

Stock code:6152

**PRIME ELECTRONICS AND SATELLITICS
INCORPORATION**

**Parent Company Only Financial Statements with Independent
Auditors' Report
AS OF DECEMBER 31, 2025 AND 2024
AND FOR THE YEARS THEN ENDED**

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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 financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Parent Company Only Financial Statements

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Independent Auditors' Report

To PRIME ELECTRONICS AND SATELLITICS INCORPORATION :

Opinion

We have audited the accompanying parent company only financial statements of PRIME ELECTRONICS AND SATELLITICS INCORPORATION (the "Company"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The operating revenue of the Company in the year ended December 31, 2025 amounted to NT\$ 1,425,872 thousand. As the sales location diversifies in various countries, including Taiwan, Mainland China, America, Europe, etc., the sales terms for main customers are not the same, the judgment and determination of what the contractual obligations are and the time point of fulfilling them depend on the terms indicated on contracts with customers or documentations of contracts. Therefore, there is significant risk in the recognition of operating revenue, which identified as one of the key audit matters. The audit procedures include (but are not limited to) assessing the appropriateness of the accounting policies relevant to revenue recognition of contractual obligations under sales models, assessing and testing the effectiveness of internal control related to the time point of recognizing revenue in sales cycle, selecting samples to implement testing of details, which include obtaining the contracts or documentations of contracts of main customers, checking the transaction terms to verify the correctness of the recognition of revenues from contractual obligations and the time point of the recognition, implementing analytic review procedures to monthly revenue and cut-off testing during a certain period prior and after the balance sheet date, etc. We also take into consideration the appropriateness of the disclosure of operating revenue in Note 4 and Note 6 to the parent company only financial statements.

Inventory valuation (including the inventories held by the investees accounted for using equity method)

As of December 31, 2025, the inventory valuation loss (including the inventories held by the investees accounted for using equity method) is material to the financial statements. Most of the inventories are customized products, including wireless communication equipment and networking equipment. As the communication techniques changes fast, and the evaluation and calculation of allowance for inventory valuation and obsolescence losses involve significant judgment of management, we identified inventory valuation as one of the key audit matters. The audit procedures include (but are not limited to) evaluating the appropriateness of accounting policies relevant to slow-moving and obsolete inventories (including identification of slow-moving and obsolete inventories), testing the correctness of inventory age, analyzing the variation of inventory age, implementing inventory observation, and check current status of inventory usage, etc. We also take into consideration the appropriateness of the disclosure of inventories in Note 5 and Note 6 to the parent company only financial statements.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Ernst & Young

Reference number of the approval letter for conducting the
auditing and attesting business for the financial report of a public company :

(106)No. Financial-Supervisory-Securities-Auditing-1060026003

(110)No. Financial-Supervisory-Securities-Auditing-1100352201

Lo, Hsiao Ching

CPA :

Chen, Kuo-Shuai

March 12, 2026

English Translation of Financial Statements Originally Issued in Chinese

PRIME ELECTRONICS AND SATELLITICS INCORPORATION

Parent-Company-Only Balance Sheets

As of December 31, 2025 and 2024

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			2025		2024	
Code	Accounts	Notes	Account	%	Account	%
	Current assets					
1100	Cash and cash equivalents	4,6(1)	\$547,469	18	\$732,448	28
1136	Financial assets carried at amortized cost	4,6(3),8	29,328	1	35,145	1
1150	Notes receivable, net	4,6(4),6(18)	-	-	12	-
1170	Accounts receivable, net	4,5,6(5),6(18)	481,742	16	444,871	17
1200	Other receivables		3,519	-	228	-
1210	Other receivables - related parties	7	161,179	5	-	-
1220	Current tax assets	4,5,6(23)	3,192	-	2,033	-
130X	Inventories, net	4,5,6(6)	310,699	10	242,346	9
1410	Prepayments	7	499,517	17	132,093	5
1470	Other current assets		2,969	-	1,655	-
11XX	Total current assets		2,039,614	67	1,590,831	60
	Non-current assets					
1517	Financial asset at fair value through OCI	4,5,6(2)	16,177	-	10,000	-
1550	Investment accounted for under equity method	4,6(7)	852,576	28	900,030	34
1600	Property, plant and equipment, net	4,6(8),8	118,972	4	125,487	5
1755	Right-of-use asset	4,6(19)	20,386	1	26,723	1
1780	Intangible assets	4,6(9)	511	-	873	-
1840	Deferred income tax assets	4,5,6(23)	1,129	-	1,799	-
1900	Other non-current assets	6(10)	2,076	-	2,143	-
15XX	Total non-current assets		1,011,827	33	1,067,055	40
1XXX	Total Assets		\$3,051,441	100	\$2,657,886	100

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

English Translation of Financial Statements Originally Issued in Chinese
PRIME ELECTRONICS AND SATELLITICS INCORPORATION
Parent-Company-Only Balance Sheets (Continued)
As of December 31, 2025 and 2024
(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			2025		2024	
Code	Accounts	Notes	Account	%	Account	%
	Current liabilities					
2100	Short-term loans	6(11),8	\$486,405	16	\$190,000	7
2130	Contract liability	4,6(17),7	332,692	11	339,226	13
2170	Accounts payable		61,015	2	17,299	1
2200	Other payables	6(12)	84,460	3	70,910	2
2220	Other payables- related parties	7	7,742	-	20,154	1
2280	Lease liability	4,6(19)	7,172	-	7,296	-
2322	Current portion of long-term liabilities	6(13)	54,495	2	55,976	2
2399	Other current liabilities		1,661	-	1,614	-
21XX	Total current liabilities		1,035,642	34	702,475	26
	Non-current liabilities					
2540	Long-term loans	6(13)	57,875	2	77,371	3
2570	Deferred income tax liabilities	4,5,6(23)	1,129	-	1,799	-
2580	Lease liability	4,6(19)	13,693	-	19,759	1
2600	Other non-current liabilities	4,5,6(14),615)	221	-	17,784	1
2650	Credit balance of investments accounted for using equity method	4,6(7)	691,516	23	349,512	13
25XX	Total non-current liabilities		764,434	25	466,225	18
2XXX	Total liabilities		1,800,076	59	1,168,700	44
31XX	Equity					
3100	Capital	6(16)				
3110	Common stock		1,677,385	55	1,677,385	63
3200	Capital surplus	6(16)	291,899	10	291,899	11
3300	Retained earnings	6(16)				
3350	Unappropriated earnings(accumulated deficit)		(695,744)	(23)	(449,259)	(17)
3400	Other components of equity		(22,175)	(1)	(30,839)	(1)
3XXX	Total equity		1,251,365	41	1,489,186	56
3X2X	Total liabilities and equity		\$3,051,441	100	\$2,657,886	100

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

English Translation of Financial Statements Originally Issued in Chinese
PRIME ELECTRONICS AND SATELLITICS INCORPORATION
Parent-Company-Only Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2025		2024	
			Account	%	Account	%
4000	Operating revenues	4,6(17),7	\$1,425,873	100	\$2,114,945	100
5000	Operating costs	7	(1,339,345)	(94)	(1,954,748)	(92)
5900	Gross profit		86,528	6	160,197	8
6000	Operating expenses					
6100	Sales and marketing		(41,334)	(3)	(62,001)	(3)
6200	General and administrative		(68,748)	(5)	(66,232)	(3)
6300	Research and development		(151,793)	(10)	(156,642)	(8)
6450	Expected credit gains (losses)	4,6(18)	-	-	2,306	-
	Total operating expenses		(261,875)	(18)	(282,569)	(14)
6900	Operating income(losses)		(175,347)	(12)	(122,372)	(6)
7000	Non-operating income and expenses					
7100	Interest income	6(21)	19,633	1	12,828	1
7010	Other incomes	4,6(21),7	25,434	2	54,151	2
7020	Other gains or losses	6(21)	(27,099)	(2)	49,109	2
7050	Finance costs	6(21)	(11,895)	(1)	(9,394)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	4,6(7)	(46,572)	(3)	(23,556)	(1)
	Total non-operating income and expenses		(40,499)	(3)	83,138	4
7900	Income before income tax (loss)		(215,846)	(15)	(39,234)	(2)
7950	Income tax expense	4,5,6(23)	(30,639)	(2)	-	-
8200	Net income (loss)		(246,485)	(17)	(39,234)	(2)
8300	Other comprehensive income (loss)	5,6(22)				
8310	Item that not be reclassified to profit or loss					
8311	Actuarial gain (loss) from defined benefit plans		-	-	3,637	-
8360	Items that may be reclassified subsequently to profit or loss					
8380	Share of other comprehensive gain (loss) of subsidiaries, associates and joint ventures accounted for under equity method-will be reclassified to profit or loss		8,664	0.00	33,635	2.00
8399	Income tax related to items that may be reclassified subsequently		-	-	-	-
	Total other comprehensive income, net of tax		8,664	-	37,272	2
8500	Total comprehensive income		\$(237,821)	(17)	\$(1,962)	-
9750	Earnings per share-basic (loss) (in NTD)	6(24)	\$(1.47)		\$(0.23)	

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

English Translation of Financial Statements Originally Issued in Chinese
PRIME ELECTRONICS AND SATELLITICS INCORPORATION

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2025 and 2024

(Amounts Expressed In Thousands of New Taiwan Dollars)

Items		Common Stock	Capital Surplus	Unappropriated Earnings	Others		Total Equity
					Exchange differences arising on translation of foreign operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	
Code		3100	3200	3350	3410	3420	3XXX
A1	Balance as of January 1, 2024	\$1,677,385	\$291,899	\$(413,662)	\$(54,474)	\$(10,000)	\$1,491,148
D1	Net income for 2024			(39,234)			(39,234)
D3	Other comprehensive income (loss), net of tax, for 2024			3,637	33,635		37,272
D5	Total comprehensive income (loss)	-	-	(35,597)	33,635	-	(1,962)
Z1	Balance as of December 31, 2024	1,677,385	291,899	(449,259)	(20,839)	(10,000)	1,489,186
D1	Net income for 2025			(246,485)			(246,485)
D3	Other comprehensive income (loss), net of tax, for 2025			-	8,664		8,664
D5	Total comprehensive income (loss)	-	-	(246,485)	8,664	-	(237,821)
Z1	Balance as of December 31, 2025	<u>\$1,677,385</u>	<u>\$291,899</u>	<u>\$(695,744)</u>	<u>\$(12,175)</u>	<u>\$(10,000)</u>	<u>\$1,251,365</u>

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

English Translation of Financial Statements Originally Issued in Chinese
PRIME ELECTRONICS AND SATELLITICS INCORPORATION
Parent-Company-Only Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024
(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	2025	2024	Code	Items	2025	2024
		Account	Account			Account	Account
AAAA	Cash flows from operating activities :			BBBB	Cash flows from investing activities :		
A10000	Income before income tax	\$(215,846)	\$(39,234)	B00010	Acquisition of financial assets at fair value through other comprehensive	(6,177)	-
A20000	Adjustments :			B00050	Proceeds from disposal of financial assets at amortised cost	5,817	19,554
A20010	Income and expense adjustments:			B02700	Acquisition of property, plant and equipment	(2,806)	(23,643)
A20100	Depreciation (including right-of-use assets)	16,564	16,535	B03800	Decrease (increase) in refundable deposits	67	347
A20200	Amortization	438	421	B04500	Acquisition of intangible assets	(76)	(240)
A20300	Expected credit losses	-	(2,306)	BBBB	Net cash provided by (used in) investing activities	(3,175)	(3,982)
A20900	Interest expense	11,895	9,394				
A21200	Interest income	(19,633)	(12,828)	CCCC	Cash flows from financing activities :		
A22400	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	46,572	23,556	C00100	Increase in short-term loans	296,405	(8,750)
A29900	Other adjustments to reconcile profit (loss)	(14)	-	C01600	Increase in long-term loans	35,000	70,200
A30000	Changes in operating assets and liabilities :			C01700	Repayments of long-term loans	(55,977)	(60,307)
A31130	Notes receivable	12	508	C03100	Decrease in deposits received	179	42
A31150	Accounts receivable	(36,871)	(66,936)	C04020	Cash payments for the principal portion of the lease liability	(7,776)	(7,980)
A31180	Other receivables	(3,291)	(157)	CCCC	Net cash provided by (used in) financing activities	267,831	(6,795)
A31200	Inventories	(68,353)	(94,121)				
A31230	Prepayments	(367,424)	151,295	EEEE	Increase (decrease) in cash and cash equivalents	(184,979)	12,856
A31240	Other current assets	(1,314)	(423)	E00100	Cash and cash equivalents at beginning of period	732,448	719,592
A32125	Contract liabilities	(6,534)	95,445	E00200	Cash and cash equivalents at end of period	\$547,469	\$732,448
A32150	Accounts payable	43,716	(34,504)				
A32180	Other payables	(3,138)	(9,720)				
A32190	Other payables - related parties	(12,412)	(15,998)				
A32230	Other current liabilities	47	(63)				
A32240	Net defined benefit liability	(2,412)	(25)				
A33000	Cash generated from (used in) operations	(617,998)	20,839				
A33100	Interest received	19,633	12,828				
A33200	Dividend received	190,371	-				
A33300	Interest paid	(9,843)	(8,873)				
A33500	Income tax paid	(31,798)	(1,161)				
AAAA	Net cash provided by (used in) operating activities	(449,635)	23,633				

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

English Translation of Financial Statements and a Report Originally Issued in Chinese
PRIME ELECTRONICS AND SATELLITICS INCORPORATION
Notes to the Parent Company Only Financial Statements
(Except as indicated, expressed in thousands of New Taiwan Dollars)

(1) History and organization

PRIME ELECTRONICS AND SATELLITICS INCORPORATION (the “Company”) was established on June 12, 1995, and is principally engaged in the manufacture, processing and sales of satellite communication equipment, wired communication equipment, and wireless communication equipment. The Company has formally been approved to be listed on the Taipei Exchange on October 29, 2009 based on the approval letter with No. Financial-Supervisory-Securities-Corporate-0980057525 issued by Securities and Futures Bureau of Executive Yuan, and the trading in the stock exchange market started on December 8, 2009. The place of incorporation and the main operation location is at 3, Tze-Chiang 1st Road, Chung-Li Industrial Zone, Chung-Li District, Taoyuan City, Taiwan.

(2) Date and procedures of authorization of financial statements for issue

The company only financial statements for the years ended December 31, 2025 and 2024 were authorized for issue by the Board of Directors on March 12, 2026.

(3) Newly issued or revised standards and interpretations

1. Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time 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. The adoption of these new standards and amendments and interpretation of initial application had no material impact on the Company.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period 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 derecognised 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

The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.

(b) Amendments to IFRS 7

The amendments update an obsolete cross-reference relating to gain or loss on derecognition.

