

PCL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these consolidated financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Consolidated Financial Statements

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INDEPENDENT AUDITORS' REPORT

To: PCL TECHNOLOGIES, INC.

Opinion

We have audited the accompanying consolidated balance sheets of PCL TECHNOLOGIES, INC. and its subsidiaries (the "Group") as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2025 and 2024, and notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and their consolidated financial performance and cash flows for the years ended December 31, 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Valuation for slow-moving and obsolete inventories

As of December 31, 2025, the Group's net inventories amounted to NT\$231,608 thousand. As the high-tech industry evolves rapidly, the market value of the Group's inventories may decline due to changes in customer's needs, technology specification, etc. Management has to evaluate and accrue related reserves for slow-moving and obsolete inventories that have declining future markets values as the technology specification changes. The accounting estimates highly involve management's judgement and the key assumptions for the provision rate and the range of aging of inventory are determined by considering the exclusivity, recyclability and timeliness of inventories, in the meanwhile, net realizable value of each inventory is also assessed, and the audit of valuation for inventories is complicated. Therefore, we identify it as key audit matter.

We performed audit procedures including but not limited to the following:

1. We obtained an understanding, evaluated the design and tested the operating effectiveness of internal control over the Group's inventories valuation process. For instance, we tested the control of management's review over the reserve methodology and the key assumptions in the valuation process.
2. We selected samples of inventories to test the accuracy of the inventory aging and evaluated the appropriateness of management's methodology to determine inventory aging and provision rates by comparing the loss of slow-moving inventories with the records of sales and changes and recalculated the amount of reserve using the applied provision rate.
3. We selected samples of inventories to test the accuracy of the market values used to calculate the net realizable value by comparing them with the latest sales or purchase evidence.

In addition, we evaluated the appropriateness of disclosures of inventories. Please refer to Notes 5 and 6 to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

/s/Hsu, Hsin-Min

/s/Yu, Chien-Ju

Ernst & Young, Taiwan

March 24, 2026

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese
PCL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2025 and December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 and 6	\$525,545	11	\$1,022,422	20
Financial assets at fair value through profit or loss, current	4 and 6	1,498,100	32	1,173,022	23
Financial assets measured at amortized cost, current	4, 6 and 8	47,611	1	203,835	4
Accounts receivable, net	4 and 6	114,275	2	143,197	3
Other receivables	4	26,145	-	35,291	1
Current tax assets	4	562	-	3,829	-
Inventories, net	4, 5 and 6	231,608	5	142,503	3
Prepayments		27,001	1	17,909	-
Other current assets		2,060	-	1	-
Total current assets		<u>2,472,907</u>	<u>52</u>	<u>2,742,009</u>	<u>54</u>
Non-current assets					
Financial assets at fair value through profit or loss, non-current	4 and 6	156,513	3	281,685	5
Financial assets at fair value through other comprehensive income, non-current	4 and 6	1,771,245	38	1,669,124	33
Property, plant and equipment	4 and 6	224,108	5	268,465	5
Right-of-use assets	4 and 6	108,037	2	136,881	3
Intangible assets	4	274	-	723	-
Deferred tax assets	4, 5 and 6	5,693	-	14,771	-
Other non-current assets		6,592	-	6,001	-
Total non-current assets		<u>2,272,462</u>	<u>48</u>	<u>2,377,650</u>	<u>46</u>
Total assets		<u><u>\$4,745,369</u></u>	<u><u>100</u></u>	<u><u>\$5,119,659</u></u>	<u><u>100</u></u>

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

English Translation of Financial Statements Originally Issued in Chinese
PCL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2025 and December 31, 2024
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2025		December 31, 2024	
		Amount	%	Amount	%
Current liabilities					
Short-term borrowings	4 and 6	\$199,288	4	\$454,239	9
Financial liabilities at fair value through profit or loss, current	4 and 6	12,535	-	17,971	-
Contract liabilities, current	6	5,052	-	93,639	2
Accounts payable		310,132	7	343,904	7
Other payables	6	59,247	1	134,875	3
Current tax liabilities	4, 5 and 6	5,010	-	768	-
Lease liabilities, current	4 and 6	27,180	1	25,611	1
Other current liabilities		51	-	54	-
Total current liabilities		618,495	13	1,071,061	22
Non-current liabilities					
Financial liabilities at fair value through profit or loss, non-current	4 and 6	-	-	2,123	-
Deferred tax liabilities	4, 5 and 6	13,268	-	10,737	-
Lease liabilities, non-current	4 and 6	93,120	2	121,901	2
Other non-current liabilities		360	-	496	-
Total non-current liabilities		106,748	2	135,257	2
Total liabilities		725,243	15	1,206,318	24
Equity attributable to the parent company	4 and 6				
Common stock		801,898	17	801,898	16
Capital surplus		2,131,137	45	2,112,293	41
Retained earnings					
Legal reserve		408,453	9	382,120	7
Special reserve		183,649	4	151,018	3
Unappropriated earnings		762,808	16	649,657	13
Other equity		(241,300)	(5)	(183,645)	(4)
Treasury stock		(26,519)	(1)	-	-
Equity attributable to the parent company		4,020,126	85	3,913,341	76
Non-controlling interests	6	-	-	-	-
Total equity		4,020,126	85	3,913,341	76
Total liabilities and equity		\$4,745,369	100	\$5,119,659	100

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

English Translation of Financial Statements Originally Issued in Chinese
PCL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Accounts	Notes	2025		2024	
		Amount	%	Amount	%
Operating revenues	4, 6 and 7	\$1,074,975	100	\$1,091,806	100
Operating costs	6	(806,522)	(75)	(848,422)	(78)
Gross profit		268,453	25	243,384	22
Operating expenses	4, 6 and 7				
Selling expenses		(6,288)	(1)	(7,507)	(1)
General and administrative expenses		(107,992)	(10)	(99,769)	(9)
Research and development expenses		(78,319)	(7)	(81,877)	(7)
Subtotal		(192,599)	(18)	(189,153)	(17)
Net other operating income and expenses		(2,539)	-	(4,263)	-
Operating income		73,315	7	49,968	5
Non-operating income and loss	4 and 6				
Interest income		225,523	21	196,111	18
Other income		6,972	-	5,468	-
Other gains and losses		(754)	-	(130)	-
Finance costs		(11,256)	(1)	(9,440)	(1)
Foreign exchange (losses) gains, net		(36,664)	(3)	17,847	2
Unrealized gains on financial assets (liabilities) at fair value through profit or loss		117,123	11	45,184	4
Impairment loss		-	-	(19,092)	(2)
Subtotal		300,944	28	235,948	21
Income before income tax		374,259	35	285,916	26
Income tax expense	4, 5 and 6	(20,908)	(2)	(25,293)	(2)
Net income		353,351	33	260,623	24
Other comprehensive income (loss)	4,6 and 12				
Items that will not be reclassified subsequently to profit or loss					
Unrealized gains or losses on equity instruments investments at fair value through other comprehensive income		(59,039)	(5)	(112,392)	(10)
Exchange differences on translation of presentation currency		(156,383)	(15)	289,756	27
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		124,463	12	(139,262)	(13)
Unrealized gains or losses on debt instruments investments at fair value through other comprehensive income		33,367	3	(73,183)	(7)
Total other comprehensive loss		(57,592)	(5)	(35,081)	(3)
Total comprehensive income		\$295,759	28	\$225,542	21
Net income attributable to:					
Stockholders of the parent company		\$353,351	33	\$263,331	24
Non-controlling interests		-	-	(2,708)	-
		\$353,351	33	\$260,623	24
Comprehensive income attributable to:					
Stockholders of the parent company		\$295,759	28	\$230,407	21
Non-controlling interests		-	-	(4,865)	-
		\$295,759	28	\$225,542	21
Earnings per share (NT\$)	6				
Earnings per share - basic		\$4.48		\$3.28	
Earnings per share - diluted		\$4.42		\$3.26	

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

English Translation of Financial Statements Originally Issued in Chinese
PCL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

Items	Equity attributable to the parent company								Non-controlling Interests	Total Equity	
	Common Stock	Capital Surplus	Retained Earnings			Other Equity		Treasury Stock			Total
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value through Other Comprehensive Income				
Balance as of January 1, 2024	\$801,898	\$2,104,359	\$348,038	\$142,288	\$606,142	\$(139,302)	\$(11,716)	\$-	\$3,851,707	\$8,257	\$3,859,964
Appropriations and distributions of 2023 earnings											
Legal reserve	-	-	34,082	-	(34,082)	-	-	-	-	-	-
Special reserve	-	-	-	8,730	(8,730)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(176,418)	-	-	-	(176,418)	-	(176,418)
Net income (loss) for the year ended December 31, 2024	-	-	-	-	263,331	-	-	-	263,331	(2,708)	260,623
Other comprehensive income (loss), for the year ended December 31, 2024	-	-	-	-	-	152,651	(185,575)	-	(32,924)	(2,157)	(35,081)
Total comprehensive income (loss)	-	-	-	-	263,331	152,651	(185,575)	-	230,407	(4,865)	225,542
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(289)	-	-	-	(289)	(3,392)	(3,681)
Share-based payment transaction	-	7,934	-	-	-	-	-	-	7,934	-	7,934
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(297)	-	297	-	-	-	-
Balance as of December 31, 2024	\$801,898	\$2,112,293	\$382,120	\$151,018	\$649,657	\$13,349	\$(196,994)	\$-	\$3,913,341	\$-	\$3,913,341
Balance as of January 1, 2025	\$801,898	\$2,112,293	\$382,120	\$151,018	\$649,657	\$13,349	\$(196,994)	\$-	\$3,913,341	\$-	\$3,913,341
Appropriations and distributions of 2024 earnings											
Legal reserve	-	-	26,333	-	(26,333)	-	-	-	-	-	-
Special reserve	-	-	-	32,631	(32,631)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(181,299)	-	-	-	(181,299)	-	(181,299)
Net income for the year ended December 31, 2025	-	-	-	-	353,351	-	-	-	353,351	-	353,351
Other comprehensive income (loss), for the year ended December 31, 2025	-	-	-	-	-	(31,920)	(25,672)	-	(57,592)	-	(57,592)
Total comprehensive income (loss)	-	-	-	-	353,351	(31,920)	(25,672)	-	295,759	-	295,759
Treasury stock acquired	-	-	-	-	-	-	-	(184,343)	(184,343)	-	(184,343)
Share-based payment transaction	-	18,844	-	-	-	-	-	157,824	176,668	-	176,668
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	63	-	(63)	-	-	-	-
Balance as of December 31, 2025	\$801,898	\$2,131,137	\$408,453	\$183,649	\$762,808	\$(18,571)	\$(222,729)	\$(26,519)	\$4,020,126	\$-	\$4,020,126

