 3 Years	3+ Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 352,827	\$ -	\$ -	\$ 352,827
Lease liabilities	6,713	6,713	54,096	67,522
Variable interest rate liabilities	-	710,000	-	710,000
Fixed interest rate liabilities	<u>669,894</u>	<u>-</u>	<u>-</u>	<u>669,894</u>
	<u>\$1,029,434</u>	<u>\$ 716,713</u>	<u>\$ 54,096</u>	<u>\$1,800,243</u>

b) Financing facilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unsecured bank overdraft facilities:		
Amount used	\$ 1,470,000	\$ 660,000
Amount unused	<u>235,000</u>	<u>645,000</u>
	<u>\$ 1,705,000</u>	<u>\$ 1,305,000</u>
Secured bank overdraft facilities:		
Amount used	\$ -	\$ 440,000
Amount unused	<u>180,000</u>	<u>440,000</u>
	<u>\$ 180,000</u>	<u>\$ 880,000</u>
Guaranteed bonds:		
Amount used	\$ 600,000	\$ 600,000
Amount unused	<u>20,000</u>	<u>20,000</u>
	<u>\$ 620,000</u>	<u>\$ 620,000</u>

29. Transactions with Related Parties

The transactions between the Company and other related parties are as follows:

(1) Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Optivision Technology Inc.	Subsidiary, not a related party since the re-election of the board of directors in June 2024
K Laser Technology (Korea) Co., Ltd.	Subsidiary
K Laser Technology (Thailand) Co., Ltd.	Subsidiary
K Laser Technology (USA) Co., Ltd.	Subsidiary
Amagic Technologies U.S.A. (Dubai)	Subsidiary
K Laser China Group Co., Ltd.	Subsidiary
K Laser Technology Japan Co., Ltd.	Subsidiary
K Laser Technology (Hongkong) Co., Ltd.	Subsidiary
Treasure Access Limited	Subsidiary
K Laser Technology (Wuxi) Co., Ltd.	Subsidiary
K Laser Technology (Dongguan) Co., Ltd.	Subsidiary
Hunan Herui Laser Technology Co., Ltd.	Subsidiary
Insight Medical Solutions Inc.	Subsidiary
Jiangsu Sunderray Laser Packing Material Co., Ltd.	Subsidiary
PT Klaser Technology Indonesia	Subsidiary
K Laser Technology Vietnam Co., Ltd.	Subsidiary
K Laser Technology (Nanchang) Co., Ltd.	Subsidiary
Guang Feng (Wuxi) Co., Ltd.	Associate accounted for using the equity method

(2) Operating transactions

	<u>2025</u>	<u>2024</u>
<u>Sales</u>		
Subsidiaries		
K Laser Technology (USA) Co., Ltd.	\$ 340,851	\$ 385,159
K Laser Technology Japan Co., Ltd.	224,435	182,697
Others	<u>26,494</u>	<u>29,103</u>
	<u>\$ 591,780</u>	<u>\$ 596,959</u>
 <u>Purchases</u>		
Subsidiaries		
K Laser Technology (Dongguan) Co., Ltd.	\$ 2,458	\$ 391,981
K Laser Technology (Wuxi) Co., Ltd.	125,315	106,120
K Laser Technology (Thailand) Co., Ltd.	100,108	-
Jiangsu Sunderray Laser Packing Material Co., Ltd.	9,814	48,360
K Laser Technology (Nanchang) Co., Ltd.	321,498	35,348
Others	73	13,321
Associates		
Guang Feng (Wuxi) Co., Ltd.	<u>-</u>	<u>385</u>
	<u>\$ 559,266</u>	<u>\$ 595,515</u>
 <u>Operating expenses</u>		
Subsidiaries		
Others	\$ 1,260	\$ 3,043
Associates		
Guang Feng (Wuxi) Co., Ltd.	<u>-</u>	<u>38</u>
	<u>\$ 1,260</u>	<u>\$ 3,081</u>
 <u>Other income</u>		
Subsidiaries		
Optivision Technology Inc.	\$ -	\$ 6,359
Insight Medical Solutions Inc.	3,195	3,864
K Laser Technology (Dongguan) Co., Ltd.	5,369	33,353
K Laser Technology (Wuxi) Co., Ltd.	1,723	6,681
(continued)		

	<u>2025</u>	<u>2024</u>
K Laser Technology (Nanchang) Co., Ltd.	\$ 10,561	\$ -
K Laser Technology (USA) Co., Ltd.	18,532	-
Others	<u>379</u>	<u>1,206</u>
	<u>\$ 39,759</u>	<u>\$ 51,463</u>

(concluded)

There is no significant difference between the transaction conditions of related parties and general customers.

(3) The outstanding balance on the balance sheet date was as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Receivables from related parties</u>		
Subsidiaries		
K Laser Technology (USA) Co., Ltd.	\$ 77,134	\$ 95,079
K Laser Technology Japan Co., Ltd.	85,525	50,173
Others	<u>4,283</u>	<u>5,303</u>
	<u>\$ 166,942</u>	<u>\$ 150,555</u>
<u>Payables to related parties</u>		
Subsidiaries		
K Laser Technology (Dongguan) Co., Ltd.	\$ -	\$ 91,576
K Laser Technology (Wuxi) Co., Ltd.	48,646	26,272
Jiangsu Sunderray Laser Packing Material Co., Ltd.	-	14,341
K Laser Technology (Nanchang) Co., Ltd.	56,709	43,285
K Laser Technology (Thailand) Co., Ltd.	38,502	6,782
Others	<u>-</u>	<u>104</u>
	<u>\$ 143,857</u>	<u>\$ 182,360</u>
<u>Other receivables</u>		
Subsidiaries		
K Laser Technology (USA) Co., Ltd.	\$ 1,050	\$ 873
K Laser Technology (Thailand) Co., Ltd.	851	725

(continued)

	<u>2025</u>	<u>2024</u>
Amagic Technologies		
U.S.A. (Dubai)	\$ 664	\$ -
Insight Medical Solutions		
Inc.	340	1,079
Others	<u>956</u>	<u>907</u>
	<u>\$ 3,861</u>	<u>\$ 3,584</u>

Other payables

Subsidiaries

Others	<u>\$ 337</u>	<u>\$ 16</u>
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(concluded)

(4) Disposal of property, plant and equipment

<u>Related Party Category/Name</u>	<u>Proceeds from Disposal</u>		<u>Gain (Loss) on Disposal</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
K Laser Technology (Nanchang) Co., Ltd.	<u>\$ 16,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(5) Endorsements and guarantees

As of December 31, 2025 and 2024, the amounts of loans guaranteed by Mr. Kuo Wei-Wu, who is the chairman of the Company, were \$1,470,000 thousand and \$1,100,000 thousand, respectively; refer to Note 17.