(c) Amendments to Guidance on implementing IFRS 7

The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.

(d) Amendments to IFRS 9

The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.

(e) Amendments to IFRS 10

The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.

(f) Amendments to IAS 7

The amendments remove a reference to “cost method” in paragraph 37 of 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.

English Translation of Financial Statements and a Report Originally Issued in Chinese
PRIME ELECTRONICS AND SATELLITICS INCORPORATION
Notes to the Parent Company Only Financial Statements
(Except as indicated, expressed in thousands of New Taiwan Dollars)

(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 above mentioned standards and amendments are applicable for annual periods beginning on or after January 1, 2026 and have no material impact on the Company.

3. Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Company as at the date when the Company'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.

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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 Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the new or amended standards and interpretations listed under (b), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

(4) Summary of significant accounting policies

1. Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2025 and 2024 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

2. Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provides that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

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

3. Foreign currencies transactions

The parent company only financial statements are expressed in the Company’s functional currency, “New Taiwan Dollar.”

Transactions in foreign currencies are translated by the rate of exchange prevailing at the dates of the transactions or measurement into the functional currency. At the end of each reporting period, foreign currency monetary items shall be translated using the closing rate; non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rate at the date when the fair value was measure; non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. The exchange differences arising from the translation are recognized in the profit or loss.

Except the list below, the exchange differences are recognized in profit or loss in the year in which they arise:

- 1) 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.
- 2) Foreign currency items within the scope of IFRS 9 “Financial Instruments” are accounted for based on the accounting policy for financial instruments.
- 3) Exchange differences arising on a monetary item that is part of a reporting entity’s net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss upon disposal of such investment.

When the profit or loss arising from exchange differences arising on the non-monetary items are recognize in other comprehensive income, the exchange differences arising on the retranslation of such profit or loss are also recognized in other comprehensive income. When the profit or loss arising from exchange differences arising on the non-monetary items are recognize in the profit or loss for the year, the exchange differences arising on the retranslation of such profit or loss are also recognized in the profit or loss.

4. The translation of financial statements denominated in foreign currencies

The foreign operations of the Company determine the functional currencies at their own discretion, and shall measure the financial statements by the functional currencies. When preparing the parent company only financial statements, assets and liabilities of foreign operations for each balance sheet shall be translated at the closing rate at the balance sheet date, income and expenses for each statement of comprehensive income shall be translated at the average exchange rates of the period, and all resulting exchange differences shall be recognized in other comprehensive income. On the disposal of a foreign operation, the

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cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, shall be reclassified from equity to profit or loss when the gain or loss on disposal is recognized. When the partial disposal involves the loss of control or significant influence of a subsidiary that includes a foreign operation, or when the retained interest after the partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation, the partial disposal is accounted for as disposal.

On the partial disposal of a subsidiary that includes a foreign operation, which does not involve the loss of control, the entity shall re-attribute the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income to “investments accounted for using equity method,” instead of in profit or loss. On the partial disposal of an associate or jointly controlled entity that includes a foreign operation, which does not involve loss of significant influence or joint control, the entity shall reclassify the proportionate share of the cumulative amount of the exchange differences in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amount of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation. Thus, they shall be expressed in the functional currency of the foreign operation.

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

An asset is classified as current under the conditions below. For those that are not current are classified as non-current.:

- 1) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- 2) The Company holds the asset primarily for the purpose of trading.
- 3) The Company expects to realize the asset within twelve months after reporting period.
- 4) 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.

A liability is classified as current under the conditions below. For those that are not current are classified as non-current.:

- 1) The Company expects to settle the liability in normal operating cycle.
- 2) The Company holds the liability primarily for the purpose of trading.
- 3) The liability is due to be settled within twelve months after the reporting period.
- 4) The Company 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.

6. Cash and cash equivalents

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

7. Financial instruments

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

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Financial assets and liabilities in the scope of IFRS 9 “Financial Instruments” are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and liabilities, as appropriate, on initial recognition.

1) Recognition and measurement of financial assets

A regular way purchase or sale of financial assets are recognized and derecognized, as applicable, using trade date accounting.

The Company classifies financial assets as financial assets at amortized cost, Financial asset at fair value through OCI, and financial assets at fair value through profit or loss based on:

- A. The Company’s business model for managing the asset
- B. The asset’s contractual cash flow characteristics

Financial assets at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met, and recognized as notes receivable, accounts receivable, financial assets at amortized cost, and other receivables on the balance sheets:

- A. The business model for managing the asset: the objective is to hold assets in order to collect contractual cash flows.
- B. The asset’s contractual cash flow characteristics: the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

The amount at which the financial assets (not including those involved hedge relationships) is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. At derecognition, amortization or recognition of impairment profit or loss, the profit or loss is recognized in profit or loss.

Interest income shall be calculated by using the effective interest method. This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- A. Purchased or originated credit-impaired financial assets. For those financial assets, the Company shall apply the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- B. Financial assets that are not purchased or originated credit-impaired financial assets. For those financial assets, the Company shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset at fair value through OCI

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met, and recognized as Financial asset at fair value through OCI on the balance sheets:

- A. The business model for managing the asset: the objective is to hold assets in order to collect contractual cash flows and sell financial assets.
- B. The asset's contractual cash flow characteristics: the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

- A. A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial assets is derecognized or reclassified.
- B. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as reclassification adjustment.
- C. Interest income shall be calculated by using the effective interest method and recognized in profit or loss. This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:
 - (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company shall apply the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (b) Financial assets that are not purchased or originated credit-impaired financial assets. For those financial assets, the Company shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, at initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. (At disposal, the cumulative amount recognized in Other components of equity shall be transferred to retained earnings.) And the investment shall be recognized as Financial asset at fair value through OCI on the balance sheets. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income, and recognized as financial assets at fair value through profit or loss on the balance sheets

The financial assets are measured at fair value. The remeasurement gains or losses are recognized in profit or loss. The profit or loss recognized in profit or loss includes the dividends or interests received arising from the financial assets.

2) Impairment of financial assets

For investments in debt instrument at fair value through other comprehensive income and financial assets at amortized cost, the Company recognizes and measure loss allowance by expected credit loss. The loss allowance of investments in debt instrument at fair value through other comprehensive income is recognized in other comprehensive income, and do not eliminate the carrying amount of the investments.

The measurement of expected credit losses of a financial instrument should reflect:

- A. An unbiased and probability-weighted amount of potential loss that is determined by evaluating a range of possible outcomes
- B. The time value of money
- C. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

Loss allowance is measured as follows:

- A. Equal to 12-month expected credit losses: If the credit risk on a financial instrument has not increased significantly since initial recognition, or financial assets are determined to be with low credit risk, the Company shall measure the loss allowance for that financial assets at an amount equal to 12-month expected credit losses. Besides, if the Company has measured the loss allowance for a financial instrument at an amount equal to life time expected credit losses in the previous reporting period, but determines at the current reporting date that the conditions are no longer met, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.
- B. Equal to lifetime expected credit losses: If the credit risk on a financial instrument has increased significantly since initial recognition, or financial assets are purchased or originated credit-impaired, the Company shall measure the loss allowance for that financial assets at an amount equal to lifetime expected credit losses.
- C. The Company shall measure the loss allowance at an amount equal to lifetime expected credit losses for accounts receivables or contract assets that result from transactions that are within the scope of IFRS 15.
- D. The Company shall measure the loss allowance at an amount equal to lifetime expected credit losses for lease receivables that result from transactions that are within the scope of IFRS 16.

At each reporting date, the Company shall compare the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition to assess whether the credit risk on financial instruments have increased significantly since initial recognition. Please refer to Note 12 for the relevant information about credit risk.

3) Derecognition of Financial Assets

The Company shall derecognize the financial assets when:

- A. The contractual rights to the cash flows from the financial assets expire.
- B. The Company transfers the financial assets and substantially all the risks and rewards of ownership of the financial assets to others.
- C. The Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets, but does not retain control of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the accumulative profit or loss arising from consideration received or receivable recognized in other comprehensive income shall be recognized in profit or loss.

4) Financial liabilities and equity instruments

Classification of liabilities or equity

The Company shall classify the liability and equity instrument 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 a contract evidences a residual interest in the Company's asset after deducing all of its liabilities. The equity instruments issued by the Company is recognized by the amount of the consideration received less any direct issue cost.

Financial liabilities

Financial liabilities in the scope of IFRS 9 are initially recognized as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost

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 at fair value through profit or loss

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Financial liabilities meet one of the conditions below, shall be classified as held for trading:

- A. Financial liabilities that are incurred with an intention to sell them in the near term.
- B. Financial liabilities that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking at initial recognition ; or
- C. Derivative liabilities (that are not financial guarantee contracts or accounted for as hedging instruments)

If a contract contains one or more embedded derivatives, the Company may designate the entire hybrid contract as financial liabilities at fair value through profit or loss ; the Company may, at initial recognition, designate a financial liabilities as measured at fair value through profit or loss, when doing so results in more relevant information, because either:

- A. It eliminates or significantly reduces a measurement or recognition inconsistency ; or
- B. A group of financial assets or financial liabilities, or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

The remeasurement gains or losses are recognized in profit or loss. The profit or loss recognized in profit or loss include the interests paid for the financial liabilities.

Financial liabilities at amortized cost

The financial liabilities at amortized cost initially include payables, loans, etc., are measured by effective interest rate method subsequently. When derecognizing or amortizing the financial liabilities by effective interest rate method, the related profit or loss and amortized amount are recognized in profit or loss.

The calculation of the cost after amortized shall consider the discount or premium, and transaction cost.

Derecognition of financial liabilities

The Company shall remove a financial liability from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

An exchange between the Company and the lender of debt instruments with substantially different terms or a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

5) Offset of financial assets and financial liabilities

Financial assets and financial liabilities are offset only when the Company has a current and legally enforceable right to set-off the recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

8. Fair value measurement

Fair value is the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- 1) in the principal market for the asset or liability; or
- 2) in the absence of a principal market, in the most advantageous market for the asset or liability.

The entity must have access to the principal or most advantageous market to participate in the transactions.

An entity shall measure the fair value of an asset or liability using the assumption that market participants would use when pricing the assets or liability, assuming that market participants act 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 Company shall use the valuation techniques that is appropriate for relevant circumstances and with enough information and maximize the use of relevant observable inputs and minimize the use of unobservable inputs to meet the objective of a fair value measurement.

9. Inventories

Inventories are valued at the lower of cost and net realizable value item by item.

The cost of inventories shall comprise all costs incurred in bringing the inventories to their present location and the condition available for sale or production:

Raw materials - At actual purchase cost, using weighted average method

Finished goods and work in process — including direct materials, labour, and fixed manufacturing expenses allocated by normal capacity, excluding costs of borrowings.

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Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

Service shall be treated in accordance with IFRS 15, no in the scope of inventories.

10. Investments accounted for using equity method

According to Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, investments in subsidiaries are presented as “investments accounted for using equity method” on the parent company only financial statements and necessary valuation adjustments have been made. Thus, the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners’ equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. The adjustments take into account that the investments in subsidiaries shall be treated in accordance with IFRS 10 “Consolidated Financial Statements” and different reporting entity levels adopt IFRS differently, and debit or credit “investment accounted for using equity method,” “share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method,” or “share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method,” etc.

The Company uses equity method to recognize the investment in associates., except those classified as held-for-sale. Associates are entities over which the Company has significant influence.

Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognized the Company’s share in the changes in equity of the associate. After the carrying amount and other relevant long-term interest of an associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized profit or losses on transactions with associates shall be eliminated by the share of equity of the associates.

If the changes in equity of associates not due to profit or loss and other comprehensive income, and the changes have no influence to the Company’s percentage of ownership to the associates, the Company shall recognize the relevant changes in equity by percentage of ownership, and the capital surplus recognized accordingly shall be transferred to profit or loss by the percentage of disposal at disposal of associate subsequently.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company’s proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to “capital surplus,” and “investments accounted for using equity method.” If the Company’s ownership interest in an associate is reduced, the Company shall reclassify to profit or loss or other appropriate account the proportion of the

gain or loss that had previously been recognized in other comprehensive income. The aforementioned capital surplus shall be transferred to profit or loss by the percentage of disposal at disposal of associates subsequently.

The associates shall prepare financial statements by the same reporting period as the Company, and make adjustment to use uniform accounting policies with the Company.

The Company shall confirm whether there is objective evidence of impairment on the investments IN associates according to IAS 28 “Investments in Associates and Joint Ventures.” If there is objective evidence of impairment, the Company shall calculate the impairment amount by the difference between the recoverable amount and the carrying amount, and recognize the difference as the profit or loss on the investment in the associates according to IAS 36 “Impairment of Assets.” If the recoverable amount is the value in use of the investments, the Company estimates the relevant value in use based on:

- 1) its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds from the ultimate disposal of the investment ; or
- 2) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of the net investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 “Impairment of Assets.”

When the Company losses significant influence over associates, the Company shall measure and recognize the retained interests at fair value. The Company shall recognize in profit or loss any difference between the carrying amount of the investment and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate. In addition, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes and investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

11. Property, plant and equipment

Property, plant and equipment are initially recognized by acquisition cost, and subsequently measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the disassembly, removal, and recovery of the item of property, plant and equipment or borrowing costs eligible for capitalization. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The carrying value of the replaced items shall be derecognized based on IAS 16 “Property, Plant, and Equipment.” When each major inspection is performed, its cost is recognized in the carrying amount of the item of property, plant, and equipment as a replacement if the recognition criteria are satisfied. Other fix and maintenance cost are recognized in profit or loss.

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Straight-line method is used to allocate the depreciable amount of an asset over its useful life as follows:

Buildings	5 ~ 15 years
Machinery	1 ~ 5 years
Office equipment	2 ~ 5 years
Other equipment	2 ~ 10 years
Leasehold improvements	5 years

The carrying amount of an item of property, plant and equipment or any significant component shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition shall be included in profit or loss when the item is derecognized.

The residual value and the useful life of an item of property, plant, and equipment shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes shall be accounted for as a change in an accounting estimate.

12. Lease

At the commencement date, the Company shall assess whether the contract is (or contains) a lease. If a contract conveys the right to control the use of an identified asset for a period of time, the Company shall assess whether throughout the period of use, the Company has both of the following :

- 1) the right to obtain substantially all of the economic benefits from use of the identified asset ; and
- 2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company shall account for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company shall estimate the stand-alone price, maximizing the use of observable information.