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

English Translation of Financial Statements Originally Issued in Chinese

PCL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

Items	2025	2024	Items	2025	2024
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$374,259	\$285,916	Acquisition of financial assets at fair value through other comprehensive income	(382,590)	(1,019,320)
Adjustments:			Proceeds from disposal of financial assets at fair value through other comprehensive income	186,260	785,765
Items of incomes and expenses:			Acquisition of financial assets measured at amortized cost	(57,676)	(384,153)
Depreciation	77,072	93,177	Proceeds from disposal of financial assets measured at amortized cost	205,706	1,280,079
Amortization	485	730	Acquisition of property, plant and equipment	(8,251)	(21,681)
Net gain on financial assets at fair value through profit or loss	(117,123)	(45,184)	Proceeds from disposal of property, plant and equipment	5,516	720
Interest expense	11,256	9,440	(Increase) decrease in refundable deposits	(793)	706
Interest income	(225,523)	(196,111)	Acquisition of intangible assets	(64)	(82)
Dividend income	(5,868)	(1,979)	(Increase) decrease in other non-current assets	(123)	7,091
Share-based payment	18,849	7,934	Net cash (used in) provided by investing activities	(52,015)	649,125
Loss on disposal of property, plant and equipment	2,539	4,263			
Impairment loss	-	19,092	Cash flows from financing activities:		
Changes in operating assets and liabilities:			Increase in short-term borrowings	1,032,836	711,065
Financial assets at fair value through profit or loss	(143,727)	(626,299)	Decrease in short-term borrowings	(1,277,243)	(914,128)
Accounts receivable	25,170	(53,002)	Payments of lease liabilities	(30,756)	(31,903)
Other receivables	9,384	(7,659)	Cash dividends paid	(181,299)	(176,418)
Inventories	(103,941)	117,973	Acquisition of treasury stock	(184,343)	-
Prepayments	(10,758)	30,819	Proceeds from treasury stock sold to employee	157,819	-
Other current assets	(2,254)	2	Acquisition of ownership interests in subsidiaries	-	(3,681)
Financial liabilities at fair value through profit or loss	6,603	17,572	Net cash used in financing activities	(482,986)	(415,065)
Contract liabilities	(92,695)	34,569			
Accounts payable	(46,142)	123,595	Effects of exchange rate changes on cash and cash equivalents	112,243	(121,300)
Other payables	(69,066)	59,474			
Other current liabilities	(6)	(23)	Net (decrease) increase in cash and cash equivalents	(496,877)	150,814
Other non-current liabilities	(144)	(265)	Cash and cash equivalents at the beginning of year	1,022,422	871,608
Cash used in operations	(291,630)	(125,966)	Cash and cash equivalents at the end of year	\$525,545	\$1,022,422
Interests received	225,523	196,111			
Dividends received	5,868	1,979			
Interests paid	(11,256)	(9,440)			
Income tax paid	(2,624)	(24,630)			
Net cash (used in) provided by operating activities	(74,119)	38,054			

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

PCL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the Years Ended December 31, 2025 and 2024

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

1. History and Organization

PCL TECHNOLOGIES, INC. (“the Company”) was incorporated in the Cayman Islands on October 16, 2007. The Company’s main business activity is investment holding. The Company and its subsidiaries are collectively referred to as the “Group”.

In the Company’s special shareholder’s meeting on February 22, 2013, the Company’s Chinese name, “Zhong Da Ke Ji Gu Fen You Xien Gong Si”, was approved. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 2013.

2. Date and Procedures of Authorization of Financial Statements for Issue

The consolidated financial statements of the Group for the years ended December 31, 2025 and 2024 were authorized for issue by the Board of Directors on March 10, 2026.

3. Newly Issued or Revised Standards and Interpretations

- (1) Changes in accounting policies resulting from the first time adoption of certain standards and amendments

The Group applied International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2025. There were no newly adopted or revised standards and interpretations that have material impact on the Group’s financial position and performance.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which have been endorsed by FSC, and not yet adopted by the Group as at the date when the Group’s financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 17 “Insurance Contracts”	January 1, 2023
b	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
c	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
d	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	January 1, 2026

A. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May, 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

B. Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (a) Clarify that a financial liability is derecognized on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (b) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (c) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (d) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

C. Annual Improvements to IFRS Accounting Standards – Volume 11

- (a) Amendments to IFRS 1
- (b) Amendments to IFRS 7
- (c) Amendments to Guidance on implementing IFRS 7
- (d) Amendments to IFRS 9
- (e) Amendments to IFRS 10
- (f) Amendments to IAS 7

D. Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (a) Clarify the application of the ‘own-use’ requirements.
- (b) Permit hedge accounting if these contracts are used as hedging instruments.
- (c) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned standards and amendments are applicable for annual periods beginning on or after January 1, 2026 and have no material impact except for the requirement of additional disclosures B and C on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Group as at the date when the Group’s financial statements were authorized for issue are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note)
c	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
d	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	January 1, 2027

Note: On September 25, 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028.

A. IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

B. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

(a) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities' performance and make it easier to compare entities.

(b) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(c) Useful grouping of information in the financial statements

IFRS 18 sets 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. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

C. Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This new standard and its amendments permit subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

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

The amendments include:

- (a) Clarify that when the entity's functional currency is that of a non hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.
- (b) In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.
- (c) When the entity's functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under A, B and D, it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2025 and 2024 have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;
- (e) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- (f) recognizes any resulting difference in profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			2025	2024	Note
The Company	PCL TECHNOLOGIES TRADING, INC. (including Taiwan branch)	Research, manufacture, and sales of optical components, and international trade.	100%	100%	
The Company	PCL (BVI), INC.	Investment holding.	100%	100%	
The Company	PCL (Taiwan) Co., Ltd.	Research, manufacture, and sales of optical components, and international trade.	100%	100%	
PCL TECHNOLOGIES TRADING, INC.	PCL INTERNATIONAL TECHNOLOGIES (PENANG) SDN. BHD.	Research, development, manufacture, and sales of optical transceiver products and other optical components, and providing related skills and post-sales service.	100%	100%	1
PCL TECHNOLOGIES TRADING, INC.	PinnacLite Technologies, Inc.	Investment holding.	100%	-	2
PCL (BVI), INC.	PCL (Suzhou) Co., Ltd.	Research, development, manufacture, and sales of optical transceiver products and other optical components, and providing related skills and post-sales service.	100%	100%	
PCL (Taiwan) Co., Ltd.	PCL (Hsinchu) Co., Ltd.	Research, development, manufacture, and sales of optical transceiver products and other optical components, and providing related skills and post-sales service.	100%	100%	3

Note 1: PCL INARI TECHNOLOGIES SDN. BHD. has, with the approval of the Malaysian government, officially changed its company name to PCL INTERNATIONAL TECHNOLOGIES (PENANG) SDN. BHD. on January 16, 2024.

Note 2: PCL TECHNOLOGIES TRADING, INC., upon resolution reached by its board of directors on March 17, 2025, invested in and established Pinnaclite Technologies, Inc., a wholly owned subsidiary.

Note 3: PCL (Taiwan) Co., Ltd. acquired 609,978 shares from AMPAK TECHNOLOGY INC., on June 24, 2024 following the approval of its board members, which increased the Group's holding interest from 84.86% to 100%. The consideration was paid on June 26, 2024.

(4) Foreign currency transactions

The Company's functional currency is United States Dollar, which is used to measure its financial statements. Since the Company's shares are listed in Taiwan, and in order to enhance comparability and consistency of financial statements, the Group's financial statements are presented in its reporting currency, NT\$.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(6) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Group holds the asset primarily for the purpose of trading
- (c) The Group expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle
- (b) The Group holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(a) Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Group's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Subsequent to initial recognition for financial assets measured at amortized cost, interest income, measured by the effective interest method amortization process, and impairment losses are recognized during circulation period. Gains and losses are recognized in profit or loss when the financial assets are derecognized.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent changes in the fair value of such financial assets at fair value through other comprehensive income are recognized in other comprehensive income. Before derecognition, impairment gains or losses, interest revenue and foreign exchange gains and losses are recognized in profit or loss. When the financial assets are derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from other comprehensive income to profit or loss as a reclassification adjustment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Group measures, at each reporting date, an allowance for expected credit losses (ECLs) for debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost by assessing reasonable and supportable information including forward-looking information. Where the credit risk on a financial asset has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month ECLs. Where the credit risk on a financial asset has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime ECLs.

For accounts receivable, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. ECLs are measured based on the Group's historical credit loss experience and customers' current financial condition, adjusted for forward-looking factors, such as customers' economic environment.

(c) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired
- B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or to be received including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

(d) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Excluding changes in own credit risk, gains or losses on the subsequent measurement including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are accounted for on a perpetual basis. Raw materials are stated at actual purchase costs, while the work in process and finished goods are adjusted to weighted-average costs at the end of each month. The cost of work in progress and finished goods comprises raw materials, direct labor, other direct costs and related production overheads. Inventories are valued at the lower of cost and net realizable value item by item. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(12) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include borrowing costs for construction in progress if the recognition criteria are met. Significant renewals, improvements and major inspections meeting the recognition criteria are treated as capital expenditures, and the carrying amounts of those replaced parts are derecognized. Maintenance and repairs are recognized in expenses as incurred. Any gain or loss arising from derecognition of the assets is recognized in other operating income and expenses.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5~20 years
Machine equipment	2~10 years
Computer equipment	2~5 years
Transportation equipment	5~10 years
Instrument equipment	9~10 years
Electronic equipment	5~10 years
Other equipment	5~10 years

Depreciation is calculated on a straight-line basis over the estimated useful lives. A significant part of an item of property, plant and equipment which has a different useful life from the remainder of the item is depreciated separately.