(6) Remuneration of key management personnel

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	<u>\$ 20,715</u>	<u>\$ 19,414</u>
Post-employment benefits	<u>\$ 517</u>	<u>\$ 630</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

30. Assets Pledged as Collateral

The following assets of the Company are required for loan contracts and operational needs, and were provided as collateral for bank borrowings and land leases:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bank deposits (Note 6)	\$ 141,701	\$ 155,714
Property, plant and equipment (Note 12)	79,275	83,320
Investment properties (Note 12)	<u>30,605</u>	<u>32,148</u>
	<u>\$ 251,581</u>	<u>\$ 271,182</u>

31. **Significant Events after Reporting Period**

- (1) In 2024, the Company disposed of shares in its subsidiary, Optivision Technology Inc., which gave rise to contractual disputes; however, the Company has not yet received any court notices or other formal legal documents.
- (2) On February 14, 2026, a fire occurred in part of the facilities of the subsidiary, K Laser Technology (Thailand) Co., Ltd., affecting certain batching rooms, equipment, and inventories. The related losses are still under assessment. K Laser Technology (Thailand) Co., Ltd. has engaged in discussions with the insurance company regarding subsequent compensation and is carrying out reviews and various recovery and restoration efforts.
- (3) In March 2026, the board of directors resolved to propose the disposal of its sub-subsidiary, K Laser Technology (Wuxi) Co., Ltd., with an expected selling price of approximately RMB180,500 thousand.

32. **Exchange Rate of Foreign Currency Financial Assets and Liabilities**

The Company's significant assets and liabilities denominated in foreign currencies were as follows:

	Unit: In Thousands of Foreign Currencies/New Taiwan Dollars					
	<u>December 31, 2025</u>			<u>December 31, 2024</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>New Taiwan Dollars</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>New Taiwan Dollars</u>
<u>Financial Assets</u>						
<u>Monetary items</u>						
USD	\$ 13,070	31.43	\$ 410,790	\$ 10,668	32.785	\$ 349,750
RMB	33	4.496	149	110	4.478	493
<u>Long-term equity investments accounted for using the equity method</u>						
USD	30,752	31.43	966,535	28,352	32.785	929,520
RMB	630,136	4.496	2,833,091	662,838	4.478	2,968,189
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
USD	5,522	31.43	173,556	7,696	32.785	252,313

33. Segment Information

The Company has disclosed segment information in the consolidated financial statements, and does not disclose relevant information in the parent company only financial statements.

34. Separately Disclosed Items

(1) Information on significant transactions and reinvestments:

No	Items	Remark
1	Financing provided to others	Table 1
2	Endorsements/guarantees provided to others	Table 2
3	Marketable securities held at the end of reporting period (excluding investments in subsidiaries, associates and joint ventures)	Table 3
4.	Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital	Table 4
5	Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital	Table 5
6	Others: Business relationships between the parent and subsidiaries and among the subsidiaries, as well as the status and amounts of significant intercompany transactions	Table 6
7	Information on investees	Table 7

(2) Information on investments in mainland China

No	Items	Remark
1	Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area.	Table 8
2	Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (1) The amount and percentage of purchases and the balance and percentage of related payables at the end of the year. (2) The amount and percentage of sales and the balance and percentage of related receivables at the end of the year. (3) The amount of property transactions and the amount of the resulting gains or losses. (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds. (6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.	Table 8

K Laser Technology Inc.
Financing Provided to Others
For the Year Ended December 31, 2025

Table 1

Unit: In Thousands of New Taiwan Dollars/Foreign Currencies

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)	Remarks
													Item	Value			
1	K Laser Technology (Dongguan) Co., Ltd.	Hunan Hexin Packaging Material Co., Ltd.	Other receivables	Yes	13,053 (RMB 2,700)	12,139 (RMB 2,700)	12,139 (RMB 2,700)	3.00%	2	\$ -	Operating turnover	\$ -	None	None	259,987 (RMB 57,826)	259,987 (RMB 57,826)	
1	K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology (Nanchang) Co., Ltd.	Other receivables	Yes	90,979 (RMB 20,500)	33,720 (RMB 7,500)	- (RMB -)	3.00%	2	-	Operating turnover	-	None	None	259,987 (RMB 57,826)	259,987 (RMB 57,826)	
	K Laser Technology (Dongguan) Co., Ltd.	K Laser Packaging Technology (Zunyi) Co., Ltd.	Other receivables	Yes	23,860 (RMB 5,307)	23,860 (RMB 5,307)	23,860 (RMB 5,307)	3.00%	2	-	Operating turnover	-	None	None	259,987 (RMB 57,826)	259,987 (RMB 57,826)	
2	K Laser Technology (Wuxi) Co., Ltd.	K Laser Technology (Nanchang) Co., Ltd.	Other receivables	Yes	137,190 (RMB 30,300)	134,880 (RMB 30,000)	134,880 (RMB 30,000)	3.00%	2	-	Operating turnover	-	None	None	276,717 (RMB 61,547)	276,717 (RMB 61,547)	

Note 1: The information on funds lent by the Company and its subsidiaries to others is grouped into two tables and marked with a number in the corresponding column. The method for filling in the number is as follows:

- (1) For the Company, fill in "0".
- (2) For the subsidiaries, start with Arabic number "1" in sequential order according to their company types.

Note 2: The information on funds loaned by the Company and its subsidiaries to others is divided into two tables and marked with a number in the corresponding column. The method for filling in the number is as follows:

- (1) If there is a business relationship, fill in "1".
- (2) If there is a need for short-term funding, fill in "2".