The Company as the lessee

When the Company is the lessee under a lease contract, the Company shall recognize a right-of-use asset and a lease liability, unless the lease contract is a short-term lease or the underlying assets of the lease if of low value,

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At the commencement date, the Company shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company shall use the lessee's 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:

- 1) fixed payments (including in-substance fixed payments), less any lease incentives receivable ;
- 2) variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date) ;
- 3) amounts expected to be payable by the lessee under residual value guarantees ;
- 4) the exercise price of a purchase option if the Company is reasonably certain to exercise that option ; and
- 5) 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 Company shall measure the lease liabilities on the basis of amortized cost, by increasing the carrying amount to reflect interest on the lease liability, and reducing the carrying amount to reflect the lease payments made by effective interest rate method.

At the commencement date, the Company shall measure the right-of-use asset at cost, which shall comprise:

- 1) the amount of the initial measurement of the lease liability ;
- 2) any lease payments made at or before the commencement date, less any lease incentives received ;
- 3) any initial direct costs incurred by the lessee ; and
- 4) an estimate of costs to be incurred 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.

After the commencement date, a lessee shall measure the right-of-use asset applying a cost model. The Company shall measure the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses.

If the lease transfers ownership of the underlying assets to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company shall depreciate 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 Company shall apply IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

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Unless the lease contract is a short-term lease or the underlying assets of the lease if of low value, the Company shall state right-of-use assets and lease liabilities on the balance sheets, and depreciation expenses and interest expenses related to lease on the statements of comprehensive income.

The Company shall recognize the lease payments associated with short-term leases or leases for which the underlying asset is of low value as an expense on either a straight-line basis over the lease term or another systematic basis.

The Company as the lessor

The Company shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a financial lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company shall recognize assets held under a finance lease in its balance sheets and present them as lease payments receivables at an amount equal to the net investment in the lease.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Company shall allocate the consideration in the contract applying IFRS 15.

The Company shall recognize lease payments from operating leases as income on either a straight-line basis or another systematic basis. Variable lease payments that do not depend on an index or a rate shall be recognized as rental income at occurrence.

13. Intangible assets

A separately acquired intangible asset shall be measured initially at cost. After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortization and any accumulated impairment losses. An item generated internally which does not meet the conditions to be recognized as intangible assets shall not be capitalized, and shall be recognized as an expense when it is incurred.

The Company shall assess whether the useful life of an intangible asset is finite or indefinite.

An intangible asset with a finite useful life shall be amortized over its useful life, and if there is an indication that an intangible asset may be impaired, impairment test shall be conducted. The amortization period and the amortization method for an intangible asset with a finite useful life shall be reviewed at least at each financial year-end. If the expected useful life of the assets is different from previous estimates or there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the amortization method or amortization period shall be changed. Such changes shall be accounted for as changes in accounting estimates.

An intangible asset with indefinite useful life shall not be amortized. The Company shall conduct the impairment test by the cash-generating unit to which the individual asset or assets belongs each year. The useful life of an intangible asset with indefinite useful life shall be reviewed each period to determine whether events and circumstances continue to support an

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indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite shall be accounted for as a change in an accounting estimate.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

The Company's accounting policies for intangible assets are as follows:

	Computer software
Useful life	2 ~ 5 years
Amortization method	Amortize by straight-line method over the estimated years with economic benefits
Generated internally or acquired	Acquired

14. Impairment of non-financial assets

The Company shall assess at the end of each reporting period whether there is any indication that an asset, which applies IAS 36 "Impairment of Assets," may be impaired. If any indication is present, the Company is required to conduct impairment test to the asset each year on regular basis. The Company conducts the test by the cash-generating unit to which the individual asset or assets belongs. Base on the impairment test, if the recoverable amount of a cash-generating unit is less than its carrying amount, impairment loss shall be recognized. Recoverable amount is the higher of the cash-generating unit's net fair value and its value in use.

The Company shall assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Company shall estimate the recoverable amount of that asset. If the recoverable amount increases for the increase in the estimated service potential of an asset, the impairment loss shall be reversed. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

A cash-generating unit or group of units to which goodwill has been allocated shall be tested for impairment annually, no matter there is indication of impairment or not. The impairment loss shall be allocated to reduce the carrying amount of the assets of the unit in the following order. First, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill shall not be reversed in a subsequent period for any reason.

Impairment losses and reversals of continuing operations shall be recognized in profit or loss.

15. Revenue recognition

The Company's revenue from contracts with customers mainly arises from sale of goods, and the accounting treatments are explained as follows:

Sales of goods

The Company manufactures and sells goods. Revenue is recognized when goods are transferred to a customer and the customer obtains control of that asset (control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.) The main goods of the Company are digital communication products, and revenue shall be recognized based on the prices indicated on the contracts. The transactions of sales of other goods are usually with quantity discount (based on the accumulated sales amount within a specific period). Therefore, revenue shall be recognized by contract price less quantity discounts. The Company shall estimate an amount of variable consideration arising from quantity discount by cumulative experiences and using the expected value. The Company shall include in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Within the specific period specified in the agreements, the estimated quantity discount shall be recognized as refund liabilities accordingly.

The credit periods of sales of goods are usually 30 ~ 150 days. Accounts receivables arising from most of the contracts shall be recognized at the time when the goods are transferred to the customer, and the Company has the unconditional right to receive the consideration. Those accounts receivables are usually short-term and without significant financing components. For a fraction of the contracts, contract assets shall be recognized at the time when the goods are transferred to the customer, but the Company does not have the unconditional right to receive the consideration. In addition, allowances for impairment of contract assets shall be measured by the lifetime expected credit losses in accordance with IFRS 9.

16. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset shall be capitalized as part of the costs of the assets. Other borrowing costs are recognized as an expense in the period of occurrence. Borrowing costs include interest and other costs that the Company incurs in connection with the borrowing of funds.

17. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and recorded gains in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts in the statement of comprehensive income over the expected useful life and

pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

18. Post-employment plans

The pension plan of the Company is applicable to all the officially hired employees of the Company and domestic subsidiaries. The employee pension fund is deposited in special account of the pension fund, and managed by the Labour Pension Fund Supervisory Committee. Since the pension fund is deposited in the name of the Labour Pension Fund Supervisory Committee, and totally separated from the Company and domestic subsidiaries, the fund is not stated in the accompanying consolidated financial statements. The pension plans of foreign subsidiaries and branches are implemented in accordance with local regulations.

For defined contribution Post-employment plans, payments contributed to the benefit plan by the Company and domestic subsidiaries, which shall not be lower than the 6% of salaries or wages of the employees, are recognize as an expense when the employees have rendered service entitling them to the contribution. Payments to the benefit plan by the foreign subsidiaries and branches are contributed based on local rate and recognized as an expense in the current period.

For defined benefit plans, the defined benefit costs shall be recognized by using the Projected Unit Credit Method at the end of each reporting date based on actuaries' report. The remeasurements of the net defined benefit liability (asset) shall be recognized in other comprehensive income, and reflected in retained earnings immediately, comprising return on plan assets and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset), and actuarial gains and losses. The Company shall recognize past service cost as an expense at the earlier of the following dates:

- 1) when the plan amendment or curtailment occurs ; and
- 2) when the Company recognizes related restructuring costs or termination benefits.

The Company shall determine net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate, which shall be determined at the start of the annual reporting period, and take into account any changes in net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

19. Income tax

The tax expense (gain) for the period comprises current and deferred income tax.

Current income tax

Current income tax assets and liabilities for the current period and prior periods are measure 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 directly in other comprehensive income or equity is recognized in other comprehensive income or equity rather than profit or loss.

An additional tax on unappropriated earnings is recognized as income tax expenses on unappropriated earnings in the year the shareholders' meeting approves the distribution of earnings based on the actual distribution.

Deferred income tax

Deferred income tax is determined by the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date.

A deferred tax liability shall be recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- 1) the initial recognition of goodwill ; or the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (loss) ; at the time of the transaction, there were no equivalent taxable and deductible temporary differences generated.
- 2) In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, 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.

A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax assets arises from:

- 1) the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (loss) ; at the time of the transaction, there were no equivalent taxable and deductible temporary differences generated.
- 2) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities shall be 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 liabilities reflects the tax consequences that would follow the manner in which the Company 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 from profit or loss is not recognized in profit or loss but rather in other comprehensive income or directly in equity. Deferred tax assets shall be reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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Deferred tax assets and liabilities may offset each other, only if a legally enforceable right exists to set off current income tax assets against current income tax liabilities, and the deferred taxes related 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 judgments, estimates and assumptions

When preparing the Company's parent company only financial statements, the management has made judgments to determine the account policies adopted, and make accounting estimates and assumptions, which affect the disclosure of reporting amount of revenue, expenses, assets, and liabilities and contingent liabilities. However, these estimates and assumptions could result in risks that require a material adjustment to the carrying amount of assets and liabilities in the future.

Estimates and assumptions

Information on major sources of uncertainty arising from significant accounting estimates and assumptions which could result in risks that require a material adjustment to the carrying amount of assets and liabilities in the next fiscal year are explained as follows. :

1) Fair value of financial instruments

If the fair value of financial assets recognized in balance sheets cannot be derived in an active market, the fair value shall be determined by valuation techniques, including income approach (e.g. discounted cash flow model) or market approach. The changes in the assumptions used in the models would affect the fair value of the financial instruments reported. Please refer to Note 12 for details.

2) Accounts receivables — estimates on impairment losses

The Company shall measure the impairment losses for accounts receivables at an amount equal to lifetime expected credit losses. The present value of the differences between the contractual cash flow receivables (carrying amount) and the cash flows expected to be received (evaluating forward-looking information) shall be recognized as credit losses. However, since the effect of discounting is immaterial to short-term receivables, the credit loss shall be measured by the undiscounted amounts.

If the actual cash flows in the future are less than expected, significant impairment losses may occur. Please refer to Note 6 for details.

3) Inventory

The estimates of the net realizable values of inventories take into account the circumstances of damage; obsolescence of part or all of the inventories, or the decline in prices, based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. Please refer to Note 6 for details.

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4) Post-employment plans

The present values of defined benefit cost and defined benefit obligation of Post-employment plans depend on the actuarial valuation. Actuarial valuation involves various assumptions, including discount rate, rate of expected future salary increase, etc. Please refer to Note 6 for the detailed explanation about the assumptions used to measure defined benefit cost and defined benefit obligation.

5) Income tax

Uncertainties exist with respect to the interpretations of complex tax regulations and the amount and timing of future taxable income. Given the wide arrange 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 Company 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 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

	December 31, 2025	December 31, 2024
Cash on hand and petty cash	\$600	\$674
Demand deposits	515,489	666,304
Time deposit(Note)	31,380	65,470
Total	<u>\$547,469</u>	<u>\$732,448</u>

Note: The term deposit contract expires within 3 months and can be converted into cash at any time with little risk of value changes.

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2. Financial asset at fair value through OCI

	December 31, 2025	December 31, 2024
Investments in equity instruments at fair value through other comprehensive income — non-current:		
Stocks of unlisted companies	\$26,177	\$20,000
Valuation adjustments	(10,000)	(10,000)
Total	<u>\$16,177</u>	<u>\$10,000</u>
Current	\$-	\$-
Non-current	16,177	10,000
Total	<u>\$16,177</u>	<u>\$10,000</u>

The Financial asset at fair value through OCI held by the Company were not pledged as collateral.

Please refer to Note 12 for the information relevant to credit risks.

3. Financial assets at amortized cost

	December 31, 2025	December 31, 2024
Demand deposits (reserve account)	\$29,328	\$29,147
Time deposit	-	5,998
Less: loss allowance	-	-
Total	<u>\$29,328</u>	<u>\$35,145</u>
Current	\$29,328	\$35,145
Non-current	-	-
Total	<u>\$29,328</u>	<u>\$35,145</u>

Please refer to Note 8 for the information on financial assets at amortized cost pledged as collateral.

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4. Notes receivables

	December 31, 2025	December 31, 2024
Total notes receivables— arising from operation	\$-	\$12
Less: loss allowance	-	-
Total	\$-	\$12

- 1) The notes receivables held by the Company were not pledged as collateral.
- 2) The Company evaluates impairment in accordance with the regulations of IFRS 9. Please refer to Note 6.18 for the information on loss allowance, and Note 12 for the information relevant to credit risks.

5. Accounts receivables

	December 31, 2025	December 31, 2024
Total accounts receivables— arising from operation	\$481,813	\$444,942
Less: loss allowance	(71)	(71)
Total	\$481,742	\$444,871

- 1) The accounts receivables held by the Company were not pledged as collateral.
- 2) The credit periods of sales of goods are usually 30~150 days. The total carrying amounts of accounts receivables amounted to NT\$481,813 thousand and NT\$444,942 thousand as of December 31, 2025 and 2024, respectively. Please refer to Note 6.18 for the information on loss allowance as of December 31, 2025 and 2024. Please refer to Note 12 for the information relevant to credit risks.

6. Inventories

- 1) The net inventories are as follows:

	31-Dec-25	31-Dec-24
Materials	\$261,626	\$231,431
Work in process	8	586
Finished goods	49,065	10,329
Total	\$310,699	\$242,346

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- 2) The inventory costs recognized as expenses amounted to NT\$1,339,345 thousand and NT\$1,954,748 thousand for the years ended December 31, 2025 and 2024, respectively, including the expenses and losses as follows:

Item	2025	2024
Loss for market price decline and slow-moving inventories (Gain from price recovery of inventory)	\$555	\$12,167

- 3) The aforementioned inventories were not pledged as collateral.

7. Investments accounted for using equity method

- 1) The investments accounted for using equity method are as follows:

Name of investee	December 31, 2025		December 31, 2024	
	Amount	Percentage of ownership	Amount	Percentage of ownership
<u>Subsidiaries invested:</u>				
Prime International Developments Ltd.	\$822,793	100.00%	\$869,446	100.00%
Prime International Services Ltd.	(337,196)	100.00%	(336,686)	100.00%
Pro Broadband (B.V.I.) Inc.	(354,320)	100.00%	(12,826)	100.00%
KeyStone Semiconductor Corp.	29,783	65.48%	30,584	65.48%
The debit balances of investments accounted for using equity method	691,516		349,512	
Total	<u>\$852,576</u>		<u>\$900,030</u>	

- 2) Investments in subsidiaries

Investments in subsidiaries are stated as “investments accounted for using equity method” on the parent only financial statements, and valuation adjustments are made if necessary.