The depreciation methods, useful lives and residual values for the assets are reviewed at each fiscal year end, and the changes from the previous estimation are recorded as changes in accounting estimates.

(13) Lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration, and to obtain substantially all economic benefits from use of the identified asset. The Company accounts for a lease contract as a single lease and separates the lease and non-lease components included in the contract.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee 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.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (0.5~5 years).

A summary of the policies information applied to the Group's intangible assets is as follows:

	Computer software
Useful lives	Finite
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policy is explained as follows:

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group are optical transceiver products and other optical components. Revenue are recognized at individual contractual price.

The credit period of the Group's sale of goods is from 30 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

(18) Post-employment benefits

Payments to defined contribution retirement plan are recognized as expenses in the periods where employees render services.

(19) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Inventories

Estimation of net realizable value of inventories takes into account that inventories may be damaged, fully or partially obsolete, or having declining selling prices. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(2) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of December 31,	
	2025	2024
Cash on hand	\$51	\$44
Checking accounts and demand deposits	267,768	1,022,378
Time deposits (Note)	257,726	-
Total	<u>\$525,545</u>	<u>\$1,022,422</u>

Note: Time deposits are those with original maturity within three months.

(2) Financial assets and financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss

	As of December 31,	
	2025	2024
Held for trading:		
Foreign exchange options	\$-	\$508
Financial assets designated at fair value through profit or loss:		
Structured deposits	126,862	281,685
Mandatorily measured at fair value through profit or loss:		
Structured securities	832,899	437,462
Foreign listed shares	305,331	161,221
Mutual funds	294,559	460,134
Domestic listed shares	93,563	99,676
Derivative instruments (not under hedge accounting)		
- Forward foreign exchange contracts	1,399	13,984
Derivative instruments (not under hedge accounting)		
- Leveraged accumulator call option contracts	-	37
Subtotal	<u>1,527,751</u>	<u>1,172,514</u>
Total	<u>\$1,654,613</u>	<u>\$1,454,707</u>

	As of December 31,	
	2025	2024
Current	\$1,498,100	\$1,173,022
Non-current	156,513	281,685
Total	<u>\$1,654,613</u>	<u>\$1,454,707</u>

Financial liabilities at fair value through profit or loss

	As of December 31,	
	2025	2024
Held for trading:		
Foreign exchange options	\$-	\$7,998
Mandatorily measured at fair value through profit or loss:		
Derivative instruments (not under hedge accounting)		
- Leveraged accumulator call/put option contracts	12,535	2,155
Derivative instruments (not under hedge accounting)		
- Forward foreign exchange contracts	-	9,941
Subtotal	<u>12,535</u>	<u>12,096</u>
Total	<u>\$12,535</u>	<u>\$20,094</u>

	As of December 31,	
	2025	2024
Current	\$12,535	\$17,971
Non-current	-	2,123
Total	<u>\$12,535</u>	<u>\$20,094</u>

Financial assets and financial liabilities at fair value through profit or loss were not pledged or guaranteed.

(3) Financial assets measured at amortized cost

	As of December 31,	
	2025	2024
Time deposits	\$47,611	\$203,835
Less: loss allowance	-	-
Total	<u>\$47,611</u>	<u>\$203,835</u>

	As of December 31,	
	2025	2024
Current	\$47,611	\$203,835
Non-current	-	-
Total	<u>\$47,611</u>	<u>\$203,835</u>

The Group's financial assets as financial assets measured at amortized cost, which were assessed to have low credit risk. Additionally, the Group only transacts with counterparties that are all financial institutions with good credit rating. Consequently, the expected credit losses is measured at 0%, resulting in loss provision as NT\$0 thousand.

Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12(4) for more details on credit risk.

(4) Financial assets at fair value through other comprehensive income

	As of December 31,	
	2025	2024
Debt instrument investments measured at fair value through other comprehensive income – non-current:		
Foreign corporate bonds	\$1,626,465	\$1,456,023
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Foreign unlisted shares	144,780	213,101
Total	<u>\$1,771,245</u>	<u>\$1,669,124</u>

Financial assets at fair value through other comprehensive income were not pledged or guaranteed.

In consideration of the Group's investment strategy, the Group disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
The fair value of the investments at the date of derecognition	\$33,214	\$785,765
The cumulative gain (loss) on disposal reclassified from other equity to retained earnings	63	(297)

(5) Accounts receivable

	As of December 31,	
	2025	2024
Accounts receivable	\$114,275	\$143,197
Less: loss allowance	-	-
Total	<u>\$114,275</u>	<u>\$143,197</u>

Accounts receivables are generally on 30-90 day terms.

The Group adopted policy of only dealing with entities that are rated the equivalent of investment grade or higher and credit exposure is controlled by counterparty limits that are reviewed and approved. The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. Nevertheless, the Group did not recognize an expected losses provision for accounts receivable due to the estimation performed by the Group at the end of the reporting period, which shows that there was no significant change in the credit quality of the receivables and the amount was still considered recoverable.

As of December 31, 2025

	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$114,275	\$-	\$-	\$-	\$-	\$-	\$114,275
Loss rate	-%	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Total	\$114,275	\$-	\$-	\$-	\$-	\$-	\$114,275

As of December 31, 2024

	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$143,197	\$-	\$-	\$-	\$-	\$-	\$143,197
Loss rate	-%	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Total	\$143,197	\$-	\$-	\$-	\$-	\$-	\$143,197

The total carrying amount as of December 31, 2025 and 2024 were NT\$114,275 thousand and NT\$143,197 thousand, respectively. Loss allowance of accounts receivable for the years ended December 31, 2025 and 2024 were both NT\$0 thousand.

Accounts receivables were not pledged or guaranteed.

(6) Inventories

	As of December 31,	
	2025	2024
Raw materials	\$135,829	\$92,246
Work in progress	54,683	39,944
Finished goods	41,096	10,313
Total	\$231,608	\$142,503

For the years ended December 31, 2025 and 2024, the Company recognized NT\$806,522 thousand and NT\$848,422 thousand, respectively, in operating costs, of which NT\$53,463 thousand and NT\$25,918 thousand was related to reversal of write-down of inventories as the factor contributing to lower market price than cost no longer exists.

No inventories were pledged or guaranteed.

(7) Property, plant and equipment

Owner occupied property, plant and equipment

	Buildings	Machine equipment	Computer equipment	Transportation equipment	Instrument equipment	Electronic equipment	Other equipment	Total
Cost:								
2025.1.1	\$65,502	\$478,168	\$23,149	\$10,560	\$6,766	\$255,478	\$76,323	\$915,946
Additions	292	-	61	-	460	5,925	1,513	8,251
Disposals	-	(1,613)	(1,440)	-	-	(13,054)	(40,857)	(56,964)
Effect of exchange rate changes	(1,823)	12,666	989	770	(660)	18,244	9,015	39,201
2025.12.31	<u>\$63,971</u>	<u>\$489,221</u>	<u>\$22,759</u>	<u>\$11,330</u>	<u>\$6,566</u>	<u>\$266,593</u>	<u>\$45,994</u>	<u>\$906,434</u>
2024.1.1	\$57,228	\$517,702	\$21,930	\$8,737	\$38,628	\$254,487	\$99,740	\$998,452
Additions	3,894	8,591	305	1,142	2,755	3,297	1,697	21,681
Disposals	-	(68,913)	(337)	-	(36,431)	(15,581)	(30,573)	(151,835)
Effect of exchange rate changes	4,380	20,788	1,251	681	1,814	13,275	5,459	47,648
2024.12.31	<u>\$65,502</u>	<u>\$478,168</u>	<u>\$23,149</u>	<u>\$10,560</u>	<u>\$6,766</u>	<u>\$255,478</u>	<u>\$76,323</u>	<u>\$915,946</u>
Depreciation and impairment:								
2025.1.1	\$21,533	\$313,270	\$20,351	\$7,352	\$4,837	\$211,967	\$68,171	\$647,481
Depreciation	3,972	31,393	569	576	1,736	7,499	4,410	50,155
Disposals	-	(1,452)	(594)	-	-	(6,023)	(40,840)	(48,909)
Effect of exchange rate changes	(1,563)	10,859	847	660	(135)	14,682	8,249	33,599
2025.12.31	<u>\$23,942</u>	<u>\$354,070</u>	<u>\$21,173</u>	<u>\$8,588</u>	<u>\$6,438</u>	<u>\$228,125</u>	<u>\$39,990</u>	<u>\$682,326</u>
2024.1.1	\$16,590	\$322,017	\$18,831	\$6,352	\$28,341	\$203,943	\$82,886	\$678,960
Depreciation	3,760	30,221	770	502	6,755	11,241	11,109	64,358
Impairment loss	-	16,734	-	-	2,356	2	-	19,092
Disposals	-	(67,410)	(303)	-	(34,644)	(14,062)	(30,433)	(146,852)
Effect of exchange rate changes	1,183	11,708	1,053	498	2,029	10,843	4,609	31,923
2024.12.31	<u>\$21,533</u>	<u>\$313,270</u>	<u>\$20,351</u>	<u>\$7,352</u>	<u>\$4,837</u>	<u>\$211,967</u>	<u>\$68,171</u>	<u>\$647,481</u>
Net carrying amount:								
2025.12.31	<u>\$40,029</u>	<u>\$135,151</u>	<u>\$1,586</u>	<u>\$2,742</u>	<u>\$128</u>	<u>\$38,468</u>	<u>\$6,004</u>	<u>\$224,108</u>
2024.12.31	<u>\$43,969</u>	<u>\$164,898</u>	<u>\$2,798</u>	<u>\$3,208</u>	<u>\$1,929</u>	<u>\$43,511</u>	<u>\$8,152</u>	<u>\$268,465</u>

For the years ended December 31, 2024, certain property, plant and equipment were written down to the recoverable amounts using the replacement cost method and recorded impairment losses in the amount of NT\$19,092 thousand. This has been recognized in the statement of comprehensive income. The recoverable amounts were based on value in use of respective assets.

