(Not reviewed or audited by an independent accountant)

3528

Macnica Anstek Inc.

Individual Financial Report and Auditors' Review Report

January 1 to December 31, 2025
And January 1 to December 31, 2024

Address: 21F, No. 75, Section 1, Xintai 5th Road, Xizhi District, New Taipei City
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Financial statements

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Auditors’ Review Report

The Board of Directors and Shareholders, Macnica Anstek Inc.

Audit opinion

We have audited the accompanying balance sheets of Macnica Anstek Inc. (hereinafter referred to as the “Company”) as of December 31, 2025 and 2024 and the relevant statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes to the financial report, including a summary of significant accounting policies.

In our opinion, 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 its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We were engaged to conduct our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. 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.

Critical Audit Matters

The “key audit matters” means that the independent auditor has based its evaluations on the professional judgment to audit the most important matters on the 2025 financial statements of Macnica Anstek Inc. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

<u>Allowance for losses on accounts receivable</u>

On December 31, 2025, the amount of accounts receivable (including related parties) of Macnica Anstek Inc. was NT$2,952,003 thousand, and the net accounts receivable accounted for 32% of the total assets, which are material to the financial statements. Since the allowance for loss of accounts receivable was measured by the expected credit losses over the period of time, the measurement process must appropriately distinguish the accounts receivable, and the relevant assumptions and uses of the analysis and measurement process, including the appropriate aging interval and the consideration of the loss rate of each aging interval. Since the measurement of expected credit loss involves judgment, analysis and estimation, and the measurement results affect the net accounts receivable, we have identified it as a key audit matter.

Our audit procedures include but are not limited to assessing and testing the effectiveness and implementation of the control design related to accounts receivable of Macnica Anstek Inc., including sampling and testing shipping orders to confirm the correctness of the accounts receivable aging intervals, testing of the reserve matrix, including assessing whether the determination of each group's aging intervals is reasonable, and calculating the loss rate related statistics information based on the rolling rate for each month during the year; considering the appropriateness of the forward-looking information to be included in the loss rate evaluation, and re-calculate the allowance for losses provided by management. In addition, we review the post-term payment of accounts receivable from customers with larger balances of accounts receivable at the end of the period. We also take into account the appropriateness of the disclosures of accounts receivable in Note 5 and Note 6 to the financial statements.

<u>Inventory evaluation</u>

The net inventory of Macnica Anstek Inc. as of December 31, 2025 was NT$5,090,788 thousand, accounting for 55% of the total assets, which is material to the financial statements. Since the inventory is measured at the lower of cost or net realizable value, the rapid update of semiconductor electronic parts and components and the short life cycle may lead to the risk of inventory decline and obsolescence. In addition, the allowance for inventory devaluation involves significant judgments by management, therefore we have identified it as a key audit matter.

Our audit procedures include but are not limited to assessing and testing the effectiveness of the design and implementation of the control related to the inventory of Macnica Anstek Inc., including on-site observation of the inventory, identifying individual inventory obsolescence and obsolete inventory; assessing and checking the accuracy of the net realizable value of the inventory; assessing and evaluating the appropriateness of the inventory obsolescence accounting policy; and sampling testing the accuracy of the inventory aging interval. To confirm that management's provision for inventory valuation and obsolescence loss is reasonable. We also take into account the suitability of inventory-related disclosures in Note 5 and Note 6 to the financial statements.

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 the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether or not 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 assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. The misstatements might be due to fraud or error. If an individual or a total amount misstated was reasonably expected to have an impact on the economic decision-making of users of the financial statements, the misstatement was deemed as material.

As part of an audit in accordance with the auditing standards, we exercised professional judgement and maintained professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatements 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 controls 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 Company's internal control.

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

4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, and whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditor's 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 disclosure, and whether or not the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated 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 identified during our audit.

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

The independent auditor has used communication with the governing unit to determine the key audit matters to be performed on the 2025 financial statements of Macnica Anstek Inc.. We describe these matters in our auditors' report unless laws or regulations preclude 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.

Ernst & Young Global Limited
Competent authorities have approved the audit of the financial reports of public companies
Approval Document No.: (2014) Jin-Guan-Zheng-Shen-Zi No. 1030025503
(2022) Jin-Guan-Zheng-Shen-Zi No. 1110348358

Chang, Zheng-Dao

Accountant:

Yang, Hung-Bin

March 10, 2026

(Not reviewed or audited by an independent accountant)
Macnica Anstek Inc.
Balance Sheet
January 1 to December 31, 2025 and 2024

Unit: Thousands of NTD

Assets			December 31, 2025		December 31, 2024	
Code	Accounting titles	Note	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6.1	$801,462	9	$1,889,754	28
1150	Notes receivable-net	4, 6.4	13,266	-	8,050	-
1170	Accounts receivable – net	4, 6.5	2,940,133	32	1,308,549	19
1180	Net accounts receivable – related parties	4, 6.5, 7	11,870	-	55,517	1
1200	Other receivables	7	516	-	245,635	4
1220	Current tax assets	4	-	-	9,889	-
130x	Inventories	4, 6.6	5,090,788	55	2,679,823	40
1410	Pre-payments	6.7, 7	141,014	2	361,494	5
11xx	Total current assets		8,999,049	98	6,558,711	97
	Non-current assets					
1517	Financial assets measured at FVTOCI - non current	4, 6.2	79,716	1	71,518	1
1535	Financial assets measured at amortized cost - non current	4, 6.3, 8	-	-	13,440	-
1600	Property, plant and equipment	4, 6.8	28,845	-	29,237	1
1755	Right-of-use assets	4, 6.9	20,608	-	10,159	-
1780	Intangible assets	4, 6.10	1,537	-	2,233	-
1840	Deferred tax assets	4, 6.22	37,311	1	51,130	1
1990	Other non-current assets	6.11	3,607	-	3,124	-
15xx	Total non-current assets		171,624	2	180,841	3
1xxx	Total assets		$9,170,673	100	$6,739,552	100

Please refer to the Note of the financial report

Chairman: Wu, Wei-Kuo Manager: Chen, Fa-Yung Chief Accounting Officer: Li, Ching-Yi

Macnica Anstek Inc.
Balance Sheet (Continued)
January 1 to December 31, 2025 and 2024

Unit: Thousands of NTD

Liabilities and equity			December 31, 2025		December 31, 2024	
Code	Accounting titles	Note	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6.12	$3,573,417	39	$2,971,082	44
2130	Contract liabilities - current	4, 6.18	2,774	-	21,602	-
2170	Accounts payable	6.13, 7	3,510,894	38	1,592,303	24
2200	Other payables	6.14, 7	87,773	1	111,953	2
2230	Current tax liabilities	4	18,832	1	36,644	1
2280	Lease liabilities - current	4, 6.9	10,043	-	6,955	-
2300	Other current liabilities		3,278	-	4,738	-
21xx	Total current liabilities		7,207,011	79	4,745,277	71
	Non-current liabilities					
2580	Lease liabilities - non-current	4, 6.9	10,731	-	3,258	-
2640	Net defined benefit liabilities-non-current	4, 6.15	23,073	-	22,632	-
25xx	Total non-current liabilities		33,804	-	25,890	-
2xxx	Total liabilities		7,240,815	79	4,771,167	71
	Equity					
3100	Share capital					
3110	Common stock capital	6.16	666,392	7	666,392	10
3200	Capital Surplus	6.16	301,767	3	301,763	4
3300	Retained Earnings	6.16				
3310	Legal reserve		351,998	4	323,120	5
3350	Unappropriated earnings		554,338	6	629,945	9
	Total retained earnings		906,336	10	953,065	14
3400	Other equity	6.17	55,363	1	47,165	1
3xxx	Total equity		1,929,858	21	1,968,385	29
	Total liabilities and equity		$9,170,673	100	$6,739,552	100

Please refer to the Note of the financial report

Chairman: Wu, Wei-Kuo　Manager: Chen, Fa-Yung　Chief Accounting Officer: Li, Ching-Yi

(Not reviewed or audited by an independent accountant)

Macnica Anstek Inc.

Statements of Comprehensive Income

January 1 to December 31, 2025 and 2024

Unit: Thousands of NTD

Code	Item	Note	January 1 to December 31, 2025		January 1 to December 31, 2024	
			Amount	%	Amount	%
4000	Operating revenue	4, 6.18, 7	$8,959,308	100	$5,291,435	100
5000	Operating costs	4, 6.6, 7	(7,960,487)	(89)	(4,604,875)	(87)
5900	Operating gross profit		998,821	11	686,560	13
6000	Operating expenses	4, 6.9.15.19.20, 7				
6100	Selling and marketing expenses		(220,871)	(2)	(196,087)	(4)
6200	General and administrative expenses		(107,539)	(1)	(106,804)	(2)
6300	Research and development expenses		(54,269)	(1)	(70,667)	(1)
6450	Expected credit impairment loss (benefit)	4, 6.5	(2,908)	-	15,380	-
	Total operating expenses		(385,587)	(4)	(358,178)	(7)
6900	Operating income		613,234	7	328,382	6
7000	Non-operating income and expenses	6.21				
7100	Interest income	7	43,468	-	71,047	1
7010	Other income		2,090	-	2,682	-
7020	Other gains (losses)	7	(386,540)	(4)	(1,051)	-
7050	Finance costs		(83,347)	(1)	(58,957)	(1)
	Total non-operating income and expenses		(424,329)	(5)	13,721	-
7900	Profit before income tax		188,905	2	342,103	6
7950	Income tax expenses	4, 6.22	(35,932)	-	(64,654)	(1)
8200	Current net income		152,973	2	277,449	5
8300	Other comprehensive income (net)					
8310	The items that are not reclassified as profit or loss					
8311	Remeasurement of defined benefit plans		216	-	1,951	-
8316	Unrealized gain/(loss) on investments in equity instruments at FVTOCI		8,198	-	(30,038)	-
	Other comprehensive income for the period (post-tax profit or loss)		8,414	-	(28,087)	-
8500	Total comprehensive income for the year		$161,387	2	$249,362	5
	Earnings per share (NT$)	6.23	After taxes		After taxes	
9750	Basic earnings per share		$2.30		$4.16	
9850	Diluted earnings per share		$2.28		$4.11	

(Refer to Note to the financial statements)

Chairman: Wu, Wei-Kuo Manager: Chen, Fa-Yung Chief Accounting Officer: Li, Ching-Yi

(Not reviewed or audited by an independent accountant)

Macnica Anstek Inc.

Statements of Changes in Equity

January 1 to December 31, 2025 and 2024

Unit: Thousands of NTD

Code	Item	Share capital	Capital Surplus	Retained Earnings		Other equity	Total equity
				Legal reserve	Unappropriated earnings	Unrealized gain/(loss) on financial assets at FVTOCI	
		3100	3200	3310	3350	3420	3XXX
A1	Balance at January 1, 2024	$666,260	$301,577	$313,006	$451,213	$77,143	$1,809,199
A3	Effects of retrospective application and retrospective restatements	-	-	-	9,445	-	9,445
A5	Balance after restatement on January 1, 2024	666,260	301,577	313,006	460,658	77,143	1,818,644
	Earnings appropriation and distribution plan						
B1	Legal reserve	-	-	10,114	(10,114)	-	-
B5	Common stock cash dividends	-	-	-	(99,939)	-	(99,939)
	Other changes in capital reserves						
C17	Employee stock options converted to ordinary shares	132	186	-	-	-	318
D1	Net income in January 1 to December 31, 2024	-	-	-	277,449	-	277,449
D3	Other comprehensive income in January 1 to December 31, 2024	-	-	-	1,951	(30,038)	(28,087)
D5	Total comprehensive income for the year	-	-	-	279,400	(30,038)	249,362
Q1	Disposal of investments in equity instruments measured at FVTOCI	-	-	-	(60)	60	-
Z1	Balance at December 31, 2024	666,392	301,763	323,120	629,945	47,165	1,968,385
	Earnings appropriation and distribution plan						
B1	Legal reserve	-	-	28,878	(28,878)	-	-
B5	Common stock cash dividends	-	-	-	(199,918)	-	(199,918)
	Other changes in capital reserves						
C17	Gain on exercise of employee stock options	-	4	-	-	-	4
D1	Net income in January 1 to December 31, 2025	-	-	-	152,973	-	152,973
D3	Other comprehensive income in January 1 to December 31, 2025	-	-	-	216	8,198	8,414
D5	Total comprehensive income for the year	-	-	-	153,189	8,198	161,387
Z1	Balance at December 31, 2025	$666,392	$301,767	$351,998	$554,338	$55,363	$1,929,858

(Refer to Note to the financial statements)

Chairman: Wu, Wei-Kuo Manager: Chen, Fa-Yung Chief Accounting Officer: Li, Ching-Yi

(Not reviewed or audited by an independent accountant)

Macnica Anstek Inc.