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8. Property, plant and equipment

Owner-occupied property, plant and equipment

	Land	Buildings	Machinery equipment	Office equipment	Other equipment	Leasehold improvements	Total
Cost:							
As of 1/1/2025	\$90,934	\$56,578	\$11,008	\$11,096	\$109,175	\$15,752	\$294,543
Addition	-	-	-	928	1,775	-	2,703
Disposals	-	-	-	-	(66)	-	(66)
As of 12/31/2025	<u>\$90,934</u>	<u>\$56,578</u>	<u>\$11,008</u>	<u>\$12,024</u>	<u>\$110,884</u>	<u>\$15,752</u>	<u>\$297,180</u>
As of 1/1/2024	\$90,934	\$56,578	\$11,859	\$9,033	\$99,381	\$6,667	\$274,452
Addition	-	-	-	3,520	13,031	9,085	25,636
Disposals	-	-	(851)	(1,457)	(3,237)	-	(5,545)
As of 12/31/2024	<u>\$90,934</u>	<u>\$56,578</u>	<u>\$11,008</u>	<u>\$11,096</u>	<u>\$109,175</u>	<u>\$15,752</u>	<u>\$294,543</u>
Depreciation and impairment:							
As of 1/1/2025	\$-	\$56,159	\$11,008	\$8,127	\$90,554	\$3,208	\$169,056
Depreciation	-	194	-	870	4,881	3,273	9,218
Disposals	-	-	-	-	(66)	-	(66)
As of 12/31/2025	<u>\$-</u>	<u>\$56,353</u>	<u>\$11,008</u>	<u>\$8,997</u>	<u>\$95,369</u>	<u>\$6,481</u>	<u>\$178,208</u>
As of 1/1/2024	\$-	\$55,949	\$11,859	\$9,033	\$88,543	\$222	\$165,606
Depreciation	-	210	-	551	5,248	2,986	8,995
Disposals	-	-	(851)	(1,457)	(3,237)	-	(5,545)
As of 12/31/2024	<u>\$-</u>	<u>\$56,159</u>	<u>\$11,008</u>	<u>\$8,127</u>	<u>\$90,554</u>	<u>\$3,208</u>	<u>\$169,056</u>
Net carrying amount:							
As of 12/31/2025	<u>\$90,934</u>	<u>\$225</u>	<u>\$-</u>	<u>\$3,027</u>	<u>\$15,515</u>	<u>\$9,271</u>	<u>\$118,972</u>
As of 12/31/2024	<u>\$90,934</u>	<u>\$419</u>	<u>\$-</u>	<u>\$2,969</u>	<u>\$18,621</u>	<u>\$12,544</u>	<u>\$125,487</u>

Please refer to Note 8 for the information on property, plant and equipment pledged as collateral.

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9. Intangible assets

	<u>Computer software</u>
Cost:	
As of January 1, 2025	\$1,433
Additions — separately acquired	76
Derecognitions for expiration	-
As of December 31, 2025	<u>\$1,509</u>
As of January 1, 2024	\$1,193
Additions — separately acquired	240
Derecognitions for expiration	-
As of December 31, 2024	<u>\$1,433</u>
	<u>Computer software</u>
Amortization and impairment:	
As of January 1, 2025	\$560
Amortization	438
Derecognitions for expiration	-
As of December 31, 2025	<u>\$998</u>
As of January 1, 2024	\$139
Amortization	421
Derecognitions for expiration	-
As of December 31, 2024	<u>\$560</u>
Net carrying amount:	
As of December 31, 2025	<u>\$511</u>
As of December 31, 2024	<u>\$873</u>

The amortization amounts of intangible assets recognized are as follows:

	<u>2025</u>	<u>2024</u>
General and administrative expenses	\$76	\$47
Research and development expenses	362	374
Total	<u>\$438</u>	<u>\$421</u>

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10. Other non-current assets

	December 31, 2025	December 31, 2024
Refundable deposits	\$2,076	\$2,143

11. Short-term loans

	Interests rate intervals (%)	December 31, 2025	December 31, 2024
Unsecured bank loans	2.25%~2.44%	\$70,000	\$10,000
Secured bank loans	2.13%~2.72%	416,405	180,000
Total		\$486,405	\$190,000

The unused credit lines of the Company amounted to NT\$436,355 thousand and NT\$735,670 thousand as of December 31, 2025 and 2024.

Please refer to Note 8 for the assets pledged as collateral for bank loans.

12. Other payables

	December 31, 2025	December 31, 2024
Interests payables	\$1,742	\$281
Payables on equipment	89	192
Pension payables	16,375	5,965
Other payables	66,254	64,472
Total	\$84,460	\$70,910

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13. Long-term loans

The Long-term loans as of December 31, 2025 and 2024 are as follows:

Creditor bank	December 31, 2025	Interest rate (%)	Repayment periods and schedules
Hua Nan Bank — Taoyuan Branch	\$3,873	90-day time deposit floating rate of Hua Nan Bank plus 0.7%	The loan period is from March 30, 2023 to March 30, 2026. The first repayment shall be made in April, 2023, and principal shall be evenly repaid monthly thereafter.
Hua Nan Bank — Taoyuan Branch	33,150	90-day time deposit floating rate of Hua Nan Bank plus 0.7%	The loan period is from May 14, 2024 to May 14, 2027. The first repayment shall be made in June, 2024, and principal shall be evenly repaid monthly thereafter.
Shanghai Bank — Yenping Branch	8,264	2-year postal time deposit floating rate plus 0.655%	The loan period is from July 3, 2023 to July 9, 2026. The first repayment shall be made in July, 2024, and principal shall be evenly repaid monthly thereafter.
Shanghai Bank — Yenping Branch	32,083	1-year postal time deposit floating rate plus 0.5%	The loan period is from September 1, 2023 to September 1, 2028. The first repayment shall be made in October, 2025, and principal shall be evenly repaid monthly thereafter.
Shanghai Bank — Yenping Branch	35,000	1-year postal time deposit floating rate plus 0.75%	The loan period is from February 27, 2025 to February 27, 2030. The first repayment shall be made in March, 2026, and principal shall be evenly repaid monthly thereafter.
Total	112,370		
Less: current portion	(54,495)		
Non-current portion	\$57,875		
Creditor bank	December 31, 2024	Interest rate (%)	Repayment periods and schedules
Hua Nan Bank — Taoyuan Branch	\$19,365	90-day time deposit floating rate of Hua Nan Bank plus 0.7%	The loan period is from March 30, 2023 to March 30, 2026. The first repayment shall be made in April, 2023, and principal shall be evenly repaid monthly thereafter.
Hua Nan Bank — Taoyuan Branch	56,550	90-day time deposit floating rate of Hua Nan Bank plus 0.7%	The loan period is from May 14, 2024 to May 14, 2027. The first repayment shall be made in June, 2024, and principal shall be evenly repaid monthly thereafter.

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Shanghai Bank — Yenping Branch	22,432	2-year postal time deposit floating rate plus 0.655%	The loan period is from July 3, 2023 to July 9, 2026. The first repayment shall be made in July, 2024, and principal shall be evenly repaid monthly thereafter.
Shanghai Bank — Yenping Branch	35,000	1-year postal time deposit floating rate plus 0.5%	The loan period is from September 1, 2023 to September 1, 2028. The first repayment shall be made in October, 2025, and principal shall be evenly repaid monthly thereafter.
Total	<u>133,347</u>		
Less: current portion	<u>(55,976)</u>		
Non-current portion	<u>\$77,371</u>		

14. Other non-current liabilities

	December 31, 2025	December 31, 2024
Net defined benefit liabilities	\$-	\$17,742
Deposits received	221	42
	<u>\$221</u>	<u>\$17,784</u>

15. Post-employment plans

Defined contribution plan

The pension plan of the Company implemented in accordance with “Labor Pension Act.” Is defined contribution plan. According to the regulation, the Company shall make monthly contributions of at least 6% based on each individual employee’s salary or wage to employees’ pension accounts for employees. The Company has made monthly contributions of 6% based on each individual employee’s salary or wage to employees’ pension accounts for employees.

The pension expenses of defined contribution plan amounted to NT\$7,538 thousand and NT\$7,744 thousand for the years ended December 31, 2025 and 2024, respectively.

The pension expenses additionally recognized because of appointing managers amounted to NT\$416 thousand and NT\$288 thousand for the years ended December 31, 2025 and 2024.

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Defined benefit plan

The Company has a defined benefit pension plan in accordance with the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the "Fund"). Before the end of each year, the Company assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the Post-employments of employees who are eligible for retirement in the following year by the aforementioned method, the Company is required to fund the deficit in one appropriation before the end of next March.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house and under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate management flexibility to achieve targeted return without over-exposure to risk. With regard to utilization of pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company has no right to participate in the operation and management of the pension fund, the Company is unable to disclose the classification of fair value of the plan assets based on PAR 142 of IAS 19.

In 2025, the Company applied to the Labor Bureau of the Taoyuan City Government to settle the old-system retirement benefits and reclaim the remaining balance of the Labor Retirement Reserve Fund, after which the dedicated retirement account was closed.

The Company recognized defined benefit plan expenses of NT\$220 thousand for the period from January 1 to December 31, 2025, and NT\$263 thousand for the period from January 1 to December 31, 2024.

As of December 31, 2024, the Company's defined benefit plan is expected to mature in 2033.

The costs of defined benefit plan recognized in profit or loss are as follows:

	2024
Current service cost	\$-
Net interest of net defined benefit liabilities (assets)	263
Total	<u>\$263</u>

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Reconciliation of the present value of defined benefit obligations and the fair value of plan assets is as follows:

	December 31, 2024	January 1, 2024
Present value of defined benefit obligations	\$37,177	\$43,732
Fair value of plan assets	(19,435)	(22,328)
Other non-current liabilities — the carrying amount of net defined benefit liabilities	<u>\$17,742</u>	<u>\$21,404</u>

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2024	43,732	(22,328)	21,404
Current service cost	-	-	-
Interest expenses (revenue)	538	(275)	263
Past service cost and gains and losses on settlement	-	-	-
Subtotal	44,270	(22,603)	21,667
Remeasurement of defined benefit liabilities/ assets:			
Actuarial gains and losses on changes in demographic assumptions	241	-	241
Actuarial gains and losses on changes in financial assumptions	(1,560)	-	(1,560)
Experience adjustment	(435)	-	(435)
Remeasurement of defined benefit assets	-	(1,883)	(1,883)
Subtotal	(1,754)	(1,883)	(3,637)
Benefits paid	(5,339)	5,339	-
Funding of Post-employments	-	(288)	(288)
Effects of changes in foreign exchange rates	-	-	-
December 31, 2024	<u>\$37,177</u>	<u>\$(19,435)</u>	<u>\$17,742</u>

The principal underlying actuarial assumptions related to pension are as follows:

	December 31, 2024
Discount rate	1.65%
Rate of expected future salary increase	3.00%

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The sensitivity analysis of each significant actuarial assumption:

	2024	
	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.5%	\$-	\$(1,760)
Discount rate decrease by 0.5%	1,883	-
Expected future salary increase by 0.5%	1,849	-
Expected future salary decrease by 0.5%	-	(1,746)

The sensitivity analyses above have been determined based a method that extrapolates the effects on the net defined obligation as a result of reasonable changes in key actuarial assumptions (e.g. discount rate, or expected future salary) occurring at the end of the reporting period. Practically, as the changes of assumptions may be correlated, there are some limitations in the analysis.

The method and assumptions used in the sensitivity analysis in current period is the same as what used in prior period.

16. Equity

1) Ordinary share

As of December 31, 2025 and 2024, the Company's authorized capital were both NT\$3,000,000 thousand, and the Company's paid-in capital were both NT\$1,677,385 thousand, each share at par value of NT\$10, divided into 167,738,463 shares. A shareholder is entitled to one vote for each share held and has the right to receive dividends.

2) Capital surplus

	December 31, 2025	December 31, 2024
Additional paid-in capital	\$291,899	\$291,899

According to the regulation of the Company Act, the capital surplus shall not be used except for making good the deficit (or loss) of the company. Where a company incurs no loss, it may distribute the income derived from the issuance of new shares at a premium, and the income from endowments received by the company, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash.

3) Profits distribution and dividend policies

A. According to the Articles of Incorporation, if there is any net income after closing of a fiscal year, the profits shall be distributed in the following order:

- ① payment of all taxes and dues;
- ② offsetting losses in prior years;
- ③ setting aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount of the Company;
- ④ setting aside or rotating special reserve according to the rule set out by the government authority in charge
- ⑤ If there is still remaining balance, the Company shall set aside with accumulated retained earnings-unappropriated for shareholders' dividends. The Board of Directors shall draw up a meeting regarding the issue of profit distribution and report to the shareholders' meeting for the resolution of the distribution of the dividend.

B. Dividend policy

The Company adopts balanced dividend policy. In response for the future development and shareholders' demand for cash inflows, the ratio of cash dividend shall be no less than ten percent of total distribution of cash dividend and stock dividend.

C. Legal reserve

According to the Company Act., a company shall set aside profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The legal reserve shall not be used except for making good the deficit of the company and being distributed by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash, for the portion in excess of 25% of the paid-in capital.

D. Special reserve

When the Company distributes distributable earnings, it shall set aside to special reserve, 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 according to the requirements for the adoption of 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 FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve

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by proportion and transfer to retained earnings.

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

- E. As of December 31, 2025 and December 31, 2024, the Company had accumulated deficits. Therefore, the Board of Directors on March 12, 2026, and the Annual General Shareholders' Meeting on June 17, 2025, respectively proposed and resolved not to distribute dividends for the fiscal years 2025 and 2024.

At the Board of Directors meeting held on March 12, 2026, the Company proposed to use capital reserves to offset a loss of NT\$291,899 thousand.

Please refer to Note 6.20 for the accrued basis and the amounts recognized for employees' and directors' remuneration.

17. Operating revenue

	2025	2024
Revenue from contracts with customers		
Revenue from sales of goods	\$1,417,601	\$2,106,552
Revenue from rendering services	8,272	8,393
Total	<u>\$1,425,873</u>	<u>\$2,114,945</u>

The relevant information on revenue from contracts with customers is as follows:

1) Classification of revenue

	Single operating segment	
	2025	2024
Sales of goods	\$1,417,601	\$2,106,552
Rendering services	8,272	8,393
Total	<u>\$1,425,873</u>	<u>\$2,114,945</u>
Time of revenue recognition:		
At a point in time	<u>\$1,425,873</u>	<u>\$2,114,945</u>

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2) Balance of contracts

A. Contract liabilities — current

	December 31, 2025	December 31, 2024	January 1, 2024
Sales of goods	\$332,692	\$339,226	\$243,781

The significant changes in the balance of contract liabilities for the years ended December 31, 2025 and 2024 are explained as follows:

	2025	2024
Beginning balance transferred to revenue in current period	\$(21,982)	\$(37,381)
Increases in unearned revenue (deducting the portion occurred in current period and transferring to revenue)	15,448	132,826

3) The assets recognized from the costs to obtain or fulfill a contract with a customer: None

18.Expected credit losses (gains)

	2025	2024
Operating expenses — expected credit losses (gains)		
Accounts receivables	\$-	\$(2,306)

Please refer to Note 12 for the information relevant to credit risks.