Note 3: The types of limits for funds loaned by the Company and its subsidiaries to others are as follows:

- (1) According to the operating procedures for loaning funds by the Company to others, the total amount of funds loaned by the Company should not exceed 25% of the current net worth, and the amount loaned to any individual should not exceed 10% of the current net worth.
- (2) According to the operating procedures for loaning funds by the subsidiaries to others and endorsements and guarantees to others, the total amount of loans and financing provided by the Company and its subsidiaries should not exceed 40% of their net worth, and the total amount of funds loaned to others for short-term financing purposes should not exceed 40% of their net worth.

K Laser Technology Inc.
Endorsements/guarantees provided
For the Year Ended December 31, 2025

Table 2

Unit: In Thousands of New Taiwan Dollars/Foreign Currencies

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Ending Balance	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Amount to Net Equity in Latest Financial Statement (%) (Note 4)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Remarks
		Name	Relationship (Note 2)											
0	The Company	K Laser Technology (Nanchang) Co., Ltd.	2	\$ 600,638	\$ 134,880 (RMB 30,000)	\$ 134,880 (RMB 30,000)	\$ 94,416 (RMB 21,000)	\$ -	4.49%	\$ 1,201,277	Yes	No	Yes	
1	K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology (Nanchang) Co., Ltd.	2	129,994 (RMB 28,913)	225,600 (RMB 50,000)	134,880 (RMB 30,000)	134,880 (RMB 30,000)	-	20.75%	259,987	No	No	Yes	
2	K Laser Technology (Wuxi) Co., Ltd.	K Laser Technology (Nanchang) Co., Ltd.	2	138,359 (RMB 30,774)	91,460 (RMB 20,000)	89,920 (RMB 20,000)	79,669 (RMB 17,720)	-	13%	276,717	No	No	Yes	

Note 1: The endorsement and guarantee information of the Company and its subsidiaries should be presented in two separate tables, with a corresponding number indicated in the numbering column. The numbering method is as follows:

- (1) For the Company, fill in “0”.
- (2) For the subsidiaries, start with Arabic number “1” in sequential order according to their company types.

Note 2: There are six types of relationships between the guarantee recipients and the Company, as categorized below:

- (1) Companies with business relationships.
- (2) Subsidiaries in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) Companies that directly and indirectly hold more than 50% of the Company’s voting shares.
- (4) Companies in which the Company directly and indirectly holds at least 90% of the voting shares.
- (5) Companies providing mutual guarantee based on contractual agreements for project undertakings or joint developments.
- (6) Companies where all investing shareholders provide endorsements and guarantees based on their shareholding ratios due to joint investment relationships.
- (7) Industry peers providing joint and several guarantees for the fulfillment of presale housing sales contracts under the Consumer Protection Act.

Note 3: The types of endorsement and guarantee limits for the Company and its subsidiaries are as follows:

- (1) According to the Company’s “Regulations on Endorsements and Guarantees”, the maximum endorsement and guarantee limit shall not exceed 40% of the Company’s net worth based on the most recent financial statements. The endorsement and guarantee limit for a single enterprise shall not exceed 20% of the Company’s net worth based on the most recent financial statements.
- (2) According to the Company’s “Procedures for Loaning Funds to Others and Providing Endorsements and Guarantees by Subsidiaries”, the total endorsement and guarantee liability for the Company and its subsidiaries shall not exceed 40% of their net worth based on the most recent financial statements. The endorsement and guarantee limit for a single enterprise shall not exceed 20% of the net worth of the Company and its subsidiaries based on the most recent financial statements.
- (3) For businesses or entities with business transactions with the Company and its subsidiaries, the individual loan amount shall not exceed the transaction amount between the two parties. Business transactions refer to the higher of the purchase or sales amount between the two parties.

Note 4: If the cumulative endorsement and guarantee amount exceeds the percentage of net worth based on the most recent financial statements, an improvement plan has been established and submitted to the audit committee for review. The improvement will be implemented according to the planned schedule.

K Laser Technology Inc.
Marketable Securities Held
December 31, 2025

Table 3

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Remarks
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Shares</u> Minton Optic Industry Co., Ltd.	None	Financial assets at FVTPL - non-current	857,900	\$ -	1	\$ -	
	CM Visual Technology Corporation	None	Financial assets at FVTOCI - non-current	69,120	-	-	-	
	CDIB Capital Healthcare Ventures Corporation	None	Financial assets at FVTOCI - non-current	2,434,286	32,835	2	32,835	
	<u>Corporate bond</u> HSBC Global Investment Funds - US Dollar Bond	None	Financial assets at FVTPL - non-current	-	7,030	-	7,030	
K Laser Technology (Dongguan) Co., Ltd.	<u>Limited Partnership</u> Jinjingsheng (Xiamen) Venture Capital Fund Partnership enterprise (limited partnership)	None	Financial assets at FVTOCI - non-current	NA	100,710	-	100,710	

Note 1: For information related to investments in subsidiaries and associates, refer to Tables 7 and 8.

K Laser Technology Inc.

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

Table 4

Unit: In Thousands of New Taiwan Dollars

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	K Laser Technology (Nanchang) Co., Ltd.	Second-tier subsidiary that indirectly holds 94.78% of the shares	Purchase	(\$ 321,498)	28	Cash payment within 90 days	NA	NA	(\$ 56,709)	29	
The Company	K Laser Technology (Wuxi) Co., Ltd.	Second-tier subsidiary that indirectly holds 94.78% of the shares	Purchase	(125,315)	11	Cash payment within 90 days	NA	NA	(48,646)	25	
The Company	K Laser Technology (Thailand) Co., Ltd.	Second-tier subsidiary that indirectly holds 83% of the shares	Purchase	(100,108)	9	Cash payment within 60 days	NA	NA	(38,502)	20	
The Company	K Laser Technology (USA) Co., Ltd.	Second-tier subsidiary that indirectly holds 79.75% of the shares	Sales	340,851	23	Cash payment within 90 days	NA	NA	77,134	23	
The Company	K Laser Technology Japan Co., Ltd.	Second-tier subsidiary that indirectly holds 70% of the shares	Sales	224,435	15	Cash payment within 90 days	NA	NA	85,525	26	
K Laser Technology (Dongguan) Co., Ltd.	K Laser Technology (Nanchang) Co., Ltd.	Sister company	Purchase	(RMB 31,839)	91	Cash payment within 30 days	NA	NA	(RMB 706)	60	
K Laser Technology (Nanchang) Co., Ltd.	K Laser Technology (USA) Co., Ltd.	Sister company	Sales	RMB 46,154	14	Cash payment within 60 days	NA	NA	RMB 14,309	14	
K Laser Technology (Nanchang) Co., Ltd.	K Laser Technology (Wuxi) Co., Ltd.	Sister company	Sales	RMB 25,859	8	Cash payment within 30 days	NA	NA	RMB 15,836	15	
K Laser Technology (Nanchang) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Sister company	Purchase	(RMB 32,627)	14	Cash payment within 60 days	NA	NA	(RMB 30,898)	30	
K Laser Technology (Wuxi) Co., Ltd.	Jiangsu Sunderray Laser Packing Material Co., Ltd.	Sister company	Purchase	(RMB 28,814)	21	Cash payment within 60 days	NA	NA	(RMB 1,013)	4	