Property, plant and equipment were not pledged or guaranteed.

(8) Leases

Group as a lessee

The Group leases various properties, including buildings, transportation equipment and office equipment. The lease terms range from 1 to 10 years.

The Group's leases effect on the financial position, financial performance and cash flows were as follows:

(a) Amounts recognized in the balance sheet

A. Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2025	2024
Buildings	\$107,722	\$135,162
Transportation equipment	246	1,719
Office equipment	69	-
Total	<u>\$108,037</u>	<u>\$136,881</u>

For the years ended December 31, 2025 and 2024, the Group's additions to right-of-use assets amounted to NT\$441 thousand and NT\$0 thousand, respectively.

B. Lease liabilities

	As of December 31,	
	2025	2024
Lease liabilities	<u>\$120,300</u>	<u>\$147,512</u>
Current	\$27,180	\$25,611
Non-current	93,120	121,901

Please refer to Note 6 (16) for the interest on lease liabilities recognized for the years ended December 31, 2025 and 2024 and refer to Note 12 (5) for the maturity analysis for lease liabilities.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2025	2024
Buildings	\$25,408	\$27,300
Transportation equipment	1,474	1,474
Office equipment	35	45
Total	<u>\$26,917</u>	<u>\$28,819</u>

(c) Income and costs relating to leasing activities

	For the years ended December 31,	
	2025	2024
The expenses relating to short-term leases	<u>\$3,240</u>	<u>\$2,645</u>

(d) Cash outflow relating to leasing activities

For the years ended December 31, 2025 and 2024, the Group's total cash outflows for leases amounted to NT\$33,996 thousand and NT\$34,548 thousand, respectively.

(e) Other information relating to leasing activities

Extension and termination options

Some of the Group's real estate lease agreement contain extension and termination options. In determining the lease terms, the irrevocable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(9) Short-term borrowings

	As of December 31,	
	2025	2024
Unsecured bank loans	\$199,288	\$454,239
Unused credit line	\$1,406,574	\$2,272,750
Interest rates (%)	0.55%~2.20%	0.45%~1.86%

Short-term borrowings were not guaranteed.

(10) Other payables

	As of December 31,	
	2025	2024
Payables for salaries and bonuses	\$22,861	\$24,276
Payables for employees' compensation	14,144	5,246
Payables for service Fees	3,839	4,051
Payables for remuneration of directors	3,607	3,592
Payables for settlement	-	81,963
Others	14,796	15,747
Total	\$59,247	\$134,875

(11) Post-employment benefits

Defined contribution plan

PCL (Taiwan) Co., Ltd., PCL (Hsinchu) Co., Ltd. and PCL Technologies Trading, Taiwan Branch of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries and wages. PCL INTERNATIONAL TECHNOLOGIES (PENANG) SDN. BHD. (formerly known as PCL INARI TECHNOLOGIES SDN. BHD) of the Group recognized contributions to employees following the Malaysia local regulations. PCL (Suzhou) Co., Ltd. of the Group makes contributions to employee's pension accounts at a defined rate of standard wages legalized by the Mainland China local government in the manner of the defined contribution plan.

Expenses under the defined contribution plan for the years ended December 31, 2025 and 2024 were NT\$9,059 thousand and NT\$9,667 thousand, respectively.

(12) Equities

(a) Common stock

	As of December 31,	
	2025	2024
Number of shares authorized (in thousands)	500,000	500,000
Share authorized	\$5,000,000	\$5,000,000
Number of shares issued and fully paid (in thousands)	80,190	80,190
Shares issued	\$801,898	\$801,898

(b) Capital surplus

	As of December 31,	
	2025	2024
Additional paid-in capital	\$2,060,002	\$2,060,002
Issuance of employee restricted shares	44,357	44,357
Employee stock options	20,526	7,934
Treasury share transactions	6,252	-
Total	\$2,131,137	\$2,112,293

The capital surplus from shares issued in excess of par, treasury share transaction and restricted shares for employees 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. Capitalization of such capital surplus is limited to a certain percentage of the Company's paid-in capital.

The capital surplus from employee share options is not allowed to be used for any purpose.

(c) Treasury Shares

As of December 31, 2025 and 2024, the treasury stock held by the Group amounted to NT\$26,519 and NT\$0 thousand, respectively, and the number of treasury stock held by the Group were 205 thousand and 0 thousand shares, respectively.

On December 19, 2024, in order to transfer shares to employees, the Company bought back 1,425 thousand ordinary shares from the exchange market from January 13 to February 18, 2025, at a total cost of NT\$184,343 thousand.

The Company transferred 600 thousand and 620 thousand shares of treasury shares to employees in the amount of NT\$77,616 thousand and NT\$80,203 thousand in December 2025, respectively. The cost of the treasury shares was NT\$77,618 thousand and NT\$80,206 thousand, respectively. The Company made assessments based on option pricing models on the grant date according to the rules and recognized compensation costs (recorded as salary expense) in the amount of NT\$888 thousand and NT\$5,369 thousand, and capital surplus – treasury share transaction at the time of transfer in the amount of NT\$886 thousand and NT\$5,366 thousand, respectively.

(d) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- A. Payment of all taxes and dues;
- B. Offset prior years' operation losses;
- C. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- D. Set aside or reverse special reserve in accordance with law and regulations; and
- E. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting. The Company authorize the Board of Directors to distribute full or partial of dividends by cash under special resolution and report to the shareholders' meeting.

The Company considers operating performance, future operating strategies and shareholders' interest before making distribution to balance dividends and long-term financial plans. Dividends may be distributed by way of cash dividend and/or share dividends. In addition, cash dividends shall be at least 10% and limited to 100% of the total dividends distributed.

The Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash.

According to existing regulations, when the Company distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity" for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The appropriations of earnings and dividends per share for the year ended December 31, 2025 were proposed by the Board of Directors on March 10, 2026, and the appropriation of earnings and dividends per share for the year ended December 31, 2024 were approved by the shareholders meeting held on June 16, 2025. The details of appropriation were as follows:

	2025	
	Appropriation of earnings	Dividend per share (NT\$)
Legal reserve	\$35,335	
Special reserve	57,649	
Cash dividends	180,427	\$2.25

	2024			
	Appropriation of earnings		Dividend per share	
	USD	NTD	USD	NTD
Legal reserve	\$820	\$26,333		
Special reserve	1,100	32,631		
Cash dividends	6,014	181,299	\$0.07635689	\$2.24588521

Please refer to Note 6 (15) for details on employees' compensation and remuneration to directors and supervisors.

(e) Non-controlling interests

	As of December 31,	
	2025	2024
Beginning balance	\$-	\$8,257
Loss attributable to non-controlling interests	-	(2,708)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	-	(2,157)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(3,392)
Ending balance	<u>\$-</u>	<u>\$-</u>

(13) Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

Employee share option plan for 2024

Qualified employees of the Company were granted 2,500 options in May 2024. Each option entitles the holder to subscribe 1,000 ordinary shares of the Company. Only employees of the Group that meet certain criteria are eligible to be granted such options. The options granted are valid for 3 years and exercisable after the second anniversary from the granted date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on the grant date. For any subsequent changes in the Company's ordinary shares, the exercise price is adjusted accordingly.

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options' inputs and assumptions were set.

The following table lists the inputs and assumptions the model used for the share-based payment plan granted in 2024:

	May 2024
Dividend yield (%)	-%
Expected volatility (%)	37.30%
Risk-free interest rate (%)	1.4074%
Expected option life (Years)	3 Years
Share price on the grant date (\$)	\$70.60
Exercise price (\$)	\$66.90

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plan:

	For the years ended December 31,			
	2025		2024	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT\$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT\$)
Outstanding at beginning of period	2,500	\$66.90	-	\$-
Granted	-	-	2,500	68.60
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	2,500	\$66.90	2,500	\$68.60
Exercisable at end of period	-	-	-	-

For share options granted during the period,
weighted average fair value of those
options at the measurement date (NT\$)

\$19.00

\$19.00

The information on the outstanding share options as of December 31, 2025 and 2024, is as follows:

	Range of exercise price	Weighted average remaining contractual life (Years)
As of December 31, 2025		
share options outstanding at the end of the period	\$66.90	1.37 years
As of December 31, 2024		
share options outstanding at the end of the period	\$68.60	2.37 years

Expense recognized for share-based payment transactions was as follows:

	For the years ended December 31,	
	2025	2024
Total expense arising from equity-settled share-based payment transactions	\$12,592	\$7,934

(14) Operating revenue

Analysis of revenue from contracts with customers are as follows:

(a) Disaggregation of revenue

	For the years ended December 31,	
	2025	2024
Sale of goods	\$880,360	\$1,001,770
Other operating revenue	194,615	90,036
Total	<u>\$1,074,975</u>	<u>\$1,091,806</u>
Timing of revenue recognition:		
At a point in time	<u>\$1,074,975</u>	<u>\$1,091,806</u>
Total	<u>\$1,074,975</u>	<u>\$1,091,806</u>

(b) Contract balances

Contract liabilities – current

	As of December 31,		
	2025	2024	2023
Sales of goods	<u>\$5,052</u>	<u>\$93,639</u>	<u>\$51,469</u>

(c) Transaction price allocated to unsatisfied performance obligations

The Group's transaction price allocated to unsatisfied performance obligations amounted to NT\$5,052 thousand and NT\$93,639 thousand as of December 31, 2025 and 2024, respectively. The Group will recognize revenue as the Group satisfies its performance obligations over time that aligns with progress toward completion of a contract in the future. The estimate of the transaction price does not include any estimated amounts of variable consideration that are constrained.

(d) Assets recognized from costs to obtain or fulfill a contract

None.