Statements of Cash Flows

January 1 to December 31, 2025 and 2024

Unit: Thousands of NTD

Code	Item	January 1 to December 31, 2025	January 1 to December 31, 2024
AAAA	Cash flows from operating activities		
A10000	Net Profit before tax for the period	$188,905	$342,103
A20010	Adjustments for:		
A20100	Depreciation expenses	21,489	21,754
A20200	Amortization expenses	2,967	4,403
A20300	Expected credit impairment loss (benefit)	2,908	(15,380)
A20900	Interest expense	83,347	58,957
A21200	Interest income	(43,468)	(71,047)
A22500	Disposal or scrapping of property, plant and equipment gains	-	(1,377)
A29900	Lease modification profit and loss	66	(4)
A30000	Changes in operating activities related assets/liabilities		
A31130	Decrease (increase) in notes receivable	(5,216)	6,611
A31150	Decrease (increase) in accounts receivable	(1,590,845)	139,371
A31180	Decrease (increase) in other receivables	242,773	(242,265)
A31200	Decrease (increase) in inventories	(2,410,965)	892,390
A31230	Decrease in prepayments	220,480	89,179
A32125	Decrease in contract liabilities	(18,828)	(6,409)
A32150	Increase (decrease) in accounts payable	1,918,591	(810,820)
A32180	Increase (decrease) in other payables	(28,960)	59,958
A32230	Increase (decrease) in other current liabilities	(1,460)	1,512
A32240	Increase in net defined benefit liabilities	657	600
A33000	Cash inflow (outflow) from operations	(1,417,559)	469,536
A33300	Interest paid	(78,567)	(57,962)
A33500	Income tax payment	(30,036)	(35,137)
AAAA	Net cash (used in) generated from operating activities	(1,526,162)	376,437
BBBB	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	-	(116)
B00050	Disposal of financial assets measured at amortized cost	13,440	-
B02700	Acquisition of property, plant and equipment	(10,880)	(5,639)
B02800	Disposal of property, plant and equipment	-	1,409
B03700	Increase in refundable deposits	-	(424)
B03800	Decrease in refundable deposits	27	-
B04500	Acquisition of intangible assets	(2,271)	(2,027)
B07100	Increase in prepayments for equipment	(510)	-
B07500	Interest received	45,814	68,185
BBBB	Net cash flows from investing activities	45,620	61,388
CCCC	Cash flows from financing activities		
C00100	Increase in short-term borrowings	602,335	940,439
C04020	Principal repayment of lease	(10,171)	(11,310)
C04500	Cash dividends paid	(199,918)	(99,939)
C04800	Employees exercising stock options to issue new shares	-	318
C09900	Exercise of disgorgement	4	-
CCCC	Net cash generated from (used in) financing activities	392,250	829,508
EEEE	Current cash and cash equivalents increase (decrease)	(1,088,292)	1,267,333
E00100	Balance of cash and cash equivalents at the beginning of the period	1,889,754	622,421
E00200	Ending cash and cash equivalents	$801,462	$1,889,754

(Refer to Note to the financial statements)

Chairman: Wu, Wei-Kuo Manager: Chen, Fa-Yung Chief Accounting Officer: Li, Ching-Yi

(Not reviewed or audited by an independent accountant)
Macnica Anstek Inc.
Notes to Financial Statements
2025 and 2024
(In thousand New Taiwan dollars, unless otherwise specified)

1. Organization and Operations

Macnica Anstek Inc. (hereinafter referred to as "the Company") was established in New Taipei City in December 2000. The Company's business is primarily import, export and trading of electronic components. The Company's stock has been trading on TPEx since May, 2011, and on TWSE since May, 2016. Macnica Chungju Co., Ltd. is the parent company of the Company; Macnica Holdings, Inc. is the ultimate controller of the group to which the Company belongs.

2. Date and Procedures for Approval of the Financial Report

The Company's financial statements were approved by the board of directors on March 10, 2026 before release.

3. Application of Newly Issued and Amended Standards and Interpretations

1. Changes in accounting policies resulting from the first-time application of International Financial Reporting Standards

   The Company has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China and applied to the fiscal year beginning on or after January 1, 2025. The first-time adoption of the new amendments does not have a material impact on the Company.

2. As of the date of the financial report published, the Company has not yet adopted the following new publication, revision, and amendment or interpretation of the standards announced by the International Accounting Standards Board and endorsed by the FSC.

No.	New/Revised/Amended Standards and Interpretations	The effective date announced by the International Accounting Standards Board
1	IFRS 17 "Insurance Contracts"	January 1, 2023
2	Amendments to the Classification and Measurement of Financial Instruments (Amendment to IFRS 9 and 7)	January 1, 2026
3	Annual Improvements to IFRSs—Volume 11	January 1, 2026
4	Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	January 1, 2026

(1) IFRS 17 "Insurance Contracts"

This standard provides a comprehensive model of insurance contract, including all accounting related parts (recognition, measurement, expression, and disclosure principles). The core of the standard is a general model. Regarding this model, the original recognition is based on the total amount of the contractual cash flow and contractual services margin to measure the insurance contracts. The book value at the end of each reporting period is the sum of the liabilities for remaining coverage and the liabilities for incurred claims.

In addition to the general model, it provides a specific applicable method (variable fee approach) for the contracts with a direct participation characteristic and simplifies short-term contracts (premium allocation approach).

This standard was promulgated in May 2017, and an amendment was issued in 2020 and 2021. The amendment, except for the postponement of the effective date by 2 years in a transitional clause (that is, from January 1, 2021 to January 1, 2023) provides additional exemptions, and reduces the cost of adopting this standard by simplifying some of the regulations, while amending some regulations to make some situations easier to explain. This standard taking effect will replace the transitional standard (i.e. IFRS 4 "Insurance Contracts").

(2) Amendments to the Classification and Measurement of Financial Instruments (Amendment to IFRS 9 and 7)

This amendment includes:

A. Clarify that financial liabilities are derecognized on the settlement date, and the accounting treatment of financial liabilities settled electronically before the settlement date.
B. Clarify how to assess cash flow characteristics of financial assets, including those with environmental, social and governance ("ESG")-linked and similar features.
C. Clarify the handling of non-recourse assets and contract-linked instruments.
D. IFRS 7 requires additional disclosure of financial assets or liabilities with terms and contingent characteristics (including ESG links) and equity instruments classified as measured at fair value through other comprehensive income.

(3) Annual Improvements to IFRSs—Volume 11

A. Amendment to IFRS 1
This is mainly because the description of hedge accounting applicable to first-time adopters of this standard has been amended to be consistent with IFRS 9.
B. Amendment to IFRS 7
This amendment updates the outdated cross-reference for derecognition gains or losses.
C. Amendments to the Implementation Guidance for IFRS 7
This amendment improves parts of the text description in the implementation guidelines, including the preamble, deferred fair value and disclosure of differences between transaction price, and credit risk disclosures.

(In thousand New Taiwan dollars, unless otherwise specified)

D. Amendment to IFRS 9
This amendment adds cross-references to resolve lessee lease liability derecognition issues and clarify the transaction price.

E. Amendment to IFRS 10
This amendment removes the inconsistency between Paragraph B74 and Paragraph B73 of the Standard.

F. Amendment to IAS 7
This amendment deletes the cost method mentioned in Paragraph 37 of the Standards.

(4) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

This amendment includes:

A. Clarifying the application of the ‘own-use’ requirements.
B. Permitting hedge accounting if these contracts are used as hedging instruments.
C. Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The above newly issued and amended standards apply to fiscal years beginning on or after January 1, 2026. After evaluation, the Company believes there is no material impact.

3. As of the date of the financial report published, the Company has not adopted the following new publication, revision, and amendment or interpretation of the standards announced by the International Accounting Standards Board but not yet approved by the FSC.

No.	New/Revised/Amended Standards and Interpretations	The effective date announced by the International Accounting Standards Board
1	Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investment in Associates and Joint Ventures” – Assets sold or invested in by investors and their associates or joint ventures.	To be determined by the International Accounting Standards Board (IASB).
2	Amendment to IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note)
3	Disclosure Initiative – “Non-Publicly Accountable Subsidiaries: Disclosures” (IFRS 19)	January 1, 2027
4	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	January 1, 2027

Note: The Financial Supervisory Commission announced in a press release on September 25, 2025, that Taiwan adopted IFRS 18 in 2028.

(1) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investment in Associates and Joint Ventures” – Assets sold or invested in by investors and their associates or joint ventures.

This plan is to handle the inconsistency on the loss of control due to the investment in associates or joint ventures by subsidiaries according to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investment in Associates and Joint Ventures.” When investing in non-monetary assets to exchange for the equity of the associates or joint ventures according to IAS 28, the resulting profits or losses should be eliminated in accordance with the treatment of downstream transactions. According to IFRS 10, the profit or loss should be recognized fully when losing control over the subsidiaries. This amendment limits the foregoing provisions of IAS 28. When it is constituted as the sale or investment of business assets as stipulated in IFRS 3, the resulting profit or loss should be fully recognized.

This amendment also modifies IFRS 10 to enable investors and their associates or joint ventures to recognize the profit or loss to the extent of the portion that is not distributed to the investors when selling or investing in subsidiaries that do not meet the definition as stipulated in IFRS 3.

(2) Amendment to IFRS 18 “Presentation and Disclosure in Financial Statements”

This standard will replace IAS 1 “Expression of Financial Statements” in the following ways:

A. Enhance the comparison of the income statement
The income and expenses are classified into five categories in the income statement, namely operating, investing, financing, income taxes, and discontinued operations. The first three categories have been newly classified to improve the structure of the income statement. All entities are required to provide the sum of the new definition (including operating profit or loss). The new definition of the sum of the items in the income statement will give investors a consistent starting point for analyzing companies’ performance and make it easier to compare companies.

B. Enhanced transparency of management-defined performance measures
Interpretation that requires companies to disclose company-specific metrics (management-defined performance measures) related to the income statement.

C. Summary of the information of the financial statements
Set out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. Also require companies to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(3) Disclosure Initiative – “Non-Publicly Accountable Subsidiaries: Disclosures” (IFRS 19)

This new standard and its amendments simplify the disclosure requirements for subsidiaries without public accountability and allow qualifying subsidiaries to elect to apply this standard.

(4) Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)

This amendment includes:

A. Clarify that when the reporting entity’s functional currency is not a presentation currency expressed in a hyperinflationary economy that is converted into a presentation currency in a hyperinflationary economy, its operating results and financial position should be converted at the closing exchange rate on the most recent statement of financial position date.
B. In such cases, if the subsequent presentation currency is no longer denominated in a hyperinflationary economy, the reporting entity should not re-translate the previous statement amounts.
C. When both the functional currency and the presentation currency are currencies of a hyperinflationary economy, the reporting entity shall account for this in accordance with I.A.S. 29, paragraph 34.

The actual application date of the above standards or interpretations issued by the IASB but not yet endorsed by the FSC will be determined by FSC regulations. The Company is currently evaluating the potential impact of these newly issued or amended standards or interpretations, and the related impact will be disclosed upon completion of the evaluation.

4. Summary of Significant Accounting Policies

1. Statement of compliance

The Group’s consolidated financial statements for the years ended December 31, 2025 and 2024 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter collectively referred to as the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

2. Basis of preparation

The financial statements are based on historical cost, except for financial instruments measured at fair value. Unless otherwise stated, the financial statements are prepared in the currency of New Taiwan dollars (NT$ thousand).

3. Foreign currency transactions

This financial statement is denominated in NT Dollar, the functional currency of the Company.

The foreign currency transactions are converted to its functional currency according to the exchange rate on the transaction date. At the end of each reporting period, foreign currency monetary items are translated at the closing exchange rate of the day. The foreign currency non-monetary items measured at fair value are translated at the exchange rate on the date of fair value applied. The foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the original trading day.

Except for the following, the exchange differences arising from the clearing or translation of monetary items are recognized as profit or loss in the period in which they are incurred:

(1) For the foreign currency borrowings arising from acquiring assets that meet the requirements, the resulting exchange differences are treated as an adjustment to the interest cost and are capitalized as part of the borrowing cost.
(2) The foreign currency items as in IFRS 9 “Financial Instruments” are handled in accordance with the accounting policies of financial instruments.
(3) For the monetary items of the reporting entity that are an integral part of the net investment in the foreign operating institution, the resulting exchange differences were originally recognized in other comprehensive income and are reclassified from equity to profit or loss when the net investment is disposed.

When the profit or loss of a non-monetary item is recognized as other comprehensive income, any exchange profit or loss is recognized in other comprehensive income. When the profit or loss of a non-monetary item is recognized in profit or loss, any exchange profit or loss is recognized in profit or loss.

4. Classification of current and non-current assets and liabilities

In the case of any of the following circumstances, it is classified as current assets, and the assets other than the current ones are classified as non-current assets:

(1) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(2) Assets held primarily for the purpose of trading;
(3) The asset is expected to be realized within twelve months after the reporting period.
(4) Cash or cash equivalents, except where the asset is exchanged or used to settle liabilities at least twelve months after the reporting period.

In the case of any of the following circumstances, it is classified as current liabilities, and the liabilities other than the current ones are classified as non-current liabilities:

(1) It expects to settle the liability in its normal operating cycle.
(2) Liabilities held primarily for the purpose of trading;
(3) The liabilities are expected to be settled within twelve months after the reporting period.
(4) At the end of the reporting period, the Company does not have the right to defer the settlement of the liabilities for at least 12 months after the reporting period.

5. Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposits, and short-term and highly liquid time deposits or investments that are readily convertible into fixed cash amount and have a very low risk of changes in value.

6. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the financial instrument contract.

Financial assets and financial liabilities subject to the provisions of IFRS 9 "Financial Instruments," at the time of original recognition, were measured at fair value. The acquisition or issuance transaction costs that are directly attributable to the financial assets and financial liabilities (except for financial assets and financial liabilities that are classified as measured at fair value through profit or loss) are added or subtracted from the fair value of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

The recognition and derecognition of all the financial assets of the Company are handled with the trade date accounting.

The Company uses the following two items to have financial assets classified as subsequently measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss:

A. Operating model of financial assets management
B. Contractual cash flow characteristics of financial assets

Financial assets based on cost after amortization

Financial assets that meet the following two conditions at the same time are measured at amortized cost, and are recognized in notes receivable, accounts receivable, financial assets at amortized cost, and other receivables on the balance sheet:

A. Operating model of financial assets management: hold financial assets to collect contractual cash flow
B. Contractual cash flow characteristics of financial assets: cash flow is entirely for the payment of principal and interest on the amount of outstanding principal.