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The Company measures the loss allowances for receivables (including notes receivables and accounts receivables) by lifetime expected credit loss. As of December 31, 2025 and 2024, the evaluation of loss allowances is explained as follows:

- 1) The Company classified the counterparties into groups by credit rating, location, and industry, and assessed the expected credit losses of receivables based on provision matrix. The relevant information is as follows:

December 31, 2025

	Undue (Note)	Days overdue					Total
		Within 30 days	31-90 days	91-180 days	181-365 days	Over 365 days	
Total carrying amount	\$481,813	\$-	\$-	\$-	\$-	\$-	\$481,813
Expected loss rate	0.01%	-%	-%	-%	-%	-%	
Lifetime expected credit losses	(71)	-	-	-	-	-	(71)
Carrying amount	\$481,742	\$-	\$-	\$-	\$-	\$-	\$481,742

Note: The notes receivables held by the Company are all undue

December 31, 2024

	Undue (Note)	Days overdue					Total
		Within 30 days	31-90 days	91-180 days	181-365 days	Over 365 days	
Total carrying amount	\$444,954	\$-	\$-	\$-	\$-	\$-	\$444,954
Expected loss rate	-%	-%	-%	-%	-%	-%	
Lifetime expected credit losses	(71)	-	-	-	-	-	(71)
Carrying amount	\$444,883	\$-	\$-	\$-	\$-	\$-	\$444,883

Note: The notes receivables held by the Company are all undue

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- 2) The information on changes in loss allowances for notes receivables and accounts receivables for the years ended December 31, 2025 and 2024 is as follows:

	Notes receivables	Accounts receivables
January 1, 2025	\$-	\$71
Amount increase (reverse) in current period	-	-
Amount written off due to uncollectibility	-	-
December 31, 2025	\$-	\$71
January 1, 2024	\$-	\$2,377
Amount increase (reverse) in current period	-	(2,306)
Amount written off due to uncollectibility	-	-
December 31, 2024	\$-	\$71

19. Lease

- 1) The Company as the lessee

The Company mainly leases buildings and transportation equipment. The lease terms of the contracts are from 3 to 4 years.

The impacts on the Company's financial position and financial performance by lease are explained as follows:

A. Amounts recognized in the balance sheets

(a) Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2025	December 31, 2024
Buildings	\$19,217	\$26,338
Transportation equipment	1,169	385
Total	\$20,386	\$26,723

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(b) Lease liabilities

	December 31, 2025	December 31, 2024
Lease liabilities	\$20,865	\$27,055
Current	\$7,172	\$7,296
Non-current	\$13,693	\$19,759

Please refer to Note 6.21 (4) financial costs for the interest expenses arising from lease liabilities for the years ended December 31, 2025 and 2024, and Note 12.5 the management of liquidity risk for the maturity analysis of lease liabilities.

B. Amounts recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	2025	2024
Buildings	\$6,928	\$7,122
Transportation equipment	418	418
Total	\$7,346	\$7,540

C. Lessee's revenue and expenses arising from lease activities

	2025	2024
Short-term lease expenses	\$117	\$406
Low-value lease expenses (not including the low-value lease expenses of short-term lease)	46	47

D. Lessee's cash outflows arising from lease activities

The cash out flows arising from lease amounted to NT\$7,939 thousand and NT\$8,433 thousand for the years ended December 31, 2025 and 2024, respectively.

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20. Employee Benefits, depreciation, and amortization expenses categorized by function are as follows:

By function By nature	2025			2024		
	Recognized in operating costs	Recognized in operating expenses	Total	Recognized in operating costs	Recognized in operating expenses	Total
Employee benefits						
Payroll expenses	\$-	\$147,861	\$147,861	\$-	\$153,991	\$153,991
Labor and health insurance	-	13,290	13,290	-	13,570	13,570
Pension expenses	-	8,174	8,174	-	8,295	8,295
Directors' remuneration	-	780	780	-	830	830
Other employee benefits expenses	-	2,051	2,051	-	1,760	1,760
Depreciation expenses	-	16,564	16,564	-	16,535	16,535
Amortization expenses	-	438	438	-	421	421

- 1) The average numbers of employees are 144 and 148 for the years ended December 31, 2025 and 2024, respectively. Among them, the numbers of directors not serving as employees is 6.
- 2) Companies listed on TWSE or TPEX shall additionally disclose the information as follows:
 - A. The average employee benefit expenses for the current year and the prior year amounted to NT\$1,242 thousand and NT\$1,251 thousand, respectively.
 - B. The average salaries and wages for the current year and the prior year amounted to NT\$1,071 thousand and NT\$1,084 thousand, respectively.
 - C. The average rate of increase of employees' salaries and wages is 1%.
 - D. As the Company established audit committees in lieu of supervisors, there is no supervisors' remuneration.
 - E. The Company's salary and remuneration policy: The directors' and managers' remuneration shall be determined based on the Company's Articles of Incorporation and related regulations, in consideration of the profitability and future operation. The matter shall be proposed by the remuneration committee, discussed and approved by the board of directors, and reported to the shareholders' meeting. The general manager and vice president's remunerations include salary, bonus, and employees' bonus, etc., which shall be determined, based on the positions, the responsibilities accepted, the contribution to the Company, and the level in the same industry by remuneration committee, discussed and approved by the board of directors before implementing. The employees' salaries are determined based on academic and experience background, professional knowledge and techniques, professional seniority experience and personal performance, and adjusted by operation condition, to boost morale timely and retain excellent employees.

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- 3) According to the Company's Articles of Incorporation, the Company shall allocate remuneration to employees at the rate from 5% to 10% of annual profits, and to directors at the rate of no higher than 3% of annual profits during the period; provided, however, that when the Company has accumulated losses, the profits shall be preserved to make up for losses, before distributing to employees and directors. The employees' remuneration shall be distributed in stock or cash, which may include eligible employees of affiliated companies. The resolution shall be made by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and reported to the shareholders' meeting. On June 17, 2025, the Company's shareholders' meeting resolved to amend the Articles of Incorporation to stipulate that no less than 25 percent of the employee compensation referred to in the preceding paragraph shall be allocated for distribution to frontline employees. The information about the employees' and directors' remuneration resolved by the board of directors is available at the Market Observation Post System website.
- The Company in 2025 and 2024, as there is deficit to be covered, the Company did not accrue and distribute employees' and directors' remuneration.

21. Non-operating income and expenses

1) Interest income

	2025	2024
Interest income		
Financial assets at amortized cost	\$19,633	\$12,828

2) Other income

	2025	2024
Rental income	\$1	\$1
Government grants (Note)	9,200	9,000
Other income — others	16,233	45,150
Total	\$25,434	\$54,151

Note : In relation to this, the company has applied for and received government grants through the Ministry of Economic Affairs' Industrial Innovation Program

3) Other gains and losses

	2025	2024
Foreign exchange net gains (losses)	\$(27,113)	\$49,109
Lease modification gains	14	-
Total	\$(27,099)	\$49,109

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4) Financial costs

	2025	2024
Interests arising from bank loans	\$11,304	\$8,709
Interests arising from lease liabilities	591	685
Total	<u>\$11,895</u>	<u>\$9,394</u>

22. The components of other comprehensive income

The components of other comprehensive income for the years ended December 31, 2025 are as follows:

	Arising in current period	Reclassificati on in current period	Other comprehen sive income	Income tax benefits (expenses)	Amount net of tax
Items not to be reclassified into profit or loss:					
Remeasurements of defined benefit plans	\$-	\$-	\$-	\$-	\$-
Items that may be subsequently reclassified into profit or loss:					
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	8,664	-	8,664	-	8,664
Total	<u>\$8,664</u>	<u>\$-</u>	<u>\$8,664</u>	<u>\$-</u>	<u>\$8,664</u>

The components of other comprehensive income for the years ended December 31, 2024 are as follows:

	Arising in current period	Reclassificati on in current period	Other comprehen sive income	Income tax benefits (expenses)	Amount net of tax
Items not to be reclassified into profit or loss:					
Remeasurements of defined benefit plans	\$3,637	\$-	\$3,637	\$-	\$3,637
Items that may be subsequently reclassified into profit or loss:					
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	33,635	-	33,635	-	33,635
Total	<u>\$37,272</u>	<u>\$-</u>	<u>\$37,272</u>	<u>\$-</u>	<u>\$37,272</u>

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23. Income tax

- 1) The main components of income tax expense (income) for the 2025 and 2024 fiscal years are as follows:

Income tax expenses (income) recognized in profit or loss

	2025	2024
Current income tax expenses (income):		
Current income tax payable	\$30,653	\$-
Adjustments in current period relating to current income tax in prior years	(14)	-
Deferred income tax expenses (income):		
Deferred tax expenses (income) relating to origination and reversal of temporary differences	-	-
Current income tax expenses (income):		
Income tax expenses (income)	<u>\$30,639</u>	<u>\$-</u>

Income tax expenses (income) recognized in other comprehensive income

	2025	2024
Deferred income tax expenses (income):		
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	<u>\$-</u>	<u>\$-</u>

- 2) A reconciliation between tax expenses and the product of accounting profit multiplied by applicable tax rates is as follow:

	2025	2024
Profit before tax from continuing operations(loss)	<u>\$(215,846)</u>	<u>\$(39,234)</u>
Tax payables at the enacted tax rates of relevant countries	\$(43,169)	\$(7,847)
Tax effect of tax-exempt income	160	482
Tax effect of deferred tax assets/liabilities	73,204	6,422
Adjustments in current period relating to current income tax in prior years	(14)	-
Adjustments in current period relating to deferred income tax in prior years	458	943
Total income tax expenses (income) recognized in profit or loss	<u>\$30,639</u>	<u>\$-</u>

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3) The balances of deferred tax assets (liabilities) are related to the items as follows:

For the year ended December 31, 2025

	Beginning balances as of Jan. 1, 2025	Deferred tax income (expense) recognized in P/L	Deferred tax income (expense) recognized in OCI	Ending balances as of Dec. 31, 2025
Temporary differences				
moving inventories	\$1,799	\$(670)	\$-	\$1,129
Exchange loss (gain)	(1,799)	670	-	(1,129)
Unused tax losses	-	-	-	-
Deferred tax income/(expense)		<u>\$-</u>	<u>\$-</u>	
Net deferred tax assets/(liabilities)	<u>\$-</u>			<u>\$-</u>

Reflected in balance sheet as follows :

Deferred tax assets	<u>\$1,799</u>	<u>\$1,129</u>
Deferred tax liabilities	<u>\$(1,799)</u>	<u>\$(1,129)</u>

For the year ended December 31, 2024

	Beginning balances as of Jan. 1, 2024	Deferred tax income (expense) recognized in P/L	Deferred tax income (expense) recognized in OCI	Ending balances as of Dec. 31, 2024
Temporary differences				
moving inventories	\$-	\$1,799	\$-	\$1,799
Exchange loss (gain)	-	(1,799)	-	(1,799)
Unused tax losses	-	-	-	-
Deferred tax income/(expense)		<u>\$-</u>	<u>\$-</u>	
Net deferred tax assets/(liabilities)	<u>\$-</u>			<u>\$-</u>

Reflected in balance sheet as follows :

Deferred tax assets	<u>\$-</u>	<u>\$1,799</u>
Deferred tax liabilities	<u>\$-</u>	<u>\$(1,799)</u>

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- 4) The amount and deductible deadline of the unused tax loss of the Company are as follows:

Year of losses incurred	Amounts of losses	Unused balance		Last deductible year
		December 31, 2025	December 31, 2024	
2015	\$241,293	\$-	\$18,668	2025
2016	13,868	-	12,901	2026
2018	110,400	109,049	110,400	2028
2020	40,020	40,020	40,020	2030
2023	24,417	24,417	24,417	2033
2024(expected)	36,206	36,206	36,206	2034
Total	<u>\$466,204</u>	<u>\$209,692</u>	<u>\$242,612</u>	

- 5) Deferred tax assets not recognized

As of December 31, 2025 and 2024, the deferred tax assets not recognized amounted to NT\$215,976 thousand and NT\$146,715 thousand, respectively.

- 6) Declaration and verification of income tax

As of December 31, 2025, the declaration and verification of the Company and subsidiaries' income tax are as follows:

	Declaration and verification of income tax
The Company	Verified until 2023

24. Earnings per share

Basic earnings per share are calculated by dividing net income for the year attributable to common stocks shareholders of the Company by the weighted average number of common stocks outstanding during the year.

Diluted earnings per share are calculated by dividing the net income attributable to common stocks shareholders of the Company (after adjusting any diluting influences) by the weighted average number of common stocks outstanding during the year plus the weighted average number of common stocks that would be issued on conversion of all the dilutive potential common stocks into common stocks.

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As the capital structure is not complex there are no dilutive potential common stocks. Therefore, diluted earnings per share were not calculated.

	<u>2025</u>	<u>2024</u>
Basic earnings (loss) per share (NT\$)		
Net income(loss) for the year attributable to common stocks shareholders (thousand)	<u>\$(246,485)</u>	<u>\$(39,234)</u>
Weighted average number of common stocks outstanding of basic earnings per share (thousand)	<u>167,738</u>	<u>167,738</u>
Basic earnings(loss) per share (NT\$)	<u>\$(1.47)</u>	<u>\$(0.23)</u>

There have been no other transactions involving common stocks or potential common stocks between the reporting date and the date the financial statements were authorized for issue.

(7) Related party transactions

1. Names and relationships of the related parties

The related parties have transactions with the Company during the reporting period are as follows:

<u>Name of the related party</u>	<u>Relationship with the Company</u>
KeyStone Semiconductor Corp.	Subsidiary of the Company
Prime International Developments Ltd.	Subsidiary of the Company
Prime International Services Ltd.	Subsidiary of the Company
Pro Broadband (B.V.I.) Inc.	Subsidiary of the Company

2. Significant transactions between related parties and the Company

1) Purchases

	<u>2025</u>	<u>2024</u>
Prime International Services Ltd.	\$1,344,677	\$2,070,881
Pro Broadband (B.V.I.) Inc.	<u>47</u>	<u>73</u>
Total	<u>\$1,377,724</u>	<u>\$2,070,954</u>

The Company mainly purchases goods from related parties. The transaction prices cannot compare with others, as there is only one single supplier. The payment term is offsetting between creditor's rights and debts. The payment terms to general suppliers are 30 ~ 115 days monthly settlement.

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2) Service revenue

	2025	2024
Prime International Services Ltd.	\$8,272	\$8,393

The service revenue is arising from the Company rendering management service to the subsidiary. As the Company does not render management service to non-related parties, the transaction prices cannot compare with others. The payment term to the subsidiary is offsetting between creditor's rights and debts.

3) Technical service revenue

	2025	2024
KeyStone Semiconductor Corp.	\$8,002	\$13,201

The service revenue is arising from the Company rendering technical service to the related party. As the Company does not render technical service to non-related parties, the transaction prices cannot compare with others. The payment term to the related party is 30 days monthly settlement by cash.