(15) Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the years ended December 31,					
	2025			2024		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$127,963	\$88,992	\$216,955	\$125,983	\$81,521	\$207,504
Labor and health insurance	2,575	2,422	4,997	2,893	2,515	5,408
Pension	5,310	3,749	9,059	5,762	3,905	9,667
Other employee benefits expense	7,663	2,663	10,326	7,801	2,762	10,563
Depreciation	58,528	18,544	77,072	65,319	27,858	93,177
Amortization	106	379	485	149	581	730

The Company accrues employees' compensation at the rates of no less than 1% and no more than 10%, and remuneration of directors at the rates of no more than 5% of net profit before income tax, employees' compensation and remuneration of directors.

Based on the profit of the year ended December 31, 2025, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2025 based on 3.58% and 0.88% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors for the year ended December 31, 2025 amounted to NT\$14,031 thousand and NT\$3,430 thousand, respectively. Based on the profit of the year ended December 31, 2024, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2024 based on 1.75% and 1.15% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors for the year ended December 31, 2024 amounted to NT\$5,138 thousand and NT\$3,372 thousand, respectively.

A resolution was determined at a board meeting held on March 10, 2026 to distribute NT\$14,031 thousand and NT\$3,430 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2025, respectively. Except for the effect of exchange rate changes, no material differences existed between the estimated amount and the actual distribution of employee remuneration and remuneration to directors and supervisors for the year ended December 31, 2025.

A resolution was determined at a board meeting held on March 12, 2025 to distribute NT\$5,138 thousand and NT\$3,372 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2024, respectively. Except for the effect of exchange rate changes, no material differences existed between the estimated amount and the actual distribution of employee remuneration and remuneration to directors and supervisors for the year ended December 31, 2024.

Please refer to the "Market Observation Post System" on the website of the TWSE for information on employees' and directors' compensation approved by the Board of Directors.

(16) Non-operating income and expenses

(a) Interest income

		For the years ended December 31,	
		2025	2024
Financial assets		\$213,207	\$141,196
Bank deposit		12,268	54,866
Other		48	49
Total		<u>\$225,523</u>	<u>\$196,111</u>

(b) Other income

		For the years ended December 31,	
		2025	2024
Dividend income		\$5,868	\$1,979
Others		1,104	3,489
Total		<u>\$6,972</u>	<u>\$5,468</u>

(c) Other gains and losses

		For the years ended December 31,	
		2025	2024
Miscellany		<u>\$754</u>	<u>\$130</u>

(d) Finance costs

		For the years ended December 31,	
		2025	2024
Interest on borrowings from bank		\$5,718	\$2,832
Interest on lease liabilities		5,538	6,608
Total		<u>\$11,256</u>	<u>\$9,440</u>

(17) Components of other comprehensive income

The major components of other comprehensive income (loss) for the year ended December 31, 2025:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax benefit (expense)	Other comprehensive income (loss), net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$(59,039)	\$-	\$(59,039)	\$-	\$(59,039)
Exchange differences on translation of presentation currency	(156,383)	-	(156,383)	-	(156,383)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	124,463	-	124,463	-	124,463
Unrealized gains or losses on debt instruments investment at fair value through other comprehensive income	33,367	-	33,367	-	33,367
Total	<u>\$(57,592)</u>	<u>\$-</u>	<u>\$(57,592)</u>	<u>\$-</u>	<u>\$(57,592)</u>

The major components of other comprehensive income (loss) for the year ended December 31, 2024:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax benefit (expense)	Other comprehensive income (loss), net of tax
Items that will not be reclassified subsequently to profit or loss:					
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$(112,392)	\$-	\$(112,392)	\$-	\$(112,392)
Exchange differences on translation of presentation currency	289,756	-	289,756	-	289,756
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(139,262)	-	(139,262)	-	(139,262)
Unrealized gains or losses on debt instruments investment at fair value through other comprehensive income	(73,183)	-	(73,183)	-	(73,183)
Total	<u>\$(35,081)</u>	<u>\$-</u>	<u>\$(35,081)</u>	<u>\$-</u>	<u>\$(35,081)</u>

(18) Income Tax

The major components of income tax expense (benefit) for the years ended December 31, 2025 and 2024 were as follows:

Income tax recognized in profit or loss

	For the years ended December 31,	
	2025	2024
Current income tax expense:		
Current income tax charge	\$10,882	\$3,080
Adjustments in respect of current income tax of prior periods	1,358	941
Deferred tax (benefit) expense:		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	8,668	(1,205)
Other	-	22,477
Total income tax expense (benefit)	<u>\$20,908</u>	<u>\$25,293</u>

PCL (Suzhou) Co., Ltd. received the High and New Technology Enterprise Certificate awarded jointly by the Jiangsu Province Bureau of Science and Technology, Jiangsu Province Bureau of Finance, Jiangsu Province Bureau of National Tax, and Jiangsu Province Local Taxation Bureau on December 7, 2020. It was extended and the effective period is 2023 to 2026, with a favorable tax rate of 15%. The applicable tax rate for PCL INTERNATIONAL TECHNOLOGIES (PENANG) SDN. BHD. (formerly known as PCL INARI TECHNOLOGIES SDN. BHD) is 24%. The applicable tax rate used by PCL Technologies, Taiwan Branch, PCL Technologies Trading, Taiwan Branch, PCL (Taiwan) Co., Ltd. and PCL (Hsinchu) Co., Ltd. is 20%. The Company, PCL (BVI), INC., PCL TECHNOLOGIES TRADING, INC and PinnacLite Technologies, Inc. are exempt from income tax based on tax laws.

Reconciliation between income tax expense (benefit) and income before tax at the Company's applicable tax rate were as follows:

	For the years ended December 31,	
	2025	2024
Accounting profit before tax from continuing operations	<u>\$374,259</u>	<u>\$285,916</u>
Tax at the domestic rates applicable to profits in the country concerned	\$24,125	\$25,521
Tax effect of revenues exempt from taxation	(2,304)	(1,768)
Tax effect expenses not deductible for tax purpose	10,551	(19,538)
Tax effect of tax credits	(2,824)	(11,335)
Tax effect of deferred tax assets/liabilities	(917)	23,474
Research credits	(2,752)	(4,581)
Adjustments in respect of current income tax of prior periods	1,358	941
Others	(6,329)	12,579
Total income tax expense (benefit) recognized in profit or loss	<u>\$20,908</u>	<u>\$25,293</u>

Balance of deferred tax assets (liabilities) relate to the following items:

For the year ended December 31, 2025

	Beginning balance	Recognized in profit or loss	Exchange differences	Ending balance
Temporary differences				
Allowance for loss on inventories	\$12,336	\$(7,757)	\$(434)	\$4,145
Foreign exchange loss	239	1,097	-	1,336
Unused tax losses	340	(161)	-	179
Impairment loss on assets	34	(1)	-	33
Unrealized gains or losses on financial asset	1,822	(1,822)	-	-
Foreign exchange gain	(12)	12	-	-
Capital allowance	-	(3,792)	(240)	(4,032)
Accelerated depreciation on fixed assets	(10,725)	1,250	239	(9,236)
Deferred tax benefit (expense)		<u>\$(11,174)</u>	<u>\$(435)</u>	
Deferred tax assets (liabilities), net	<u>\$4,034</u>			<u>\$(7,575)</u>
The information expressed in the balance sheet was as follows:				
Deferred tax assets	<u>\$14,771</u>			<u>\$5,693</u>
Deferred tax liabilities	<u>\$(10,737)</u>			<u>\$(13,268)</u>

For the year ended December 31, 2024

	Beginning balance	Recognized in profit or loss	Exchange differences	Ending balance
Temporary differences				
Allowance for loss on inventories	\$15,141	\$ (3,553)	\$748	\$12,336
Unrealized gains or losses on financial asset	-	1,822	-	1,822
Unused tax losses	298	42	-	340
Foreign exchange loss	42	585	(388)	239
Impairment loss on assets	33	-	1	34
Deferred loss	(412)	412	-	-
Foreign exchange gain	(456)	351	93	(12)
Accelerated depreciation on fixed assets	(11,436)	1,291	(580)	(10,725)
Deferred tax benefit (expense)		<u>\$950</u>	<u>\$(126)</u>	
Deferred tax assets (liabilities), net	<u>\$3,210</u>			<u>\$4,034</u>
The information expressed in the balance sheet was as follows:				
Deferred tax assets	<u>\$15,514</u>			<u>\$14,771</u>
Deferred tax liabilities	<u>\$(12,304)</u>			<u>\$(10,737)</u>

The following table contains information of the unused tax losses of the Group:

Year	Tax losses for the period	Unused tax losses as of December 31,		Expiration year
		2025	2024	
2019	\$65,547	\$62,319	\$62,959	2029
2020	42,597	42,597	42,597	2030
2021	27,060	23,910	24,732	2031
2022	31	31	31	2032
2023	15,847	15,847	15,847	2033
2024	131,841	123,671	131,841	2034
2025	1,832	1,832	-	2035
		<u>\$270,207</u>	<u>\$278,007</u>	

Unrecognized deferred tax assets

As of December 31, 2025 and 2024, deferred tax assets that have not been recognized related to deductible temporary differences amounted to NT\$53,996 thousand and NT\$55,543 thousand, respectively.

The assessment of income tax returns

As of December 31, 2025, the assessment of income tax returns of the Group's domestic subsidiaries were as follows:

	The assessment of income tax returns
PCL TECHNOLOGIES, INC. Taiwan Branch	Assessed and approved up to 2023
PCL TECHNOLOGIES TRADING, INC. Taiwan Branch	Assessed and approved up to 2023
PCL (Taiwan) Co., Ltd.	Assessed and approved up to 2023
PCL (Hsinchu) Co., Ltd.	Assessed and approved up to 2024

(19) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to shareholders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to shareholders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2025	2024
<u>Basic earnings per share</u>		
Profit attributable to shareholders of the Company (in thousand NT\$)	\$353,351	\$263,331
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	78,918	80,190
Basic earnings per share (NT\$)	\$4.48	\$3.28
<u>Diluted earnings per share</u>		
Profit attributable to shareholders of the Company (in thousand NT\$)	\$353,351	\$263,331
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	78,918	80,190
Effect of dilution:		
Employee stock options	996	453
Employee compensation	108	47
Weighted average number of ordinary shares outstanding after dilution (in thousands)	80,022	80,690
Diluted earnings per share (NT\$)	\$4.42	\$3.26

7. Related party transactions

Related parties that had transactions with the Group during the financial reporting period are as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Giga Computing Technology Co., Ltd.	Other related party (Note 1)

Note 1: E-Tay Lee has served as an independent director appointed by the Company since June 24, 2022, and also serves as the vice chairman of Giga Computing Technology Co., Ltd.