These financial assets (excluding those involved in hedging) are subsequently measured at the amortized cost [(the amount measured at the time of original recognition, less the principal paid, plus or minus the cumulative amortization amount (with the effective interest method) between the original amount and the amount due), and adjusting the allowance for loss]. For derecognition, the benefits or losses are recognized in profit or loss through amortization procedures or recognition of impairment profit or loss.

Interest that is calculated with the effective interest method (having the effective interest rate multiplied by the total book value of financial assets) or the following conditions is recognized in profit or loss:

A. For a credit impairment financial asset purchased or originated, have the effective interest rate after credit adjustment multiplied by the amortized cost of financial assets.
B. Other than those stated in the preceding paragraph, but which subsequently become credit impaired, have the effective interest rate multiplied by the amortized cost of the financial assets.

Financial assets measured at FVTOCI

Financial assets that meet the following two conditions are measured at fair value through other comprehensive income and are expressed on the balance sheet as financial assets measured at fair value through other comprehensive income:

A. Operating model of financial assets management: Collect contractual cash flows and sell financial assets.
B. Contractual cash flow characteristics of financial assets: cash flow is entirely for the payment of principal and interest on the amount of outstanding principal.

The recognition of the profit or loss related to such financial assets is as follows:

A. Before derecognition or reclassification, except for the impairment profit or loss and foreign currency exchange gains and losses recognized in profit or loss, the profit or loss is recognized in other comprehensive income.
B. At the time of derecognition, the cumulative profit or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as reclassification adjustment.
C. Interest that is calculated with the effective interest method (having the effective interest rate multiplied by the total book value of financial assets) or the following conditions is recognized in profit or loss:
    (a) For a credit impairment financial asset purchased or originated, have the effective interest rate after credit adjustment multiplied by the amortized cost of financial assets.
    (b) Other than those stated in the preceding paragraph, but which subsequently become credit impaired, have the effective interest rate multiplied by the amortized cost of financial assets.

In addition, for an equity instrument that is subject to IFRS 9 and the equity instrument is neither held for trading nor is subject to the contingent considerations recognized by the acquirer as stipulated in IFRS 3 “Business Combinations,” in the original recognition, the subsequent changes in fair value are booked in other comprehensive income (irrevocably). The amount included in other comprehensive income cannot be subsequently transferred to profit or loss (when the equity instruments are disposed of, the accumulated amounts included in other equity items are transferred directly to retained earnings). Also, it is booked as a financial asset measured at fair value through other comprehensive income on the balance sheet. Investment dividends are recognized in profit or loss unless such dividend clearly represents a recovery of the investment cost.

Financial assets at fair value through profit and loss

Financial assets are measured at fair value through profit or loss and are booked in the balance sheet as financial assets measured at fair value through profit or loss, except for the financial assets in the preceding paragraph that meet certain conditions and are measured at amortized cost or measured at fair value through other comprehensive income.

Such financial assets are measured at fair value, and the benefits or losses arising from the remeasurement are recognized as profit or loss. The benefits or losses recognized as profit or loss include any dividend or interest received on the financial asset.

(2) Impairment of financial assets

The Company's debt instrument investment measured at fair value through other comprehensive income and financial assets measured at amortized cost are recognized as expected credit losses to measure allowance for losses. For the debt instrument investment measured at fair value through other comprehensive income, the allowance for loss is recognized in other comprehensive income, and the book value of the investment is not reduced.

The Company measures expected credit losses to reflect the following:

A. An amount that is unbiased and weighted by probability through evaluating each possible outcome
B. Time value of money
C. Reasonable and corroborative information (that can be obtained on the balance sheet date without excessive costs or inputs) relating to past events, current conditions, and future economic forecasts

The methods used for measuring allowance for loss are as follows:

A. It is measured by the 12-month expected credit loss amount: Including the credit risk that has not increased significantly since the original recognition of the financial assets, or it is determined as low credit risk on the balance sheet date. In addition, it also includes the allowance for loss measured by the expected credit loss of the duration in the previous reporting period, but which no longer meets the condition that the credit risk has increased significantly since the original recognition on the balance sheet date.
B. The expected credit loss amount for the duration: Includes the significant increase in credit risk of the financial assets since the original recognition, or the financial assets with credit impairment purchased or originated.
C. For accounts receivable or contractual assets arising from transactions within the scope of IFRS 15, the Company measured the allowance for loss with the expected credit loss amount of the duration.
D. For finance lease receivables arising from transactions within the scope of IFRS 16, the Company measured the allowance for loss with the expected credit loss amount of the duration.

On each balance sheet date, the Company assesses whether the credit risk of financial instruments after the original recognition has increased significantly by comparing the changes in the default risk of the financial instruments on the balance sheet date and the original recognition date.

(3) Derecognition of financial assets

Financial assets held by the Company are derecognized when one of the following conditions is met:

A. The contractual right from the cash flow of financial assets is terminated.
B. The financial asset has been transferred and almost all of the risks and rewards of asset ownership have been transferred to others.
C. Almost all risks and rewards of asset ownerships have not been transferred or retained, but the control of assets has been transferred.

When a financial asset is derecognized entirely, the difference between the book value and the collected or collectible considerations plus any cumulative gain or loss recognized in other comprehensive gain or loss is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liabilities or equity

The liability and equity instruments issued by the Company are classified as either financial liabilities or equity in accordance with the substance of the contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments

An equity instrument refers to any contract that recognizes the residual equity of the Company after the asset deducts the liabilities. The equity instruments issued by the Company are recognized at the amount obtained after deducting the direct issuance costs.

Financial liabilities

Financial liabilities that meet the scope of application of IFRS 9 are classified as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities measured at the amortized cost

Financial liabilities measured at the amortized cost, including payables and borrowings, are subsequently measured using the effective interest method after the original recognition. When a financial liability is derecognized and amortized through the effective interest method, its related profit or loss and amortization are recognized in profit or loss.

The calculation of the amortized cost takes into account the discount or premium and transaction costs at the time of acquisition.

Derecognition of financial liabilities

When the obligation of a financial liability is discharged, canceled, or invalidated, the financial liability is derecognized.

When the Company and the creditors exchange opinions on a debt instrument with significant differences, or make major changes to all or part of the existing financial liabilities clauses (whether due to financial difficulties or not), it is handled by having the original liabilities derecognized and new liabilities recognized. When financial liabilities are derecognized, the difference between the book value and the total amount (including the transferred non-cash assets or liabilities assumed) of the considerations paid or payable is recognized in profit or loss.

(5) Financial assets and liabilities written-off against each other

Financial assets and financial liabilities can only be offset and presented with the net amount on the balance sheet only when the recognized amounts can be offset currently by law and are intended to be cleared on a net amount or having assets sold for cash and liability liquidated simultaneously.

7. Inventories

The initial cost of inventory is the cost needed to make the inventory available for sale or available for production and at the location. The subsequent inventory is valued at the lower of the cost or the net realizable value, whichever is lower, on a case-by-case basis. The cost was using the moving average method.

The net realizable value refers to the balance of the estimated selling price less the cost and sales expenses that must be invested before completion under normal circumstances.

The labor service is provided in accordance with IFRS 15, and is not within the scope of inventory.

8. Property, plant and equipment

Property, plant and equipment are recognized at the acquisition net cost of accumulated depreciation and accumulated impairment. The aforementioned cost includes the cost of dismantling, removing, and restoring the location of the property, plant and equipment and the necessary interest expense arising from the construction in progress. Depreciation is provided separately for the significant parts of the property, plant and equipment. When major parts of property, plant and equipment are subject to periodic replacement, the Company treats the parts as an individual asset and recognizes it separately with specific periods of durability and depreciation method. The book value of these replaced parts is derecognized in accordance with the provision of IAS 16 “Property, Plant, and Equipment.” If the major repair and maintenance costs are in compliance with the recognition conditions, they are recognized as replacement costs and are recognized as part of the Plant and equipment book value. Other repair and maintenance expenses are recognized in profit or loss.

Depreciation is computed in accordance with the straight-line method over the estimated useful lives of the following assets.

After the original recognition of the property, plant and equipment or any significant parts, if it is disposed or no economic effect arising from the use or disposal is expected, it will be derecognized and recognized in profit or loss.

The residual value, years of useful life, and depreciation method of the property, plant and equipment are assessed at the end of each financial year. If the expected value is different from the previous estimate, the change is considered as a change in accounting estimates.

9. Leases

The Company assesses whether or not the arrangement is (or includes) a lease arrangement on the agreement date If an agreement transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is (or includes) a lease arrangement. In order to assess whether the agreement transfers control over the use of the identified asset for a period of time, the Company assesses whether it meets both of the following conditions during the entire period of use:

(1) Obtaining the right to almost all economic benefits from the use of the identified asset; and
(2) The right to direct the use of the identified asset.

For the agreement that belongs to (or includes) a lease arrangement, the Company treats each lease component in the agreement as a separate lease and treats it separately from the non-lease component in the agreement. For the agreement that includes one lease component and one or more additional lease or non-lease components, the Company adopts the relative standalone price of each lease component and the aggregate standalone prices of the non-lease components as the basis to distribute the consideration in the agreement to the lease component. The relative standalone prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar suppliers) for the components (or similar components). If an observable standalone price is not readily available, the Company maximizes the use of observable information to estimate the standalone price.

The Company is the lessee

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, when the Company is the lessee of a lease contract, all leases are recognized in right-of-use assets and lease liabilities.

The Company measures the lease liabilities on the inception date based on the present value of the lease payments not yet paid on that date. If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If such interest rate is not easily determined, the incremental borrowing rate will be used. On the inception date, the lease payments included in the lease liabilities include the following payments related to the right to use the underlying assets during the lease period and not yet paid on that date:

(1) Fixed payment (including substantive fixed payment) less any lease incentives that can be collected;

(2) Lease payment that depends on changes in an index or rate (using the index or rate on the inception date for initial measurement);
(3) The amount expected to be paid by the lessee under the residual value guarantee;
(4) If the Company can reasonably determine the exercise price of call option, it will exercise the option; and
(5) The penalty payable for the termination of a lease, if there is sign that the lessee, in the lease period, will exercise the option of terminating the lease.

After the commencement date, the Company measures the lease liabilities at amortized cost, and increases the book value of the lease liabilities using the effective interest method to reflect the interest on the lease liabilities; the lease payments reduce the book value of the lease liabilities.

On the commencement date, the Company measures the right-of-use assets at cost. The cost of the right-of-use assets includes:

(1) the amount equal to the lease liability at its initial assessment
(2) Any lease payments made on or before the commencement date less any lease incentives received;
(3) any initial direct costs incurred by the lessee; and
(4) an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

Subsequent measurement of the right-of-use assets is presented after the cost less the accumulated depreciation and accumulated impairment loss, i.e. the cost model is applied to measure the right-of-use assets.

If the ownership of the underlying asset is transferred to the Company when the lease period expires, or if the cost of the right-of-use assets reflects that the Company will exercise the call option, the right-of-use assets will be depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use assets from the commencement date to the end of the useful life of the right-of-use assets or to the expiration of the lease period, whichever is earlier.

The company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and to deal with any identified impairment losses.

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, the Company presents right-of-use assets and lease liabilities in the balance sheet, and presents lease-related depreciation expenses and interest expenses separately in the statement of comprehensive income.

For short-term leases and leases of low-value underlying assets, the Company chooses to adopt the straight-line basis or another systematic basis to recognize the lease payments related to said leases in expenses during the lease period.

10. Intangible assets

Intangible assets acquired separately are measured at cost upon initial recognition. The cost of intangible assets acquired through a business combination is the fair value at the acquisition date. After initial recognition of intangible assets, the book value is the amount of the cost less accumulated amortization and accumulated impairment losses. Internally generated intangible assets that do not meet the recognition conditions shall not be capitalized, but shall be recognized in profit or loss when they occur.

The useful life of intangible assets is divided into limited and indefinite useful life.

Intangible assets with a limited useful life are amortized over their useful life, and an impairment test is performed when there are signs of impairment. The amortization period and method of intangible assets with limited useful life are reviewed at least at the end of each fiscal year. If the estimated useful life of an asset is different from the previous estimate, or the expected pattern of future economic benefit consumption has changed, the amortization method or period will be adjusted and considered as a change in accounting estimates.

Intangible assets with indefinite useful life are not amortized, but impairment tests are conducted to each asset or based on the level of cash-generating units each year. Intangible assets with indefinite useful life are assessed in each period whether there are events and circumstances that continue to support that the asset's useful life is still indefinite. If the useful life is changed from indefinite to limited, the application will be applied prospectively.

The profit or loss arising from the derecognition of an intangible asset is recognized as profit or loss.

<u>Computer software</u>

The cost of computer software is amortized using the straight-line method over the estimated useful life.

The Company's accounting policy for intangible assets is summarized as follows:

	Computer software
Useful life	Limited
Amortization method used	Amortization under the straight-line method over the estimated useful life
Internally generated or externally acquired	Externally acquired

11. Impairment of non-financial assets

The Company at the end of each reporting period assesses whether all assets subject to IAS 36 "Impairment of Assets" are showing signs of impairment. If there is any indication of impairment or an impairment test is required for an asset on a regular basis each year, the Company tests the individual asset or the cash-generating unit to which the asset belongs. If the book value of an asset or the cash-generating unit to which the asset belongs is greater than the recoverable amount in an impairment test, the impairment loss is recognized. The recoverable amount is the higher of net fair value or value in use.