4) Other receivables—related parties

	December 31, 2025	December 31, 2024
Pro Broadband (B.V.I.) Inc.	\$161,179	\$-

5) Prepayments to suppliers—related parties (recognized as prepayments)

	December 31, 2025	December 31, 2024
Prime International Services Ltd.	\$452,434	\$87,291
Pro Broadband (B.V.I.) Inc.	34,203	34,705
Total	\$486,637	\$121,996

6) Contract liabilities—related parties

	December 31, 2025	December 31, 2024
KeyStone Semiconductor Corp.	\$11,467	\$16,899

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7) Other payables — related parties

	December 31, 2025	December 31, 2024
Prime International Developments Ltd.	<u>\$7,742</u>	<u>\$20,154</u>

8) The transactions that the Company leased assets to related party by operating lease for the years ended December 31, 2025 and 2024 are as follows:

Name of related party	Underlying asset of the lease	Lease term	Rental income	Rental collection method
<u>2025</u>				
KeyStone Semiconductor Corp.	3, Tze-Chiang 1st Road, Chung-Li Industrial Zone, Chung-Li District, Taoyuan City, Taiwan	January 1, 2025 ~ December 31, 2025	<u>\$420</u>	30 ~ 60 days monthly settlement
<u>2024</u>				
KeyStone Semiconductor Corp.	3, Tze-Chiang 1st Road, Chung-Li Industrial Zone, Chung-Li District, Taoyuan City, Taiwan	January 1, 2024 ~ December 31, 2024	<u>\$420</u>	30 ~ 60 days monthly settlement

9) The amounts of the materials purchased on behalf of subsidiaries amounted to NT\$62,738 thousand and NT\$102,161 thousand for the years ended December 31, 2025 and 2024, respectively. The purchasing price differences amounted to NT\$7,102 thousand and NT\$6,192 thousand, which have been recognized in sales revenue and Other income.

3.Key management personnel compensation of the Company

	2025	2024
Short-term employee benefits	\$11,527	\$12,181
Post-employments benefits	<u>1,902</u>	<u>658</u>
Total	<u>\$13,429</u>	<u>\$12,839</u>

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(8) Assets pledged as collateral

The assets held by the Company were pledge as collateral as follows:

Assets	Carrying amount		Purpose of pledge
	December 31, 2025	December 31, 2024	
Financial assets at amortized cost— current	\$20,128	\$26,145	Secured loans
Financial assets at amortized cost— current	9,200	9,000	Reserve account of notes
Property, plant and equipment—land	90,934	90,934	Secured loans
Property, plant and equipment—buildings	225	419	Secured loans
Total	<u>\$120,487</u>	<u>\$126,498</u>	

(9) Significant contingencies and unrecognized contract commitments

As of December 31, 2025, the promissory note issued for long-term and government grants through the Ministry of Economic Affairs' Industrial Innovation Program amounted to NT\$1,042,760 thousand and NT\$28,200 thousand, respectively, as guarantees of performances. As they are contingent liabilities, they are not stated in the financial statements.

(10) Losses due to major disasters

None.

(11) Significant subsequent events

None.

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(12) Others

1.Types of financial instruments

Financial assets

	December 31, 2025	December 31, 2024
Financial assets at fair value through OCI	\$16,177	\$10,000
Financial assets at amortized cost:		
Cash and cash equivalents(Not included Cash and petty cash)	546,869	731,774
Financial assets at amortized cost	29,328	35,145
Notes receivables	-	12
Accounts receivables	481,742	444,871
Other receivables (including related parties)	164,698	228
Refundable deposits	2,076	2,143
Total	<u>\$1,240,890</u>	<u>\$1,224,173</u>

Financial liabilities

	December 31, 2025	December 31, 2024
Financial liabilities at amortized cost:		
Short-term loans	\$486,405	\$190,000
Accounts payables	61,015	17,299
Other payables (including related parties)	92,202	91,064
Lease liabilities	20,865	27,055
Long-term loans(including the current portion)	112,370	133,347
Total	<u>\$772,857</u>	<u>\$458,765</u>

2.Objective and policies of financial risk management

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

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before the Company enters into significant financial activities, the board of directors and audit committee must carry out due approval process based on related protocols and internal control procedures. When implementing financial management activities, the Company shall comply with its financial risk management regulations strictly.

3. Market risk

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

In practice, it is rarely the case that a single risk variable would change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed as follows does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to foreign currency risk relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign operations.

Some of the receivables and payables are denominated in the same foreign currencies; thus, the positions would benefit from the natural hedging effect. However, managing foreign currency risk by natural hedging does not qualify for hedge accounting, hedge accounting was not used. Furthermore, as net investments in foreign operations are for strategic purposes, they are not hedged by the Company.

The sensitivity analyses of the Company's foreign currency risk are mainly toward the effects on the Company's profit or loss and equity of related appreciation and depreciation of foreign currencies arising from the monetary items denominated in main foreign currencies at the end of the reporting period. The foreign currency risk is mainly affected by the fluctuations of the exchange rate of USD and the results of the sensitivity analyses are as follows:

A strengthening/weakening of 1% of the NTD against the USD as of the years ended December 31, 2025 and 2024, would have increased/decreased the profit by NT\$ 5,653 thousands and NT\$8,781 thousands, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in market interest rates. The Company's exposure to the interest rate risk relates primarily to the Company's investments in debt instruments at floating rate, borrowings with fixed interest rates and borrowings with floating interest rates.

The sensitivity analyses of interest rate risk are performed on items exposed to interest rate risk at the end of the reporting period, including investments with floating interest rates and borrowings with floating interest rates, and assumes holding them for a fiscal year. An increase/decrease of 0.5% of interest rate as of the years ended December 31, 2025 and 2024 would have increase/decrease the profit by NT\$20 thousands and NT\$1,861 thousands, respectively.

Equity price risk

The fair values of the unlisted equity securities by the Company are susceptible to the investment targets' uncertainty of future value. The unlisted equity securities held by the Company are recognized in Financial asset at fair value through OCI. The Company manages the price risk of equity securities by diversified investments and setting upper limit to investment in a single equity security and to the whole equity securities investments. The portfolio information of equity securities shall be provided to high level of management of the Company on regular basis, and the decision of all the equity securities investments shall be reviewed and approved by the board of directors.

4. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial losses to the Company. The Company is exposed to credit risks from operating activities (primarily accounts and notes receivables) and financial activities (primarily bank deposits and various financial instruments)

Each operating unit of the Company follows the credit risk policies, procedures and controls to manage the credit risk. The credit risk assessment is comprehensively based on the financial condition of counterparties, the credit rating, historical transaction experiences, current economic environment, and the Company's internal rating, etc. Additionally, the Company uses some credit enhancement instruments (e.g. advance sales receipts and insurance, etc.) to decrease the credit risk of specific counterparties.

As of December 31, 2025 and 2024, the Company's ten largest customers accounted for 97.57% and 96.90% of accounts receivables, respectively. The Company considers the concentration of credit risk for the remaining accounts receivables not material.

The finance department of the Company manages the credit risk of bank deposits, fixed income securities, and other financial instruments based on the Company's policies. As the counterparties of transactions are determined by the internal control procedures, they are reputable banks and investment grade financial institutions, companies, and government agencies. There's no significant concern over the performance of contracts; thus, there's no material credit risk.

The Company adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Group makes an assessment at each reporting date as to whether the credit risk still meets the conditions of low credit risk and then further determines the method of measuring the loss allowance and the loss ratio.

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

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5. Liquidity risk management

The Company maintains financial flexibility by cash and cash equivalents and contracts, such as bank loans. The table below summarized the maturity profile of the Company's financial liabilities based on the earliest maturity and the contractual undiscounted cash flows. The amounts include contractual interests. For the cash flows of floating rate interests, the undiscounted interests were derived by the yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Within 1 year	1-3 years	3-5 years	Over 5 years	Total
<u>December 31, 2025</u>					
Borrowings	\$546,530	\$48,947	\$10,347	\$-	\$605,824
Payables	153,217	-	-	-	153,217
Lease liabilities	7,603	13,858	165	-	21,626
<u>December 31, 2024</u>					
Borrowings	\$249,565	\$70,143	\$8,815	\$-	\$328,523
Payables	108,363	-	-	-	108,363
Lease liabilities	7,872	14,474	6,000	-	28,346

6. Reconciliation of liabilities arising from financing activities

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

	Short-term borrowings	Long-term borrowings	Lease liabilities	Refundable deposits	Total liabilities from financing activities
January 1, 2025	\$190,000	\$133,347	\$27,055	\$42	\$350,444
Cash flows	296,405	(20,977)	(7,776)	179	267,831
Non-cash changes	-	-	1,586	-	1,586
December 31, 2025	<u>\$486,405</u>	<u>\$112,370</u>	<u>\$20,865</u>	<u>\$221</u>	<u>\$619,861</u>

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

	Short-term borrowings	Long-term borrowings	Lease liabilities	Refundable deposits	Total liabilities from financing activities
January 1, 2024	\$198,750	\$123,454	\$34,350	\$-	\$356,554
Cash flows	(8,750)	9,893	(7,980)	42	(6,795)
Non-cash changes	-	-	685	-	685
December 31, 2024	<u>\$190,000</u>	<u>\$133,347</u>	<u>\$27,055</u>	<u>\$42</u>	<u>\$350,444</u>

7. Fair value of financial instruments

1) The valuation techniques and assumptions used to measure fair value

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 methods and assumptions used to measure or disclose the fair value of financial assets and liabilities are as follows:

- A. The carrying amount of cash and cash equivalents, receivables, payables, and other current liabilities is the reasonable approximation of fair value, because the duration of the instruments aforementioned is short.
- B. The fair value of equity instruments without active markets (e.g. stocks of unlisted companies) is assessed by the market approach, which uses prices and other relevant information (inputs such as discount for lack of marketability analysis, the P/E ratio of comparable companies, and P/B ratio of comparable companies, etc.) generated by market transactions involving identical or comparable equity instruments.
- C. The fair value of bank loans and other non-current liabilities without active market quotations are determined based on the counterparty prices or valuation method. The valuation method uses discounted cash flow method as a basis, and the assumptions, such as the interest rate and discount rate, are primarily based on relevant information of similar instruments (e.g. yield curves published by Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.

2) Fair value of financial instruments at amortized cost

The carrying amounts of financial assets and liabilities are close to fair value of the instruments.

3) Fair value of financial instruments and relevant information

Please refer to Note 12.8 for the fair value measurement hierarchy information of financial instruments.

8. Fair value measurement hierarchy

1) 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 Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

2) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company'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 :				
Equity instrument measured at fair value through other comprehensive income				
private company equity securities	\$-	\$-	\$16,177	\$16,177

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As of December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets :				
Equity instrument measured at fair value through other comprehensive income				
private company equity securities	\$-	\$-	\$10,000	10,000

Reconciliation for fair value measurements on a recurring basis in Level 3 hierarchy

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

	<u>Assets</u>
	<u>value through other comprehensive income</u>
	<u>Stocks</u>
Beginning balances as of January 1, 2025	\$10,000
Total gains and losses recognized for the year ended December 31, 2025	6,177
Ending balances as of December 31, 2025	<u>\$16,177</u>

	<u>Assets</u>
	<u>Financial assets at fair value through other comprehensive income</u>
	<u>Stocks</u>
Beginning balances as of January 1, 2024	\$10,000
Total gains and losses recognized for the year ended December 31, 2024	-
Ending balances as of December 31, 2024	<u>\$10,000</u>

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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
Financial assets :					
<u>Financial assets at fair value</u>					
<u>through other</u>					
<u>comprehensive income</u>					
Stocks	Market Approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT\$1,618 thousand

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
Financial assets :					
<u>Financial assets at fair value</u>					
<u>through other</u>					
<u>comprehensive income</u>					
Stocks	Market Approach	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT\$1,000 thousand

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9. Significant assets and liabilities denominated in foreign currencies

The information on significant assets and liabilities denominated in foreign currencies held by the Company is as follows:

	December 31, 2025			Expressed in thousands of NTD December 31, 2024		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$19,749	31.38	\$619,720	\$28,030	32.74	\$917,557
Non-monetary items:						
None						
<u>Financial liabilities</u>						
Monetary items:						
USD	1,793	30.34	54,403	1,202	32.83	39,474
Non-monetary items:						
None						

The aforementioned information is disclosed based on the carrying amounts of foreign currencies (after being converted into functional currency).

As there were various functional currencies of each entity of the Company, the Company was unable to disclose foreign exchange gains or losses towards each foreign currency with significant impact. The Company recognized net exchange gains (losses) amounted to NT\$(27,113) thousand and NT\$49,109 thousand for the years ended December 31, 2025 and 2024, respectively.

10. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximized the shareholders' equity. The Company manages and adjusts the capital structure, probably by adjusting dividend payment, returning of capital, or issuing new shares, to maintain and adjust the capital structure.

(13) Additional disclosures

(a) Information on significant transactions

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: None.
3. Holding of significant marketable securities at the end of the period (excluding investment in subsidiaries, associates and interests in joint arrangements): Please refer to Table 1.
4. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 2.
5. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

(b) Information on investees:

1. Information regarding the names, locations, and other relevant details of investee companies (excluding the investees in Mainland China): Please refer to Table 3.
2. If the Company controls the investees, the relevant information in Note 13.1 shall be disclosed:
 - 1) Loans to others: Please refer to Table 4.
 - 2) Provision of endorsements and guarantees to others: None.
 - 3) Holding of significant marketable securities at the end of the period (excluding investment in subsidiaries, associates and interests in joint arrangements): None.
 - 4) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 5.
 - 5) Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 6.