K Laser Technology Inc.

Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital

December 31, 2025

Table 5

Unit: In Thousands of New Taiwan Dollars

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Jiangsu Sunderray Laser Packing Material Co., Ltd.	K Laser Technology (Nanchang) Co., Ltd.	Sister company	RMB 30,898	2.11	\$ -	-	\$ 25,365	\$ -

K Laser Technology Inc.
Information on investees
For the Year Ended December 31, 2025

Table 6

Unit: In Thousands of New Taiwan Dollars/Foreign Currencies

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Remarks
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
The Company	K Laser China Group Co., Ltd.	British Virgin Islands	Reinvestment company	\$ 1,341,646	\$ 1,233,055	40,344,551	100	\$ 2,833,092	(\$ 230,238)	(\$ 219,715)	
"	K Laser International Co., Ltd.	British Virgin Islands	Reinvestment company	726,200	726,200	21,161,462	100	966,532	72,283	63,099	
"	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment company	-	97,372	-	-	-	-	-	Note 1
"	Vicome Corp.	Yunlin County	Manufacture, processing and trading of fluorescent pigments and dyes	35,494	35,494	3,021,420	30	168,631	28,579	8,634	
"	Insight Medical Solutions Inc.	Hsinchu City	R&D and sales of gastrointestinal endoscopy and other businesses	335,483	323,459	13,596,666	44	41,666	(58,919)	(27,415)	
"	Guang Feng International Ltd.	Samoa	Reinvestment company	162,463	162,463	4,845,810	100	6,231	(2,307)	(2,307)	
"	K Laser Technology (Vietnam) Co., Ltd.	Vietnam	Manufacture and sales of holographic products	USD 800	800	-	80	16,877	(6,374)	(5,100)	
K Laser International Co., Ltd.	K Laser Technology (USA) Co., Ltd.	USA	Sales of holographic products	USD 6,500	USD 6,500	6,500,000	80	USD 10,619	USD 1,264	USD 1,008	
"	K Laser Technology (Thailand) Co., Ltd.	Thailand	Manufacture and sales of holographic products	USD 1,839	USD 1,839	9,337,984	83	USD 10,252	USD 1,099	USD 915	
"	K Laser Technology (Korea) Co., Ltd.	Korea	Manufacture and sales of holographic products	USD 2,946	USD 2,946	677,040	100	USD 2,064	USD 142	USD 142	
"	Amagic Technologies U.S.A. (Dubai) Ltd.	Dubai	Sales and agency of holographic products	USD 2,297	USD 2,297	-	100	USD 4,128	USD 80	USD 80	
"	K Laser Technology Japan Co., Ltd.	Japan	Manufacture and sales of holographic products	USD 830	USD 830	1,344	70	USD 3,178	USD 484	USD 339	
"	CIO Tech Ltd.	Cayman Islands	Reinvestment company	USD 750	USD 750	11,000,000	22	USD -	USD -	USD -	Note 2
"	Amagic Holographics India Private Limited	India	Manufacture and sales of holographic products	USD 2,508	USD 2,508	10,915,594	100	USD 827	USD 16	USD 16	
K Laser Technology (Thailand) Co., Ltd.	PT Klaser Technology Indonesia	Indonesia	Manufacture and sales of holographic products	THB 21,168	THB 21,168	266,000	70	THB 15,301	(THB 4,762)	(THB 3,333)	
K Laser China Group Co., Ltd.	K Laser China Group Holding Co., Limited	Cayman Islands	Reinvestment company	RMB 365,597	RMB 341,807	89,096,401	95	RMB 642,249	(RMB 56,162)	(RMB 53,230)	
K Laser China Group Holding Co., Limited	K Laser Technology (Hongkong) Co., Ltd.	Hongkong	Sales agent for holographic products	RMB 1,092	RMB 1,092	1,283,500	100	RMB 11,504	RMB 1,811	RMB 1,811	
"	Holomagic Co., Ltd.	British Virgin Islands	Reinvestment company	RMB 161,889	RMB 161,889	30,000	100	RMB 314,915	(RMB 11,492)	(RMB 11,319)	
"	Top Band Investment., Ltd.	British Virgin Islands	Reinvestment company	RMB 332,393	RMB 307,292	50,000	100	RMB 346,261	(RMB 47,014)	(RMB 47,006)	
"	iWin Technology Co., Ltd.	British Virgin Islands	Reinvestment company	RMB -	RMB 20,825	-	-	RMB -	RMB -	RMB -	Note 1

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Remarks
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
Holomagic Co., Ltd. Top Band Investment Ltd.	Treasure Access Limited Union Bloom Co., Ltd.	Hongkong Hongkong	Reinvestment company	RMB 118,693	RMB 118,693	10,000	100	RMB 312,350	(RMB 11,407)	(RMB 11,407)	
			Reinvestment company	RMB 315,617	RMB 290,516	10,000	100	RMB 343,494	(RMB 47,013)	(RMB 47,013)	

Note 1: iWin Technology Co., Ltd. completed its liquidation in June 2025.

Note 2: CIO Tech Ltd. ceased operations in July 2025; however, as of December 31, 2025, the related procedures had not yet been completed.