At the end of each reporting period, the Company assesses assets other than goodwill to see whether there are indications that the previously recognized impairment losses may no longer exist or may be decreased. In the event of such an indication, the Company estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount is increased due to the change in the estimated service potential of the asset, the impairment amount is reversed. However, the reversed book value shall not exceed the book value before recognizing impairment loss and after deducting depreciation or amortization.

The cash-generating unit or group to which the goodwill belongs, regardless of whether there are signs of impairment, is subject to impairment tests on an annual basis. If the result of an impairment test needs to be recognized as an impairment loss, the goodwill will be deducted first, and the amount after deduction will be allocated to other assets other than goodwill based on the relative proportion of the book value. Once the impairment of goodwill is recognized, it shall not be reversed for any reason thereafter.

The impairment loss and reversal amount of the continuing business unit are recognized in profit or loss.

12. Revenue recognition

The revenue from the contracts between the Company and its customers is mainly from sales of goods. The accounting treatment is as follows:

<u>Sales of goods</u>

The Company recognizes revenue when the promised goods are delivered to the customer and the customer obtains control over the goods (i.e. the customer has the ability to direct the use of the goods and obtain almost all remaining benefits from the goods). The revenue is recognized mainly for the trading of electronic parts and components. Revenue is recognized based on the price stated in the contract or the order.

The Company recognizes accounts receivable when control of the product is transferred and the Company has an unconditional right to receive payment, which applies to the majority of the contracts. These accounts receivable are generally short-term and do not contain significant financial components. For a small number of contracts, the Company transfers the product to the customer but has not yet obtained the right to receive consideration, which is recognized as contract assets. Contract assets are measured for the allowance loss in accordance with the lifetime expected credit loss amount in accordance with IFRS 9.

However, for some contracts, partial considerations are collected from the customers at the time of signing the contract. The Company must assume the obligation of transferring the products subsequently, so it is recognized as a contract liability.

13. Borrowing costs

The borrowing cost directly attributable to the acquisition, construction, or production of qualifying assets is capitalized as one part of the cost of the asset. All other borrowing costs are recognized as expenses in the period in which they occur. The borrowing cost includes the interest and other costs related to the loaning of funds.

14. Retirement benefits plan

The retirement method for employees of the Company is applicable to all full-time employees. The employee retirement fund is fully appropriated to the Labor Pension Reserves Committee and deposited in the pension fund account. The aforementioned pension is deposited in the name of the Labor Pension Reserves Committee, which is completely separated from the Company, so it is not included in the financial statements in the preceding paragraph.

For the defined contribution pension plan, the monthly pension payable rate of the Company shall not be less than 6 of the employee's monthly salary, and the amount of the provision shall be recognized in the profit or loss of the current period.

Post-employment benefit plans under the defined benefit plan are accrued on an actuarial basis under the projected unit credit method at the end of the annual reporting period. When the actuarial profit and loss occurs, it is recognized under other comprehensive income and immediately in the retained earnings. The remeasurement of the net defined benefit liabilities (assets) includes any changes in the return on plan asset and the effects of asset cap less the amount of net interest included in the net defined benefit liabilities (assets) and actuarial gains and losses. The net defined benefit liability (asset) remeasurement is included in other comprehensive income when incurred and immediately recognized in the retained earnings. The prior-period service cost is the change in the present value of the defined benefit obligation arising from the revision or reduction of the pension plan and is recognized as an expense on the earlier of the following two dates:

(1) When the plan revision or reduction occurs; and
(2) When the Company recognizes the relevant restructuring costs or resignation benefits;

The net interest of the net defined benefit liability (asset) is determined by having the net defined benefit liability (assets) multiplied by the discount rate, both of which are determined at the beginning of the annual reporting period, and then considering the changes which have occurred in the net defined benefit liabilities (assets) for the period arising from the appropriation amount and benefit payment.

15. Income tax

Income tax expense (profit) refers to the aggregated amount of current income tax and deferred income tax that is included in the current profit or loss.

Tax currently payable

The current income tax liabilities (assets) related to the current and prior periods are measured at the legislated or substantially legislated tax rates and tax laws at the end of the reporting period. The current income tax related to the items recognized in other comprehensive income or directly recognized in the equity is recognized in other comprehensive income or equity instead of being recognized in the profit or loss

The additional business income tax levied on the undistributed earnings is recognized as income tax expense on the date when the distribution of earnings is resolved in the shareholders' meeting.

Deferred tax

The deferred income tax is calculated according to the temporary difference between the taxable amount of assets and liabilities and the book value on the balance sheet at the end of the reporting period.

All taxable temporary differences are recognized as deferred income tax liabilities except for the following two items:

(1) The original recognition of goodwill, or original recognition of an asset or liability that does not arise from a business consolidated transaction and does not affect accounting profits and taxable income (loss) at the time of the transaction conducted, and no equal amounts of taxable and deductible temporary differences arose at the time of the transaction;
(2) The taxable temporary difference arising from the investment in subsidiaries, associates, and joint equity. Also, the timing of reversal is controllable, and it is not likely to be reversed in the foreseeable future.

Except for the following two items, deductible temporary difference and deferred income tax assets arising from the taxable losses and income tax credit are recognized within the range of probable future taxable income:

(1) Related to deductible temporary differences arising from the original recognition of an asset or liability that does not arise from a business consolidated transaction and does not affect accounting profits and taxable income (loss) at the time of the transaction conducted, and no equal amounts of taxable and deductible temporary differences arose at the time of the transaction.
(2) It is related to the deductible temporary differences arising from the investment in subsidiaries, associates, and the joint equity. It is recognized within the range of probable reversal in the foreseeable future and there is sufficient taxable income at the time the temporary difference occurred.

Deferred income tax assets and liabilities are measured at the tax rate of the expected asset realization or in the period in which the liability is settled. The tax rate is based on the legislated or substantially legislated tax rates and tax laws at the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences arising from the manner in which the asset is expected to be recovered or the book value of the liability is settled at the end of the reporting period. If the deferred income tax is related to items that are not included in the profit or loss, it will not be recognized in profit or loss, but recognized in other comprehensive income according to the relevant transactions or directly recognized in equity. Deferred income tax assets are reexamined and recognized at the end of each reporting period.

Deferred income tax assets and liabilities can be offset against each other legally only in the current period, and the deferred income tax is related to the same taxation entity and is related to the income tax levied by the same taxation authority.

Deferred tax assets and liabilities of Pillar Two income taxes are not recognized and their related information is not disclosed in accordance with the temporary exception under the "International Taxation Reform – Pillar 2 Model Rules (Amendments to IAS 12)."

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

(In thousand New Taiwan dollars, unless otherwise specified)

Management will continue to review the estimates and assumptions. If a revision of an estimate only affects the current period, it shall be recognized in the period in which the revision occurs. If a revision of an accounting estimate affects the current period and future periods, it shall be recognized in the period in which the revision occurs and future periods.

1. Accounts receivable – estimation of impairment loss

   The Company's estimated impairment loss of loans is measured by the duration of the period. The present value of the difference between the contractual cash flow (book value) receivable and the expected cash flow (assessment of forward-looking information) is the credit loss. However, the discount effect of short-term loans and receivables is insignificant. Therefore, the credit loss is measured by the undiscounted spread amount. If the actual future cash flows are less than expected, a material impairment loss may have resulted.

2. Valuation of inventories

   Since inventory must be priced at the lower of cost or net realizable value, the Company must exercise judgment and estimate to determine the net realizable value of inventories as of the end of the reporting period. Due to rapid changes in technology, the Group assesses the amount of inventory on the balance sheet date due to normal wear and tear, obsolete or no market sales value, and writes off the cost of the inventory to the net realizable value. The inventory evaluation is mainly based on the product demand in the future specific period, so significant changes may occur.

3. Retirement benefits plan

   The present value of the defined benefit cost and the defined benefit obligations depends on the actuarial valuation. Actuarial valuation involves various assumptions, including discount rate and changes in expected salary.

6. Description of Major Account Items

1. Cash and cash equivalents

	2025.12.31	2024.12.31
Cash on hand	$45	$45
Demand deposit	801,417	742,059
Time deposits	-	1,147,650
Total	$801,462	$1,889,754

2. Financial assets measured at FVTOCI

	2025.12.31	2024.12.31
Investment in equity instruments measured at FVTOCI-non-current		
TPEx stock	$79,716	$71,518

(In thousand New Taiwan dollars, unless otherwise specified)

With its medium and long-term strategic purposes, the Company invests in common shares of Digiwell Technology and E-Elements Technology Co., Ltd. and expects to profit through long-term investments. The Company's management believes that recognizing the short-term fluctuations in the fair value of such investments in profit or loss is not consistent with the aforementioned long-term investment plan. Therefore, the management elected to designate these investments in equity instruments as at FVTOCI.

On February 23, 2024, the extraordinary shareholders' meeting of the Company's invested company, Much-IP Co., Ltd., passed a resolution to liquidate the company, and the dissolution and liquidation procedure was completed on May 3, 2024. The Company derecognized the financial asset and transferred the loss of NT$60 thousand recognized in other equity to retained earnings.

3. Financial assets based on cost after amortization

	2025.12.31	2024.12.31
Non-current		
Domestic investment		
Time deposits	$-	$13,440

As of December 31, 2024, the financial assets measured at amortized cost are time deposits pledged to the customs administration for the release of imported goods prior to tax payment as required by the Company's operations. For pledge information, please refer to Note 8.

As of December 31, 2024, time deposits were 0.185% to 1.72% per annum.

4. Notes receivable

	2025.12.31	2024.12.31
Notes receivable – generated from operations	$13,266	$8,050

The Company did not provide security for notes receivable.

The Company assesses impairment in accordance with IFRS 9. For information on allowance for losses, please refer to Note 6.5, and for information related to credit risk, please refer to Note 12.

5. Accounts receivable

	2025.12.31	2024.12.31
Accounts receivable (including related parties)	$2,959,808	$1,368,963
Less: Loss allowance	(7,805)	(4,897)
Total	$2,952,003	$1,364,066

(In thousand New Taiwan dollars, unless otherwise specified)

The Company did not provide security for accounts receivable.

The average credit period for merchandise sales is 90 to 150 days, and no interest is charged on accounts receivable. The Company only conducts transactions with customers who have been evaluated and approved in accordance with the Company's "Measures for Customer Credit Management". The prepayment approach is adopted at the time of the initial transaction to mitigate the risk of possible financial loss risks due to the fact that both parties have not yet set up a trust basis. The credit rating results are evaluated by the Company in accordance with the "Measures for Customer Credit Management" by collecting background information and other publicly available financial information of the customer. The Company conducts individual assessments on accounts receivable with objective evidence of impairment. The individual assessment involves negotiating and controlling while considering the payment status of counterparties, as well as continuously tracking the recovery of accounts receivable and recognizing corresponding loss allowances based on their recoverability. Based on this, the Company's management believes that the Company's credit risk has been significantly reduced.

The aforementioned individual assessments, trade receivables are recognized in loss allowances based on the lifetime expected credit losses (ECLs). The lifetime expected credit losses were calculated using a provision matrix with consideration of the clients' historical default record and current financial position, industrial and economic environment, and GDP forecasts and industrial prospects. Since the Company's historical experience of credit losses shows no significant difference in the type of loss between different customers, the customers are not further classified in the provision matrix. The Company only sets the expected credit loss rate based on the number of days past due of accounts receivable.

If there is evidence that a counterparty is facing serious financial difficulties and the Company cannot reasonably expect to recover the amount, the Company will directly write off the relevant trade receivables, but will continue to try to collect the receivable. The recovered amount is recognized in profit or loss.

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

December 31, 2025

		Number of days overdue			
	Not overdue	Within 90 days	91 - 180 days	181 - 365 days	Total
Total book value	$2,576,935	$384,007	$11,098	$1,034	$2,973,074
Expected credit loss rate	0.08%	0.36%	30.95%	100%	
Loss allowance (lifetime expected credit losses)	(1,954)	(1,382)	(3,435)	(1,034)	(7,805)
Cost after amortization	$2,574,981	$382,625	$7,663	$-	$2,965,269

December 31, 2024

		Number of days overdue			
	Not overdue	Within 90 days	91 - 180 days	181 - 365 days	Total
Total book value	$1,156,880	$172,794	$1,399	$45,940	$1,377,013
Expected credit loss rate	0.01%	0.06%	5.89%	10%	
Loss allowance (lifetime expected credit losses)	(117)	(104)	(82)	-	(303)
Loss allowance (individual assessment)	-	-	-	(4,594)	(4,594)
Cost after amortization	$1,156,763	$172,690	$1,317	$41,346	$1,372,116

(In thousand New Taiwan dollars, unless otherwise specified)

The movements of the loss allowance of receivable are as follows:

	2025	2024
Opening balance	$4,897	$20,277
Add: Impairment loss recognized for the period	2,908	-
Less: Reversal of impairment loss for the period	-	(15,380)
Ending balance	$7,805	$4,897

6. Inventories

	2025.12.31	2024.12.31
Merchandise	$5,090,788	$2,679,823

(1) The details of the cost of inventory recognized by the Company as expenses are as follows:

	2025	2024
Cost of inventories sold	$8,050,887	$4,602,666
Inventory devaluation and obsolescence losses (revaluation gains)	(90,400)	2,209
Total operating costs	$7,960,487	$4,604,875

The reversal of write-down recognized by the Company is mainly due to the sale of some of the written-down inventory.

(2) Starting from July 1, 2024, the Company changed its inventory cost calculation method from the monthly weighted-average method to the moving average method. As required, the application was adjusted. The amounts affecting inventory and retained earnings as of January 1, 2024, were both NT$9,445 thousand.