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(c) Information on investments in Mainland China:

1. The names, main business, paid-in capital, method of investment, remittance of funds, percentage of ownership, gains (losses) on investments, ending carrying amounts, repatriation of gain on investment, and upper limit on the amount of investments in Mainland China of investees are as follows:

Expressed in thousands of New Taiwan Dollars

Investees in Mainland China	Main business	Paid-in capital	Method of investment	Accumulated outward remittance for investment from Taiwan as of January 1, 2025	Remittance of funds in the current period		Accumulated outward remittance for investment from Taiwan as of December 31, 2025	Net income (loss) in current period of investees	Percentage of ownership of direct or indirect investments	Gains (losses) on investments recognized in the current period	Carrying amounts of investments as of December 31	Accumulated repatriation of gain on investment as of December 31, 2025	Accumulated outward remittance for investment in Mainland China as of December 31, 2025	Investment amount authorized by investment commission, MOEA	Upper limit on the amount of investment stipulated by investment commission, MOEA
					Outward	Inward									
Dong Guan Prime Electronics Factory (Note 4)	Production and processing of other static converters	\$- (Note 4)	(Note 1 and 4)	\$1,745	\$-	\$-	\$1,745	(Note 4)	(Note 4)	(Note 4)	(Note 4)	\$-	\$979,979	\$979,979	\$760,240
Chengdu Orbsat Eletctronics Co.,Ltd (Note 5)	Production and sales of other static converters	\$- (Note 5)	(Note 1 and 5)	\$10,872	\$-	\$-	\$10,872	(Note 5)	(Note 5)	(Note 5)	(Note 5)	\$-			
Pro Broadband (Shenzhen) Ltd. (Note 6)	Production and sales of color television receivers, antenna, and various antenna reflector	\$30,920	(Note 1 and 6)	\$30,920	\$-	\$-	\$30,920	\$1,998 (Note 2)	100%	\$1,998 (Note 2)	\$60,745 (Note 2)	\$-			
Beijing Jaeger Communication Electronics Tech Logy Co.,Ltd (Note 7)	Production and sales of color television receivers, antenna, and various antenna reflector	\$80,000	(Note 1 and 7)	\$68,234	\$-	\$-	\$68,234	\$(17,049)	100%	\$(17,049)	\$314,672	\$178,000			

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Investees in Mainland China	Main business	Paid-in capital	Method of investment	Accumulated outward remittance for investment from Taiwan as of January 1, 2025	Remittance of funds in the current period		Accumulated outward remittance for investment from Taiwan as of December 31, 2025	Net income (loss) in current period of investees	Percentage of ownership of direct or indirect investments	Gains (losses) on investments recognized in the current period	Carrying amounts of investments as of December 31	Accumulated repatriation of gain on investment as of December 31, 2025	Accumulated outward remittance for investment in Mainland China as of December 31, 2025	Investment amount authorized by investment commission, MOEA	Upper limit on the amount of investment stipulated by investment commission, MOEA
					Outward	Inward									
Prime Broadband (Shenzhen) Inc.. (Note 8)	Production and sales of set-up box and wireless information products	\$169,467	(Note 1 and 8)	\$169,467	\$-	\$-	\$169,467	\$(28) (Note 2)	100%	(28) (Note 2)	\$375,975 (Note 2)	\$12,371			
Dong Guan Prime Satinstrument Inc. (Note 9)	Production and sales of satellite communication antenna	\$211,969	(Note 1 and 9)	\$26,327	\$-	\$-	\$26,327	(Note 9)	(Note 9)	(Note 9)	(Note 9)	\$-			
Dong Guan Prime Electronics and Satellites Inc. (Note 10)	Production and sales of audio and video decoder equipment, broadband radio access network communication system equipment, wireless LAN equipment and electronics products	\$634,730	(Note 1 and 10)	\$634,730	\$-	\$-	\$634,730	\$(29,820)	100%	\$(29,820)	\$438,916	\$-			
Dong Guan Ming Ju Feng Packaging and Printing., Ltd (Note 11)	Production and sales of paper products	\$79,881	(Note 1 and 11)	\$37,684	\$-	\$-	\$37,684	(Note 11)	(Note 11)	(Note 11)	(Note 11)	\$-			

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- Note 1: Investments in investees in Mainland China through a holding company registered in a third region.
- Note 2: Financial statements audited and attested by the CPA of the parent company in Taiwan recognition of investment income and losses.
- Note 3: Amounts denominated in foreign currencies were translated into the amounts in New Taiwan Dollars based on exchange rate of the balance sheet date.
- Note 4: Dong Guan Prime Electronics Factory is a factory of processing supplied materials, which was established in Mainland China by Prime International Services Ltd., a subsidiary 100% owned by the Company. The factory of processing supplied materials has been cancelled on December 15, 2011.
- Note 5: Chengdu Orbsat Eletctronics Co.,Ltd is an investee 100% held by Orbsat International L.L.C., a subsidiary 100% owned by the Company. The company has been liquidated in June, 2013.
- Note 6: Pro Broadband (Shenzhen) Ltd. is an investee 100% held by Pro Broadband (B.V.I.) Inc., a subsidiary 100% owned by the Company.
- Note 7: Beijing Jaeger Communication Electronics Tech Logy Co.,Ltd is an investee 100% held by Pro Broadband (B.V.I.) Inc., a subsidiary 100% owned by the Company.
- Note 8: Prime Broadband (Shenzhen) Inc.is an investee 100% held by Prime International Developments Ltd., a subsidiary 100% owned by the Company.
- Note 9: Dong Guan Prime Satinstrument Inc. is an investee 20% held by Prime International Developments Ltd., a subsidiary 100% owned by the Company, which is recognized in investments accounted for using equity method. The Company has transferred the 20% of ownership by the amount of NT\$20,917 thousand in August, 2017, and the transfer has been approved by the letter from investment commission, MOEA with reference No. Investment-Committee-Auditing-II-10600250840.
- Note 10: Dong Guan Prime Electronics and Satellitics Inc. is an investee 100% held by Prime International Developments Ltd., a subsidiary 100% owned by the Company, which is recognized in investments accounted for using equity method.
- Note 11: Dong Guan Ming Ju Feng Packging and Printing.,Ltd is an investee 100% held by Rui Zhao Feng Co., Ltd a subsidiary 48% owned by Prime International Developments Ltd. a subsidiary 100% owned by the Company, which is recognized in investments accounted for using equity method. The Company has transferred the 48% of ownership by the amount of NT\$726 thousand in August, 2017, and the transfer has been approved by the letter from investment commission, MOEA with reference No. Investment-Committee-Auditing-II-10400006540.

English Translation of Financial Statements and a Report Originally Issued in Chinese
PRIME ELECTRONICS AND SATELLITICS INCORPORATION
Notes to the Parent Company Only Financial Statements
(Except as indicated, expressed in thousands of New Taiwan Dollars)

2. The significant transactions directly or indirectly through a holding company registered in a third region with the investees in Mainland China and the prices, payment terms and unrealized gains and losses are as follows:

- 1) Service revenue: Please refer to Note 7.
- 2) Amounts and percentages of purchases and the ending balances and percentages of relevant payables: Please refer to Note 7.
- 3) Amounts and percentages of sales and the ending balances and percentages of relevant receivables: Please refer to Table 5 and 6.
- 4) The amounts and profit or loss incurred by the transactions of properties: None.
- 5) The purpose and ending balance of bill endorsement and provision of guarantees and endorsements to others: None.
- 6) The highest balance of financing to other parties, ending balance, interest rate intervals and the total interest in the current period: Please refer to Table 4.
- 7) The other events have significant influence over the current profit or loss or financial conditions, such as rendering or receiving services, etc.: Please refer to Note 7.

(14) Operating segment

The operating segment has been disclosed in the consolidated financial statements.

PRIME ELECTRONICS AND SATELLITICS INCORPORATION
Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures)
December 31, 2025

Expressed in thousands of New Taiwan Dollars

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				
				Shares	Carrying amount	Percentage of ownership %	Fair value	Note
PRIME ELECTRONICS AND SATELLITICS INCORPORATION	<u>Stock</u>							
	Accfast Technology CORP.	None	Non-current financial assets at fair value through other comprehensive income	277,766	\$10,000	11.11%	\$-	
	Strong-Wave Radio Technology Inc.	Prime Electronics & Satellites Inc. is a director of the company.	Non-current financial assets at fair value through other comprehensive income	509,805	\$16,177	9.78%	\$16,177	
			Less : Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		(10,000)			
			Net		<u>\$16,177</u>		<u>\$16,177</u>	

PRIME ELECTRONICS AND SATELLITICS INCORPORATION
Purchases or Sales of Goods from or to Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More
For the Year Ended December 31, 2025

Expressed in thousands of New Taiwan Dollars										
The purchase (sales) company	Counter-party	Relationship	Transaction details				The details and reasons for transaction terms and conditions different from			
			Purchase (sales)	Amount	Percentage accounting for total purchase (sales)	Payment terms	Unit price	Payment terms	Balance	Percentage accounting for total notes and accounts receivables (payables)
PRIME ELECTRONICS AND SATELLITICS INCORPORATION	Prime International Services Ltd.	Subsidiary	Purchase	\$1,344,677	91.68%	Prepayments, and monthly closing	Can not compare, because there's only one single supplier	The payment term of general suppliers is month-end 30~115 days.	\$-	-%

PRIME ELECTRONICS AND SATELLITICS INCORPORATION
The Relevant Information of Investees, which the Group has significant influence over or controls (Excluding the Investees in Mainland China)
December 31, 2025

Expressed in thousands of New Taiwan Dollars/US Dollars

Investor company	Investee company	Location	Main business	Original investment amount		Percentage of ownership as of December 31, 2025			Profit (loss) of investees	Gain (loss) of investees	Note
				31-Dec-25	31-Dec-24	Shares	Percentage of ownership	Carrying amount			
PRIME ELECTRONICS AND SATELLITICS INCORPORATION	Prime International Services Ltd.	House of Francis, Room 303, Ile Du Port, Mahe, Seychelles	Processing and sales of electronic product	USD 50	USD 50	50,000	100.00%	\$(337,196)	\$(510)	\$(510)	
PRIME ELECTRONICS AND SATELLITICS INCORPORATION	Prime International Developments Ltd.	3rd Floor, J & C Building, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	Investment and sales of electronic product	USD 28,809	USD 28,809	27,301,399	100.00%	822,793	(29,895)	(29,895)	
PRIME ELECTRONICS AND SATELLITICS INCORPORATION	Pro Broadband (B.V.I.) Inc.	3rd Floor, J & C Building, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	Investment and sales of electronic product	USD 2,996	USD 2,996	2,996,337	100.00%	(354,320)	(15,366)	(15,366)	
PRIME ELECTRONICS AND SATELLITICS INCORPORATION	KeyStone Semiconductor Corp.	No. 3, Ziqiang 1ST Rd., Zhongli Dist., Taoyuan City 320023, Taiwan (R.O.C.)	Radio modem integrated circuits design	NTD 65,584	NTD 65,584	4,583,493	65.48%	29,783	(1,223)	(801)	

PRIME ELECTRONICS AND SATELLITICS INCORPORATION

Loans to Others

For the Year Ended December 31, 2025

Expressed in thousands of New Taiwan Dollars

No. (Note 1)	Name of lender	Name of borrower	Account name (Note 2)	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Interests rate interval	Nature of financing (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 4)
													Item	Value		
1	Beijing Jaeger Communication Electronics Tech Logy Co.,Ltd	Dong Guan Prime Electronics and Satellitics Inc.	Other receivables	Y	\$614,097	\$321,959	\$321,959	1.50%	2	\$-	Operating turnover	\$-	-	\$-	\$327,593	\$327,593
2	Pro Broadband (Shenzhen) Ltd.	Dong Guan Prime Electronics and Satellitics Inc.	Other receivables	Y	\$31,842	\$31,302	\$-	1.50%	2	\$-	Operating turnover	\$-	-	\$-	\$60,745	\$60,745
2	Pro Broadband (Shenzhen) Ltd.	Pro Broadband (B.V.I.) Inc.	Accounts receivables	Y	\$16,579	\$15,690	\$15,138	-%	2	\$-	Operating turnover	\$-	-	\$-	\$60,745	\$60,745
3	Prime Broadband (Shenzhen) Inc.	Pro Broadband (B.V.I.) Inc.	Other receivables	Y	\$351,443	\$332,628	\$330,359	-%	2	\$-	Operating turnover	\$-	-	\$-	\$360,987	\$360,987

Note 1 : The No. column shall be filled as follows :

- 1.Issuer: 0
- 2.Investees: sequentially numbered from 1.

Note 2 : All the accounts with financing nature, such as receivables from associates, receivables from related parties,stockholders' current account, prepayments, temporary payments, etc., shall be filled in the table.

Note 3 : The column of nature of financing shall be filled as follows:

- 1.Companies or firms have business relations:1
- 2.Companies or firms in need of short-term financing :2

Note 4 : The total amount loaned shall not exceed 100 percent of the Company's net worth on the most recent financial statements audited or reviewed by CPA.

PRIME ELECTRONICS AND SATELLITICS INCORPORATION
Purchases or Sales of Goods from or to Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More
For the Year Ended December 31, 2025

The purchase (sales) company	Counter-party	Relationship	Transaction details				The details and reasons for transaction terms and conditions different from ordinary transaction terms and conditions		Expressed in thousands of New Taiwan Dollars		
			Purchase (sales)	Amount	Percentage accounting for total purchase (sales)	Payment terms	Unit price	Payment terms	Notes, accounts receivables	Percentage accounting for total notes, accounts receivables (payables)	Note
Prime International Services Ltd.	PRIME ELECTRONICS AND SATELLITICS INCORPORATION	Parent and subsidiary	Sales	\$1,344,677	99.32%	Offset between creditor's rights and debts	Can not compare, because there's only one single supplier	Can not compare, because there's only one single supplier	\$-	-%	
Dong Guan Prime Electronics and Satellitics Inc.	Prime International Services Ltd.	PRIME ELECTRONICS AND SATELLITICS INCORPORATION's subsidiary and sub-sub-sidiary	Sales	\$1,322,423	97.69%	Offset between creditor's rights and debts	Can not reasonably compare because of difference specs	Can not reasonably compare	\$447,991	99.38%	

PRIME ELECTRONICS AND SATELLITICS INCORPORATION
Receivables from Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More
December 31, 2025

Expressed in thousands of New Taiwan Dollars

The Company with accounts receivables	Counter-party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amount of receivables from	Loss allowance
					Amount	Collection status		
Prime Electronics & Satellites Inc.	Pro Broadband (B.V.I.) Inc.	PRIME ELECTRONICS AND SATELLITICS INCORPORATION's subsidiary	Other receivables \$161,179	-	\$-	-	\$161,179	\$-
Prime Broadband (Shenzhen) Inc.	Pro Broadband (B.V.I.) Inc.	PRIME ELECTRONICS AND SATELLITICS INCORPORATION's subsidiary and sub-subsidiary	Other receivables \$330,359	-	\$-	-	\$-	\$-
Dong Guan Prime Electronics and Satellites Inc.	Prime International Services Ltd.	PRIME ELECTRONICS AND SATELLITICS INCORPORATION's subsidiary and sub-subsidiary	Accounts receivables \$447,991	2.92	-	-	268,340	-
Prime International Services Ltd.	Pro Broadband (B.V.I.) Inc.	PRIME ELECTRONICS AND SATELLITICS INCORPORATION's subsidiary	Other receivables \$407,435	-	-	-	-	-
Pro Broadband (B.V.I.) Inc.	Beijing Jaeger Communication Electronics Tech Logy Co.,Ltd	PRIME ELECTRONICS AND SATELLITICS INCORPORATION's subsidiary and sub-subsidiary	Other receivables \$183,898	-	-	-	85	-
Beijing Jaeger Communication Electronics Tech Logy Co.,Ltd	Dong Guan Prime Electronics and Satellites Inc.	PRIME ELECTRONICS AND SATELLITICS INCORPORATE's sub-subsidiary	Other receivables \$325,274	-	-	-	72,530	-