K Laser Technology Inc.
Information on investments in mainland China
For the Year Ended December 31, 2025

Table 7

Unit: In Thousands of New Taiwan Dollars/Foreign Currencies

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount	Accumulated Repatriation of Investment Income
					Outward	Inward						
K Laser Technology (Wuxi) Co., Ltd.	Research and development, production of laser holography products, optoelectronic equipment and optoelectronic materials	\$ 568,020 (RMB 126,339)	By reinvesting in existing companies in third regions	\$ 210,267 (USD 6,690)	\$ -	\$ -	\$ 210,267 (USD 6,690)	95	(\$ 38,207) (RMB -8,498)	(\$ 36,215) (RMB -8,055)	\$ 655,679 (RMB 145,836)	\$ 238,018 (RMB 52,940)
K Laser Technology (Dongguan) Co., Ltd.	Production and sales of other polyethylene and rigid polyvinyl chloride films and foils	744,632 (RMB 165,621)	By reinvesting in existing companies in third regions	64,714 (USD 2,059)	-	-	64,714 (USD 2,059)	95	(149,933) (RMB -33,348)	(142,105) (RMB -31,607)	616,037 (RMB 137,019)	899,582 (RMB 200,085)
Hunan Herui Laser Technology Co., Ltd.	R&D, production and operation of laser paper, anodized aluminum and other new environmentally friendly packaging materials and anti-counterfeiting products, etc.	232,893 (RMB 51,800) (Note 1)	By reinvesting in existing companies in third regions	-	-	-	-	46	(12,499) (RMB -2,780)	(5,804) (RMB -1,291)	136,849 (RMB 30,438)	56,227 (RMB 12,506)
Hunan Hexin Packaging Material Co., Ltd.	Mainly engaged in the production, processing and sales of film and cigarette packs, and the segmentation of cigarette paper	83,626 (RMB 18,600) (Note 3)	By reinvesting in existing companies in third regions	-	-	-	-	46	(43,791) (RMB -9,740)	(24,418) (RMB -5,431)	162,400 (RMB 36,121)	-
Jiangsu Sunderray Laser Packing Material Co., Ltd.	Production of special film coating, decorative films, and environmentally friendly transfer paper	494,560 (RMB 110,000) (Note 2)	By reinvesting in existing companies in third regions	-	-	-	-	62	42,253 (RMB 9,398)	23,770 (RMB 5,287)	375,362 (RMB 83,488)	38,962 (RMB 8,666)
Jiangyin Terryda Packing Technology Co., Ltd.	Production of special film coating, decorative films and environmentally friendly transfer paper	44,659 (RMB 9,933) (Note 2)	By reinvesting in existing companies in third regions	-	-	-	-	62	1,016 (RMB 226)	625 (RMB 139)	35,289 (RMB 7,849)	-

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount	Accumulated Repatriation of Investment Income
					Outward	Inward						
Guang Feng (Wuxi) Co., Ltd.	R&D and production of large liquid crystal projection displays and optical engines for displays, projection tubes, etc.	194,807 (RMB 43,329)	By reinvesting in existing companies in third regions	114,908 (USD 3,656)	-	-	114,908 (USD 3,656)	45	(8,643) (USD -275)	(3,897) (USD -124)	16,312 (USD 519)	-
Glory Group Medical (Wuxi) Co., Ltd.	R&D and sales of gastrointestinal endoscopy and other businesses	78,575 (USD 2,500)	Directly to the mainland China for investment	78,575 (USD 2,500)	-	-	78,575 (USD 2,500)	44	(229)	(101)	(4,150)	-
K Laser Technology (Nanchang) Co., Ltd.	Engaged in the production and sales of other polyethylene and rigid polyvinyl chloride films and foils	1,367,944 (RMB 304,258) (Note 4)	By reinvesting in existing companies in third regions	494,645 (USD 15,738)	104,253 (USD 3,317)	-	598,899 (USD 19,055)	95	(61,168) (RMB -13,605)	(58,228) (RMB -12,951)	848,013 (RMB 188,615)	-
K Laser Packaging Technology (Zunyi) Co., Ltd.	Mainly engaged in the production, processing and sales of wine packaging	125,888 (RMB 28,000)	By reinvesting in existing companies in third regions	-	-	-	-	86	(86,638) (RMB -19,270)	(74,782) (RMB -16,633)	(14,387) (RMB -3,200)	-
Glory Group Medical (Xiamen) Co., Ltd.	R&D and sales of gastrointestinal endoscopy and other businesses	152,864 (RMB 34,000)	Directly to the mainland China for investment	-	-	-	-	39	(11,083)	(4,313)	60,886	-

2. Limit on the amount of investment in the mainland China area

Company Name	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2025	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 6)
K Laser Technology Inc.	\$988,788 (USD 31,460)	\$3,284,152 (USD 104,491) (Note 5)	-
Insight Medical Solutions Inc.	\$78,575 (USD 2,500)	\$78,575 (USD 2,500)	\$80,000

Note 1: Including cash investment of US\$2,512 thousand made through third-party business.

Note 2: Including cash investment of US\$3,705 thousand made through third-party business.

Note 3: Including cash investment of RMB48,100 thousand made through third-party business.

Note 4: Including cash investment of US\$30,000 thousand made through third-party business.

Note 5: Including reinvestment of earnings amounted to US\$29,380 thousand.

Note 6: The Company has obtained approval for its operational headquarters in accordance with regulations; therefore, its investment amount is not subject to the limitation of 60% of net worth or NT\$80 million. For other companies, the investment amount is limited to the higher of 60% of net worth or NT\$80 million.

3. Major transactions occurred directly or indirectly through third-party businesses with mainland China companies: Refer to Table 6.

4. Amounts of property transactions and their resulting gains or losses: None.

5. Situations involving endorsement, guarantee, or collateral provided by mainland China companies directly or indirectly through third-party businesses: Refer to Table 2.
6. Situations involving funding provided directly or indirectly through third-party businesses by mainland China companies: Refer to Table 1.
7. Other transactions that have a material impact on the current period's profit or loss or financial position: None.