(3) The Company did not provide security for inventories.

7. Pre-payments

	2025.12.31	2024.12.31
Pre-paid expenses	$7,154	$4,670
Input and refundable tax	133,839	356,739
Others	21	85
Total	$141,014	$361,494

(In thousand New Taiwan dollars, unless otherwise specified)

8. Property, plant and equipment

	Transportation equipment	Office equipment	Other equipment	Leasehold improvement	Total
Cost:					
2025.1.1	$3,905	$43,574	$160	$1,263	$48,902
Additions	-	8,692	456	1,732	10,880
Disposals	-	(517)	-	-	(517)
2025.12.31	$3,905	$51,749	$616	$2,995	$59,265
2024.1.1	$7,297	$40,000	$-	$-	$47,297
Additions	-	6,729	160	1,263	8,152
Disposals	(3,392)	(3,155)	-	-	(6,547)
2024.12.31	$3,905	$43,574	$160	$1,263	$48,902
Depreciation and impairment:					
2025.1.1	$1,584	$17,914	$11	$156	$19,665
Depreciation	781	9,409	129	953	11,272
Disposals	-	(517)	-	-	(517)
2025.12.31	$2,365	$26,806	$140	$1,109	$30,420
2024.1.1	$3,933	$12,564	$-	$-	$16,497
Depreciation	1,012	8,504	11	156	9,683
Disposals	(3,361)	(3,154)	-	-	(6,515)
2024.12.31	$1,584	$17,914	$11	$156	$19,665
Net book value:					
2025.12.31	$1,540	$24,943	$476	$1,886	$28,845
2024.12.31	$2,321	$25,660	$149	$1,107	$29,237

There was no indication of impairment and no impairment loss recognized or reversed in 2025 and 2024.

Depreciation expenses are provided on a straight-line basis over the number of useful lives below:

Transportation equipment	5 years
Office equipment	3-6 years
Other equipment	3-5 years
Leasehold improvement	3 years

(In thousand New Taiwan dollars, unless otherwise specified)

The Company did not provide property, plant and equipment as collateral.

9. Leases

The Company is the lessee.

The Company leases several assets, including real estate (buildings and structures), transportation equipment, and office equipment. The lease periods of each contract range from 3 to 5 years.

The impact of leasing on the Company's financial position, financial performance, and cash flow is described as follows:

(1) Right-of-use assets

Carrying amount of right-of-use assets

	2025.12.31	2024.12.31
Buildings and structures	$20,510	$9,397
Transportation equipment	-	517
Office equipment	98	245
Total	$20,608	$10,159

Depreciation of right-of-use assets

	2025	2024
Buildings and structures	$9,812	$8,823
Transportation equipment	258	3,105
Office equipment	147	143
Total	$10,217	$12,071

The Company increased the right-of-use assets in the amount of NT$20,925 thousand and NT$7,994 thousand in 2025 and 2024, respectively.

Except for the above additions and depreciation expenses recognized, there were no significant sub-leases or impairments of the Company's right-of-use assets in 2025 and 2024.

(2) Lease liabilities

	2025.12.31	2024.12.31
Lease liabilities	$20,774	$10,213
Current	$10,043	$6,955
Non-current	10,731	3,258

(In thousand New Taiwan dollars, unless otherwise specified)

Range of discount rate for lease liabilities is as follows:

	2025.12.31	2024.12.31
Buildings	1.94%-2.97%	1.94%-3.11%
Transportation equipment	-%	1.02%
Office equipment	1.98%	1.98%

(3) Lessee's income and expenses related to leasing activities

	2025	2024
Short-term lease expense	$3,539	$3,649

(4) Lessee's cash outflow from leasing activities

The Company's total cash outflow from the leases in 2025 and 2024 was NT$14,069 thousand and NT$15,295 thousand, respectively.

(5) Other information related to lease activities

The Company has leased other equipment which qualifies for short-term leases. The Company has elected to apply the recognition exemption for said equipment and, thus, did not recognize the right-of-use assets and lease liabilities of said leases.

10. Intangible assets

	2025	2024
Computer software		
Cost:		
Opening balance	$6,406	$7,997
Additions – separate acquisition	2,271	2,027
Disposals	(5,544)	(3,618)
Ending balance	$3,133	$6,406
Cumulative amortization and impairment:		
Opening balance	$4,173	$3,388
Amortization	2,967	4,403
Disposals	(5,544)	(3,618)
Ending balance	$1,596	$4,173
Net at the beginning of period	$2,233	$4,609
Net amount at the end of period	$1,537	$2,233

The above-mentioned cost of computer software is amortized in accordance with the straight-line method over a period of 2 to 5 years.

(In thousand New Taiwan dollars, unless otherwise specified)

11. Other non-current assets

	2025.12.31	2024.12.31
Refundable deposits	$3,097	$3,124
Prepayments for equipment	510	-
Total	$3,607	$3,124

12. Short-term loans

	2025.12.31	2024.12.31
Unsecured bank borrowings	$3,573,417	$2,971,082
Interest rate collars	1.915%~ 4.806776%	1.915%~2.3%

As of December 31, 2025 and 2024, the unused short-term loan amount of the Company was approximately NT$4,863,723 thousand and NT$3,008,348 thousand, respectively.

13. Accounts payable

The Company's average credit period is 30-90 days. The Company has a policy for managing financial risks in place to ensure that all accounts payable are repaid within a pre-agreed credit period.

14. Other payables

	2025.12.31	2024.12.31
Bonuses payable	$30,439	$43,308
Employee remuneration payable	25,114	38,874
Director remuneration payable	4,367	7,774
Unpaid leave payable	9,549	10,471
Interest payable	6,899	2,119
Others	11,405	9,407
Total	$87,773	$111,953

15. Retirement benefits plan

Defined contribution plans

The Company has the employee retirement plan stipulated in accordance with the "Labor Pension Act," which is a defined contribution plan. According to the "Labor Pension Act," the Company's monthly labor pension contribution rate shall not be less than 6% of the monthly salary of employees. The Company has an amount equivalent to 6% of the employees' monthly salary appropriated every month to the personal pension account with the Bureau of Labor Insurance.

The amount of expenses of the defined contribution pension plan recognized by the Company for 2025 and 2024 was NT$8,010 thousand and NT$7,070 thousand, respectively.

Defined benefit plans

The employee pension plan stipulated by the Company according to the "Labor Standards Act" is a defined benefit plan. The employees' pension payment is based on the service points and the average monthly salary at the time of retirement. Two service points for each service year within the first 15 service years (inclusive) and one service point for each service year after the 15th service year with a maximum of 45 service points for each employee. In accordance with the provisions of the Labor Standards Act, the Company contributes 2% of the total salary to the pension fund on a monthly basis, and the fund is deposited in a special account of the Bank of Taiwan in the name of the Supervisory Committee of Business Entities' Labor Retirement Reserve. In addition, the Company estimates the aforementioned labor retirement reserve account balance before the end of each year. If the balance is insufficient to pay the pension amount calculated in accordance with the aforementioned retirement conditions for the employees qualified for retirement in the next year, the amount of difference will be appropriated in a lump sum before the end of March in the next year.

The Ministry of Labor conducts asset allocation in accordance with the "Regulations for Revenues, Expenditures, Safeguarding, and Utilization of the Labor Retirement Fund." Fund investment is arranged with a self-operated and entrusted management method, which adopts a mid-term and long-term investment strategy with an active and passive management. Considering the risks of the market, credit, liquidity, etc., the Ministry of Labor sets the fund risk limit and control plan so that it can be flexible enough to achieve the target remuneration without bearing excessive risk. For the use of the fund, the minimum income of its annual settlement shall not be lower than the income calculated according to the local bank's two-year time deposit. If there is any deficiency, it shall be replenished by the state treasury upon approval by the competent authority. Since the Company is not entitled to participating in the operation and management of the Fund, the classification of the fair value of plant asset cannot be disclosed in accordance with IAS 19, Paragraph 142. As of December 31, 2025, the Company's defined benefit plan is expected to appropriate NT$504 thousand in the next year.

As of December 31, 2025 and 2024, the Company's defined benefit plan is expected to expire in 2028 and 2027, respectively.

(In thousand New Taiwan dollars, unless otherwise specified)

The cost of the defined benefit plan recognized in profit or loss is summarized as follows:

	2025	2024
Current service cost	$798	$804
Net interest on net defined benefit liabilities (assets)	335	267
Total	$1,133	$1,071

The adjustments made to the present value of the defined benefit obligation and the fair value of the plan assets are as follows:

	2025.12.31	2024.12.31	113.1.1
Present value of defined benefit obligations	$39,304	$37,159	$36,758
The fair value of plan assets	(16,231)	(14,527)	(12,775)
Other non-current liabilities- Net defined benefit liabilities	$23,073	$22,632	$23,983

Adjustments of net defined benefit liabilities (assets):

	Present value of defined benefit obligations	Fair value of plan asset	Defined benefit liabilities (assets)
2024.1.1	$36,758	$(12,775)	$23,983
Net defined benefit cost			
Current service cost	804	-	804
Interest expenses (revenues)	413	(146)	267
Sub-total	1,217	(146)	1,071
Defined benefit liabilities/assets remeasurement amount			
Return on plan assets (excluding interest income calculated at the discount rate)	-	(1,135)	(1,135)
Actuarial gains and losses resulting from changes in financial assumption	(128)	-	(128)
Experience adjustments	(688)	-	(688)
Sub-total	(816)	(1,135)	(1,951)
Contributions of employer	-	(471)	(471)
2024.12.31	37,159	(14,527)	22,632
Net defined benefit cost			
Current service cost	798	-	798
Interest expenses (revenues)	557	(222)	335
Sub-total	1,355	(222)	1,133

(In thousand New Taiwan dollars, unless otherwise specified)

Defined benefit liabilities/assets remeasurement amount			
Return on plan assets (excluding interest income calculated at the discount rate)	-	(1,006)	(1,006)
Actuarial gains and losses resulting from changes in financial assumption	250	-	250
Experience adjustments	540	-	540
Sub-total	790	(1,006)	(216)
Contributions of employer	-	(476)	(476)
2025.12.31	$39,304	$(16,231)	$23,073

The following key assumptions are used to determine the Company's defined benefit plan:

	2025.12.31	2024.12.31
Discount rate	1.25%	1.50%
Expected salary increase rate	3.50%	3.50%

Sensitivity analysis of each major actuarial hypothesis:

	2025		2024	
	Increase of defined benefit obligations	Decrease of defined benefit obligations	Increase of defined benefit obligations	Decrease of defined benefit obligations
Discount rate increased by 0.25%	$-	$250	$-	$235
Discount rate decreased by 0.25%	256	-	241	-
Expected salary increase by 0.25%	247	-	232	-
Expected salary decrease by 0.25%	-	243	-	227

The foregoing sensitivity analysis is conducted to analyze the possible impact on the defined benefit obligations when single actuarial assumption (e.g. discount rate or expected salary) has a reasonable and possible change occurring, assuming other assumptions remain unchanged. Since some of the actuarial assumptions are correlated, the occurrence of changes in one single actuarial assumption is seldom in practice, so the analysis has its limitations.

The methods and assumptions used in the sensitivity analysis for this period are no different from those adopted in the previous period.

(In thousand New Taiwan dollars, unless otherwise specified)

16. Equity

(1) Ordinary shares

As of December 31, 2025 and 2024, the Company's authorized capital was both NT$800,000 thousand and the issued capital was NT$666,392 thousand and NT$666,392 thousand, respectively, with a par value of NT$10 per share. With a par value of NT$10 per share, are entitled to one voting right per share and to the right to receive dividends. The change in the Company's share capital was mainly due to the execution of employee stock options.

(2) Capital surplus

	2025.12.31	2024.12.31
Available for makeup of loss, distribution of cash dividends or transfer into capital (A)		
Issuance premium	$242,652	$242,652
Employee stock options conversion premium	40,683	40,683
Expired employee stock options	1,159	38
Only to be used to offset deficits		
Changes in net equity of associates recognized using the equity method	17,232	17,232
Gains from exercise of disgorgement (B)	41	37
Not to be used for any purpose		
Employee stock options	-	1,121
Total	$301,767	$301,763

A. 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 capital surplus).

B. It is the capital surplus resulting from the exercise of disgorgement and may only be used to offset a deficit.

(3) Earnings allocation and dividend policy

Per the earnings distribution policy under the Company's Articles of Incorporation, where the Company makes a profit for a fiscal year, the profit shall be first used for paying taxes, offsetting a cumulative deficit, providing 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital, providing an amount for or reversing a special reserve in accordance with laws and regulations, and then any remaining profit, together with any undistributed retained earnings, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal (not lower than 10% of the year's cumulative distributable earnings), which shall then be submitted to the shareholders' meeting for a resolution before the distribution of the shareholder dividends.

(In thousand New Taiwan dollars, unless otherwise specified)

Where the dividends or dividends from the legal reserves and the capital surplus referred to in the preceding paragraph are paid out in cash, the Board of Directors may be delegated to carry it out, with a resolution adopted by more than half of the directors present at a board meeting attended by more than two-thirds of all directors and reported to the shareholders' meeting. As the business environment where the Company is located is stable and growing, based on the future business expansion and investment plans, we may pay out dividends in two ways: capitalization of earnings and cash dividends. Cash dividends to be paid out shall not be lower than 20% of the total dividends to be paid out. However, if the cash dividend per share is NTD 0.2 or lower, it may not be paid out, and the payout may be carried out with stock dividends instead. It shall be then submitted to the shareholders' meeting for resolution.