(a) Operating revenue

	For the years ended December 31,	
	2025	2024
Giga Computing Technology Co., Ltd.	\$99	\$11,801

The sales terms between the Group and other related parties are negotiated by both parties, with a 90-day credit period. These terms do not differ significantly from those with non-related parties.

(b) Key management personnel compensation

	For the years ended December 31,	
	2025	2024
Short-term employee benefits	\$21,791	\$20,700
Post-employment benefits	316	227
Total	<u>\$22,107</u>	<u>\$20,927</u>

8. Assets pledged as security

The following table lists assets of the Group pledged as collateral:

Items	Carrying amount as of December 31,		Secured debts
	2025	2024	
Pledged time deposit (classified as financial assets measured at amortized cost, current)	<u>\$13,415</u>	<u>\$13,682</u>	Importation customs duties

9. Significant contingencies and unrecognized contractual commitments

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

- (1) The Company held a board meeting on March 10, 2026, which approved a cash capital increase through private placement of common shares within an authorized limit of 10,000 thousand shares.
- (2) The Company held a board meeting on March 10, 2026, which approved the issuance of 500 thousand shares of restricted employee shares. Upon approval by the shareholders' meeting, the Board of Directors will authorize the chairman to determine the issuance date.
- (3) The Company held a board meeting on March 10, 2026 and approved the authorization for its second-tier subsidiary, PCL INTERNATIONAL TECHNOLOGIES (PENANG) SDN. BHD., to proceed with the proposed acquisition of a factory building, with a total authorized amount of MYR 70,000 thousand.

12. Other

(1) Categories of financial instruments

	As of December 31,	
	2025	2024
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$1,654,613	\$1,454,707
Financial assets at fair value through other comprehensive income	1,771,245	1,669,124
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	525,494	1,022,378
Financial assets measured at amortized cost	47,611	203,835
Accounts receivable	114,275	143,197
Other receivables	26,145	35,291
Refundable deposits	6,426	5,946
Subtotal	719,951	1,410,647
Total	<u>\$4,145,809</u>	<u>\$4,534,478</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Designated at fair value through profit or loss	\$12,535	\$20,094
Financial liabilities at amortized cost:		
Short-term borrowings	199,288	454,239
Accounts payable	310,132	343,904
Lease liabilities (including current and non-current)	120,300	147,512
Other payables	59,247	134,875
Subtotal	688,967	1,080,530
Total	<u>\$701,502</u>	<u>\$1,100,624</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates of NTD, CNY and CHF. The information of the sensitivity analysis is as follows:

- (a) When USD strengthens/weakens against NTD by 5%, the profit for the years ended December 31, 2025 and 2024 will increase/decrease by NT\$(3,091) thousand and NT\$(19,735) thousand, respectively.
- (b) When USD strengthens/weakens against CNY by 5%, the profit for the years ended December 31, 2025 and 2024 will increase/decrease by NT\$1,117 thousand and NT\$1,733 thousand, respectively.
- (c) When USD strengthens/weakens against CHF by 5%, the profit for the years ended December 31, 2025 and 2024 will increase/decrease by NT\$854 thousand and NT\$7,691 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at fixed interest rates and bank borrowings with variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2025 and 2024 to increase/decrease by NT\$1,842 thousand and NT\$1,358 thousand, respectively.

Other price risk

The fair value of the Group's equity securities, mutual funds, structured deposits, structured securities, foreign exchange option contracts, foreign exchange forward contracts, equity instruments and debt instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's equity securities, mutual funds, structured deposit, structured securities, foreign exchange option contracts, foreign exchange forward contracts, equity instruments and debt instruments are classified under financial assets and liability at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group manages the price risk through diversification and placing limits on individual and total equity securities, mutual funds, structured deposit, structured securities, foreign exchange option contracts, foreign exchange forward contracts, equity instruments and debt instruments. Reports on the equity securities, mutual funds, structured deposit, structured securities, foreign exchange option contracts, foreign exchange forward contracts, equity instruments and debt instruments portfolio are submitted to the Group's senior management on a regular basis to review and approve.

At the reporting date, a change of 10% in the price of the equity securities, mutual funds, structured deposit, structured securities, foreign exchange option contracts and foreign exchange forward contracts, measured at fair value through profit or loss could increase/decrease the Group's profit for the years ended December 31, 2025 and 2024 by NT\$164,208 thousand and NT\$143,461 thousand, respectively.

At the reporting date, a change of 10% in the price of equity instruments and debt instruments measured at fair value through other comprehensive income could have an impact of NT\$177,125 thousand and NT\$166,912 thousand on the equity attributable to the Group for the years ended December 31, 2025 and 2024, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures.

As of December 31, 2025 and 2024, accounts receivable from major customers represented 100% and 99% of the total accounts receivable, respectively. Credit risks from other receivables concentrated on the Group's major customers.

Credit risk from balances with banks and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are all financial institutions and companies with good credit rating. Consequently, there is no significant credit risk for these counter parties.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

When the credit risk on equity instruments and debt instruments have increased, the Group will dispose that investment in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (available without undue cost and effort) is mainly based on the macroeconomic information and the credit loss ratio is further adjusted if there is significant impact from forward-looking information.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and highly liquid equity securities. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the effective rate as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
2025.12.31					
Short-term borrowings	\$199,836	\$-	\$-	\$-	\$199,836
Accounts payable and other payables	369,379	-	-	-	369,379
Lease liabilities	30,849	39,680	39,644	23,126	133,299
	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
2024.12.31					
Short-term borrowings	\$456,503	\$-	\$-	\$-	\$456,503
Accounts payable and other payables	478,779	-	-	-	478,779
Lease liabilities	30,862	51,600	40,965	44,379	167,806

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2025:

	Short-term borrowings	Leases liabilities	Total liabilities from financing activities
January 1, 2025	\$454,239	\$147,512	\$601,751
Cash flows	(244,407)	(30,756)	(275,163)
Non-cash changes	-	5,979	5,979
Effect of exchange rate changes	(10,544)	(2,435)	(12,979)
December 31, 2025	<u>\$199,288</u>	<u>\$120,300</u>	<u>\$319,588</u>

Reconciliation of liabilities for the year ended December 31, 2024:

	Short-term borrowings	Leases liabilities	Total liabilities from financing activities
January 1, 2025	\$648,088	\$164,656	\$812,744
Cash flows	(203,063)	(31,903)	(234,966)
Non-cash changes	-	6,608	6,608
Effect of exchange rate changes	9,214	8,138	17,352
Others	-	13	13
December 31, 2025	<u>\$454,239</u>	<u>\$147,512</u>	<u>\$601,751</u>

(7) Fair values of financial instruments

- (a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- A. The carrying amount of cash and cash equivalents, trade receivables, accounts payable, other current assets and other current liabilities approximate their fair value due to their short maturities.
- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- C. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company equity securities, equity securities of unlisted companies and private funds) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- D. Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

- (b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and financial liabilities measured at amortized costs approximate their fair value.

- (c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12 (9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The Group's financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2025 and 2024 are as follows:

Foreign exchange options

2025.12.31

None.

2024.12.31

Exchange currencies	Fx represents the exchange rate on spot date	Spot date	Settlement terms
USD / CHF	$FX \geq 0.84829$	2025.8.26	The Company has contingent obligation to buy USD 5,000 thousand and sell CHF 4,241 thousand at strike price.
USD / CHF	$FX \geq 0.84829$	2025.8.26	The Company has contingent obligation to buy CHF 4,241 thousand and sell USD 5,000 thousand at strike price.

Structured deposits

2025.12.31

Issuer	Contractual price (in thousands)	Interest rates (%)	Contract term
Societe Generale	USD 2,500	8.00%	From 2025.1.2 to 2030.1.2
Societe Generale	USD 1,000	7.50%	From 2025.2.18 to 2030.2.19
Goldman Sachs	USD 1,000	9.00%	From 2025.4.28 to 2030.4.28

2024.12.31

Issuer	Contractual price (in thousands)	Interest rates (%)	Contract term
Societe Generale	USD 2,000	7.56%	From 2024.2.8 to 2029.2.8
Societe Generale	USD 1,000	7.03%	From 2024.3.22 to 2029.3.22
Societe Generale	USD 2,500	8.00%	From 2025.1.2 to 2030.1.2

Structured securities

Securities	Contractual price (in thousands)		Contract term
2025.12.31			
HSBC FCN DELL+NVDA+TSLA	USD	3,000	From 2025.7.28 to 2026.8.13
CLSA FCN AVGO+META+NVDA	USD	2,000	From 2025.8.21 to 2026.2.6
NOM FCN MU	USD	2,000	From 2025.12.3 to 2026.4.21
JPM TWN AVGO	USD	1,500	From 2025.2.18 to 2026.3.6
BAR SAN META+NVDA	USD	1,500	From 2025.10.9 to 2026.4.27
JPM TWN TSM	USD	1,000	From 2025.3.4 to 2026.3.20
GS FCN AVGO+NVDA+TSM	USD	1,000	From 2025.8.8 to 2026.6.17
HSBC FCN AVGO+NVDA+TSM	USD	1,000	From 2025.8.8 to 2026.8.19
CLSA FCN AVGO+MSFT+NVDA	USD	1,000	From 2025.9.18 to 2026.4.7
JPM FCN CRWV	USD	1,000	From 2025.9.19 to 2026.4.8
MS BV FCN GOOGL+MU+INTC	USD	1,000	From 2025.10.3 to 2026.2.19
MS BV FCN INTC+MU	USD	1,000	From 2025.10.3 to 2026.2.19
BAR FCN AMD	USD	1,000	From 2025.12.4 to 2026.4.22
CLSA FCN AMD+DELL+INTC	USD	1,000	From 2025.12.4 to 2026.4.22
BAR TWN TSLA	USD	500	From 2025.3.14 to 2026.4.1
CLSA FCN META+TSLA	CHF	1,000	From 2025.9.15 to 2026.4.1
CLSA FCN AMD+AVGO+DELL	CHF	900	From 2025.12.5 to 2026.5.21
CLSA FCN AMD+DELL+TSM	CHF	900	From 2025.12.5 to 2026.5.21
NOM FCN NVDA+GOOGL	CHF	900	From 2025.12.5 to 2026.5.21
SG FCN INTC	JPY	119,000	From 2025.12.4 to 2026.4.22
CLSA FCN AMD+META+TSLA	GBP	340	From 2025.9.5 to 2026.1.22
Securities	Contractual price (in thousands)		Contract term
2024.12.31			
HSBC WOF AVGO+TSM+DELL	USD	10,000	From 2024.7.19 to 2025.7.24
CLSA FCN AVGO+DELL+TSM	USD	1,000	From 2024.10.22 to 2025.1.2
CLSA FCN AVGO+NVDA+TSM	USD	1,000	From 2024.10.22 to 2025.1.2
CLSA FCN AVGO+NVDA+TSM	USD	1,000	From 2024.10.22 to 2025.1.2