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K Laser Technology Inc.
Statement of Cash and Cash Equivalents
December 31, 2025

Statement 1

Unit: In Thousands of NTD,
In Foreign Currencies

Item	Summary	Amount
Cash on hand and petty cash		\$ 1,144
Bank deposits	Demand deposit - NTD	43,225
	Checking deposit - NTD	28
	Demand deposit - USD3,080,965	96,835
	Demand deposit - EUR327,243	12,075
	Demand deposit - RMB3,474	15
	Demand deposit - JPY1,667,154	335
	Demand deposit - HKD1,417	6
	Demand deposit - AUD72	<u>2</u>
		<u>\$ 153,665</u>

Note: The exchange rates were as follows:

USD1:NTD31.43
EUR1:NTD36.9
RMB1:NTD4.496
JPY1:NTD0.2008
HKD1:NTD4.038
AUD1:NTD21.01

K Laser Technology Inc.
Statement of Notes Receivable
December 31, 2025

Statement 2

Unit: In Thousands of NTD

Name of Client	Summary	Amount
Zing Yew Co., Ltd.	Payment	\$ 1,277
EnterTek Corporation	"	868
Kuo Kau Paper Products Co., Ltd.	"	429
Ginkgo Film Coating Technology Corp.	"	312
Others (Note)	"	<u>248</u>
		<u>\$ 3,134</u>

Note: The amount of individual client in others does not exceed 5% of the account balance and should be consolidated.

K Laser Technology Inc.
Statement of Accounts Receivable
December 31, 2025

Statement 3

Unit: In Thousands of NTD

Name of Client	Summary	Amount
M&G ENT. CO., LTD.	Payment	\$ 49,126
COMMBAX SDN BHD	"	63,841
Mouthaan Boekdrnken Offset	"	8,535
Others (Note)	"	42,829
Less: Allowance for bad debts		(<u>3,899</u>)
		<u>\$ 160,432</u>

Note: The amount of individual client in others does not exceed 5% of the account balance and should be consolidated.

K Laser Technology Inc.
Statement of Other Receivables
December 31, 2025

Statement 4

Unit: In Thousands of NTD

Item	Summary	Amount
Other receivables	Related parties	\$ 3,861
	Rent, utility bills, etc.	2,223
	Others (Note)	<u>504</u>
		<u>\$ 6,588</u>

Note: The amount of individual client in others does not exceed 5% of the account balance and should be consolidated.

K Laser Technology Inc.
Statement of Inventories
December 31, 2025

Statement 5

Unit: In Thousands of NTD

Item	Cost	Net Realizable Value
Raw materials	\$ 54,816	\$ 43,552
Work in process	877	877
Finished goods	26,730	24,755
Merchandise	40,756	38,861
Less: Provision for inventory write-off and obsolescence	(<u>15,134</u>)	<u>-</u>
	<u>\$ 108,045</u>	<u>\$ 108,045</u>

K Laser Technology Inc.
Statement of Other Current Assets
December 31, 2025

Statement 6

Unit: In Thousands of NTD

Item	Summary	Amount
Restricted assets	Deposits for issuance of corporate bonds	\$ 136,701
Prepayments	Advance payment and insurance premium, etc.	7,981
Offset against business tax payable		<u>1,949</u>
		<u>\$ 146,631</u>

K Laser Technology Inc.
Statement of Changes in Financial Assets at Fair Value Through Other Comprehensive Income - Non-current
For the Year Ended December 31, 2025

Statement 7

Unit: In Thousands of NTD/Shares

Name of Financial Assets	Beginning Balance		Increase		Decrease		Ending Balance			Collaterals/ Guarantees
	Number of Shares	Fair Value	Number of Shares	Amount (Note 1)	Number of Shares	Amount (Note 2)	Number of Shares	Shareholding Ratio	Fair Value	
CM Visual Technology Corporation	69,120	\$ -	-	\$ -	-	\$ -	69,120	-	\$ -	None
CDIB Capital Healthcare Ventures Corporation	2,586,367	<u>17,433</u>	-	<u>16,923</u>	152,101	<u>1,521</u>	2,434,266	2	<u>32,835</u>	None
		<u>\$ 17,433</u>		<u>\$ 16,923</u>		<u>\$ 1,521</u>			<u>\$ 32,835</u>	

Note 1: It represents the allowance for valuation adjustments made at the end of the current year by investee company based on fair value .

Note 2: It represents the capital reduction of investee company during the current year.

K Laser Technology Inc.
Statement of Changes in Investments Accounted for Using the Equity Method
For the Year Ended December 31, 2025

Statement 8

Unit: In Thousands of NTD/Shares

Name of Company	Beginning Balance		Increase		Decrease		Ending Balance			Net Worth/Market Price	Collaterals/ Guarantees
	Number of Shares	Fair Value	Number of Shares	Amount (Note 1)	Number of Shares	Amount (Note 2)	Number of Shares	Shareholding Ratio	Amount		
K Laser China Group Co., Ltd.	37,027,261	\$2,968,189	3,317,290	(\$ 123,433)	-	\$ 11,664	40,344,551	100%	\$2,833,092	\$2,893,344	None
K Laser International Co., Ltd.	21,161,462	925,513	-	41,019	-	-	21,161,462	100%	966,532	992,241	None
iWin Technology Co., Ltd.	157,545	4,005	-	-	157,545	4,005	-	-	-	-	None
Vicome Corp.	3,021,420	176,332	-	(2,262)	-	5,439	3,021,420	30%	168,631	168,631	None
Guang Feng International Ltd.	4,845,810	8,610	-	(2,379)	-	-	4,845,810	100%	6,231	6,231	None
Insight Medical Solutions Inc.	12,394,255	36,911	1,202,411	4,755	-	-	13,596,666	44%	41,666	41,666	None
K Laser Technology (Vietnam) Co., Ltd.	-	<u>23,906</u>	-	(<u>7,029</u>)	-	<u>-</u>	-	80%	<u>16,877</u>	<u>16,877</u>	None
		<u>\$4,143,466</u>		(<u>\$ 89,329</u>)		<u>\$ 21,108</u>			<u>\$4,033,029</u>	<u>\$4,118,990</u>	

Note 1: It represents the increase in investment cost during the current period, investment income recognized under the equity method, changes in exchange differences arising from the translation of foreign financial statements, and adjustments to changes in net equity.