According to the Company Act, the legal reserve should be appropriated until the paid-in capital is equivalent to the total capital. The legal reserve can be used to make up for the loss. When the Company has no loss, the portion of the legal reserve that exceeds 25% of the paid-in capital should be applied to have stock shares or cash distributed to shareholders proportionally to their original shareholding ratio.

The Company's Articles of Incorporate specifying that when a special reserve is appropriated from the net deduction in other equity accumulated in the previous period, where the undistributed earnings of the previous period are insufficient, the undistributed earnings will be included in the undistributed earnings of the current period from net income plus items other than net income after tax of the current period.

The appropriation and distribution of the Company's 2024 and 2023 earnings and dividends per share are as follows:

	Earnings appropriation and distribution plan		Dividend Per Share (NT$)	
	2024	2023	2024	2023
Legal reserve	$28,878	$10,114		
Common stock cash dividends	199,918	99,939	$3.0	$1.5

The above distribution of cash dividends was approved by the Board of Directors on March 11, 2025 and March 12, 2024. The remaining distribution items were approved by the general shareholders' meeting on May 28, 2025 and May 31, 2024.

The Board of Directors of the Company proposed the following earnings appropriation and distribution for 2025 on March 10, 2026:

	Earnings appropriation and distribution plan	Dividend Per Share (NT$)
Legal reserve	$15,319	
Common stock cash dividends	$91,962	$1.38

(In thousand New Taiwan dollars, unless otherwise specified)

The above-mentioned cash dividends have been resolved by the Board of Directors, and the remaining earnings distribution items are expected to be resolved by the shareholders' meeting scheduled to be held on May 27, 2026.

For information on the distribution of remuneration to employees and directors, please refer to Note 6.20 remuneration to employees and directors.

17. Other equity

Unrealized gain/(loss) on financial assets at FVTOCI

	2025	2024
Opening balance	$47,165	$77,143
Current period – unrealized gain or loss on equity instrument	8,198	(30,038)
Disposal of investments in equity instruments measured at FVTOCI	-	60
Ending balance	$55,363	$47,165

18. Operating revenue

	2025	2024
Revenue from contracts with customers		
Analog ICs	$3,228,304	$1,211,577
Mixed-signal ICs	2,632,915	1,656,487
Radio frequency integrated circuit	897,301	590,293
Logic ICs	890,180	1,129,950
Others	1,310,608	703,128
Total	$8,959,308	$5,291,435

(1) Description of contracts with customers

Revenue from merchandise sales primarily comes from sales of electronic parts and components as a distributor. The products are mainly classified into digital signal processors, FPGA devices, HDMI chips, and high-speed signal transmission interfaces and display chips. The amount of revenue recognized is determined based on transaction with customers from orders, quotations or contracts.

(2) Segment of revenue

	2025	2024
Revenue from contracts with customers		
Sales revenue from products	$8,959,308	$5,291,435
Time of revenue recognition		
At a certain point in time	$8,959,308	$5,291,435

(In thousand New Taiwan dollars, unless otherwise specified)

(3) Contract balance

Contract liabilities - current

	2025.12.31	2024.12.31	2024.1.1
Sales of goods	$2,774	$21,602	$28,011

The significant changes in the balance of contract liabilities of the Company in 2025 and 2024 are as follows:

	2025	2024
The balance at the beginning of the period is transferred to income	$19,681	$25,573
Increase in collections in the current period (less the current period and transferred to income)	853	19,164

19. The depreciation, and amortization expenses are summarized by function as follows:

	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Depreciation expenses	$-	$21,489	$21,489	$-	$21,754	$21,754
Amortization expenses	-	2,967	2,967	-	4,403	4,403

20. Employee benefit expenses

	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Short-term employee benefits						
Salary and wages	$-	$213,184	$213,184	$-	$235,892	$235,892
Insurance expense	-	15,012	15,012	-	14,398	14,398
Other employee benefit expenses	-	17,113	17,113	-	13,604	13,604
Post-employment benefits						
Defined contribution plans	-	8,010	8,010	-	7,070	7,070
Defined benefit plans	-	1,133	1,133	-	1,071	1,071
Total	$-	$254,452	$254,452	$-	$272,035	$272,035

Pursuant to the Articles of Incorporation, after deducting the profit before tax of the current year prior to distribution of the remuneration to employees and directors, the amount to the percentage of 7.5%-11.5% shall be distributed as remuneration to employees and no more than 2.5% shall be distributed as the remuneration to the directors. However, profits must first be taken to offset against cumulative losses if any. In accordance with the amendments to the Securities and Exchange Act, the Company's shareholders' meeting passed a resolution on May 28, 2025, to amend the articles of incorporation, stipulating that at least 5% of the aforementioned employee remuneration should be distributed to rank-and-file employees. The aforementioned remuneration to employees may be paid in the form of stock or cash, and the resolution for such payment shall be adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and shall be reported to the shareholders' meeting. Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on employee compensation and remuneration to directors resolved by the board of directors.

(In thousand New Taiwan dollars, unless otherwise specified)

The Company's remuneration to employees and directors is based on the profitability. The estimated percentages and amounts are as follows:

(1) Estimation ratio

	2025	2024
Employee remuneration	11.5%	10.0%
Director remuneration	2.0%	2.0%

(2) Estimation amount

	2025	2024
Employee remuneration	$25,114	$38,874
Director remuneration	4,367	7,774

If the amount of remuneration to employees and directors is different from the actual amount resolved by the Board of Directors, the difference is recognized as profit or loss in the following year.

There is no significant difference between the amount of remuneration actually paid to employees and directors/supervisors in 2024 and the amount of expenses recognized in the financial statements.

21. Non-operating income and expenses

(1) Interest income

	2025	2024
Bank deposit	$43,130	$67,498
Others	338	3,549
Total	$43,468	$71,047

(In thousand New Taiwan dollars, unless otherwise specified)

(2) Other gains (losses)

	2025	2024
Disposal of property, plant and equipment gains	$-	$1,377
Net loss from translation of foreign currencies	(385,121)	(1,744)
Other losses- other	(1,419)	(684)
Total	$(386,540)	$(1,051)

(3) Finance costs

	2025	2024
Interest on bank loans	$82,988	$58,621
Interest on lease liabilities	359	336
Total	$83,347	$58,957

22. Income tax

The main composition of income tax expenses is as follows:

Income tax recognized in profit or loss

	2025	2024
Current income tax expenses:		
Payable income tax for the current period	$23,461	$71,779
Previous income taxes adjusted into the current year	(1,348)	(1,056)
Deferred tax (benefit) expense:		
Deferred tax (benefit) expense related to the original generation of the temporary difference and its reversal	13,819	(6,069)
Income tax expenses	$35,932	$64,654

The amount of income tax expense and accounting profit multiplied by the applicable income tax rate is adjusted as follows:

	2025	2024
Net income before tax of the continuing business units	$188,905	$342,103
Tax amount calculated based on the domestic tax rate applicable to the income of the country concerned	$37,781	$68,421
Income tax effect of non-deductible expenses on tax returns	1	1
Surtax of profit-seeking enterprise income tax on undistributed earnings	2,520	-
Previous income taxes adjusted into the current year	(1,348)	(1,056)
Other Income tax effects adjusted according to tax laws	(3,022)	(2,712)
Total income tax expense recognized in profit and loss	$35,932	$64,654

(In thousand New Taiwan dollars, unless otherwise specified)

Deferred income tax assets (liabilities) balances related to the following items:

2025

	Opening balance	Recognized in profit or loss	Ending balance
Temporary differences			
Deferred tax assets			
Unrealized inventory value decline	$46,062	$(18,080)	$27,982
Net defined benefit liabilities	3,246	132	3,378
Unrealized foreign exchange gain	1,822	(1,822)	-
Deferred income tax liabilities			
Unrealized exchange loss	-	5,951	5,951
Deferred tax benefit (expense):		$(13,819)	
Deferred income tax assets (liabilities), net	$51,130		$37,311
The information expressed on the balance sheet is as follows:			
Deferred tax assets	$51,130		$37,311
Deferred income tax liabilities	$-		$-

2024

	Opening balance	Recognized in profit or loss	Ending balance
Temporary differences			
Deferred tax assets			
Unrealized inventory value decline	$45,620	$442	$46,062
Net defined benefit liabilities	3,126	120	3,246
Unrealized loss allowance	1,010	(1,010)	-
Unrealized foreign exchange gain	-	1,822	1,822
Deferred income tax liabilities			
Unrealized exchange loss	(4,695)	4,695	-
Deferred tax benefit (expense):		$6,069	
Deferred income tax assets (liabilities), net	$45,061		$51,130
The information expressed on the balance sheet is as follows:			
Deferred tax assets	$49,756		$51,130
Deferred income tax liabilities	$(4,695)		$-

Income tax declaration and audit

As of December 31, 2025, the Company’s income tax returns were approved up to 2023.

23. Earnings per share

The basic earnings per share is calculated by having the net profit attributable to the holder of the common stock shares of the company divided by the weighted average number of common stock shares outstanding in the current period.

The diluted earnings per share is calculated by having the net profit attributable to the holder of the common stock shares of the company divided by the weighted average number of common stock shares outstanding in the current period plus the weighted average number of common stock shares to be issued when all dilutive potential common stock shares were converted into common stock shares.

	2025	2024
(1) Basic earnings per share		
Current net income (NT$ thousand)	$152,973	$277,449
Weighted average number of common stock shares (thousand shares) of the earnings per share	66,639	66,627
Base earnings per share ($)	$2.30	$4.16
(2) Diluted earnings per share		
Current net income (NT$ thousand)	$152,973	$277,449
Net income (in thousands) after adjusting the dilution effect	$152,973	$277,449
Weighted average number of common stock shares (thousand shares) of the earnings per share	66,639	66,627
Dilution effect:		
Employee share options – stock (thousand shares)	-	8
Employee remuneration – stock (thousand shares)	488	810
Weighted average number of common stock shares (thousand shares) after adjusting the dilution effect	67,127	67,445
Diluted earnings per share (NT$)	$2.28	$4.11

If the Company can settle the compensation to employees in cash or shares, the Company assumes that the entire amount of the compensation would 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 if the effect is dilutive. Such a dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

There was no other transaction performed to cause significant changes to the outstanding common stock shares or the potential common stock shares after the reporting period and before the release of the financial statements.

(In thousand New Taiwan dollars, unless otherwise specified)

24. Share-based payment agreement

Employee Stock Option Plan - 2019

In May 2019, the Company issued 1,200 units of employee stock options and each unit may subscribe 1,000 common shares. By way of delivering new shares, the Company subscribed a total of 1,200,000 common shares. The recipients of employee stock options are limited to the full-time employees in the Company's official establishment.

The subscription price for the employee stock option plan for 2019 may not be less than the closing price of the Company's common shares on the issue date. If the closing price is less than the par value on the date, the par value of the common shares shall be the subscription price.

With respect to the employee stock options plan, the duration of the stock option certificates is 6 years. The holders of the stock options may exercise their certificates 2 years from the expiration of the stock options granted according to the following schedule:

Schedule	Maximum cumulative ratio of stock options that can be exercised
2 years	50%
3 years	75%
4 years	100%

Information on employee stock options for 2025 and 2024 is as follows:

	2025		2024	
Employee stock options	Unit: Share	Weighted average exercise price (NT$)	Unit: Share	Weighted average exercise price (NT$)
Outstanding at the beginning of the period	-	$-	15,750	$24.8
Lost the period	-	-	(2,500)	-
Executed the period	-	-	(13,250)	24.0
Outstanding at the end of the period	-	-	-	-
Executable at the end of the period	-	-	-	-

As of December 31, 2025 and 2024, the information on outstanding employee stock options is as follows:

	2025.12.31	2024.12.31
Range of execution price (NT$)	$-	$24.0
Weighted average remaining contractual term (years)	-	0.34

(In thousand New Taiwan dollars, unless otherwise specified)

The Black-Scholes valuation model was used for the employee stock options granted by the Company in May 2, 2019. The inputs used in the valuation model are as follows:

	May 2, 2019
Price on grant date	$34.8
Execution price	34.8
Expected volatility	18.88%~19.64%
Duration	6 years
Expected dividend rate	0.00%
Risk-free interest rate	0.59%~0.62%

The expected volatility refers to the expected duration of the contract, and adopts the annualized standard deviation of the historical daily return rate for the period.

The compensation costs recognized in 2024 was NT$0 thousand.

7. Related Party Transactions

The related party transactions with the Company during the financial reporting period are as follows:

1. Related party name and relationship

Related party name	Relationship with the Company
Macnica Holdings, Inc.	Ultimate parent company
Macnica Inc.	Subsidiary of the ultimate parent company
Macnica Chungju Co., Ltd. (Chungju)	Parent company
Macnica Cytech Pte Ltd.	Other related party (the same as the ultimate parent company)
Macnica Cytech Limited (Macnica Cytech)	Other related party (the same as the ultimate parent company)
Macnica Americas Inc.	Other related party (the same as the ultimate parent company)
Macnica Korea, Limited.	Other related party (the same as the ultimate parent company)
Macnica Galaxy Inc. (Macnica)	Other related party (the same as the ultimate parent company)
Nexora Technology Co.,Limited (Nexora) (Former Name: E-Elements Technology, Co. Ltd.)	Substantive related party
Raitek Ltd. Inc. (Raitek)	Subsidiary of substantive related party

(In thousand New Taiwan dollars, unless otherwise specified)

2. Major transactions between the Company and related parties

(1) Sales

	2025	2024
Substantive related party	$17,512	$60,727
Subsidiary of substantive related party	44,756	29,301
Other related party	3,254	19,078
Total	$65,522	$109,106

The price of the Company’s sale to the related party is negotiated based on the market price, and the payment terms are the same as those of general customers.