Structured securities not yet settled as of the financial reporting date are notes that link to prices of underlying stocks and include share price trigger mechanisms. The transaction terms can be categorized as follows: (1) If stock prices are higher than the early redemption prices, the notes will mature early and the investor will receive the principal together with fixed interest. On the other hand, if stock prices are lower than the strike prices on the maturity date, in addition to the fixed interest, the principal is converted into the underlying stocks linked to the structured securities at contractual prices. (2) If stock prices fall within the contractual price range on the maturity date, the investor will receive the principal together with variable interest. On the other hand, if stock prices are lower than the strike prices on the maturity date, the principal is converted into such underlying stocks linked to the structured securities at contractual prices.

Forward foreign exchange contracts

Forward foreign exchange contracts are used to manage certain exposure positions but are not designated as hedging instruments. The details of the forward foreign exchange contracts are as follows:

Item	Contractual price	Contractual price (in thousands)	Contract term
2025.12.31			
Buy forward foreign exchange contract	USD to HKD	USD10,000/HKD77,430	From 2024.5.21 to 2026.5.26
Buy forward foreign exchange contract	USD to HKD	USD10,000/HKD77,400	From 2024.5.21 to 2026.5.26
Buy forward foreign exchange contract	USD to HKD	USD10,000/HKD77,200	From 2024.10.10 to 2026.10.15
Item	Contractual price	Contractual price (in thousands)	Contract term
2024.12.31			
Buy forward foreign exchange contract	USD to HKD	USD10,000/HKD77,430	From 2024.5.21 to 2026.5.26
Buy forward foreign exchange contract	USD to HKD	USD10,000/HKD77,400	From 2024.5.21 to 2026.5.26
Buy forward foreign exchange contract	USD to TWD	USD3,000/TWD96,030	From 2024.7.18 to 2024.4.22
Buy forward foreign exchange contract	TWD to USD	TWD95,700/USD3,000	From 2024.7.18 to 2024.4.22
Buy forward foreign exchange contract	TWD to USD	TWD95,649/USD3,000	From 2024.7.18 to 2024.4.22
Buy forward foreign exchange contract	TWD to USD	TWD381/USD12	From 2024.7.18 to 2024.4.22
Buy forward foreign exchange contract	TWD to USD	TWD160,500/USD5,000	From 2024.7.19 to 2024.4.23
Buy forward foreign exchange contract	USD to TWD	USD3,072/TWD95,700	From 2024.8.9 to 2024.4.22
Buy forward foreign exchange contract	USD to TWD	USD5,128/TWD160,500	From 2024.8.9 to 2024.4.23
Buy forward foreign exchange contract	USD to HKD	USD10,000/HKD77,200	From 2024.10.10 to 2026.10.15

The Group enters into forward exchange contracts primarily to hedge against exchange rate fluctuations on net assets or net liabilities. Upon maturity, these contracts result in corresponding cash inflows or outflows. The Group maintains sufficient operating funds to meet these obligations, and accordingly, there is no material cash flow risk associated with these transactions.

Leveraged accumulator call/put option contracts

2025.12.31

Underlying stock	MARUBENI CORP
Contract term	From 2025.4.23 to 2026.4.22
Exercise quantity per trading day	74 shares; 148 shares if leverage conditions are met
Exercise frequency	Sale every week
Selling price of underlying stock	JPY 2,732.3520
Contract conditions	Under the put option contract, the holder is guaranteed to sell at least 4,218 shares of the underlying stock. Thereafter, the number of shares available for sale will be determined daily based on the closing price of the underlying stock. For the duration of the contract, the maximum number of shares available for sale is capped at 35,964 shares. However, the contract issuer reserves the right to terminate the put option contract at any time in advance.
Underlying stock	NVIDIA CORP
Contract term	From 2025.10.3 to 2026.10.2
Exercise quantity per execution	135 shares; 270 shares if leverage conditions are met
Exercise frequency	Settlement every week
Spot price of underlying stock	USD 150.2795; USD 150.6750 if leveraged exercise is triggered
Contract conditions	Under the subscription contract, the holder is guaranteed to acquire at least 540 shares of the underlying stock. Thereafter, the number of shares obtainable will be determined based on the closing price of the underlying stock at each execution date. For the duration of the contract, the maximum number of shares obtainable is capped at 13,500 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.
Underlying stock	META PLATFORMS INC
Contract period	From 2025.10.9 to 2026.10.8
Exercise quantity per trading day	7 shares; 14 shares if leverage conditions are met
Exercise frequency	Settlement every week
Spot price of underlying stock	USD 600.1823
Contract terms	Under the subscription contract, the holder is guaranteed to acquire at least 140 shares of the underlying equity. Thereafter, the number of shares obtainable will be determined daily based on the closing price of the underlying stock. For the duration of the contract, the maximum number of shares obtainable is capped at 3,500 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.

Underlying stock	TAIWAN SEMI ADR
Contract period	From 2025.10.13 to 2026.10.12
Exercise quantity per trading day	18 shares; 36 shares if leverage conditions are met
Exercise frequency	Settlement every week
Spot price of underlying stock	USD 238.1080
Contract terms	Under the subscription contract, the holder is guaranteed to acquire at least 360 shares of the underlying equity. Thereafter, the number of shares obtainable will be determined daily based on the closing price of the underlying stock. For the duration of the contract, the maximum number of shares obtainable is capped at 9,000 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.

Underlying stock	TAIWAN SEMI ADR
Contract period	From 2025.10.20 to 2026.10.19
Exercise quantity per trading day	17 shares; 34 shares if leverage conditions are met
Exercise frequency	Settlement every two weeks
Spot price of underlying stock	USD 237.9714
Contract terms	Under the subscription contract, the holder is guaranteed to acquire at least 340 shares of the underlying equity. Thereafter, the number of shares obtainable will be determined daily based on the closing price of the underlying stock. For the duration of the contract, the maximum number of shares obtainable is capped at 8,500 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.

Underlying stock	NVIDIA CORP
Contract period	From 2025.10.30 to 2026.10.29
Exercise quantity per trading day	25 shares; 50 shares if leverage conditions are met
Exercise frequency	Settlement every two weeks
Spot price of underlying stock	USD 164.6256
Contract terms	Under the subscription contract, the holder is guaranteed to acquire at least 725 shares of the underlying equity. Thereafter, the number of shares obtainable will be determined daily based on the closing price of the underlying stock. For the duration of the contract, the maximum number of shares obtainable is capped at 12,500 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.

Underlying stock	MICROSOFT CORPORATION
Contract period	From 2025.11.3 to 2026.11.2
Exercise quantity per trading day	9 shares; 18 shares if leverage conditions are met
Exercise frequency	Settlement every two weeks
Spot price of underlying stock	USD 469.6358
Contract terms	Under the subscription contract, the holder is guaranteed to acquire at least 342 shares of the underlying equity. Thereafter, the number of shares obtainable will be determined daily based on the closing price of the underlying stock. For the duration of the contract, the maximum number of shares obtainable is capped at 4,500 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.

Underlying stock	AMAZON.COM INC
Contract period	From 2025.11.3 to 2026.11.2
Exercise quantity per trading day	19 shares; 38 shares if leverage conditions are met
Exercise frequency	Settlement every two weeks
Spot price of underlying stock	USD 225.1643
Contract terms	Under the subscription contract, the holder is guaranteed to acquire at least 722 shares of the underlying equity. Thereafter, the number of shares obtainable will be determined daily based on the closing price of the underlying stock. For the duration of the contract, the maximum number of shares obtainable is capped at 9,500 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.

Underlying stock	MICROSOFT CORPORATION
Contract period	From 2025.11.4 to 2026.11.3
Exercise quantity per trading day	9 shares; 18 shares if leverage conditions are met
Exercise frequency	Settlement every two weeks
Spot price of underlying stock	USD 459.5143
Contract terms	Under the subscription contract, the holder is guaranteed to acquire at least 342 shares of the underlying equity. Thereafter, the number of shares obtainable will be determined daily based on the closing price of the underlying stock. For the duration of the contract, the maximum number of shares obtainable is capped at 4,500 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.