PRIME ELECTRONICS AND SATELLITICS INCORPORATION

1.Statement of Cash and Cash Equivalents

December 31, 2025

Expressed in thousands of New Taiwan Dollars

Item	Summary	Amount	Amount in foreign currency	Note
Cash and petty cash		<u>\$600</u>		1.The exchange rate of foreign currencies as of December 31, 2025
Checking and demand deposits				USD:NTD=1:31.38
Demand deposits-NTD		186,140		EUR:NTD=1:36.70
Demand deposits-USD		176,126	USD 5,613	RMB:NTD=1:4.471
Demand deposits-EURO		4,261	EUR 116	
Demand deposits-CNY		148,880	CNY 33,299	2. The cash and cash equivalent listed
Demand deposits-Others		82		were not pledged as collateral.
Subtotal		<u>515,489</u>		
Time deposit				
Foreign currency time deposit :				
USD		<u>31,380</u>	USD 1,000	
Total		<u><u>\$547,469</u></u>		

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PRIME ELECTRONICS AND SATELLITICS INCORPORATION

2.Statement of Financial Assets at Amortized Cost-Current Details Report

31-Dec-25

Expressed in thousands of New Taiwan Dollars

Item	Summary	Number of sheets	Par Value	Amount	Interest rate	Book amount	Note
Taiwan Cooperative Bank	Demand deposits — NTD(reserve account)					\$20,128	Statement of Financial Assets at Amortized Cost that are pledged or used as collateral, please refer to Note 8 of the financial statements.
Land Bank of Taiwan	Demand deposits — NTD(reserve account)					9,200	
Total						\$29,328	

PRIME ELECTRONICS AND SATELLITICS INCORPORATION

3.Statement of Net Accounts Receivables

December 31, 2025

Expressed in thousands of New Taiwan Dollars

Name of customers	Amount	Note
Customer A	\$379,752	1.The amount of individual item included in others does not exceed 5% of the account balance.
Customer B	67,022	
Others	<u>35,039</u>	2.Those are not from related parties.
Total	481,813	3.The notes receivables listed were arising from operation activities, and not pledged as collateral.
Less:loss allowance	<u>(71)</u>	
Net	<u><u>\$481,742</u></u>	

PRIME ELECTRONICS AND SATELLITICS INCORPORATION

4.Statement of Other Receivables

December 31, 2025

Expressed in thousands of New Taiwan Dollars

Name of customers	Amount	Note
Tax refund receivable	\$3,309	
Others	<u>210</u>	
Total	<u><u>\$3,519</u></u>	

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

PRIME ELECTRONICS AND SATELLITICS INCORPORATION

5.Statement of Current Tax Assets

December 31, 2025

Expressed in thousands of New Taiwan Dollars

Item	Amount	Note
Income tax refund receivable	<u>\$3,192</u>	

PRIME ELECTRONICS AND SATELLITICS INCORPORATION

6. Statement of Net Inventories

December 31, 2025

Expressed in thousands of New Taiwan Dollars

Item	Amount		Note
	Cost	Net realizable value	
Materials	\$279,930	\$279,894	1. Inventories are measured at the lower of cost and net realizable value item by item
Work in process	372	361	
Finished goods	49,704	52,772	2. The insurance amount covered for the inventories
Total	330,006	\$333,027	
Less: Loss allowances for market price decline and slow-moving inventories	(19,307)		3. The inventories were not pledged as collateral.
Net	\$310,699		

PRIME ELECTRONICS AND SATELLITICS INCORPORATE

7.Statement of Prepayments

December 31, 2025

Expressed in thousands of New Taiwan Dollars

Item	Amount	Note
Prepaid expenses	\$559	
Tax overpaid retained for offsetting the future tax payable	12,321	
Prepayments to suppliers — related parties		
Pro Broadband (B.V.I.) Inc.	34,203	
Prime International Services Ltd.	452,434	
Subtotal	486,637	
Total	\$499,517	

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PRIME ELECTRONICS AND SATELLITICS INCORPORATION

8.Statement of Other Current Assets

December 31, 2025

Expressed in thousands of New Taiwan Dollars

Item	Amount	Note
Temporary payments	<u>\$2,969</u>	

PRIME ELECTRONICS AND SATELLITICS INCORPORATION

9.Statement of Changes in Financial Assets at Fair Value Through OCI

For the Year Ended December 31, 2025

Expressed in thousands of New Taiwan Dollars

Name of investee	Beginning balance		Additions in investment		Decreases in investment		Ending balance		Pledged as collateral	Note
	Shares	Carrying amount	Shares	Amount	Shares	Amount	Shares	Carrying amount		
Stock:										
ACCFAST TECHNOLOGY CORP.	277,766	\$10,000	-	\$-		\$-	277,766	\$10,000	None	
Strong-Wave Radio Technology Inc.	333,334	10,000	176,471	6,177		-	509,805	16,177	None	
Less:unrealized gains (losses) from		(10,000)		-		-		(10,000)		
financial assets measured at fair value through other comprehensive income										
Total		<u>\$10,000</u>		<u>6,177</u>		<u>\$-</u>		<u>\$16,177</u>		

PRIME ELECTRONICS AND SATELLITICS INCORPORATION

10.Statement of Changes in Investments Accounted for Using Equity Method

For the Year Ended December 31, 2025

Expressed in thousands of New Taiwan Dollars

Name of investee	Beginning balance		Additions in investment		Decreases in investment		Ending balance			Net worth of equity		Valuation basis	Pledged as collateral	Note
	Shares	Carrying amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership	Amount	Unit price (NTD)	Total amount			
Prime International Services Ltd.	50,000	\$(336,686)	-	-	-	\$(510) (Note1)	50,000	100.00%	\$(337,196)	\$-	\$(337,196)	Equity method	None	
Prime International Developments Ltd.	27,301,399	869,446	-	-	-	(46,653) (Note2)	27,301,399	100.00%	822,793	\$30.14	822,793	Equity method	None	
Pro Broadband (B.V.I.) Inc.	2,996,337	(12,826)	-	-	-	(341,494) (Note3)	2,996,337	100.00%	(354,320)	-	(354,320)	Equity method	None	
KeyStone Semiconductor Corp.	4,583,493	30,584	-	-	-	(801) (Note4)	4,583,493	65.48%	29,783	6.50	29,783	Equity method	None	
Subtotal		550,518		\$-		\$(389,458)			161,060					
Add:the debit balances of investments accounted for using equity method		349,512							691,516					
Total		\$900,030							\$852,576					

Note 1:The amount includes investment income recognized under equity method NT\$(510) thousand .

Note 2:The amount includes investment income recognized under equity method NT\$(29,895) thousand 、 loss for foreign currency translation NT\$(4,387) thousand and subsidiaries profit distribution NT\$(12,371) thousand .

Note 3:The amount includes investment income recognized under equity method NT\$(15,366) thousand 、 loss for foreign currency translation NT\$13,051 thousand and subsidiaries profit distribution NT\$(339,179) thousand .

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PRIME ELECTRONICS AND SATELLITICS INCORPORATION

11. Statement of Changes in Right-of-use Assets

For the Year Ended December 31, 2025

Expressed in thousands of New Taiwan Dollars

Item	Beginning balance	Additions	Decreases	Reclassifications	Ending balance
Cost of acquisition					
Buildings	\$34,930	\$-	\$(872)	\$-	\$34,058
Transportation equipment	1,672	1,256	(1,110)	-	1,818
Subtotal	36,602	1,256	(1,982)	-	35,876
Accumulated depreciation					
Buildings	8,592	6,928	(679)	-	14,841
Transportation equipment	1,287	418	(1,056)	-	649
Subtotal	9,879	7,346	(1,735)	-	15,490
Net right-of-use assets	<u>\$26,723</u>				<u>\$20,386</u>

PRIME ELECTRONICS AND SATELLITICS INCORPORATION

12. Statement of Short-term Loans

December 31, 2025

Expressed in thousands of New Taiwan Dollars

Types of borrowing	Creditor bank	Ending balance	Contract period	Interest rate	Collaterals or guarantees	Note
Secured loans	Bank of Taiwan—Pingzhen Branch	\$100,000	114/07/16~115/01/12	2.13%	Property & Commercial Paper	
Secured loans	Bank of Taiwan—Pingzhen Branch	79,350	114/07/18~115/01/14	2.13%	Property & Commercial Paper	
Secured loans	Bank of Taiwan—Pingzhen Branch	60,830	114/10/03~115/04/01	2.13%	Property & Commercial Paper	
Secured loans	Bank of Taiwan—Pingzhen Branch	59,271	114/12/10~115/06/08	2.44%	Property & Commercial Paper	
Secured loans	Bank of Taiwan—Pingzhen Branch	48,778	114/10/01~115/03/30	2.13%	Property & Commercial Paper	
Secured loans	Bank of Taiwan—Pingzhen Branch	28,176	114/12/15~115/06/12	2.44%	Property & Commercial Paper	
Secured loans	Taiwan Cooperative Bank—Chungli Branch	40,000	114/06/16~115/03/28	2.72%	Commercial Paper	
Credit loan	Land Bank of Taiwan—Taoyuan Branch	50,000	114/10/22~115/01/19	2.25%	Commercial Paper	
Credit loan	Shanghai Bank—Yenping Branch	20,000	114/11/06~115/05/06	2.44%	None	
Total		<u>\$486,405</u>				

PRIME ELECTRONICS AND SATELLITICS INCORPORATION

13.Statement of Contract Liabilities

December 31, 2025

Expressed in thousands of New Taiwan Dollars

Name of customers	Amount	Note
Contract Liabilities — non-related parties		The amount of individual item included in others does not exceed 5% of the account balance.
Custoemr C	\$270,021	
Custoemr D	23,830	
Others	<u>27,374</u>	
Subtotal	<u><u>\$321,225</u></u>	
Contract Liabilities — related parties		
KeyStone Semiconductor Corp.	<u>11,467</u>	
Subtotal	<u>11,467</u>	
Total	<u><u>\$332,692</u></u>	

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PRIME ELECTRONICS AND SATELLITICS INCORPORATION

14.Statement of Accounts Payables

December 31, 2025

Expressed in thousands of New Taiwan Dollars

Name of suppliers	Amount	Note
Supplier A	\$42,267	The amount of individual item included in others does not exceed 5% of the account balance, and was not arising from related parties.
Supplier B	11,846	
Supplier C	4,417	
Others	2,485	
Total	<u>\$61,015</u>	

PRIME ELECTRONICS AND SATELLITICS INCORPORATION

15.Statement of Other Payables (Including Related Parties)

December 31, 2025

Expressed in thousands of New Taiwan Dollars

Item	Amount	Note
Payroll and year-end bonus payables	\$29,454	
Pension payables—defined contribution plans	16,375	
Professional service fees payables	3,606	
payables on equipment	89	
Interests payables	1,742	
Royalties payables	8,741	
Others	<u>24,453</u>	
Total	<u><u>84,460</u></u>	

PRIME ELECTRONICS AND SATELLITICS INCORPORATION

16.Statement of Lease Liabilities

December 31, 2025

Expressed in thousands of New Taiwan Dollars

Item	Lease period	Discount rate	Ending balance	Note
Buildings	2023/01/01 ~ 2028/11/15	2.46%	\$19,686	
Transportation equipment	2022/7/17 ~ 2029/06/26	1.45%	1,179	
Total			20,865	
Less:current portion of lease liabilities			(7,172)	
Non-current portion of lease liabilities			\$13,693	

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PRIME ELECTRONICS AND SATELLITICS INCORPORATION

17.Statement of Net Operating Revenue

For the Year Ended December 31, 2025

Expressed in thousands of New Taiwan Dollars

Item	Quantity(thousand)	Amount	Note
Digital communication products	934	\$1,320,902	
Others	800	96,699	
Service revenue		8,272	
Net operating revenue		<u>\$1,425,873</u>	

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PRIME ELECTRONICS AND SATELLITICS INCORPORATION

18.Statement of Operating Cost

For the Year Ended December 31, 2025

Expressed in thousands of New Taiwan Dollars

Item	Amount	Note
Costs of self-manufacturing goods sold		
Material consumed		
Beginning materials	\$249,875	
Add:net material purchased in current year	133,553	
Transferred to work in process	271	
Less:ending materials	(279,930)	
Transferred to finished goods	(95,149)	
Others	(8,620)	
Direct material consumed	-	
Direct labor	-	
Manufacturing overhead	-	
Manufacturing costs	-	
Add:Beginning work in process	730	
Add:net purchase in the current period	720	
Less:ending work in process	(372)	
Purchase of work in process on behalf of others	(361)	
Sales of work in process	(353)	
Others	(364)	
Cost of finished goods	-	
Add:beginning finished goods	10,493	
net purchase in the current period	222,014	
material transfer	95,149	
Others	5,265	
Less:ending finished goods	(49,704)	
Costs of self-manufacturing goods sold	283,217	
Costs of merchandises		
Beginning merchandises	-	
Add:net purchase in the current period	1,055,220	
Less:ending merchandises	-	
Costs of merchandises sold	1,055,220	
Costs of materials and work in process sold	353	
Allowance for inventory valuation and obsolescence loss	555	
Total operating cost	\$1,339,345	

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PRIME ELECTRONICS AND SATELLITICS INCORPORATE

19.Statement of Sales and Marketing Expenses

For the Year Ended December 31, 2025

Expressed in thousands of New Taiwan Dollars

Item	Amount	Note
Payroll expenses	\$8,943	The amount of individual item included in other expenses does not exceed 5% of the account balance.
Royalties	13,665	
Import and export fees	5,089	
Freight	2,363	
Other expenses	11,274	
Total	<u>\$41,334</u>	

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PRIME ELECTRONICS AND SATELLITICS INCORPORATION

20.Statement of General and Administrative Expenses

For the Year Ended December 31, 2025

Expressed in thousands of New Taiwan Dollars

Item	Amount	Note
Payroll expenses	\$39,308	The amount of individual item included in other expenses does not exceed 5% of the account balance.
Professional service fees	7,526	
Insurance expenses	3,748	
Depreciation	3,728	
Travel expenses	3,448	
Other expenses	10,990	
Total	<u>\$68,748</u>	

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PRIME ELECTRONICS AND SATELLITICS INCORPORATION

21. Statement of Research and Development Expenses

For the Year Ended December 31, 2025

Expressed in thousands of New Taiwan Dollars

Item	Amount	Note
Payroll expenses	\$108,565	The amount of individual item included in other expenses does not exceed 5% of the account balance.
Depreciation	12,434	
Insurance expenses	9,470	
Other expenses	21,324	
Total	<u>\$151,793</u>	