(2) Import

	2025	2024
Subsidiary of the ultimate parent company	$-	$5,315
Substantive related party	77	24,602
Subsidiary of substantive related party	-	3,014
Other related party	974,361	(4,233)
Total	$974,438	$28,698

The Company’s purchase prices from the above-mentioned companies and the payment terms were not significantly different from those of general manufacturers.

(3) Accounts receivable – related parties

	2025.12.31	2024.12.31
Substantive related party		
Nexora	$3,785	$2,698
Subsidiary of substantive related party		
Raitek	8,085	52,446
Other related party	-	373
Total	$11,870	$55,517

(4) Other receivables – related parties

	2025.12.31	2024.12.31
Other related party	$-	$2,308

(In thousand New Taiwan dollars, unless otherwise specified)

(5) Pre-paid expenses

	2025.12.31	2024.12.31
Subsidiary of the ultimate parent company	$885	$-

(6) Accounts payable – related parties

	2025.12.31	2024.12.31
Other related party	$35,199	$-

(7) Other payables – related parties

	2025.12.31	2024.12.31
Subsidiary of the ultimate parent company	$364	$-
Other related party	825	-
Total	$1,189	$-

(8) Other operating costs (recorded as cost of goods sold)

	2025	2024
Other related party	$2,383	$-

(9) Operating expenses

	2025	2024
Subsidiary of the ultimate parent company	$544	$-
Other related party	6,030	1,511
Total	$6,574	$1,511

(10) Interest income

	2025	2024
Subsidiary of substantive related party		
Raitek	$307	$3,489

(11) Other expenditures

	2025	2024
Subsidiary of the ultimate parent company	$1,325	$577
Other related party	10	-
Total	$1,335	$577

(In thousand New Taiwan dollars, unless otherwise specified)

(12) Remuneration of key management personnel of the Company

	2025	2024
Short-term employee benefits	$27,491	$22,692
Post-employment benefits	235	188
Total	$27,726	$22,880

Remuneration to the directors and other key management is determined by the Remuneration Committee based on their individual performance and market trends.

8. Pledged assets

The Company has the following assets provided as collateral:

Assets Name	2025.12.31	2024.12.31	Secured debt content
Pledged C/D (recorded as financial assets measured at amortized cost – non current)	$-	$13,440	Security deposits for tariff guarantees for imported raw materials:

9. Significant Contingent Liability and Unrecognized Contractual Commitment

1. The Company appointed Mizuho Bank, Ltd., Taipei Branch as guarantor for its application to the supervising customs for the release of imported goods prior to tax payment, with a guarantee amount of NT$80,000 thousand.

2. The Company's significant commitments and contingencies as of the balance sheet date are as follows:

Significant commitments	2025.12.31	2024.12.31
Deposited and guaranteed notes payable	$10,000	$10,000
Opened and unused LCs	$192,860	$110,580

10. Significant Losses from Disasters

No such event

11. Significant Subsequent Events

No such event

(In thousand New Taiwan dollars, unless otherwise specified)

12. Others

1. Categories of financial instruments

Financial assets

	2025.12.31	2024.12.31
Financial assets measured at FVTOCI	$79,716	$71,518
Financial assets based on cost after amortization:		
Cash and cash equivalents (excluding cash on hand)	801,417	1,889,709
Notes receivable	13,266	8,050
Accounts receivable	2,940,133	1,308,549
Accounts receivable – related parties	11,870	55,517
Other receivables	516	245,635
Financial assets measured at amortized cost - non current	-	13,440
Refundable deposits (recognized as other non-current assets)	3,097	3,124
Sub-total	3,770,299	3,524,024
Total	$3,850,015	$3,595,542

Financial liabilities

	2025.12.31	2024.12.31
Financial liabilities based on cost after amortization:		
Short-term loans	$3,573,417	$2,971,082
Accounts payable	3,510,894	1,592,303
Other payables	87,773	111,953
Lease liabilities (including non-current)	20,774	10,213
Total	$7,192,858	$4,685,551

2. Financial risk management objective and policies

The Company's financial risk management objectives are to manage market risks, credit risks and liquidity risks related to operating activities. The Company identifies, assesses and manages the aforementioned risks based on the Group's policies and risk preferences.

The Company has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with relevant regulations. Major financial activities must be reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the Company must strictly comply with the regulations related to financial risk management established.

3. Market risks

The Company's market risk arises from fluctuated fair value or cash flow due to changes in the market price of financial instruments. Market risk includes exchange rate risk, interest rate risk and other price risks.

In practice, it is rare for a single risk variable to change independently, and the changes of each risk variable are usually correlated. However, the following sensitivity analysis of each risk does not consider the interaction of related risk variables.

Exchange rate risk

The Company is engaged in sales and purchases transactions in foreign currency. These transactions expose the Company to the exchange rate fluctuation risks. However, the Company adopts natural hedge risk management for the management of the exchange rate risks arising from imports and sales denominated in foreign currencies, allowing the risk to be within a tolerable limit. Since the aforementioned natural hedge does not qualify for hedge accounting, hedge accounting has not been adopted.

The sensitivity analysis of the Company's exchange rate risk is mainly for the main foreign currency monetary items at the end of the financial reporting period, and the impact of the appreciation/depreciation of the related foreign currencies on the Consolidated Company's income and equity. The Company's exchange rate risk is mainly affected by fluctuations in the exchange rates of USD.

When the NT$ increased/decreased 1% against the USD, the Company's income would have increased/decreased by NT$19,190 thousand for 2025 and would have decreased/increased by NT$15,424 thousand for 2024.

Interest rate risk

Interest rate risk arises when the market interest rate changes and causes fluctuations in the fair value of financial instruments or future cash flows. The Company's interest rate risk arises mainly from the floating interest rate borrowings.

The following sensitivity analysis is based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For liabilities with floating interest rates, the analysis method is based on the assumption that the amount of liabilities outstanding at the end of the year is outstanding throughout the reporting period. The sensitivity to a 1% change in interest rate is used when reporting the interest rate risk internally to key management personnel and also represents the management's assessment of the reasonably possible change in interest rates.

(In thousand New Taiwan dollars, unless otherwise specified)

The carrying amounts of the financial assets and financial liabilities of the Company exposed to the interest rate risk at the end of the reporting period are as follows:

	2025.12.31	2024.12.31
Fair value interest rate risk		
Financial assets	$-	$13,440
Financial liabilities	20,774	10,213
Cash flow interest rate risk		
Financial assets	801,417	1,889,709
Financial liabilities	3,573,417	2,971,082

The sensitivity analysis of interest rate risk mainly focuses on the interest rate risk items including floating rate investments and floating rate borrowings at the end of a financial reporting period. Assuming that when interest rates increased/decreased by 10 basis points, the Company's income would have decreased/increased by NT$2,772 thousand and NT$1,081 thousand for 2025 and 2024, respectively.

Other price risks

The Company sustains is exposed to equity price risk due to its investment in equity securities. The equity investment not held for trading is a strategic investment and the Company does not actively trade in this investment.

The sensitivity analysis below is conducted based on the equity price risk at the balance sheet date.

For the stocks of emerging companies measured at fair value through other comprehensive income, when the equity price increased/decreased by 1%, the equity would have increased/decreased by NT$797 thousand and NT$715 thousand for 2025 and 2024, respectively.

4. Management over credit risks

Credit risk refers to the risk of financial loss incurred when a counterparty fails to perform its contractual obligations. The Company's credit risk arises from operating activities (mainly accounts receivable and notes receivable) and financing activities (mainly bank deposits and other financial instruments).

Each unit of the Company manages credit risk in accordance with credit risk policies, procedures and controls. The credit risk assessment of all counterparties is based on the factors of the financial position of the counterparties, ratings of the credit rating agencies, historical transaction experience, current economic situation, and the Company's internal evaluation standards.

As the Company has large customer groups who are not connected to each other, the concentration of credit risk is not high.

(In thousand New Taiwan dollars, unless otherwise specified)

5. Liquidity risk management

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

The following table shows the earliest period in which the Company may be required to pay and is based on the undiscounted cash flows of financial liabilities, including interest and principal cash flows. The Company's working capital is sufficient to support its operations.

Non-derivative financial liabilities	Less than 1 year	2–3 years	4–5 years	Over 5 years	Total
2025.12.31					
Short-term loans	$3,573,417	$-	$-	$-	$3,573,417
Payables	3,510,894	-	-	-	3,510,894
Other payables	87,773	-	-	-	87,773
Lease liabilities	10,043	10,731	-	-	20,774
2024.12.31					
Short-term loans	$2,971,082	$-	$-	$-	$2,971,082
Payables	1,592,303	-	-	-	1,592,303
Other payables	111,953	-	-	-	111,953
Lease liabilities	6,955	3,258	-	-	10,213

6. Reconciliation of liabilities from financing activities

Information on reconciliation for the year ended December 31, 2025:

	Short-term loans	Lease liabilities	Total liabilities from financing activities
2025.1.1	$2,971,082	$10,213	$2,981,295
Cash flow	602,335	(10,171)	592,164
Non-cash changes	-	20,732	20,732
2025.12.31	$3,573,417	$20,774	$3,594,191

Information on reconciliation for the year ended December 31, 2024:

	Short-term loans	Lease liabilities	Total liabilities from financing activities
2024.1.1	$2,030,643	$13,533	$2,044,176
Cash flow	940,439	(11,310)	929,129
Non-cash changes	-	7,990	7,990
2024.12.31	$2,971,082	$10,213	$2,981,295

7. The fair value of financial instruments

Evaluation techniques and assumptions used to measure fair value

Fair value is the price that would be collected for the assets sold or the price paid for the liabilities transferred in an orderly transaction between market participants on the measurement date. The methods and assumptions used by the Company to measure or disclose the fair value of financial assets and financial liabilities are as follows:

(1) The book value of cash and cash equivalents, receivables, other receivables, short-term borrowings, payables, and other payables is a reasonable approximation of the fair value, mainly due to the short maturity period of such instruments.

(2) The fair value of financial assets and financial liabilities with standard terms and conditions and traded in an active market is determined by quoted market prices (including TWSE/TPEx listed stocks and bonds).

(3) The fair value of lease liabilities is calculated at the fair value of the loan, including interest rate discount.

8. Fair value hierarchy

(1) Fair value hierarchy

All assets and liabilities measured or disclosed at fair value is the lowest level input that is important to the overall fair value measurement, classified to the fair value level to which it belongs. The input at each level is as follows:

Level 1: The quotation (unadjusted) of the same assets or liabilities that can be acquired by the company in an active market on the measurement date

Level 2: It refers to the directly or indirectly observable input value of asset or liability, except for those quotations included in Level 1.

Level 3: The unobservable input value of an asset or liability.

For assets and liabilities that are recognized in the financial statements on a repetitive basis, the classification is reevaluated at the end of each reporting period to determine whether there is a transfer between the fair value levels.

(2) Information on hierarchy of fair value measurement

The Company does not have non-repetitive assets measured at fair value. The information on the fair value level of repetitive assets and liabilities is shown below:

December 31, 2025:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets measured at FVTOCI				
Equity instrument – stock	$79,716	$-	$-	$79,716

December 31, 2024:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets measured at FVTOCI				
Equity instrument – stock	$71,518	$-	$-	$71,518

Transfer between Level 1 and Level 2 fair value

For the years 2025 and 2024, the Company's assets and liabilities measured at fair value on a recurring basis did not experience transfer between Level 1 and Level 2 fair value.

9. Information on Foreign Currency Financial Assets and Liabilities with Significant Effect

The information regarding financial assets and liabilities dominated by foreign currency which might arouse material effect:

	2025.12.31		
	Foreign currency (NT$ thousand)	Exchange rate (NT$)	NTD
Financial assets			
Monetary items:			
USD	$112,486	31.43	$3,535,435
Financial liabilities			
Monetary items:			
USD	173,543	31.43	5,454,456

	2024.12.31		
	Foreign currency (NT$ thousand)	Exchange rate (NT$)	NTD
Financial assets			
Monetary items:			
USD	$95,685	32.79	$3,137,511
Financial liabilities			
Monetary items:			
USD	48,646	32.79	1,595,102

The above information is based on the book value of the foreign currency (which has been converted to the functional currency) for disclosure.

The Company's net foreign currency exchange losses were NT$385,121 thousand and NT$1,744 thousand for the years ended 2025 and 2024, respectively. Due to a large volume of foreign currency transactions, it is impracticable to disclose exchange gains and losses separately for each significantly impacting foreign currency.

10. Capital management

The Company conducts capital management to ensure that the companies of the Company can keep operating while maximizing shareholders' return by optimizing the liability and equity balances.

The key management of the Company conducts monthly review of the Company's capital structure, including the cost of capital and relevant risks. Observing the suggestions of the key management, the consolidate companies balance the overall capital structure by paying dividends, issuing new stocks, repurchasing stocks, and issuing new corporate bonds, or repaying existing liabilities.

13. Additional Disclosures

1. Information on Major Transactions

(1) Loans to others: none.
(2) Endorsements/guarantees for others: none.
(3) Significant marketable securities held at period end (excluding equity investments in subsidiaries, associates and joint ventures): Please refer to Attached table 1.
(4) Total purchases from or sales to related parties amounting to at least NT$ 100 million or 20% of the paid-in capital: See Attached table 2.
(5) Amounts receivable from related parties totaling more than NT$100 million or 20% of paid-up capital: None.
(6) Others: Intercompany relationships and significant intercompany transaction: None.