Underlying stock	META PLATFORMS INC
Contract period	From 2025.12.9 to 2026.12.8
Exercise quantity per trading day	8 shares; 16 shares if leverage conditions are met
Exercise frequency	Settlement every two weeks
Spot price of underlying stock	USD 561.5843
Contract terms	Under the subscription contract, the holder is guaranteed to acquire at least 296 shares of the underlying equity. Thereafter, the number of shares obtainable will be determined daily based on the closing price of the underlying stock. For the duration of the contract, the maximum number of shares obtainable is capped at 4,000 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.
Underlying stock	SPDR GOLD TRUST
Contract period	From 2025.12.18 to 2026.12.17
Exercise quantity per trading day	11 shares; 22 shares if leverage conditions are met
Exercise frequency	Settlement every two weeks
Spot price of underlying stock	USD 368.4073
Contract terms	Under the subscription contract, the holder is guaranteed to acquire at least 198 shares of the underlying equity. Thereafter, the number of shares obtainable will be determined daily based on the closing price. For the duration of the contract, the maximum number of shares obtainable is capped at 5,500 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.
Underlying stock	BROADCOM INC
Contract period	From 2025.12.24 to 2026.12.23
Exercise quantity per trading day	16 shares; 32 shares if leverage conditions are met
Exercise frequency	Settlement every two weeks
Spot price of underlying stock	USD 270.1177
Contract terms	Under the subscription contract, the holder is guaranteed to acquire at least 272 shares of the underlying equity. Thereafter, the number of shares obtainable will be determined daily based on the closing price of the underlying stock. For the duration of the contract, the maximum number of shares obtainable is capped at 8,000 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.

Underlying stock	SPDR GOLD TRUST
Contract period	From 2025.12.29 to 2026.12.28
Exercise quantity per trading day	11 shares; 22 shares if leverage conditions are met
Exercise frequency	Settlement every two weeks
Spot price of underlying stock	USD 367,3454
Contract terms	Under the subscription contract, the holder is guaranteed to acquire at least 308 shares of the underlying equity. Thereafter, the number of shares obtainable will be determined daily based on the closing price. For the duration of the contract, the maximum number of shares obtainable is capped at 5,500 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.

2024.12.31

Underlying stock	DELL TECHNOLOGIES
Contract term	From 2024.6.27 to 2025.6.26
Exercise quantity per trading day	40 shares; 80 shares if leverage conditions are met
Exercise frequency	Settlement every two weeks
Spot price of underlying stock	USD 105.9965
Contract conditions	Under the subscription contract, the holder is guaranteed to acquire at least 360 shares of the underlying stock. Thereafter, the number of shares obtainable will be determined daily based on the closing price of the underlying stock. For the duration of the contract, the maximum number of shares obtainable is capped at 20,000 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.

Underlying stock	NVIDIA CORPORATION
Contract term	From 2024.11.27 to 2025.11.26
Exercise quantity per execution	163 shares; 326 shares if leverage conditions are met
Exercise frequency	Settlement every week
Spot price of underlying stock	USD 91.4891; USD 114.9797 if leveraged exercise is triggered
Contract conditions	Under the subscription contract, the holder is guaranteed to acquire at least 652 shares of the underlying stock. Thereafter, the number of shares obtainable will be determined based on the closing price of the underlying stock at each execution date. For the duration of the contract, the maximum number of shares obtainable is capped at 16,300 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.

Underlying stock	NVIDIA CORPORATION
Contract period	From 2024.12.2 to 2025.12.1
Exercise quantity per trading day	35 shares; 70 shares if leverage conditions are met
Exercise frequency	Settlement every two weeks
Spot price of underlying stock	USD 115.1824
Contract terms	Under the subscription contract, the holder is guaranteed to acquire at least 1,295 shares of the underlying equity. Thereafter, the number of shares obtainable will be determined daily based on the closing price of the underlying stock. For the duration of the contract, the maximum number of shares obtainable is capped at 17,500 shares. However, the contract issuer reserves the right to terminate the subscription agreement at any time in advance.

The counterparties for the aforementioned derivatives transactions are well known local or overseas financial institutions. As they have sound credit ratings, the credit risk is insignificant.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Foreign listed shares	\$305,331	\$-	\$-	\$305,331
Mutual funds	264,908	-	29,651	294,559
Domestic listed shares	93,563	-	-	93,563
Structured securities	-	832,899	-	832,899
Structured deposits	-	126,862	-	126,862
Forward foreign exchange	-	1,399	-	1,399
Financial assets at fair value through other comprehensive income				
Debt instrument investments				
- Foreign corporate bonds	1,626,465	-	-	1,626,465
Equity instrument investments				
- Foreign unlisted shares	-	-	144,780	144,780
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Leveraged accumulator call option contracts	-	8,790	-	8,790
Leveraged accumulator put option contracts	-	3,745	-	3,745

As of December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Mutual funds	\$460,134	\$-	\$-	\$460,134
Foreign listed shares	161,221	-	-	161,221
Domestic listed shares	99,676	-	-	99,676
Structured securities	-	437,462	-	437,462
Structured deposits	-	281,685	-	281,685
Forward foreign exchange	-	13,984	-	13,984
Foreign exchange options	-	508	-	508
Leveraged accumulator call option contracts	-	37	-	37
Financial assets at fair value through other comprehensive income				
Debt instrument investments				
- Foreign corporate bonds	1,456,023	-	-	1,456,023
Equity instrument investments				
- Foreign unlisted shares	-	-	213,101	213,101
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange	-	9,941	-	9,941
Foreign exchange options	-	7,998	-	7,998
Leveraged accumulator call option contracts	-	2,155	-	2,155

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows

The reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis and classified within Level 3 of the fair value hierarchy is presented as follows:

2025.12.31

	Assets	
	At fair value through other comprehensive income	At fair value through profit or loss
	Preferred shares	Mutual funds
Beginning balances as at January 1, 2025	\$213,101	\$-
Total gains and losses recognized for the year ended December 31, 2025:		
Amount recognized in profit or loss (presented in "other profit or loss")	-	-
Amount recognized in other comprehensive income (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income")	(59,039)	-
Acquisition/issues for the year ended December 31, 2025	-	29,455
Disposal/settlements for the year ended December 31, 2025	-	-
Effect of exchange rate changes	(9,282)	196
Ending balances as at December 31, 2025	<u>\$144,780</u>	<u>\$29,651</u>

2024.12.31

	Assets	
	At fair value through other comprehensive income	
	Preferred shares	
Beginning balances as at January 1, 2024		\$307,048
Total gains and losses recognized for the year ended December 31, 2024:		
Amount recognized in profit or loss (presented in "other profit or loss")		-
Amount recognized in other comprehensive income (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income")		(112,392)
Acquisition/issues for the year ended December 31, 2024		-
Disposal/settlements for the year ended December 31, 2024		-
Effect of exchange rate changes		18,445
Ending balances as at December 31, 2024		<u>\$213,101</u>

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2025

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Foreign unlisted shares	Income Approach	Long-term revenue growth rate, Long-term pre-tax operating margin, Weighted average cost of capital, Liquidity discount	Not applicable	The higher the lack of liquidity, the lower the estimated fair value	Not applicable
Private funds	Net asset value method	Net asset value	Not applicable	The higher the net asset value, the higher the fair value	Not applicable

As of December 31, 2024

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Foreign unlisted shares	Income Approach	Long-term revenue growth rate, Long-term pre-tax operating margin, Weighted average cost of capital, Liquidity discount	Not applicable	The higher the lack of liquidity, the lower the estimated fair value	Not applicable

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as the Group's accounting policies at each reporting date.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

As of December 31, 2025				
	Foreign currencies		NTD	
	(thousand)	Foreign exchange rate	(thousand)	
<u>Financial assets</u>				
Monetary items:				
CHF	\$3,716	1.2604 (CHF:USD)		\$147,214
NTD	101,562	0.0318 (NTD:USD)		101,562
CNY	9,451	0.1423 (CNY:USD)		42,263
JPY	192,561	0.0064 (JPY:USD)		38,667
GBP	357	1.3468 (GBP:USD)		15,123
RM	829	0.2462 (RM:USD)		6,416
<u>Financial liabilities</u>				
Monetary items:				
CHF	\$4,147	1.2604 (CHF:USD)		\$164,287
CNY	14,449	0.1423 (CNY:USD)		64,612
NTD	39,750	0.0318 (NTD:USD)		39,750
RM	1,208	0.2462 (RM:USD)		9,350
JPY	18,650	0.0064 (JPY:USD)		3,745
As of December 31, 2024				
	Foreign currencies		NTD	
	(thousand)	Foreign exchange rate	(thousand)	
<u>Financial assets</u>				
Monetary items:				
NTD	\$440,699	0.0305 (NTD:USD)		\$440,699
JPY	1,234,883	0.0064 (JPY:USD)		259,189
CNY	10,271	0.1391 (CNY:USD)		46,845
RM	266	0.2234 (RM:USD)		1,945
<u>Financial liabilities</u>				
Monetary items:				
JPY	\$1,224,500	0.0064 (JPY:USD)		\$257,010
CHF	4,241	1.1061 (CHF:USD)		153,816
CNY	17,869	0.1391 (CNY:USD)		81,496
NTD	46,008	0.0305 (NTD:USD)		46,008
RM	892	0.2234 (RM:USD)		6,531
GBP	100	1.2564 (GBP:USD)		4,119

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

It is impractical to disclose foreign exchange gains (losses) by each significant foreign currency due to the variety of the functional currencies of the Group. For the years ended December 31, 2025 and 2024, the foreign exchange gains (losses) are presented in the consolidated statements of comprehensive income.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Segment information

The Group mainly operates in research, development, manufacture, and sale of optical transceiver products and other optical components. The reportable segment was a single segment.

(1) Geographical information

The Group operates in three principal geographical areas – Mainland China, Taiwan and Malaysia.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	<u>Revenue from External Customers</u>	
	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Singapore	\$961,929	\$994,250
Japan	109,162	80,027
Mainland China	3,785	4,341
Taiwan	99	13,188
Total Revenue	<u>\$1,074,975</u>	<u>\$1,091,806</u>
	<u>Non-current Assets</u>	
	<u>As of December 31,</u>	
	<u>2025</u>	<u>2024</u>
Mainland China	\$243,830	\$302,533
Malaysia	87,936	98,181
Taiwan	7,245	11,356
Total Non-current Assets	<u>\$339,011</u>	<u>\$412,070</u>

Non-current assets exclude financial instruments and deferred tax assets.

(2) Information about major customers

For the years ended December 31, 2025 and 2024, single customers that contributed 10% or more to the Group's revenue were as follows:

	For the years ended December 31,	
	2025	2024
A company	\$961,929	\$994,250
B company	109,162	80,027
	<u>\$1,071,091</u>	<u>\$1,074,277</u>