Note 2: It includes disposals during the current period and cash dividends.

K Laser Technology Inc.
Statement of Changes in Right-of-Use Assets
For the Year Ended December 31, 2025

Statement 9

Unit: In Thousands of NTD

Item	Beginning Balance	Increase	Decrease	Ending Balance
<u>Cost</u>				
Land	\$ 76,890	\$ -	\$ -	\$ 76,890
Buildings	2,912	-	-	2,912
Transportation equipment	4,921	-	-	4,921
	<u>\$ 84,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,723</u>
<u>Accumulated depreciation</u>				
Land	\$ 24,342	\$ 4,042	\$ -	\$ 28,384
Buildings	582	583	-	1,165
Transportation equipment	426	1,479	-	1,905
	<u>\$ 25,350</u>	<u>\$ 6,104</u>	<u>\$ -</u>	<u>\$ 31,454</u>

K Laser Technology Inc.
Statement of Other Non-current Assets
December 31, 2025

Statement 10

Unit: In Thousands of NTD,
Unless Stated Otherwise

Item	Summary	Amount
Refundable deposits		\$ 21,236
Restricted assets	Deposits for land lease	5,000
Prepayments for equipment		1,480
Others		961
		\$ 28,677

K Laser Technology Inc.
Statement of Short-term Loans
December 31, 2025

Statement 11

Unit: In Thousands of NTD,
Unless Stated Otherwise

Item	Summary	Amount of Loan	Contract Period	Limit	Interest Rate (%)	Collaterals/Guarantees
<u>Short-term loans</u>						
First Commercial Bank	Credit loan	\$ 60,000	December 12, 2025 - January 9, 2026	\$ 130,000	1.98%	None
First Commercial Bank	Credit loan	20,000	December 19, 2025 - January 16, 2026	130,000	1.98%	None
Agricultural Bank of Taiwan	Credit loan	50,000	October 30, 2025 - April 28, 2026	150,000	2.25%	None
Agricultural Bank of Taiwan	Credit loan	100,000	November 28, 2025 - January 28, 2026	150,000	2.00%	None
Taishin Bank	Credit loan	30,000	October 30, 2025 - January 28, 2026	100,000	2.23%	None
Taishin Bank	Credit loan	30,000	December 17, 2025 - January 16, 2026	100,000	2.43%	None
Mega Bank	Credit loan	100,000	December 17, 2025 - March 17, 2026	100,000	1.98%	None
Bank SinoPac	Credit loan	30,000	December 26, 2025 - January 26, 2026	150,000	2.13%	None
KGI Bank	Credit loan	120,000	October 29, 2025 - April 29, 2026	150,000	2.20%	None
E.SUN Bank	Credit loan	<u>50,000</u>	December 12, 2025 - January 12, 2026	<u>50,000</u>	2.08%	None
		<u>\$ 590,000</u>		<u>\$ 1,210,000</u>		

K Laser Technology Inc.
Statement of Accounts Payable
December 31, 2025

Statement 12

Unit: In Thousands of NTD

Name of Client	Summary	Amount
EFUN Display Technology (Shenzhen) Co., Ltd.	Payment	\$ 29,824
Jiu Li Mei Enterprise Corp.	Payment	12,705
Jazz Hipster Co.	Payment	3,021
Others (Note)	Payment	4,864
		\$ 50,414

Note: The amount of individual client in others does not exceed 5% of the account balance and should be consolidated.

K Laser Technology Inc.
Statement of Other Current Liabilities
December 31, 2025

Statement 13

Unit: In Thousands of NTD

<u>Item</u>	<u>Amount</u>
Advance payment	\$ 1,918
Temporary payment	1,927
Withholding payment	<u>255</u>
	<u>\$ 4,100</u>

K Laser Technology Inc.
Statement of Other Non-current Liabilities
December 31, 2025

Statement 14

Unit: In Thousands of NTD

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Guarantee deposits	Lease guarantee	<u>\$ 942</u>

K Laser Technology Inc.
Statement of Lease Liabilities
December 31, 2025

Statement 15

Unit: In Thousands of NTD

Item	Lease Period	Discount Rate (%)	Amount
Land	October 16, 2018 - December 31, 2037	1.55	\$ 51,000
Buildings	January 1, 2024 - December 31, 2028	1.9	1,780
Transportation equipment	September 20, 2023 - September 19, 2028	2.03-3	<u>3,070</u>
			55,850
Less: Current portion due within 1 year			(<u>5,963</u>)
			<u>\$ 49,887</u>

K Laser Technology Inc.
Statement of Operating Revenue
December 31, 2025

Statement 16

Unit: In Thousands of NTD,
Unless Stated Otherwise

<u>Item</u>	<u>Amount</u>
Laser papers	\$ 17,106
Anti-counterfeiting labels	66,532
Laser films	799,271
Optical instruments	546,139
Others	<u>53,672</u>
	<u>\$ 1,482,720</u>

K Laser Technology Inc.
Statement of Operating Costs
For the Year Ended December 31, 2025

Statement 17

Unit: In Thousands of NTD

Item	Amount
Direct raw materials	
Add: Raw materials, beginning of year	\$ 54,528
Purchased	365,458
Less: Transferred to manufacturing	(6,372)
expense and operating expense	
Sales of raw materials	(142,182)
Inventory, end of year	(54,816)
Inventory write-off	(<u>2,735</u>)
Direct consumption of raw materials	213,881
Direct labor	21,245
Manufacturing expense	<u>76,917</u>
Manufacturing cost	312,043
Add: Work in process, beginning of year	1,809
Less: Transferred to manufacturing expense and	(8,551)
operating expense	
Work in process, end of year	(<u>877</u>)
Cost of finished goods	304,424
Add: Finished goods, beginning of year	23,007
Less: Transferred to manufacturing expense and	(517)
operating expense	
Finished goods, end of year	(<u>26,730</u>)
Cost of finished goods sold	<u>300,184</u>
Cost of merchandise sold	
Add: Merchandise, beginning of year	38,938
Purchased	768,417
Less: Transferred to manufacturing	(515)
expense and operating expense	
Merchandise, end of year	(<u>40,756</u>)
Cost of merchandise sold	<u>766,084</u>
Sales of raw materials	142,182
Loss on inventory valuation	100
Inventory write-off	<u>2,735</u>
Total operating costs	<u>\$ 1,211,285</u>

K Laser Technology Inc.
Statement of Selling and Marketing Expenses
For the Year Ended December 31, 2025

Statement 18

Unit: In Thousands of NTD

<u>Item</u>	<u>Amount</u>
Salaries and bonuses	\$ 25,334
Transportation fees	12,615
Commission expenses	4,434
Marketing expenses	3,486
Travel expenses	3,285
Others (Note)	<u>12,032</u>
	<u>\$ 61,186</u>

Note: The amount of individual item in others does not exceed 5% of the account balance and should be consolidated.