(In thousand New Taiwan dollars, unless otherwise specified)

2. Information on Investees: None.

3. Information regarding investment in the territory of mainland China: None

14. Segment reporting

The information provided to the chief operating decision maker for allocating resources and measuring segment performance focuses on the type of product or service delivered or provided. As the chief operating decision maker considers the Company as a whole as a single operating segment and uses the Company's overall information for resource allocation and performance measurement. For information related to the operating segment, please see this financial report.

1. Revenue from major products

Analysis of the Company's major products is as follows:

	2025	2024
Analog ICs	$3,228,304	$1,211,577
Mixed-signal ICs	2,632,915	1,656,487
Radio frequency integrated circuit	897,301	590,293
Logic ICs	890,180	1,129,950
Others	1,310,608	703,128
Total	$8,959,308	$5,291,435

2. By region

Information on the Company's revenue from external customers based on their location is as follows:

	2025	2024
Domestic sales	$6,123,081	$4,120,056
Export		
Asia	2,753,796	1,165,118
North America	71,505	2,377
Europe	10,652	3,726
Others	274	158
Total	$8,959,308	$5,291,435

Attached table 1: Significant marketable securities held at period end (excluding equity investments in subsidiaries, associates and joint ventures):

Unit: Share, NT$ thousand

Holding Company Name	Type and Name of Marketable Securities (Note)	Relationship with the Holding Company	Financial Statement Account	Ending Balance				Remarks
				Number of shares/ units	Carrying amount	Shareholding	Fair Value	
Macnica Anstek Inc.	TPEx stock Nexora Technology Co.,Limited	Substantive related party	Financial assets measured at FVTOCI - non current	1,680,000	$79,716	7.30%	$79,716	
〃	Domestic unlisted TWSE (TPEx) common stock Digiwell Technology, INC.	None	〃	150,000	-	2.17%	-	

Note: Marketable securities referred to in the table are stocks, bonds, beneficiary certificates and marketable securities derived from the above items.

Attached table 2: Total purchases from or sales to related parties amounting to at least NT$ 100 million or 20% of the paid-in capital:

Unit: Thousands of NTD

Buyer/Seller	Counterparty	Relationship	Transaction details				Abnormal transaction		Note/Trade receivables (Payable)		Remarks
			Note/Trade receivables (Payable)	Amount	% of total	Payment terms	Unit price	Payment terms	Balance	Percentage of total receivables (payables) (%)	
Macnica Anstek Inc.	Macnica Galaxy Inc.	Other related party	Import	$867,594	3.50%	Net 30	Note	Note	$22,050	0.63%	
Macnica Anstek Inc.	Macnica Cytech	Other related party	Import	$106,767	0.43%	Net 30	Note	Note	$10,720	0.31%	

Note: In accordance with the Company’s policy and system.

Macnica Anstek Inc.
List of Significant Accounting Titles

Macnica Anstek Inc.

1. Statement of cash and cash equivalents

December 31, 2025

Unit: Thousands of NTD

Item	Summary	Amount	
		Sub-total	Total
Cash on hand			
Petty cash		$45	$45
Demand deposit			
Land Bank of Taiwan		4,393	
Fubon Bank Taipei		14,126	
Taiwan Cooperative Bank		23,122	
Taiwan Business Bank Co., Ltd.		9,112	
Mizuho Bank Taiwan		8,452	
MUFG Bank Ltd.		10,328	69,533
Current deposits-USD			
Land Bank of Taiwan	USD 13,597,661.10	427,374	
Fubon Bank Taipei	USD 2,649,463.48	83,273	
Taiwan Cooperative Bank	USD 10.27	0	
Taiwan Business Bank Co., Ltd.	USD 5.77	0	
Mizuho Bank Taiwan	USD 3,325,411.15	104,518	
MUFG Bank Ltd.	USD 3,713,618.85	116,719	731,884
Total			$801,462

Macnica Anstek Inc.

2. Statement of Notes Receivable

December 31, 2025

Unit: Thousands of NTD

Name of customer	Summary	Amount	Remarks
MegaHertz	Sales	$2,024	
MSTRONIC	〃	1,435	
Rextron	〃	1,349	
Kun Meng	〃	1,098	
Yong Hong	〃	1,092	
OSTEST	〃	961	
Ding-yi	〃	928	
Others	〃	4,379	(Less than 5% of the balance of this account)
Notes receivable-net		$13,266	

Macnica Anstek Inc.

3. Statement of Accounts receivable

December 31, 2025

Unit: Thousands of NTD

Name of customer	Summary	Amount	Remarks
<u>Non-related party</u>			
DELTA (THAILAND)	Sales	$335,556	
Chroma ATE	〃	278,653	
DELTA	〃	149,636	
Others	〃	2,184,093	(Less than 5% of the balance of this account)
Sub-total		2,947,938	
Less: Loss allowance		(7,805)	
Net value		2,940,133	
<u>Related party</u>			
Nexora	Sales	3,785	
Raitek	〃	8,085	
Sub-total		11,870	
Less: Loss allowance		-	
Net value		11,870	
Accounts receivable – net		$2,952,003	

Macnica Anstek Inc.

4. Statement of Inventories

December 31, 2025

Unit: Thousands of NTD

Item	Summary	Amount		Remarks
		Cost	Net realizable value	
Merchandise		$5,230,697	Note 1	Note 1: The provision for inventory valuation loss is based on the cost less the expected purchase discount and the net realizable value, whichever is lower, using the itemized comparison method after the inventory age.
Less: Allowance for loss on inventory value decline and slow-moving inventories		(139,909)		
Total		$5,090,788		

Macnica Anstek Inc.

5. Statement of Changes in Financial Assets Measured at FVTOCI – non-current

January 1 to December 31, 2025

Unit: Thousands of NTD

Name	Beginning balance		Increase in current period		Decrease in current period		Ending Balance		Provided as guarantee or pledge	Remarks
	Number	Fair Value	Number	Amount	Number	Amount	Number	Fair Value		
TPEx stock:										
Nexora Technology Co.,Limited	1,680,000	$71,518	-	$8,198	-	$-	1,680,000	$79,716	None	Note 1
Domestic unlisted TWSE (TPEx) common stock:										
Digiwell Technology, INC.	150,000	-	-	-	-	-	150,000	-	None	
Total		$71,518		$8,198		$-		$79,716		

Note 1: E-Elements Technology Co., Ltd. was renamed Nexora Technology Co., LTD. in 2025.

Macnica Anstek Inc.

6. Changes in accumulated depreciation of assets with right-of-use statement

January 1 to December 31, 2025

nit: Thousands of NTD

Item	Opening balance	Current increase amount	Current decrease amount	Ending balance	Provided as guarantee or pledge
Cost					
Buildings and structures	$26,665	$20,925	$18,685	$28,905	None
Transportation equipment	9,314	-	9,314	-	None
Office equipment	681	-	-	681	None
Sub-total	36,660	20,925	27,999	29,586	
Accumulated depreciation					
Buildings and structures	17,268	9,812	18,685	8,395	None
Transportation equipment	8,797	258	9,055	-	None
Office equipment	436	147	-	583	None
Sub-total	26,501	10,217	27,740	8,978	None
Net book value	$10,159	$10,708	$259	$20,608	

Macnica Anstek Inc.

7. Statement of Short-term Loans

December 31, 2025

Unit: Thousands of NTD

Borrowing type	Description	Ending balance	Contract period	Interest rate collars	Financing facilities	Mortgage or guarantee	Remarks
Credit loan	Land Bank of Taiwan	$645,730	2025.05.29~ 2026.05.29	2.080%~4.757%	$800,000	None	
	Taiwan Cooperative Bank	-	2025.03.21~ 2026.03.21	-	660,000	None	
	Taiwan Business Bank Co., Ltd.	427,825	2025.04.25~ 2026.04.25	1.915%~4.806776%	600,000	None	
	Fubon Bank Taipei	149,938	2025.06.05~ 2026.06.05	2.200%	750,000	None	
	Mizuho Bank Taiwan	1,459,924	2025.07.30~ 2026.07.30	4.580%	2,100,000	None	
	MUFG Bank Ltd.	890,000	2025.05.31~ 2026.05.31	2.225%~2.230%	3,720,000	None	
		$3,573,417			$8,630,000		

Macnica Anstek Inc.

8. Statement of Accounts Payable

December 31, 2025

Unit: Thousands of NTD

Name of customer	Summary	Amount	Note
Non-related party			
Analog Devices, Inc.	Import	$2,979,035	
Advanced Micro Devices, Inc.	〃	479,077	(Less than 5% of the balance of this account)
Others	〃	52,782	
Total		$3,510,894	

Macnica Anstek Inc.

9. Statement of Lease Liabilities

December 31, 2025

Unit: Thousands of NTD

Item	Summary	Lease term	Discount rate	Ending balance	Remarks
Buildings and structures	Taipei Office	2025.08.01~ 2028.07.31	2.97%	$16,220	
Buildings and structures	Taoyuan Bonded Warehouse	2024.03.01~ 2027.02.28	1.94%~2.06%	4,455	
Office equipment	Digital photocopiers	2021.09.03~ 2026.09.02	1.98%	99	
				$20,774	
Current				10,043	
Non-current				10,731	
Total				$20,774	

Macnica Anstek Inc.

10. Statement of other current liabilities

December 31, 2025

Unit: Thousands of NTD

Item	Summary	Amount	Remarks
Collections on behalf of others		$1,982	
Temporary receipts		1,296	
Total		$3,278	

Macnica Anstek Inc.

11. Statement of Operating Costs

January 1 to December 31, 2025

Unit: Thousands of NTD

Item	Amount	Remarks
Beginning merchandise	$2,910,132	
Add: Purchases in the current period	10,370,558	
Processing fee	910	
Less: Ending merchandise	(5,230,697)	
Reclassified to sample expense	(745)	
Transfer to research and development expenses	(1,654)	
Cost of goods sold	8,048,504	
Inventory devaluation and obsolescence losses (revaluation gains)	(90,400)	
Other operating costs	2,383	
Operating costs	$7,960,487	

Macnica Anstek Inc.

12. Statement of Operating Expenses

January 1 to December 31, 2025

Unit: Thousands of NTD

Item	Summary	Amount	Note
Salary expenditures		$217,524	
Rent expense		3,912	
Traveling expenses		1,464	
Freight cost		3,425	
Postage and phone/fax expense		5,409	
Repairs and maintenance		2,302	
Advertisement		1,935	
Utility expense		1,588	
Insurance premium		19,305	
Entertainment		8,201	
Depreciation		21,489	
Various amortization		2,967	
Meal expense		5,729	
Employee benefits		11,022	
Import and export fees		12,419	
Transportation expenses		9,120	
Miscellaneous purchases		1,194	
Service charge		2,561	
Professional service expenses		4,972	
Other expenses	(including the balance of each account that does not exceed NT$1,000 thousand)	46,141	
Sub-total		382,679	
Expected credit impairment loss (benefit)		2,908	
Total		$385,587	

Macnica Anstek Inc.

13. Statement of Current Employee Benefits, Depreciation, Depletion, and Amortization Expenses by Function

2025 and 2024

Unit: Thousands of NTD

Item	2025	2024	Note
Employee benefit expenses			
Salary and wages	$208,381	$227,764	
Labor and health expenses	15,012	14,398	
Pension	9,143	8,141	
Remuneration to directors	4,803	8,128	
Other employee benefit expenses	17,113	13,604	
Sub-total	$254,452	$272,035	
Depreciation and amortization expenses			
Depreciation	$21,489	$21,754	
Amortization	$2,967	$4,403	

Note 1: The number of employees on December 31, 2025 and 2024 was 179 and 157, respectively. Among them, the number of directors not concurrently employees was 5 and 6 people, respectively.

Note 2: The company whose stock is listed for trading on the TWSE or TPEx shall additionally disclose additional information as follows:

(1) The average employee benefit expenses for the years ended December 31, 2025 and 2024 were NT$1,435 thousand (Total employee benefit expenses for 2025 - Total directors' remuneration / Number of employees during 2025 — Number of directors who did not concurrently serve as employees) and NT$1,748 thousand (Total employee benefit expenses for 2024 - Total directors' remuneration / Number of employees during 2024 — Number of directors who did not concurrently serve as employees), respectively.

(2) The average employee salary and wages for the years ended December 31, 2025 and 2024 were NT$1,198 thousand (Total employee salary and wages for 2025/ Number of employees during 2025 — Number of directors who did not concurrently serve as employees) and NT$1,508 thousand (Total employee salary and wages for 2024 / Number of employees during 2024 — Number of directors who did not concurrently serve as employees)., respectively

(3) The average employee salary decrease was 20.60% (2025 average employee salary and wages - 2024 average employee salary and wages / 2024 average employee salary and wages).

(4) There was no distribution to supervisors as the Company established an Audit Committee on June 24, 2019 to replace the functions of the supervisors.

(5) The Company’s remuneration policy (including directors, company officers and employees)
Remuneration to directors:
If a director holds a position at the Company, in addition to the remuneration paid pursuant to Article 23 of the Articles of Incorporation, the Company may pay remuneration regardless of operating profit or loss pursuant to Article 18-1 of the Articles of Incorporation. The payment criteria is authorized to be determined by the Board of Directors in accordance with the degree of participation of the directors and value of their contribution to the Company’s operations, as well as taking into account the salary levels of company officers in the industry.
Company officers and employees:
Salaries, bonuses and remuneration to employees are paid subject to the Company’s relevant management rules. Unless otherwise specified, salaries bonuses and remuneration to employees are determined according to the Company’s operating conditions and individual performance.