K Laser Technology Inc.
Statement of General and Administrative Expenses
For the Year Ended December 31, 2025

Statement 19

Unit: In Thousands of NTD

<u>Item</u>	<u>Amount</u>
Salaries and bonuses	\$ 24,105
Labor expenses	12,381
Depreciation	5,223
Repair costs	4,592
Termination benefits	4,504
Others (Note)	<u>19,102</u>
	<u>\$ 69,907</u>

Note: The amount of individual item in others does not exceed 5% of the account balance and should be consolidated.

K Laser Technology Inc.
Statement of Research and Development Expenses
For the Year Ended December 31, 2025

Statement 20

Unit: In Thousands of NTD

<u>Item</u>	<u>Amount</u>
Salaries and bonuses	\$ 21,756
Research expenses	17,405
Depreciation	12,343
Utility bills	3,286
Others (Note)	<u>7,362</u>
	<u>\$ 62,152</u>

Note: The amount of individual item in others does not exceed 5% of the account balance and should be consolidated.

K Laser Technology Inc.
Summary of Employee Benefits, Depreciation and Amortization Expenses by Function
For the Years Ended December 31, 2025 and 2024

Statement 21

Unit: In Thousands of NTD

	2025				2024			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses and Losses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses and Losses	Total
Short-term employee benefits								
Salary expense	\$ 37,217	\$ 64,710	\$ -	\$ 101,927	\$ 38,654	\$ 86,716	\$ -	\$ 125,370
Labor health insurance	\$ 4,726	\$ 6,485	\$ -	\$ 11,211	\$ 4,397	\$ 6,758	\$ -	\$ 11,155
Post-employment benefits	\$ 2,092	\$ 3,568	\$ -	\$ 5,660	\$ 2,065	\$ 2,861	\$ -	\$ 4,926
Remuneration of directors	\$ -	\$ 1,680	\$ -	\$ 1,680	\$ -	\$ 5,852	\$ -	\$ 5,852
Termination benefits	\$ -	\$ 4,776	\$ -	\$ 4,776	\$ -	\$ 727	\$ -	\$ 727
Other employee benefits	\$ 937	\$ 1,082	\$ -	\$ 2,019	\$ 957	\$ 1,220	\$ -	\$ 2,177
Depreciation expenses								
Property, plant and equipment	\$ 8,596	\$ 14,654	\$ -	\$ 23,250	\$ 9,023	\$ 18,281	\$ -	\$ 27,304
Right-of-use assets	1,592	3,322	1,190	6,104	1,592	3,292	1,203	6,087
Investment properties	-	-	1,242	1,242	-	-	1,255	1,255
	\$ 10,188	\$ 17,976	\$ 2,432	\$ 30,596	\$ 10,615	\$ 21,573	\$ 2,458	\$ 34,646
Amortization expenses	\$ -	\$ 368	\$ -	\$ 368	\$ -	\$ 371	\$ -	\$ 371

Note:

1. As of December 31, 2025 and 2024, the number of employees was 147 and 153, respectively, including 6 directors who did not serve concurrently as employees in both years.
2. The average employee benefits expense for 2025 was \$857 thousand and the average employee benefits expense for 2024 was \$977 thousand; the average employee payroll expense for 2025 was \$723 thousand and the average employee payroll expense for 2024 was \$853 thousand. The average employee payroll expense decreased by 15%.
3. The Company's compensation policy (including directors, supervisors, and employees)

(1) The independent directors of the Company receive a fixed remuneration, while the other directors, in addition to receiving attendance allowances for each board meeting, shall be entitled to directors' remuneration not exceeding 1.5% of the pre-tax profit after deducting the amounts allocated for distribution to employees and directors, as stipulated in the Company's Article 32, if the Company generates profits in the fiscal year.

In accordance with the Company's Article 32, if the Company generates profits in the fiscal year, it shall allocate 4% to 8% of the pre-tax profit after deducting the amounts allocated for distribution to employees and directors as employees' compensation. The managers' remuneration includes salary and bonus, with salary being determined based on industry standards, job titles, job levels, education and experience, professional skills and responsibilities, etc. Bonuses are based on the manager's performance

evaluation, including financial indicators such as the Company's revenue and pre-tax net profit's achievement rate, as well as non-financial indicators such as job performance, work quality, work attitude, leadership, communication and coordination, team cooperation, and significant deficiencies in compliance with regulations and operational risks. The remuneration will be distributed based on the recommendation of remuneration committee and will be approved by the chairman based on performance evaluation results.

The remuneration of directors and managers shall be determined by the board of directors and reported to the shareholders' meeting. However, if the Company still has accumulated losses, an amount shall be reserved in advance for offsetting such losses, and then employees' compensation and directors' remuneration shall be allocated based on the aforementioned ratio. The recipients of employees' compensation may include employees of subsidiaries who meet certain conditions, and such remuneration may be paid in shares or cash.

- (2) Accounting treatment in case of differences between the estimated amount of employees' compensation and directors' remuneration for the current period, the calculation basis for employees' compensation distributed in shares, and the actual amount of distribution:

Based on the provisions of the Company's Articles and by reference to the actual remuneration paid in the past, the Company estimates the possible amounts of employees' compensation and directors' remuneration to be paid. If there is a difference between the actual payment and the estimated amount, it shall be treated as a change in accounting estimate and be included in the profit and loss statement of the following year.

- (3) The Company established an audit committee on November 5, 2013 and abolished the system of supervisors, which did not apply in these circumstances.